

The Madras Bulletin of Co-operation

Issued every month in three languages—English, Tamil and Telugu.

"If the system of Co-operation can be introduced and utilised to the full, I foresee a great and glorious future for the agricultural interests of the country"—
His Majesty's Reply to the Delhi Municipal Address, 13th December, 1911.

Vol. XII.]

August 1920

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THE Madras Bulletin of Co-operation.

Vol. XII].

AUGUST 1920

[No. 2

The Editorial Committee do not hold themselves responsible for views expressed by contributors. Contributors are requested to write legibly and on one side of the paper. Payment will be made for news and articles at the discretion of the Editorial Committee. Manuscripts will not be returned unless stamps are sent to cover postage. Matter intended for the issue of any particular month should reach the Committee before the last week of the previous month.

NOTES AND NEWS.

Reuter has reported that His Majesty King George V has taken a large number of shares in the Farmers' Co-operative Association of England, and has also advised his tenants to become members. We know of His Majesty's deep interest in the movement as evidenced by His reply to the Delhi Municipal Address 13-12-1911 an extract from which we print on the wrapper as a commendation of the Co-operative idea. His Majesty by taking shares in the Farmers' Co-operative Association has only shown his practical interest in Co-operation. His Majesty has set an illustrious example to his subjects of all kinds. The fact requires no further comment.

We heartily welcome the Bill to amend the Co-operative Societies Act which provides for the recovery of moneys due to liquidated societies by summary process. The statement of objects and reasons—which together with the Bill we publish elsewhere—sufficiently explains the need for this amending legislature and mentions the recommendation which the Provincial

Conference of 1917 made regarding such legislature. We have therefore nothing to add. It may interest our readers to know that in Bombay the same object is achieved by an amendment of the Bombay Land Revenue Code. So far there has been no opposition from any quarter whatever, and we trust it will have an easy passage in the Council.

We draw the attention of our readers to the Report published elsewhere of the Sub-Committee which was appointed to prepare a scheme for the reorganization of the Provincial Co-operative Union. A set of draft by-laws is also given which embody the recommendations of the Committee. It will be observed that there is no provision for share capital. The subscriptions of members are payable in advance at the beginning of each co-operative year, and are recoverable as debts due to the Union. In budgeting its expenditure the Union can rely only on its income from subscriptions. The liability of its members is limited to current subscriptions. The Union as a rule will have no occasion to borrow, and if it did the only security which it can give to its creditors is its revenue. This is a great change from the present position, but the change is all in theory and none in practice. Being a propagandist and no trading society the Union has never borrowed funds from any source, or drawn upon the liability of its members. There being no share capital there will be no dividend to be paid. Even when the Union was registered in 1914 it was pointed out that share capital for this propagandist body had no meaning, and that it could never be in a position to pay interest or dividend. But in influential quarters the superstition prevailed that no society could be registered without share capital. The organizers of the Union yielded to this superstitious notion in the hope of amending the bye-laws on a future occasion. In the beginning it was hoped that every society would join the Union in addition to a good many individuals and that all the share capital of Rs. 50,000 would be subscribed, the interest on which alone was believed to be sufficient for the work of the Union. This hope was never realised, the share capital never having reached even Rs. 3000. On the other hand an amendment in the by-laws was introduced some time after the Union was started which provided for the payment of an interest or 'dividend' of three and one-eighth per cent so that shareholders might get at least the interest allowed by the Postal Savings Bank. In the result the Union was unable to get even a couple of hundred rupees in the year to carry out its ambitious objects. The abolition of the share capital need not, therefore, be regretted.

Reorganization of
the Provincial Union.

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As a corollary the by-laws relating to liability and profits as well as to borrowings are omitted.

The share capital now collected will, of course, have to be refunded. We guess individuals and societies which have taken only one or two shares will agree to their share capital being adjusted towards their annual subscription.

Another important result of adopting the Report of the Sub-Committee will be that the Local Unions will be required to persuade every affiliated society to subscribe to the 'Bulletin' and collect from them a sum of Rs. 3. The affiliated societies will not be members directly, but they can make their desires felt through the Local Unions and the District Banks which are given a predominant position on the Advisory Body. The Provincial Union will in fact be a union of unions in the main. They are its financial backbone and its agents in the districts. It will supervise the work of local unions and district councils of supervision. In addition, however, it will also bring together representatives of financial interests and non-credit institutions. We hope the unions will realise this responsibility and broaden its shoulders to bear it.

The Report of the Sub-Committee and the draft by-laws are now circulated among the members of the Executive Committee. If it receives their support, as in all probability it will, it will be placed before the General Body on the occasion of the next Provincial Conference. After its approval the new constitution will come into force. These steps, however, are only formal. We have reason to believe that the Societies and the Department approve of the proposed changes. The financial clauses were accepted by the representatives of financial institutions at a conference convened by the Registrar. In fact, some societies have already sent in their first annual subscription. We should earnestly request the local unions to ascertain which of their affiliated societies are not yet subscribers to the Bulletin and to persuade them to co-operate in making the Provincial organisation a better success than it has hitherto been.

In this connection the system of committees adopted by the Bombay Central Co-operative Institute may be commended to the members of the Union. These Committees are not a matter for the constitution, but a means for efficiently carrying out the objects which the Union has set before itself. The latest report of the Bombay Central Co-operative Institute mentions some 8 committees at work:—(1) for conducting training classes for secretaries, (2) for night classes, (3) co-operative housing (4) the

Co-operative Quarterly (5) study, propaganda and enquiry (6) debts redemption (7) other co-operative work (8) legal advice. Except the 2nd and 6th all the other committees did commendable work. Bombay has been setting an excellent example of efficient non-official work which we hope other provinces will do their best to follow. We hope to publish the Report in full in our next issue so that our readers may have an adequate idea of the work that is turned out in Bombay. We offer our heartiest congratulations to our brethren in the Western Presidency.

* * *

We draw the attention of our readers to a short letter from Mr. Otto Rothfeld, I.C.S., the new Registrar of Loans to Store Societies. Bombay, regarding our note on the alleged prohibition by him of loans to store societies by central banks.

He points out that the matter at issue was not the granting of loans by central banks but by the Provincial Bank, that the decision not to grant loans to stores was arrived at by the Bank itself, though it had his concurrence; and that even then exception can be made in individual cases. On these points of fact we are glad to accept his correction. For the rest we confess we are not able to follow him fully and should request him to favour us with an ampler discussion of the subject. He says that a store society has no business to purchase more stock than can be sold in three or four weeks and that to stock more is 'speculation'. We do not know that it is so always. In order to pay Government dues agriculturists are obliged to dispose of their produce in the harvest season and on account of the increase in supply the prices fall. It is then that merchants purchase and stock goods. This a regular phenomenon which cannot be described as a speculative transaction. We should hesitate to lay down a rigid rule and be guided by business considerations only. We have to say the same thing with regard to his statement that no struggling society can afford to pay interest on large loans. The turnover in stores being generally quick, the payment of interest is, we should think, a very minor consideration. Even 12 per cent interest per annum—which is much higher than the rate of co-operative banks—will add only one per cent in the month to the cost of the articles. When he says that consumers societies are opposed in principle to the very existence of capital, that their essential principle is collectivism while that of credit and other resource societies is individualism, we confess we are unable to follow him. We do not know that there can be any such vital difference between any two kinds of co-operative organisations. It is therefore that we should like to be enlightened further on the subject by an amplification of Mr Rothfeld's views which we hope he will favour us with at an early date.

Since the passing of the Reform Act the Government of India and other Local Governments have been anxious to hand over the various departments of Government to the Ministers and Executive Councillors with a certain amount of perfection. With this end in view a number of legislative measures are being passed through the various councils and the various Departments are either being remodelled or strengthened. The development Departments of co-operation, agriculture and industry in our Presidency have been reshaped in accordance with this policy. We have already mentioned the Madras Governments' co-operative policy of an assistant Registrar for each district, and it has been given effect to already. The Agricultural Department too has been similarly strengthened. Now the Madras Government announce the appointment for a period of two years of six Assistant Directors of Industries to be spread over the Presidency and one Industrial Engineer. Before the appointment of these district officers whose function is to supervise industrial parties or demonstration factories, and carry on industrial investigation in the local area the various Government experts were attending to these items of work. But it was found that not only was the administrative unit too large for one man but it was also a waste of trained intellect that an expert instead of carrying further investigation in his line should attend to administrative work. The industrial possibilities of this Presidency are very great. So much of forest produce and water power remain unutilised. The Indian public have been repeatedly clamouring that Government should take the lead in starting industries; and give every kind of help that may be necessary. Considering all these, the appointment of Assistant Directors of Industries is a wise step that augurs well for the industrial revival of India. A wise tradition is being established that the three development Departments mentioned above should co-ordinate their activities and work hand in hand. We already see the Agriculture Department using co-operative societies to spread scientific agricultural ideas and methods. We can hope for a revival of cottage industries organised on co-operative lines when the two Departments of Industry and Co-operation work in union. From every co-operative platform the cry is heard that non-credit co-operation should be developed. We hope that co-operators interested in industries and industrial societies will avail themselves fully of the advice and services of the Industries Department which the Madras Government have now strengthened.

* * *

India is to have an Indian Agricultural Society with objects similar to the Royal Agricultural Society of England though not affiliated to it. The Government of India have been considering a scheme for the formation of such a

An Indian Agricultural Society.

society and have taken the opinions of important associations in all provinces. Agriculture is a transferred subject under the new regime and under these circumstances the necessity for a non-official body devoted to agricultural research and development needs no mention. According to the scheme each province is to form an association of its own, as agricultural development will under the new regime depend very largely upon provincial initiative, and these associations are to be federated into a central society for purposes of research and for co-ordinating the work of the provincial societies and giving them advice. The latter will have separate funds, organisation and programme. The central society is to be financed by a small levy on the provincial societies and will maintain a paid secretary. It will be of a quasi-official character having on its Council nominated officials and elected members and governors. The Viceroy is to be the Patron and the Governor of each province the Provincial President of that province. The objects set before the Indian Agricultural Society may at first sight appear ambitious, but they are really formulated on an appreciation of the real needs of the country. The society will publish in the vernaculars such agricultural information as may be of practical use and also make foreign experience available to India by publishing portions of correspondence carried on with similar societies abroad. It will arrange for the carrying on of scientific research with a view to improve agricultural implements, eradicate plant diseases and noxious plants and promote the application of chemistry to agriculture in general. It will organise model rural schools for the benefit of the children of agriculturists. It will popularise veterinary science among them and encourage the formation of economic holdings and co-operative organisation. It will pay any occupier or cultivator who undertakes experiments on behalf of the society for any loss incurred and will encourage the best methods of cultivation, dairying and stock-breeding by instituting prizes. The prosperity of agriculture depends partly upon the prosperity of the labourer who works on the farm and in realising this the society has set before itself the promotion of his comfort and welfare. The recent titanic war has given a great impetus to Indian agriculture and if at this psychological moment such non-official efforts for improvement are made in conjunction with the official it would take India a great way towards her agricultural destiny. We hope the society will soon be started on work well equipped for the hard task which it has set before itself.

The North Arcot District Banking Union, which will hereafter be styled as the Vellore Co-operative Central Bank, has added to its record another year of great usefulness and activity. The audit order for the year 1919-20 to hand shows a vast increase in the transactions of the

The North Arcot
District Banking
Union.

bank and the popularity it enjoys. It had at the end of the last co-operative year 357 society-members as against 57 individuals—an overwhelming majority of society-members. The share capital of the bank was raised from two to three lakhs and the number of shares from 4,000 to 6,000. There was a great development in the transactions of the bank. The deposits from members and non-members increased from Rs. 44,859 and Rs. 93,244 to Rs. 1,25,427 and Rs. 3,22,485 respectively. The cash credit account with the Madras Bank was raised from 1½ lakhs to 2 lakhs and almost the whole amount was drawn. The business of the bank nearly doubled itself. From Rs. 8,68,102 it rose to the highly creditable figure of Rs. 14,45,012. The next profits rose from Rs. 11,764 to Rs. 18,857 enabling a dividend distribution of 9 per cent. Including the contribution of Rs. 4,714 of the year under review the reserve fund of the bank stands at Rs. 11,311. The bank has raised its rate of interest from 7½ to 8½ per cent. We heartily congratulate the bank on its achievement last year. Nothing succeeds like success. A few instances of this kind will themselves supply the driving force of the movement.

For a pretty long period the Madura—Ramnad District Urban Bank had been financing the societies in both the districts of Madura and Ramnad. But with the growth in the number of societies in Ramnad the desire was felt that they should have a Banking Union of their own. The desire increased and at last took shape in the form of a Banking Union. The Banking Union was started on 31st July 1920 with an authorised capital of one lakh of rupees made up of 2,000 shares of Rs. 50 each. The jurisdiction of the Banking Union comprises only two taluqs in the district—Sattur and Sriviliputtur, with Sriviliputtur town as headquarters. It augurs well for the bank that it should have secured the services of Mr. A. Srinivasachariar, the energetic and enthusiastic co-operator of Sriviliputhur, as Secretary and Mr. Chintamani Chettiar, the new Trustee of Nachiar Devasthanam, as President. We wish the bank a long and prosperous career.

As a result of converting 1,000 shares of Rs. 100 each into 2,000 shares of Rs. 50 each, says the latest audit order of Tanjore District Bank, the number of society members rose from 140 to 217 and that of individual members from 106 to 127. There was also a vast development in the transactions of the Bank. Loans issued to primary societies and repayments made by them amounted to Rs. 3.57 and Rs. 1.71 lakhs respectively as against Rs. 1.76 and 0.95 lakhs in the previous year. The total borrowings of the bank rose from 3.43 lakhs to 4.48 lakhs. The net profit earned during the year was Rs. 4,891. We congratulate the Bank on its steady progress.

In Jamshedpur a big co-operative stores has been organised for the benefit of the employees. It is claimed for this stores that it combines the best features of both co-operative societies and Joint Stock Companies. The novelty in the present stores consists in—(a) plurality of votes for members; (b) voting by proxy; (c) reduction of the statutory reserve from 25 per cent of the profits to 10 per cent; (d) provision for additional reserve. Two of the special features of the society are—(1) the manufacture of commodities; (2) undertaking of orders for the supply of labour and material. Up to May last applications for shares to the extent of Rs. 66,000 had been received and the Directors of Tata Steel Works have sanctioned a grant of Rs. 25,000 for the current year.

A law was passed in Greece, in 1914, whereby capitalists or anybody else bringing prejudice to bear against co-operative societies in any way whatever can be punished, and which granted special privileges to such societies, such as exemption from taxes, dispensing with certain postage charges, the right to deliver products to the State or to the Communes without contract, and the encouragement of schoolmasters and others to devote themselves to co-operative activity. The result of this law has been that at the end of 1918 there were 917 societies of all sorts for a population of less than 5,000,000 inhabitants, with 45,000 members, and 3,000,000 francs in share capital. Of these societies 97 are urban and 820 agricultural.

The circulation of the British co-operative weekly, 'The Co-operative News' is, we understand, 107,000. The number of all kinds of societies in Great Britain does not appear to exceed 3,000, while in India we have more than ten times that number. But we wonder if the circulation of all Indian co-operative journals, of all languages, will exceed a tenth of that of the "Co-operative News".

The office of the Assistant Registrar of Co-operative societies Madras Section has been removed from No. 4 Bhaskara Vilas, Marshall's Road, Egmore to premises No. 55 Ananda Lodge, Poonamallee High Road, Vepery Post Office, Madras. from the 10th July 1920. All communications should in future be sent to the above address.

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CO-OPERATION AMONG PANCHAMAS IN THE MADRAS PRESIDENCY.

BY DR. JOHN MATTHAI, M.A., LL. D.

In agricultural areas, especially among poor folks, co-operative societies are based on the principle of what is called unlimited liability. That is, every member of the society is liable up to the full extent of all his worldly goods for the debts incurred by the society. This sounds very terrifying. But a co-operative society's methods are so safe and its supervision and audit are so carefully watched that in practice unlimited liability is seldom the terrible thing that it might appear. In the early days of co-operation in the Madras Presidency, it was very difficult to reconcile people to the idea of unlimited liability. It took Sir P. Rajagopala Chariar a whole fortnight's continuous camping in a village to get his first society started. It took Sir Horace Plunkett nearly fifty public meetings to start his first society in Ireland. But those days are now past and people have discovered that a co-operative society based on the unlimited liability of its members is a safe and profitable form of business.

The alternative to an unlimited liability society is a limited liability society, in which the liability of every member for the debts of his society is limited to the share capital subscribed by him to the funds of the society. This necessarily implies that the members are in a position to pay either in lump or by instalments a fairly considerable amount of money in the form of cash into the society's funds. And because in a limited liability society, the borrowing power of the society is fixed mainly in proportion to the amount of paid up share capital held by it, the usefulness of the society will depend a great deal on how much share capital the members can contribute. This is the reason why this type of society is not suitable among poor folks in rural areas. On the other hand, in an unlimited liability society, the borrowing power of the society is determined not with reference to the capital contributed by the members to the society but with reference to the value of the total net assets of every individual member whether they are paid into the society or not and whether they exist in cash or in kind.

A co-operative society usually keeps itself in funds either by local deposits or by borrowing from a co-operative central bank. In the early days of a society before it has established its position sufficiently to attract local deposits, it necessarily gets most of its money from a central bank. In the Madras Presidency the rule is generally that a limited liability society can borrow up to 8 times its paid up share capital plus any reserve funds accumulated by it. And an unlimited liability society can borrow up to one-eighth of the value of the total net assets of the members. The idea underlying this rule is that as a matter of probability and ordinary experience it is safe to assume

- 1 in the case of a limited liability society that the losses will not exceed an eighth of the borrowed capital and
- 2 in the case of an unlimited society the losses will not be so great that they cannot be met by selling and realising property valued at eight times the borrowed capital.

Now, Panchama societies are based almost invariably on unlimited liability. Therefore the extent to which a Panchama society can borrow money for the benefit of its members will be limited by existing practice to an eighth of the total assets of its members. That is, if in a society every item of property belonging to each member—land, cattle, houses, utensils etc.,—were added up and valued at, say a total of Rs. 8,000, the money that the society can borrow by deposits or by loans from the central bank would be Rs. 1,000. Here we are at once confronted by certain practical difficulties in the case of Panchamas. In the first place, a Panchama in country parts, as a rule, does not possess land—he is often a landless labourer. Therefore the total assets of the members of an ordinary Panchama society will be found to be much less than those of a society composed of land-owning agriculturists. Hence the credit of the society is correspondingly lower. In the second place, where Panchamas own houses—as they not infrequently do on sites belonging to others, the value of the houses will be often less than the usual market value of such houses. Where a Panchama house is put up for sale, only a Panchama will care to buy it. The market for such houses is therefore a restricted market. In the third place, the property of a Panchama takes the form very largely of movable goods, especially cattle and household articles which could be removed if there was any danger of attachment. Such property is obviously unsafe as a security for borrowed money and financing banks are often reluctant to accept it.

These circumstances have led people interested in the reformation of Panchamas on co-operative lines to consider the necessity of relaxing in their case the ordinary rule which fixes the maximum borrowing power of a society at one-eighth of the total assets. A proposal was put forward in the Salem District a couple of years ago by one of the most experienced official co-operators in South India on the following lines:—A Panchama Society may be allowed to borrow up to one-sixth of the total assets instead of one-eighth. This is however on condition that the society lends the money to its members at a higher rate of interest than the usual lending rate in co-operative societies. The money realised by the society in excess of the usual lending rate is to be constituted into a Bad Debt Fund as an additional security of the society's creditors. The usual rate at which money is lent by a co-operative society to its members in Madras is 9 $\frac{3}{4}$ %—corresponding to 11

pies rupee per mensem. In the case of a Panchama society which borrows up to one-sixth of its total assets, the lending rate is to be raised to 12 $\frac{1}{2}$ percent—corresponding to 2 pies per rupee per mensem. The objection to this proposal, of course, is that this is an unduly high rate at which to lend money to a poor Panchama.

Where a society cannot offer substantial material security for the money it borrows, it is of course of very great importance that its management is efficient and that its supervision receives special care. In the case of Panchama Societies, this consideration receives added weight from the fact that the members are generally illiterate and have seldom had any previous training in organisation and self-management. In Madras this deficiency has been made up to some extent by the assistance rendered by the rural secretaries of the Y. M. C. A., who have been specially deputed to work on behalf of Panchama societies. These secretaries are appointed and paid by the Y. M. C. A. but they work under the direction of the Assistant Registrar and are generally amenable to the suggestions and advice of the Co-operative Department. The business of a rural secretary is to organise societies for Panchamas, both Christian and non-Christian, to assist them in keeping their accounts and generally to instruct and advise them not as critics but rather as friends. Recently in the Cuddapah District, where the Y. M. C. A. has done the greater part of its rural work in this Presidency, a district board has been organised at the headquarters of the district consisting of a few representative Missionaries and Indian Christians to control and co-ordinate the work of the rural secretaries. The idea is to make the Board as such responsible to the Government Department for the satisfactory working of the societies, but at the same time it is understood that the rural secretary will as far as possible keep in direct touch with departmental officers in matters that require technical advice and assistance.

An interesting departure from this policy is now being attempted in the Tinnevely District in regard to co-operative societies among poor Christians belonging to the Church of England. There, they propose to carry on the work without the assistance either of Y. M. C. A. secretaries or of a representative Board of Missions. The whole work, both control and executive, is in the hands of the Diocesan Council and, during the necessary interval required for training their own secretaries, the Diocesan Council has borrowed the services of a Government Inspector of co-operative societies who besides starting and organising societies, is, expected to train up a few Christian secretaries for the work. One consideration in favour of this system is that under it co-operation will start with the great advantage of the feeling of unity fostered by a system of common Church life and government.

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It may be mentioned in passing that in the case of co-operative societies which draw their membership mainly from backward classes the Government are prepared to bear the cost of maintaining a clerk to write accounts and do other scriptory work. So far little advantage however has been taken of this provision.

On account of the special conditions under which Panchama societies have to carry on their work, especially the low condition of their assets a new type of central financing agency has been found necessary in their case. Ordinarily co-operative credit societies are financed by district banks composed partly of individual shareholders and partly of societies situated in a district. These banks are co-operative in the sense that they cater for the needs of co-operative societies. But they lend strictly against assets and, unlike co-operative societies, do not often recognise such intangible things as hard work, character, honesty etc. as adequate security. To say this is not to blame the district banks for their methods. They work under conditions very different from ordinary village societies and a strict adherence to business rules is an essential condition of their success.

It is to meet the special needs of Panchama societies that the Madras Christian Central Bank has been brought into existence. It exists for the special purpose of financing poor Christian and Panchama societies. It generally lends up to one-sixth of the net assets of a society and in exceptional cases is prepared to lend even above this proportion. It often takes into account the personal qualities of members as a reasonable security for their loans. The Christian Central Bank has played a very useful part in the development of Panchama societies in the Madras Presidency. Not merely Christians but others who take an interest in the elevation of Panchamas regard the Christian Bank as their natural ally.

We have spoken so far only of credit societies, that is, of societies whose business is to borrow and lend money. But if we wish to do the best we can for the depressed classes we must go behind the loan and consider the purpose for which the loan is required. Where a land-owning agriculturist asks for a loan, it is generally for some purpose connected with the cultivation of his land or for the discharge of old debts incurred largely for agricultural purposes. But in the case of a landless labourer his primary need is not to buy seed, cattle or implements but to purchase food and cloth for his every-day needs. In purchasing these ordinary household things, a labourer is often cheated enormously by the retail dealer. If we can get him out of the grip of the bazaar man, we shall have done him an excellent service by turning him from a borrower into a saver. The society will then become, instead of a lending society, a saving or thrift society. The natural solution for this is a co-operative store where food grains, cloth, oil etc. may be stocked and sold as far as possible at a price corresponding to the cost of production.

Now, the opening of a co-operative store is a rather difficult matter. In the first place you want a room to keep your things in, and somebody to look after them. Then also there is the risk of loss by theft or deterioration of the goods you have stocked. Sometimes there may occur a serious depreciation in price and the store may suffer loss. To avoid these difficulties and risks, a very simple system of purchase and sale is now tried by some societies in Madras. They work on what is called the indent system. That is to say, an ordinary credit society, in addition to its credit functions, may undertake to buy goods on behalf of its members without opening a shop or appointing a staff for the purpose. The panchayat or secretary of the credit society collects, say every week, orders from members regarding the things they wish to buy. The orders are collected and joint purchase is made by the society's agent at the market in a neighbouring town or at some other convenient centre of purchase. The goods on arrival at the village are immediately distributed among the members at cost price *plus* the expenses of the society. Storage with its attendant risks and difficulties is thus completely avoided and at the same time the advantages of collective purchase are secured.

A very interesting and important work which the Government have recently undertaken in the interest of Panchamas is the acquisition of house sites. The work has made good progress especially in the Tanjore district. Co-operation enters a great deal into the methods by which this work is done and a brief description may be useful. In the Tanjore district under what is called the Mirasi system of land tenure, the field labourer often owns his little hut but the site on which the hut stands belongs to his landlord. This necessarily gives the landlord a very strong hold on his labourer which, in the hands of the less scrupulous landlord, is often turned into an engine of oppression. The Government have therefore appointed a special officer and staff for compulsorily acquiring these sites under the Land Acquisition Act and gradually turning them over to the labourers themselves. The labourers are encouraged for this purpose to form themselves into co-operative societies and the dealings of Government are as far as possible with these societies and not with the individual labourers. As soon as a piece of land is acquired by the Government for the members of a society, the society is expected to pay down one-fifth of the cost of the land. The rest of the money is then lent by the Government to the society. The society gradually liquidates its debt to the Government by collecting from the members every year a fixed proportion, usually one-tenth, of the principal in addition to the interest. The outside period for repaying the loan is ten years but in practice repayment is likely to be effected in a shorter time. The rate of interest which the Government charges for its loan to the society is 6½ and the society charges 12½ per cent to the members.

JOHN MATTHAI.

CO-OPERATION IN MYSORE.

The Report of the Registrar of Co-operative Societies in Mysore for the year 1918-19, and its review by the Government of His Highness make interesting reading though one would wish they had been published earlier. The department was strengthened by the appointment of two Assistant Registrars who were posted for training; eight inspectors were set apart for audit at the rate of one for each district; one inspector each was deputed to look after agricultural co-operation, industrial co-operation and weavers' societies.

SUMMARY OF PROGRESS.

The total number of societies in the State rose from 1097 to 1233. One hundred and forty-five new societies were registered and the registration of five societies was cancelled. Of the 145 new societies 74 were credit societies, 10 for the benefit of depressed classes, 25 grain banks, 12 stores, 11 agricultural supply societies, 10 weavers' societies, 1 house-building society, 1 metal workers' society, 1 cattle-breeding society. We are pleased to see that quite a large proportion of them were organised for non-credit purposes. While the number of societies increased by 12.4 per cent the number of members rose only by 4 per cent and the total working capital by 9 per cent as against 12.6, 8.5 and 13.0 per cent respectively in the previous year. The total working capital in 1918-19 was nearly 71 lakhs of which more than 24 lakhs were deposits. It will thus be observed that membership and working capital have not increased in proportion to the number of societies. The Registrar attributes this fact to the great mortality caused by influenza and also to the removal from membership of about 1000 to 1500 persons who were persistent defaulters and a cause of weakness to the societies. There was no perceptible increase in the total profits; there was also a shrinkage in the total transactions. As against a total number of 90,679 loans to the value of Rs. 60,19,977 during the previous year only 88,947 loans worth Rs. 54,25,073 were issued during the year. The Registrar attributes this state of things to unfavourable seasonal conditions, high prices due to war and the Influenza epidemic. We should think such conditions would tend in the opposite direction—loans should have increased in number owing to high prices and high cost of living.

The following statement will show the general position of co-operation in the State at a glance.

	No of Societies	No. of Members.	Working Capital.	Total Transaction.	Total Net profits.	Total Reserve Fund.
1917-18	1097	81,168	65,04,632	2,23,89,334	3,26,476	3,30,539
1918-19	1233	81,425	70,38,327	2,42,31,865	3,38,504	4,39,087

	Nature of Societies.					Total.
	Credit.	Purchase and sale.	Production.	Production and sale.	Miscellaneous.	
1917-18	1034	46	2	12	3	1097
1918-19	1125	59	3	13	33	1233

Taking the general progress of the movement it is found that for every 13 villages or a population of 4700 there exists a co-operative society. The average co-operative deposit per head of the population was Rs. 0.41.

WORKING OF SOCIETIES.

Banking Institutions :—There was no increase in the number of financing institutions. The Mysore Provincial Co-operative Bank and the Bangalore Central Co-operative Bank were the two principal financing institutions in the state. They made fair progress in membership and share capital. During the year they attracted large deposits, especially the Bangalore Bank. In both the Banks there is an excessive preponderance of individual members over society members. The Bangalore bank has invested Rs. 25,000 out of its Reserve Fund in war bonds. There were 2 District Central Banks and 15 Federal Banking Unions. The latter are more inspecting than banking institutions. There is nothing noteworthy in the working of these banks. But attention should be drawn to one fact which requires elucidation. They received more than a lakh of rupees by way of deposits, but the loans issued by them amounted to only Rs. 2,579. How have they invested their excess money? Was there no demand from Co-operative Societies even in these stringent days?

Agricultural Societies: The number of agricultural societies increased from 926 to 1030. But strangely enough their membership and working capital decreased from 48,836 and Rs. 24,80,062 to 47860 and Rs. 23,82,597 respectively. Of these agricultural societies 985 were for credit, organised in the majority of cases on unlimited liability with a share system as in Madras. Of non-credit agricultural societies 13 were for the supply of agricultural requirements such as manure, seeds and implements, 2 for lift irrigation, 1 for dairy farming which though 3 years old has not done any work and 1 cattle breeding society which was organised late in the year and has not yet begun work. The work of the thirteen agricultural supply societies which was supplemented by that of 40 credit societies, was not considerable. But in view of their infancy and the financial stringency that the Registrar speaks of, they may be said to have made a good beginning. It however sounds paradoxical that these important institutions should be crying for funds while the Federal Banking Unions should disperse as loans such a small sum as Rs. 2,579 out of deposits amounting to a lakh and odd rupees. It may also be mentioned

here that out of Rs. 2.94 lakhs of loans issued during the year by the Bangalore Central Bank Rs. 2.12 lakhs went for individuals while societies got only Rs. 0.82 lakhs.

Non-agricultural Societies :- Of the 184 such institutions at the end of the year 121 were for credit, 39 stores and 55 industrial societies. There was a remarkable progress in the number and activities of stores societies. The original 27 societies with a membership of 7860 increased to 39 with a membership of 9,000. As against Rs. 1.94 lakhs of goods purchased during the previous year the purchases during the year under review amounted to Rs. 5.80 lakhs. This remarkable increase is explained partly by the fact that the season of scarcity was most favourable to their growth, and partly by the reasonable credit allowed to them. It may be added also that Stores and Co-operative Societies were used as channels of distribution. About 130 Credit Societies were also engaged in the distribution of goods. More than 10,700 pallas of rice and 1,000 tins of Kerosine were distributed through them. They served 800 villages.

In accordance with a policy of developing non-credit forms of co-operation with special reference to agriculture and industries three inspectors were placed on special duty. As a result, in spite of unfavourable conditions, agricultural and industrial societies increased from 43 to 72. There were 36 weavers' societies at the end of the year. The year under review was a bad one for them owing to great fluctuations in the price of yarns, scarcity of food stuffs and influenza. The hand-loom weavers could find no sales for their articles. But the timely help of the Department and Government saved them. The Bangalore City Weaver's Society which was in a moribund condition was reorganised and allowed a cash credit of Rs. 50,000. The cash-credit was later on transferred to the Mysore Bank so that the society might be more business like. Consequent on this step the membership, share capital and transactions showed considerable improvement.—The membership rose from 68 to 197, and the share capital from Rs. 2094 to Rs. 5280. The society realised a net profit of Rs. 2,518. A committee presided over by Sir Alfred Chatterton was appointed to investigate into the condition of weavers and suggest remedies. In accordance with their recommendation that co-operative supply of raw materials and co-operative marketing should be adopted, the bylaws of twenty weavers credit societies were altered and 14 more of the new type were organised. The result was that the purchase and sale of goods which were for Rs. 2.9 Rs. 3.06 lakhs respectively in the previous year went up to Rs. 4.26 lakhs and Rs. 4.63 lakhs in the year under report.

Of the sericulturists' societies which are a speciality of Mysore, only one supplied disease-free silk worm eggs, the others doing only banking business. The four Jaggery societies were a failure. These are instances of pumped up one-man societies which are bound to fail however much they may be helped. There were six rice-hulling societies of which one only worked, one was installing machinery and 4 were not able to secure machinery. Even the one society that has been working is managed by the Department and the members are not anxious to take it into their hands. The Lacquerware, the Sagar Gudigars' and Jewellers' Societies worked well, the latter two winning medals in the Dasara Exhibition. A Brass Workers' Society and a Cobblers' Society were organised at the close of the year. Societies of artisans and weavers seem to have done well on the whole.

Loans on immovable and movable property decreased from 37.2 and 3.7 per cent to 30.8 and 1.2 per cent respectively. While loans on the security of persons increased from 59.1 per cent to 68.0 per cent. The Registrar takes exception to the practice prevailing in most societies of issuing loans on the security of the paid-up share capital. He also strongly objects to granting of loans for redeeming prior debts. He thinks co-operative societies are not the right kind of institutions for granting them. This objection might hold good if there are other institutions to take up that function. Till then co-operative societies must attend to them. Would it be advisable to send poor men who have small sums of prior debts to other lending institutions? The Registrar's report does not contain figures for arrears and collection of loans. He simply guesses what would be the arrears. It is essential for judging the efficiency of the movement that such figures should be supplied.

The year under review was an important one in Mysore co-operation. Besides the usual Provincial and other conferences the events of importance were the taking part of co-operative societies in the Dasara Exhibition, the institution of a system of prizes in the form of shields for co-operative societies, and the investigation of the economic condition of co-operators. In the Dasara Exhibition 35 industrial and agricultural societies took part and won 3 gold and 4 silver medals. The economic survey was instituted some 3 years back and the interim report has drawn the attention of co-operators throughout India. During the three years of investigation 270 societies were examined. During the previous two years it was found that the indebtedness of co-operators was equally divided between co-operative societies and money-lenders. But in the year under report the amount due to money lenders far exceeded the amount due to the former. Further investigation may lead to a decided result. Such inves-

tigation might be instituted by British co-operators also. It is no use marching on without taking stock of our position. Before proceeding further, since we have made sufficient progress in Madras, it is better that we know how far co-operation has really been of use to the poor classes.

One other item of interest on which Mysore may be proud of is the Vani Vilas Ladies' co-operative society the only one of that kind in India whose membership and share capital has increased during the year from 69 and Rs. 603 to 113 and Rs. 1,755 respectively.

On the whole the progress in Mysore has been steady and solid.

S.K.M.

THE DIFFICULTIES OF INDUSTRIAL SOCIETIES.

BY MR. V. VENKATASUBBAIYA, B.A.

From every platform co-operators are advised to turn their energies towards non-credit co-operation—to the formation of industrial societies among other things. When the question of the industrial development of the country is receiving so much attention, and when labour troubles are staring us in the face, it is only natural that so much emphasis should be laid on the co-operative organisation of industry. But if any practical good is to result from all this talk and enthusiasm, we should acquaint ourselves with the difficulties that lie in our way, so that we may take the necessary steps to overcome them. Indeed these difficulties are proved by experience to be so great that students of economics like Prof. Gilbert Slater do not predict a hopeful future for such societies as independent democratic organisations. The vastness of the difficulties should not, however, discourage us; on the other hand it should determine us to overcome them all.

These difficulties may be classified as relating to management, finance, and the marketing of goods.

In the matter of management, we are under a general handicap on account of inexperience. Industrial experience is not abundant in any class of people in India, but among co-operators it is particularly lacking. The commercial classes and castes are generally better than others, but they are conspicuously absent in the ranks of co-operators. The artisan classes are good only as workmen and not capable of supplying managers. Their habits are such as to make them very inefficient in the absence of strict supervision. Nor are they capable of understanding the ideals of Co-operation in the beginning and acting up to them. On proper management will depend directly the outturn of the concerns and therefore their success. The problem of management is an exceedingly

difficult one and no solution could be suggested off hand. It is largely a question of our being able to find suitable men. If a portion of our educated men who are now flocking to the doors of Government offices for a pittance of a salary or are crowding the Law College classes outgrow their superstitions and turn their attention towards trade and industry, they will be helping to solve this difficulty of management. As at present situated, co-operators have to grope their way on starting industrial societies or learn by mistakes and train themselves up. It is a necessary process to go through, for which we must summon sufficient courage and patience.

The question of finance is not so difficult at present, because the industrial concerns which are organised on co-operative lines are exceedingly few. At present it has been possible to finance them, but the present arrangements are not very satisfactory and will be found to be utterly inadequate when industrial societies multiply. It has been pointed out that a great mistake, which our people make in starting industrial enterprises, is not to provide for sufficient working capital. They start with too little of it, expect profit too soon and fail when crises occur. The few industrial societies that have been started have made this mistake and are finding themselves faced with difficulties. A much larger share capital and working capital have, therefore, to be provided for the existing as well as the prospective societies. At present we are depending for finance on central banks, which are meant to finance the agricultural societies. When there is shortage of funds, they naturally prefer to finance the agricultural societies, as the security which they can offer is better than what the industrial societies can give. In the present financial crisis, the industrial societies have had to give precedence to agricultural societies. Moreover, the present system of granting loans is not suited to industrial societies. Time is of the essence for them, they want the loans asked for by them to be given quickly; they cannot afford to wait for the convenience of the Assistant Registrar and other authorities for recommending the loans. They do not want long term loans and would not mind paying a slightly higher rate of interest than the agricultural societies. What they want is liberal cash credit, which the present district banks are not generally able to give. It is therefore, desirable that a separate industrial bank should be started for their benefit, for which State aid of some kind should be forthcoming. The creation of such a bank will also stimulate the formation of industrial societies.

The industrial societies are at present handicapped by ignorance and inexperience in the matter of the purchase of raw materials and the sale of finished products. If a large number of them are

started in a suitable area, it would be possible to get raw materials wholesale and thus cheapen production. As things stand at present, their purchase has to be left to the societies concerned. But in the matter of the disposal of the finished products, something could be done even at present. Now societies are thrown upon their own resources to find or create a market for their goods. They are wanting in experience, in men and in money. They cannot engage good show rooms or travelling agents or advertise in the leading newspapers. A central institution which will do these services for them, will be invaluable. Madras is the best market for all industrial products both for purchasers and sellers. A depot for the sale of all industrial products of co-operative societies is absolutely necessary. Towards its maintenance the Government will have to give liberal aid for some years. It is curious that the creation of several welfare departments like the Departments of Industries, Agriculture Co-operation and Labour should have made the achievement of their real objects more difficult than before. With every intention to co-operate with each other they somehow fail to do so. One department makes a good proposal, another department makes a better proposal, a third department will put forward an independent scheme: in the event no proposal is carried out. The better proves the enemy of good. Sometime ago the Industrial and Co-operative Departments conferred together to start a joint depot in Madras but nothing has come out of the conference. The Government has moved away from the position laissez faire. It is now anxious to encourage industry. It has therefore, created a special department. Why then should it not be ready with practical assistance to any particular scheme, irrespective of the various Departments that may claim the right to nurse it? A central depot in a prominent business-quarter in Madras is an absolute necessity for the encouragement of co-operative industries. Its starting need not be postponed for the convenience of this or that scheme of this or that officer. With the aid of the Honorary Assistant Registrars, it should be possible to run such a depot on the best and most economical lines.

Unless these difficulties are solved industrial societies will have no future. Speeches may continue to be made from district and other conferences, pious resolutions may be passed at all gatherings, leaflets may give expression to the good wishes of the Government, but they will not take us one step further in advance. Immediate steps should be taken to start a central depot in Madras and to organise an industrial bank on good business lines.

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CO-OPERATIVE DAIRY FARMING IN MADURA.

MR. P. S. VENKUSWAMY AIYAR, MADURA.

The innumerable services which Mr. Crole, Collector of Madura from 1882 to 1886, has rendered to the health and welfare of Madura City have endeared him to its citizens who still vaguely remember him as a Collector of the People. He collected subscriptions from the Nattukottai Chetties and the wealthy natives of the Madura district and bought the extensive open grounds west of the river Vaigai and after converting the major portion of it into a public park, set apart the north-eastern part of it for agricultural experiments under a Farm Committee which employed a trained agriculturist. Mr. Crole also opened a dairy farm as an adjunct to the agricultural farm. But the land is wretched and when the moving spirit of Mr. Crole left it, the agricultural farm and with it the dairy farm died a natural death owing mainly to the apathy of the people.

In 1913 Mr. P. Samavier an influential retired Tahsildar of Madura, adopted the suggestion of the then Collector Mr. C. F. Paddison and opened a Dairy Farm at his own expense at Tiruparankundram, a village about 5 miles on the Railway line from Madura in which he spent the last years of his well earned rest. The site was ideal with open grounds which could be converted into gardens of pasture adjoining a tank. Mr. P. Samavier utilized the services of the Kallars who on account of the restrictions imposed on them under the Criminal Tribes Act gladly settled down on the farm with their families. He also carried on agricultural operations as an adjunct to the Dairy Farm. The milk was taken twice a day to Madura in carriages and sold to the public. The public did not appreciate the virtues of healthy and hygienic milk and preferred cheaper milk from local milk vendors. Although the Government was profuse in its moral support to the Dairy Farm, its material help was not available for the immediate needs of the Farm owing to the War. In his last days Mr. P. Samavier found the Dairy Farm too great a burden for a single individual and after his death in 1917 the Farm languished.

In March 1920 some of the active co-operators of Madura woke up to the need of a Dairy Farm for Madura and in spite of the forebodings of some who said that Dairy Farming could not be conducted on a co-operative basis, the co-operators persevered and appointed a Sub-Committee to choose a site for the Farm. They visited the site of the late Samavier's farm. Most of them being professional men in the city they were probably guided by a desire to choose a place within

their easy access in hours of leisure and they decided in favour of Mr. Crole's farm. They have requested the Municipal Council of Madura to lend them the use of the farm.

Since then, the association has been registered as a Dairy Society. A large number of shares have already been taken. On the first of August 1920 a General Body meeting was held with Mr. K. Rama Ayyangar in the chair. The meeting elected the office bearers and appointed an Executive Committee. The Dairy Society will begin work as soon as the plot applied for is transferred to the Society by the Municipality.

THE SECOND SOUTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE

The second South Arcot District Co-operative Conference met in the spacious hall of the Government Training School, Villupuram, at 8 A. M. on Sunday the 25th of July 1920 under the distinguished presidency of M. R. Ry. N. Gopalaswami Ayyangar Avergal B. A., B. L.. Over 350 delegates representing most of the societies from all parts of the district were present and also all the distinguished co-operators of the district. Among those present were Messrs R. Srinivasa Ayyangar of Cuddalore, V. Srinivasa Chariar, V. Venkatasubbiya Garu of the Servants of India Society, Rao Bahadur A. Vedhachala Ayyar, Asst. Registrar of Co-operative Societies, Cuddalore, and G. Subramanya Ayyar Assistant Director of Agriculture.

M. R. Ry. Kanai Namburumal Nayadu Garu welcomed the delegates in a short and interesting speech. After briefly describing the progress of co-operation in the district he detailed the need for a large and immediate increase in the number of societies for credit as well as for other purposes such as common purchase and sale of agricultural products and implements, and agricultural industries such as ginning and pressing cotton of decorticating groundnut, manufacture of sugar, bone crushing etc. As these objects require a very large increase in the capital employed he mentioned the urgent need for increasing the rate of interest to the current market level so as to draw in deposits and loans. He commended to the Government the example of the French Government in offering loans free of interest to co-operative societies. Thus the societies properly financed would make the district take its proper share in the industrial movement that is going on now in the country and secure for the agriculturists their proper share of profits. Finally he exhorted the delegates to do all in their power to help the co-operative movement in all its branches.

The President read his speech in Tamil. He was glad to be in the midst of his old friends. A wiser choice could have been made of one who had made co-operation his life work. He himself was not now in touch with co-operation and in that sense was a non-co operator. He was connected with the organisation of the Triplicane Urban Co-operative Society and though not actively connected with it now still he was watching with interest its progress. He was the Vice-President of the Public Servants' Co-operative Society, Cuddalore, during his stay there. Under the reform scheme he hoped for great progress of the movement as co-operation was a transferred subject. He greatly appreciated the progress made in the district under the guidance of M. R. Ry. M. K. Venkata Chariar Avergal Asst. Registrar, during the past three years. He was glad to find their District Bank efficiently working.

One suggestion he made was for working the Local Unions with honorary supervisors, by having fewer societies under each union instead of unions with a very large number of societies distributed over a large area with poorly paid supervisors. He criticised adversely the present system of classifying loans in the reports as unmeaning. Why discharge of prior debts should be discouraged he could not understand. It is evidently due to the old notion that Indian ryots spend extravagantly on marriages and funeral ceremonies, as compared with people of similar status in other countries.

Let me congratulate you on the hopeful experiments you have inaugurated in the direction of non-credit co-operation. Speaking of non-credit forms of co-operation connected with agricultural operations, I would draw your prominent attention to the great need that exists for co-operators marketing of agricultural produce. With a large trade established in groundnut and a growing business in cotton, the minds of leading co-operators should soon turn to the solution of the problem of freeing the groundnut and cotton grower from the cramping attentions of the urban middle men who, by advancing money on his crop long before it comes to harvest, prevents the ryots from obtaining an adequate price for it. I have not the time to elaborate this idea but I do hope you will give it the consideration it deserves.

Another field which co-operation should make its own is that of housing the poor and working classes.

Conferences of this type held periodically are of the greatest value. *Co-operation is really a combination of good business with high idealism.* A gathering of co-operators results in the laying of emphasis on the basic principles of the movement—without which periodic reminder—it is likely to drift into the ordinary rut of making a business merely pay. We have —If we are to keep clear of this calamity—constantly to ask ourselves, do we

by the cruel hand of death, and the Committee take this opportunity of placing on record their deep regret at the loss so sustained.

In view of a Conference of the Representatives of District Banks and Trading Unions and of other prominent Co-operators, which was called by the Acting Registrar on the 4th, 5th. and 6th April last, a meeting of the Committee was called for the 4th of April. The Committee had also the benefit of the views of the late Mr. C. N. Krishnaswami Aiyar, Mr. T. R. Srinivasa Aiyangar, and the Registrar. Draft schemes had been prepared by Messrs. C. P. Sundara Rao and V. Venkatasubbiaiya. On giving the question its best consideration, the Committee adopted the following Scheme. It was placed before the Conference called by the Acting Registrar and met with the general approval of the Representatives of the Financing Institutions and Trading Unions.

The scheme is now submitted to the Members of the Executive Committee for approval or modification as they deem it.

THE SCHEME.

I. The Objects of the Union are :

1. To propagate the principles of co-operation (by means of publications, conferences, lectures &c.) 2. to organise special types of societies, to supervise the work of local unions and district councils of supervision. 3. to serve as the recognised exponent of non-official co-operative opinion in this Presidency; and 4. to undertake such other work as will promote the cause of co-operation.

II. It will strive to achieve these objects by

1. continuing to publish the BULLETIN in English and in the Vernaculars. 2. publishing pamphlets and leaflets on co-operative subjects from time to time. 3. maintaining an efficient circulating library of co-operative literature. 4. calling the annual Provincial Conference. 5. arranging for the supervision of the local unions and district councils. 6. arranging propagandist tours by paid and honorary lecturers. 7. organising training classes for supervisors, assistant supervisors and honorary workers. 8. and by other means.

III. The members of the Union will consist of :

- A Individuals,
- B Provincial Societies,
- C Central Banks,
- D Supervising and Trading Unions,
- E Non-Union Societies.

Every member coming under any of the above five classes and every society affiliated to a supervising Union on behalf of which a payment of Rs. 3 is made to the Provincial Union, shall be entitled to a copy of the

Bulletin in English or one of the vernaculars and of other publications unless exception is made in specific cases.

IV. Constitution :

- There shall be (1) a General Body,
- (2) an Advisory Body,
- and (3) a Governing Body.

(1) The General Body shall consist of all persons and societies which have joined this Union as members. Every member shall have one and only one vote. But when a poll is demanded votes shall be counted by panels, each class of members forming a separate panel and each panel having one vote.

(2) The Advisory Body shall consist of

- (a) one representative for every 25 individual members or a fraction thereof, to be elected by them.
- (b) one representative from each provincial organisation coming under Class B in para. III.
- (c) one representative from the central bank or banks of each district.
- (d) one representative from the supervising and trading unions of each district; and
- (e) one representative for every 25 non-union societies.

(3) The Governing Body shall consist of the President, two secretaries and four members elected by the Advisory Council.

V. The revenues of the Union shall be derived as under :

- (a) Every member of A and E classes shall pay an annual fee of Rs. 5.
- (b) Every provincial organisation coming under class B in para. III shall contribute Rs. 100 annually.
- (c) Every central bank shall pay annually Rs. 5 on every lakh of its working capital or a fraction thereof subject to a maximum of Rs. 25.
- (d) Every supervising union shall pay annually Rs. 5 on its own behalf, Rs. 3 on behalf of every society which has been affiliated to it for over a year. Every trading union shall pay annually Rs. 5.

DRAFT BYLAWS.

The Madras Provincial Co-operative Union shall be registered as a co-operative society under India Act II of 1912. Its address shall be Madras City. Its operation may extend to any part of the Madras Presidency.

Objects.**II. Its objects shall be**

(1) To propagate the principles of co-operation, (2) to organise special types of societies, (3) to supervise the work of local unions and district councils of supervision, (4) to serve as the recognised exponent of non-official co-operative opinion in this Presidency and (5) to undertake such other work as will promote the cause of co-operation.

III. It will strive to achieve these objects by

1. continuing to publish the *Bulletin* in English and in the Vernaculars; 2. publishing pamphlets and leaflets on co-operative subjects from time to time; 3. maintaining an efficient circulating library of co-operative literature; 4. calling the annual Provincial Conference. 5. arranging for the supervision of the local unions and district councils. 6. arranging propagandist tours by paid and honorary lecturers. 7. organising classes for supervisors, assistant supervisors and honorary workers 8. and by other means.

Membership.

IV. Any person of or above 18 years of age and resident anywhere within the Madras Presidency and any society registered under the Co-operative Societies Act (X of 1904 or II of 1912) may apply for membership in the Union. Such application shall be made in the form prescribed from time to time by the Advisory Body and shall be laid before the Governing Body for the time being who may either admit or reject the application without assigning any reason.

V. The Members of the Union shall be classified as

- (A) Individuals,
- (B) Provincial societies.
- (C) Central banks,
- (D) Supervising and Trading Unions and
- (E) Non-union societies.

Provincial Societies are those which have jurisdiction over the whole Presidency, or a language area, or a group of districts, and admit registered societies into membership.

VI. Membership shall cease

(1) in the case of an individual when he resigns his membership, and his resignation is accepted by the Governing Body; or by death; or by expulsion in accordance with a resolution concurred in by at least two-thirds of the members assembled at a meeting convened for that purpose at which not less than thirty members shall have been present

(2) In the case of societies when their registration is cancelled.

Funds.

VII (a) The funds of the Union shall be devoted to the promotion of the objects mentioned in Bylaw II. They shall be derived as under:

(a) Every member of A and E classes shall pay an annual fee of Rs. 5.

(b) Every provincial organisation coming under class B shall contribute Rs. 100 annually.

(c) Every central bank shall pay annually Rs. 5 on every lakh of its working capital or a fraction thereof subject to a maximum of Rs. 25.

(d) Every supervising union shall pay annually Rs. 5 on its own behalf and Rs. 3 on behalf of every society which has been affiliated to it for over a year. Every trading union shall pay annually Rs. 5.

VII (b) The annual fees payable by the members shall fall due at the beginning of each co-operative year. They shall be recoverable as debts due to this Union.

VIII. Every member coming under any of the classes mentioned in Bylaw V, and every society affiliated to a Supervising Union on behalf of which a payment of Rs. 3 is made to the Provincial Union shall be entitled to a copy of the *Bulletin* in English or one of the Vernaculars and of other publications unless exception is made in specific cases.

Constitution.

IX. There shall be (1) a General Body (2) an Advisory Body and (3) a Governing Body.

General Body.

X. The General Body of the Union shall consist of all individual members and of delegates of society-members.

XI. Every member society shall appoint one of its members as its delegate for each co-operative year by a resolution of its General Body or managing committee.

XII. Every member shall have one and only one vote. But when a poll is demanded votes shall be counted by panels, each class of members forming a separate panel and each panel having one vote.

XIII. The quorum for a general meeting shall be 10.

XIV. Any member of a share-holding society whether he is a delegate or not may attend a general meeting of the Madras Provincial Co-operative Union and speak in debate, but only delegates have the right to vote on behalf of share-holding societies.

XV. General meetings of the Madras Provincial Co-operative Union shall be held at such places in the Madras Presidency and on such dates as the Governing Body may from time to time decide. At least one such meeting shall be held in the course of each co-operative year. It shall also be the duty of the Governing Body to convene a general meeting on the requisition of not less than 30 members including member-societies.

XVI. The President or in his absence the Vice-President shall preside at general meetings. In the absence of both any member of the Union or any delegate entitled to vote may be elected by the meeting as Chairman.

XVII. All questions shall be decided by majority of votes, and in the case of equality of votes the Chairman shall have a casting vote.

XVIII. The annual general meeting shall exercise the following powers and duties:—

(a) To elect the President, Vice-President and the Secretary or Secretaries.

(b) To define or alter the policy of the Union.

(c) To consider and adopt the annual report and accounts presented by the Executive Committee

(d) To expel members.

(e) To consider and decide upon complaints made against members of the Governing Body.

(f) To alter or amend bye-laws and to enact new bye-laws.

(g) To transact other business incidental to general meeting.

Advisory body.

XIX. The Advisory Body shall have control of all business carried on by or on account of the Madras Provincial Co-operative Union, and shall meet at least once a quarter.

XX. The Advisory Body shall consist of

(a) one representative for every 25 individual members or a fraction thereof, to be elected by them.

(b) one representative from each provincial organisation coming under Class B in para III.

(c) one representative from the central bank or banks of each district

(d) one representative from the supervising and trading unions of each district: and

(e) one representative for every 25 non-union societies.

XX-A. Subject to the control and delegation of the Advisory Body the entire administration of the Union shall vest in a Governing Body consisting of the President, two Secretaries, and four members elected by the Advisory Body and the quorum for a meeting of the Governing Body shall be three.

XXI. The funds of the Madras Provincial Co-operative Union shall be applied to furthering the objects of the Union and for no other purpose and shall be invested in such manner as the Governing Body may decide subject to the approval of the Registrar. Only the income arising from investments under this bye law shall be appropriated towards current expenditure.

XXII. The Governing Body shall have power to appoint, remove, suspend, or fine all employees of the Union and shall fix their duties, salaries and allowances.

XXIII. Should any doubt arise either in the construction of India Act II of 1912 or of these byelaws or in regard to any other matter, it shall be the duty of the Union to obtain the advice of the Registrar and abide by it.

XXIV. No alteration or amendment of these rules or the addition of a new rule shall be valid unless it is registered by the Registrar of Co-operative Societies under the Act.

XXV. Within fifteen days after the close of the co-operative year, i.e. after the 30th June of every year, the Managing Committee shall prepare (a) a statement showing the receipts and disbursements of the society during the previous year and (b) a statement showing the assets and liabilities as they stood on the last day of the previous year. These two statements shall be submitted to the Registrar without delay. After the Registrar has verified the statements and granted his audit certificate, the society shall publish them in a manner approved by the Registrar.

DEFECTIVE ORGANISATION AND CO-OPERATIVE EDUCATION.

Good organisation in the beginning is half the battle, because the more that is required of a person in order to become a member of a society the more as a member will he appreciate it and the better will he support it. It is conceivable, however, a society may be well organised as regards membership and capital without possessing in the bulk of its members the grit necessary to carry it over a crisis. A wave of enthusiasm may account for large figures of membership and share capital, but these may collapse like a house of cards unless they are backed up by an intelligent appreciation of the co-operative principle by the members. This intelligent appreciation proceeds only from education. Societies whose members possess it are fortunate. Naturally it varies in degree in different societies. Generally the vigorous and prosperous societies possess it in high degree, and those that are weak and struggling in low degree. It is inevitable that in such circumstances co-operation, as a principle, in every country, succeeds in many cases as a matter of good fortune than as a result of intelligent co-operation. Where this is so, enquiry will probably show that the secret of success is an exceptional chairman or a particularly good manager or secretary. For the success of co-operative societies the alternative to the intelligent co-operation of

members is individual leadership or direction. But it is a poor alternative, where it is accepted the full meaning of co-operation is only slowly appreciated, and its proper application is likely to be deferred. The mistake of relying upon one man for the management or success of any business or undertaking has been exemplified over and over again, and in no sphere more than in agricultural and industrial co-operation. The death or withdrawal of the one person who spelt success may mean panic, intrigue and internal dissension, which as a rule precede failure and dissolution. There are of course, exceptions to this as to other rules, and their explanation is found in the educative influence and work of the leader or director, be he chairman, manager or secretary. He is invariably one of these officers,

We have used the words 'leader' and 'director' to describe persons who sometimes occupy positions of great influence and opportunity in co-operative societies who too often fail to use their influence and opportunity to fit the members to the responsibilities of co-operative management after the disappearance of the temporary directing mind or guiding hand. Strictly used in the connection in which we write, the terms 'leader' and 'director' are incorrect in all cases where there is failure or omission to educate the members in co-operative principles and practice and show them how, as co-operators, they may really control and manage their societies more than in name. In other words, it is in part the function of the leader or director of a co-operative society to educate his fellow members. His position is much that of a teacher. Had it not been for such men in the early days of our movement—chairmen, managers and secretaries—many of our societies might not be in existence to-day; but as we have said, the principle of relying on one person in a co-operative society to lead, direct and teach all at the same time is wrong. He may pass away, and unless he had taught well the society may pass away. We have advanced well beyond the stage when it was permissible to leave the fortune of a society to be worked out by one of its members.

The Irish Homestead.

CO-OPERATIVE FARMING MOVEMENT IN SOUTH AFRICA.

The Federated Farmers' Co-operative Association, of South Africa, recently established, embraces 25 co-operative societies in the Union and Rhodesia, has a membership of 35,000 to 40,000, and represents a capital of £1,750,000.

SCOPE AND OBJECTS OF THE ASSOCIATION.

The Association is interested in practically all farming activities, including, states the "Cape Times," maize, wool, wattle bark, hides and skins, butter and cheese making, meat, wine and tobacco.

Its London office is working in conjunction with the New Zealand Farmers' Co-operative Association. Branches have been established in Paris and Rotterdam, and an office is to be opened in New York.

In addition to finding the best markets for South African products, overseas representatives will buy agricultural implements, machinery, and fertilisers for Association members, according to their needs.

ORGANISATION.

In the course of a conference lately held at Bloemfontein it was decided that, after individual farmers had been organised into co-operative societies, these in turn should be linked up through central committees, preferably, but not necessarily, on a provincial basis, the final step being to link up the central companies into one federal organisation.

The conference decided to insist upon the following in the articles of association of any co-operative company:—(a) Dividends must not exceed 10 per cent; (b) shareholders must be farmers; (c) transfer of shares must be controlled; (d) no shareholder should have more than one vote; (e) all transactions to be on a cash basis.

ELIMINATION OF MIDDLEMEN.

One of the objects of the Association is the elimination of the middleman and his profits, both in buying and in selling, states the Johannesburg "Star." Manufacturers are said to have hitherto refused to supply individual co-operative societies, and this has influenced to an important degree the federation movement.

FUNCTION OF OVERSEERS OFFICES.

The overseas offices will provide the link between the producer, represented by the Association and its constituent societies, and the consumer. They will find out where a demand exists for any particular product and will cable the Association with advice as to the prices obtainable. The Association will disseminate the information among its constituent companies, ascertain quantities available, and cable offers, upon which contracts will be entered into.

IMPORTANCE OF QUALITY.

The necessity for a high standard of quality of products sold through the medium of the Association has been fully realised. Responsible officers will undertake examination of all produce before shipment, and nothing but first-grade will bear the registered stamp of the Federated Association, which is "Fedfarms."

The Mysore Economic Journal.

CORRESPONDENCE.

THE CO-OPERATIVE DEPARTMENT.

LOANS TO STORE SOCIETIES.

SIR,

Your May number has only just now reached me. On page 425 I find a short criticism of some orders supposed to have been issued by me prohibiting loans to consumers' societies from Central Banks. In the first place may I point out that the question at issue was the granting of loans to such societies by the Provincial Bank and that the decision was arrived at by the Provincial Bank, though no doubt with my concurrence. The decision was that as a rule a Provincial Bank would not finance consumers' societies though individual cases might be considered when recommended by the Registrar. As a matter of fact in one case such a recommendation was made and was accepted by the Provincial Bank.

In general, however, I may say that I am entirely of the opinion (which is apparently your own opinion in your preceding leader published on page 423) that loans to Consumers' Societies are at this stage undesirable and unnecessary. From the business point of view the essence of management in such a society is quick turnover, and no such society has any business at least in its initial stages to buy more stock than it can sell in three weeks to one month. It has no business to enter into that field of speculation which is implied when it buys at what it considers favourable terms in order to stock for the rest of the year. That is in my opinion a perfectly safe way of achieving failure.

Secondly, no struggling society can possibly afford to pay interest on large loans.

Thirdly as consumers' societies are in principle opposed to the very existence of capital, they obviously ought not to rely upon that use of capital which is implied by taking loans. Deposits from members are of course, in a different category. So also are short credits from the wholesale supplier against the value of the goods supplied. In other respects I entirely agree with the principle you yourself enunciate on page 423 that it is far better to take no risks and to proceed at a slower pace. There is this further point to be added, that the Provincial Bank exists for the purpose of financing Resource societies, that is, societies whose object is to supply individuals with credit or other resources. This movement is now strong and stable. Why should such a Bank run the very appreciable risk which it would incur by financing societies whose essential principle is collectivism and not individualism? In my opinion, consumers' co-operation has a very healthy and powerful future, but will achieve health and strength only by struggling loyally against difficulties by united and persistent effort. It will certainly not succeed by allowing itself to be pauperized by credit institutions or by sliding down the easy slope of debt and speculation.

Yours etc.

OTTO ROTHFIELD,

Registrar of Cooperative Societies, Bombay.

SIR,

Kindly publish the following and oblige ;—

A department which affords no scope for non-gazetted officers to rise eventually at least up to Rs 150—a salary not equal to a local allowance or to half the travelling allowance of a Gazetted Officer—cannot indeed be said to be a fascinating one. The inequalities demanding immediate attention in the lower grades of public service are legion and the meteoric committees and commissions serve only to meet their own ends. One of the departments brimful of such inequalities is the Co-operative Department. While non-gazetted Officers who bear the brunt of official burden in other departments are allowed the privilege of free progress up to at least Rs. 200, those who work in this Department are asked to be content with a pittance of Rs. 60 or 80 after spending the plastic period of their life in public service. The usual grades of the Inspectors are Rs 30—2—40; 40—2½—60; 60—2—80. So the increments are Rs. 2 and Rs. 2½ per year. The higher grades are only nominal. Only 2 or 3 persons in the Presidency are benefited by them. They are intended more to ensnare the innocent youngmen than to act as a real benefit for them. The word *Co-operative* is as charming as the department is unsophisticated unlike several others, but it is grievous that the minimum of the concessions that could be bestowed by Government has been allowed in it and the subordinates are left rotten in despicable salaries ranging from Rs. 30 to 80 for more than two decades. It is a mystery why the Government should not think it fit to allow a time-scale of pay to these poor men so that a veteran may not have the ill-luck of plodding on, yoked with a tyro in the same trench, when they could find funds to swell the wealth of Civilians and other high-paid officers by granting liberal increases of pay with retrospective effect from several years. Does it not touch them that these palpable incongruities or rather absurdities kindle the fire latent in the souls affected by this indifference or insusceptibility of feelings? Is it right that mental duties should be arbitrarily shoved on the shoulders of a Co-operative Inspector by the denial of a peon on the unconvincing ground that the grant of a peon officializes the movement? The world thinks that a man in the Inspector's grade ought to receive much better respect than now. At the remote appearance of a special duty, a European Civilian drawing thousands from the public treasury and a dozen gazetted officers drawing hundreds each are sanctioned without hesitation. But the retention or continuance of a peon in service is a subject of paramount consideration. This wonderful psychology is best known to statesman! The continued agitation of the poor subordinates results only in the foregoing of even their present status. The congressmen and the honourables are too busy with more important matters to analyse these matters critically to mete out justice. The Publicity Bureau, as a mouthpiece of Government, is competent to elucidate matters but its attitude is always more apologetic than truth-seeking. The public earnestly long for elevation of the poor subordinates from these baneful and degenerating salaries. Will this escape the attention of Mr. Knapp, the ruling Governor, of the fates of such forlorn servants?

Yours etc.

CH DAKSHINAMOORTHY GARU, M.A., B.L.,

Vakil, Guntur.

BILL TO BE INTRODUCED INTO THE COUNCIL OF THE GOVERNOR OF FORT ST. GEORGE FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS.

Under rule 33 of the rules for the conduct of business at meetings of the Council the following Bill, together with the Statement of Objects and Reasons, is published for general information:—

No. 12 OF 1920—A BILL TO AMEND THE CO-OPERATIVE SOCIETIES ACT, 1912.

Whereas it is expedient to amend the law relating to the co-operative societies in the Madras Presidency and whereas the sanction of the Governor-General under sub-section (2) of section 79 of the Government of India Act, 1915, has been accorded for the modification of the Co-operative Societies Act, 1912, in the manner hereinafter appearing:

It is hereby enacted as follows:—

1. (1) *Short title*—This Act may be called the Co-operative Societies (Amendment) Act, 19

(2) *Extent*.—It extends to the whole of the Madras Presidency.

2. *Construction of section 42 of Act II of 1912*—Section 42 of the Co-operative Societies Act, 1912, shall be construed as if—

(a) after sub-section (4) of the said section the following sub-section were inserted namely:—“(4-A) Any sum ordered under this section to be recovered as a contribution to the assets of the society or as costs of liquidation may be recovered, on a requisition being made in this behalf to the Collector by the Registrar of Co-operative Societies, in the same manner as arrears of land revenue,” and

(b) at the beginning of sub-section (5) of the said section the following words were inserted, namely:—“Save as provided in sub-section (4-A).”

STATEMENT OF OBJECTS AND REASONS.

Under sub-section (5) of section 42 of the Co-operative Societies Act, II of 1912, the orders made by the liquidator of a co-operative society, the registration of which has been cancelled, have to be enforced by the civil court. It is of great importance that money due to societies which have failed should be collected and their liabilities discharged with as little delay as practicable. The procedure authorized by the law as it now stands has been found to involve considerable delay and it is desirable to provide for a more expeditious and efficacious procedure for the realization of the assets of societies under liquidation and of the costs of liquidation. The Committee on Co-operation in India, 1915, recommended that at the next revision of the Co-operative Societies Act provision should be made for the summary recovery of the assets of a society in liquidation. Further, the Madras Provincial Co-operative Conference at its sixth session in 1917 unanimously recommended that the use of a summary process should be permitted in the recovery of loans repayable to liquidated societies.

It is therefore proposed to provide by law for the recovery of the assets of liquidated societies in this Presidency and of the costs of liquidation as if they were arrears of land revenue. To prevent any abuse of this provision, it is proposed that this procedure should be adopted only when a requisition in this behalf is made to the Collector of the district by the Registrar of Co-operative Societies.

C. G. TODHUNTER.

F. J. RICHARDS,

Acting Secy. to Govt., L. & M. (Legislative) Dept.

REGISTRAR'S CIRCULAR.

THE PROVINCIAL BANK OVERDRAFTS.

I enclose a memorandum drawn up by me in regard to the question of concentration in the Provincial Bank of overdrafts allowed by the Madras Bank to the several central banks. The memorandum explains itself and I have not much to add. I explained the memorandum to the representatives of the central banks who assembled at the first meeting of the Provincial Bank on the 1st July. This question may be placed before the directorate of each central bank and their opinion communicated to the Registrar.

2; The main reasons for the concentration proposed are—

(1) small banks with a small paid-up share capital may not be in a position to get the required overdraft direct from the Madras Bank;

(2) bigger banks which may require a much larger overdraft might not get accommodated in the same manner as they would be, if the overdraft is concentrated;

(3) the unused overdraft in a number of banks can be utilized for the benefit of needy banks whenever necessity arises;

(4) undrawn overdraft of central banks will always be available to be treated as a fluid resource, so long as the overdrafts given to the Provincial Bank is backed up by the overdraft of the Madras Bank;

(5) The Madras Bank will readily give more overdraft for the benefit of the movement by the concentrated arrangement than by the arrangement of giving up to it with a request in regard to each and every bank.

3. The amount of profit allowed to the Provincial Bank is only quarter per cent which after all is not so heavy as one might think. In the circumstances, it is hoped that the central banks will agree in thinking that the concentration of overdraft proposed is attended with advantages as compared with direct transactions between every central bank and the Madras Bank. There is no fear that the Provincial Bank will appropriate a very large amount of overdraft as the distribution of the overdraft to the central banks is to be undertaken by the Provincial Bank with the approval of the Registrar and is to be revised every half year by the same authority. The Registrar will be glad to receive any suggestions which the banks might offer on the question at issue, but the bankers are earnestly requested to consider the question in the light of a co-operator, whose aim is to join with others and to agree to take an action which will benefit not only himself but also every person that joins the organization.

Extract from Memorandum.

4. The question for the consideration of the federation is whether the entire overdraft with the Madras Bank may not be concentrated in the Provincial Bank under well-defined arrangements. Such a course will be a decided advantage to the Madras Bank which can afford to deal with one large bank at Madras and which can be in a position to make available the money required for the movement at Madras far more easily than elsewhere. Such an arrangement is likely to be of use in inducing the Madras Bank to give a large amount of overdraft for the benefit of the movement than at present. Moreover the unused overdraft in any central bank might be availed of by the Provincial Bank to set free money to the needy central banks. The Provincial Bank will be in a position practically to keep the required fluid resources both for itself and for the benefit of central banks in the Presidency.

5. The scheme as now thought out as a working basis for discussion is given below:—

(1) The Madras Bank will be requested to give an overdraft for 30 lakhs if not now, at any rate, when the financial stringency is eased and when favourable conditions prevail. Of this sum, 12 lakhs will be retained for the

Provincial Bank and the balance will be distributed by the Provincial Bank to the central banks with the approval of the Registrar. The Registrar will be in a position to advise the Federation as regards the needs of central banks and the position of each central bank.

(2) The amount distributed as overdraft to the central banks will be of the same description and bear the same conditions as the overdraft with the Madras Bank.

(3) The central banks will furnish to the Provincial Bank as collateral security endorsed pro-notes of primary societies of the value of the overdraft allowed by the Provincial Bank besides a bond for the amount of the overdraft.

(4) The Provincial Bank will furnish to the Madras Bank collateral security in the shape of endorsed bonds of central banks to the amount of the overdraft allowed by the Madras Bank but these endorsed pro-notes of district banks should be certified to be supported by endorsed pro-notes of primary societies.

(5) The Provincial Bank will keep separate accounts as regards the overdrafts allowed by it to each central bank but it will operate as a single institution on the overdraft with the Bank of Madras.

(6) The undrawn overdraft with the Bank of Madras will be taken into consideration as regards the fluid resource to be maintained by the Provincial Bank.

(7) The central banks will operate upon the overdraft allowed by the Provincial Bank and the amount of undrawn overdraft will be calculated as a fluid resource in regard to the deposit transactions of the central banks as such overdrafts by the Provincial Bank are supported by the overdraft of the Bank of Madras.

(8) The Provincial Bank will charge for the overdraft to central banks ^{half a} _{quarter} per cent over and above the rate charged by the Madras Bank. This small addition is made to cover establishment and other charges.

(9) Branches of the Madras Bank may be requested to receive collections from central banks to the credit of the Madras Central Urban Bank in the overdraft account with the head office and the Provincial Bank will get transfers by the head office of the Madras Bank for payment to central bank by the branches wherever there are branches and this is practicable. In other cases, resort will be had to remittance transfer receipt system for the remittances of money to and fro. Branches may also be asked to allow overdrawings of a small specified amount so as to meet emergent cases.

(10) The Provincial Bank will be at liberty to operate upon the unused overdraft allocated to the central banks from out of the lump allotment by the Madras Bank and to use it for loans to needy central banks in emergent cases. Where such transactions occur, the Provincial Bank will get one per cent out of the transactions and the central bank whose overdraft is used will be allowed half a per cent till such use continues. These cases will be rare and personally I would not have this rule. I put in this rule to satisfy the possible objectors to the scheme.

(11) The distribution of overdraft among the several central banks will be revised once in a half-year by the Provincial Bank with the approval of the Registrar.

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 His Majesty's Reply to the Delhi Municipal Address, 13th December, 1911.

Vol. XII.]

September 1920

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Office of the

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Royapettah, MADRAS.

Subscription per annum Rs. 3, inclusive of postage.

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The Committee has issued a leaflet on the courses prescribed for the senior and junior Classes vide Leaflet 2 of the Institute.)

III. Co-operative Housing Committee—This Committee carried on the work of the Bombay Co-operative Housing Association. It organised 10 lectures during the year and issued as many leaflets. It helped with advice and literature the various co-operative housing schemes in the Presidency. The promise of Government loan gave impetus to several societies being formed. Altogether 14 new societies were registered in the year, of which 6 are in Bombay and its suburbs, 5 in the districts, and 3 in Karachi. Many new societies are in the process of formation. A detailed report of the Association is being published separately.

IV. The Committee of the Bombay Co-operative Quarterly—This Committee has been issuing the Journal of the Institute regularly every quarter.

V. Committee of Co-operative Study, Propaganda and Enquiry.—The Library and Reading Room of Co-operative Literature. Several additions were made to the stock of literature by purchase and exchange. A detailed catalogue will be shortly issued.

Lectures. The most important event of the year was the lecture delivered by Mr. G. K. Deodhar, M.A., in August last on "the Message of Western Co-operation". His Excellency Sir George Lloyd presided and the attendance was fairly large. Another lecture in Marathi was delivered by Mr. R. M. Sane, Divisional Hon. Organizer, on Co-operation among Labouring Classes at the Currimbhoy Ibrahim Workmens' Institute. Mr. Sane also delivered several lectures in the districts on behalf of the Institute. A series of lectures are being organised during the current year.

Lantern Slides. With a view to the preparation of lantern slides for the propagandist work of the Institute, a circular was issued in November last and published in the four Journals of the Institute, and photographs were invited conveying ideas of the work of different kinds of societies, and expressive of various co-operative activities, as well as those of distinguished co-operative workers. Only a very small number of them were received so far. It is hoped that Hon. Organisers and other workers in the various parts of the Presidency will make efforts to collect a sufficiently large number of them and forward them to the office of the Institute.

Conferences. Six District Co-operative Conferences were held during the year under the auspices of the Institute, these being conducted by

local workers. They were convened at the following places. Small money contributions were given by the Institute to the first five of them, but the sixth was able to collect enough contributions locally.

The question of holding Provincial Co-operative Conferences by the Institute formed one of the subjects which came up for consideration at the last Provincial Co-operative Conference held at Poona in September 1919. The Sub-Committee which considered the subject recommended the following resolution. "That the organization of the Provincial Co-operative Conference may be handed over to the Bombay Central Co-operative Institute, and it should frame a scheme of representation and submit it to the next Conference. The next Conference should, however, be arranged by the Registrar, as hitherto." This resolution was carried unanimously by the Conference.

Another resolution adopted by the Conference was to the following effect—"The Committee recommended to the Co-operative Central Institute that the establishment of the Co-operative Development Committees for Talukas or similar areas is desirable; and that the rules suggested in Mr. Bhadrapur's paper are suitable as a basis for such Committees."

Pamphlets by different authors are under preparation.

Honorary Organisers. With a view to assist the institute in the work of organising co-operative societies in the city of Bombay, a meeting of the local workers was convened on 27th March last at which Mr. Otto Rothfeld, the present Registrar of Co-operatives Societies, delivered a very eloquent address outlining the various branches of Co-operative work. A number of gentlemen have volunteered to take up the work of organization and it is hoped that they will soon commence work.

Vernacular Co-operative Journals. Besides the English Co-operative Quarterly, the Institute has been issuing monthly Journals in the three Vernaculars of the Presidency. They are "the Kannada Sahakari" in Kanarese published at Puttur in South Canara, "the Sahakari Mitta" in Marathi published in Poona, and "the Sahakari Patrika" in Gujarati published in Surat. They are being edited by three different Editorial Committees under the auspices of the Institute.

VII. Committee for other Co-operative Work. This Committee discussed the following schemes and intimated their opinions thereon to the persons who brought them forward: 1. A Co-operative Sugarcane Factory 2. Information Bureau for Co-operative Stores, 3. A Wholesale Society for Purchase and Sale. 4. A Show-room for samples of different articles produced by Co-operative Societies or their members.

The labours of this Committee have not gone in vain. A sugarcane factory is on its way of being started on the Nira Canal district, and though the concern is not to be registered under the Co-operative Societies Act, some of the principles of co-operation, somewhat on the lines of profit-sharing with cultivators, are accepted by its promoters, some of whom are leading co-operators.

The scheme of a wholesale society was taken up for discussion at the last Provincial Co-operative Conference and a society on the lines of the resolution adopted thereat has been registered. The work of the proposed information bureau is intended to be taken up by this society. The scheme of a show room is proposed to be taken up by the Bombay Co-operative Stores, Limited, at its rooms in 12 Harkisondas Narottamdas Hospital Shops, Charni Road, Bombay. Negotiations on the subject are being carried on with the representatives of the Weavers' Societies in the Presidency.

VII. The Committee of Legal Advice. This Committee received 5 legal subjects from Societies for consideration and advice, and the opinion of the Committee thereon was duly communicated to the persons concerned.

The Committee No. II for Night Classes and other social work and No. VI for taking over the work of Debt Redemption Committee and other organizing work could not do any work as the institutions referred to were not taken over by the Institute.

It was found that the work of some of the Committees overlapped, and their large size made it difficult to discuss speedily the various subjects referred by the Registrar. The Board therefore have thought fit to appoint a small Standing Committee of 12 members for taking over the work of most of the Committees.

On account of the increasing work of the Institute the Board have thought fit to appoint a paid full-time Secretary to assist the Hon Secretary.

The want of suitable accommodation to house the office of the Institute and its various activities, such as the lectures, discussions and the Training Classes etc. has greatly hampered the work of the Institute. The question of having a building of its own has engaged the attention of the Board for some time past and they have accordingly addressed a letter to the Registrar to move Government for securing a suitable site for erecting a building.

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THE Madras Bulletin of Co-operation.

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OCTOBER 1920

[No. 4

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NOTES AND NEWS.

According to a note on Trading Unions issued recently by Rao Bahadur A. Vedachela Aiyar Ayl., there are at present eight trading unions in the Vellore District, which are evenly distributed and located in generally promising centres. Suitable arrangements have been made for their supervision and inspection, an inspector being placed on special duty to assist them in every way. Arrangements have also been made with the District Bank to finance them adequately. Several more such trading unions may therefore be expected to be formed in the near future.

In the beginning each union arranged for the purchase of its requirements by deputing one or two of its members to do it. This proved unsatisfactory, firstly, because of the cost, then because of the inexperience of the purchasers and in some cases by their purchasing more or other articles than they were asked to purchase. Later on the District Council of Supervision tried to help them in this matter but not with any conspicuous success. A well-organised and well-financed wholesale society is obviously what is necessary to make the trading unions of not only the Vellore District but of the whole presidency a success. It will no doubt have soon to be organised, especially as the Triplicane Urban Co-operative Stores which was expected to serve the movement in that capacity

holds forth little promise of being able to do so in the near future. But meanwhile some experience also has got to be acquired. Therefore the Ag. Registrar's note on the subject advises the trading unions to utilise the services of the Honorary Assistant Registrars and of the Department to the extent that they consider it advantageous. The trading unions of the Vellore District are advised to take the help of the Assistant Registrar at Vellore in respect of articles that have got to be purchased at Vellore, and of the Personal Assistant to the Registrar in respect of articles to be purchased at Madras, while for purchases within the district the services of the Honorary Assistant Registrars are recommended. The Vellore Assistant Registrar will arrange with reliable wholesale merchants for the supply of the indent articles and their bills will be paid by the District Bank, as previously arranged, on behalf of the unions. Neither the Assistant Registrar nor the Honorary Assistant Registrars will, of course, be responsible for the prices or the quality of the articles purchased. They will only be *bona fide* agents of the purchasing unions. The latter of course are at perfect liberty to utilise or not the agencies that are thus made available for them. We are sure that trading unions outside the Vellore District also will heed this advice and benefit by it.

Reverence for the cow is a very deep-seated religious sentiment in the Hindu mind. A prominent lawyer of Bombay once told us, that in the Hindu states of Kathiawad before the British supremacy was established there was on record only one case of a criminal being hanged and that was for killing a cow. The Hindu religion knows of no more heinous sin than the killing of the cow. In Gujarat and in other parts country there are asylums for animals called 'pinjirapoles' where old and neglected domestic animals are taken care of. These are supported and managed mainly by the Bania, Marwadi and other Mercantile communities. They have never been able to appreciate the economic arguments that have been advanced for taking care of only young animals and disposing of the old and useless in various ways, for fostering the better breeds and getting rid of inferior ones in order to utilise the available fodder supply only for the benefit of the better breeds. Those who have to live by the sale of milk and milk-products have learnt to take a less sentimental view of bovine life. Therefore in large towns when the upkeep of animals is costly young dry cows and calves are often sold to the butcher. To the other clauses of Hindus, particularly to the mercantile classes, this new practice of milkmen has been most outrageous and pinjirapoles very often prevent the animals from going to the butcher. One can therefore understand the outburst of indignation on the part of the Marwadis and other Hindus that Calcutta

Protection of
cows.

witnessed a few days ago when it became known that the Government of the Central Provinces had given certain concessions to a joint-stock company, with head office in Calcutta, formed to promote the tanning industry and work a bye products factory

The feeling roused was so intense that a public meeting was soon held in Calcutta under the presidency of Pandit Madan Mohan Malaviya at which it was resolved to start a joint stock company with a capital of one crore of rupees to protect cows and calves from slaughter, to maintain grazing grounds, to organise co-operative dairy societies and in other ways encourage the supply of pure milk. It is most remarkable that a sum of Rs. 20 lakhs should have been subscribed at that meeting. One gentlemen alone subscribed ten lakhs and several subscribed one lakh and half a lakh each. Such enthusiasm and generosity in any cause is exceedingly rare and we should be quite proud of our Calcutta Marwadi brethren. We fervently hope that they will be able to promote co-operative dairy societies and to supply pure milk to the infants and invalids at least of Calcutta and its suburbs.

At that meeting Pandit Madan Mohan Malaviya announced that a similar company with a share capital of one crore of rupees, for the protection of cows and calves, would be started in Bombay. Bombay has ever been the most generous and warm-hearted supporter every good cause and we have not the slightest doubt that when the Panditji goes there he will be able to float it. Meanwhile at the last meeting of the Bombay Legislative Council a resolution was moved by the Hon'ble Mr. Purushottamdas Thakurdas which urged the Government of Bombay "to represent to the Government of India the necessity of a Special Committee of Officials and Non-officials being appointed to submit a comprehensive report regarding the condition of cattle in the whole of India and the advisability of divising checks on the slaughter and export of cattle generally and milch cattle in particular". In this speech he recommended the appointment of veterinary officers to slaughter houses to see that no young milch cattle are slaughtered. In the discussion the Hon'ble Mr. Lawrence pointed out that during the decade 1906—1916, the cattle population of India had increased by 50 per cent. and the Hon'ble Mr. Curtis said that only a very small number of milch cattle were being exported and many of them were sold on account of fodder famine. He indicated certain directions for private effort to improve the supply of milk, ghee and other dairy produce. Though it was pointed out that to ask for a Committee was only asking for trouble and delay the resolution was put to the vote and accepted, all the members voting in its favour.

Now that the rates of interest have been raised all round—on deposits of all kinds, on loans to societies by central banks and on loans to members by societies—it is only natural that a demand should be made for raising the maximum rates of dividend permissible under Government Rules. They are at present 6 per cent. for unlimited liability societies and 9 per cent. for the limited liability ones. With the expansion of the movement and the better and more co-operative organisation of its resources the share capital is bound to acquire an increasing degree of importance. The share capital has become an important factor even in the rural credit societies which were formed originally on the Rifeissen model of no share capital. As they hold a proportion of shares in central banks and as the latter can receive outside deposits or borrow moneys only upto a certain multiple of their paid up share capital, the primary societies are obliged to collect a considerable amount of share capital from their members and transfer a part or the whole of it to the central banks. Every effort has therefore to be made to encourage the flow of share capital to all kinds of societies. It is a well understood principle, applicable to institutions whose main object is not the gain of the share-holders, that the return on share capital should be somewhat higher than the most favourable interest given on deposits. The latter being raised by one to one and a half per cent., the dividend payable should be raised by at least a similar percentage. Indeed some are in favour of its being raised, in the case of central banks at any rate, where dividend is a very important inducement for the flow of capital, from 9 to 12 per cent. A gentleman of Mangalore suggests 10 per cent. in a letter to the *Madras Mail*. The points out that it would greatly reduce the accountant's work and enable the share-holders to receive round sums of rupees instead of mixed fractions. As it is only the maximum that is prescribed and not minimum that is guaranteed, and as the resources of central banks are in great need of expansion, we think it better to raise the maximum from 9 to 12 in the case of limited liability societies and from 6 to 9 in the case the unlimited ones. We trust the subject will be considered at the next Provincial Conference.

The annual Provincial Co-operative Conference of Bombay was held this year as usual at Poona on the 20th and 21st of September, His Excellency Sir George Lloyd presiding. The extracts from its proceedings, given elsewhere in this issue of the *Bulletin*, we have no doubt, will be read with much interest. That the Registrars of Hyderabad, Mysore and

The Maximum
Dividend.

The Bombay
Provincial Co-op-
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Baroda and the Assistant Registrar of the Punjab, were among the visitors, (the Ag. Registrar of our presidency was prevented from going there by illness) is a compliment to the high level and usefulness of the conference. The most remarkable feature of this year's session is that for the first time the conference was held on an elective basis. At the conference held last year it was decided we are told, that the management of the conference from 1921 should be taken over by the Co-operative Institute. But 'in view of the impending changes,' the Registrar was well advised to consult with the Institute, come to an agreement with it regarding an elective scheme and apply it to this year's conference alone. What that scheme is His Excellency explained in his opening speech. The Registrar was to nominate 30 officials and 15 non-officials; all the rest were to be elected by societies classed as A and B by the Registrar in his audit classification. The societies were again divided according to their functions into three class—Resource societies, Consumers' societies and Producers' societies. Important societies were given special representation. The composition of this year's conference was as follows; nominated—officials 30, non-officials (honorary organisers) 15, total 45; elected, special—Bombay Central Co-operative Institute 10, Central Co-operative Bank 10, District Banks 39, Urban Banks 25; elected—ordinary—Resource Societies 78, Consumers' Societies 10, Producers' societies 2—total elected, 174. His Excellency claimed for the conference the character of a Co-operative Parliament.

In His Excellency's speech his observations on Producer's Societies and the need for a special Bank for their benefit are of particular interest to us. He stated that at the time of his speaking there were only four such societies, that they were enjoying the use of Government loans, that if their number increased as it should they could not depend upon such Government aid and that therefore he was glad to be assured by the Registrar that a special Bank would soon be started for them, the initiative being taken by the manager of the Commercial Museum of Bombay. We have before urged in these pages that the central banks which are financing our rural credit societies, depending on the unlimited liability of their members could not be expected to finance industrial (or producers') societies whose transactions are not 'secured' in the same way as those of the rural credit societies and that to meet their special requirements a special industrial bank should be organised. We are glad to know that Bombay is about to have one and hope that ere long the Co-operators of this presidency will follow its example. We should like our bank when it comes into existence to stand on its own legs and not to depend on Government loan. But in the matter of propaganda and the

maintenance of an attractive show-room for the sale of the products of industrial societies, Government aid will not only be legitimate but necessary. Of the resolutions that were discussed which we are sure will be pondered over by co-operators here, two proved to be of a contentious nature. One recommending the constitution of an Advisory Board was moved by the Hon. Mr. Lalubhai Smaldas. The idea was strongly supported by Registrar, but after keen discussion, Mr. N. M. Joshi's amendment to post-pone its consideration to the next conference was adopted. The resolution therefore was practically defeated. Another relating to building societies was really a string of thirteen resolutions. The Registrar who opposed it moved a humorous amendment that the recommendations be recorded, which amendment was accepted. He summarised the string of resolutions in one sentence as follows: "If Government would kindly lend us the money to build our houses and if the Government would do the plans for us and if Government would supply us with the materials and further the money on such terms that we can re-lend it to Government at a small profit, then we are willing to live in the houses thus provided." While complimenting Mr. Otto Rothfeld on his sense of humour, we would however remind him that it is such a policy that is now being pursued by Mr. Lloyd's Government in England and even by Sir George Lloyd's in Bombay in his scheme for remodeling the City. So far as the housing of the poor is concerned effective State aid is essential; in a mild form it is required even for the middle classes.

The third conference of the Reddis of Ganjam District took place a few days ago at Nowpada under the presidency of Rao Bahadur A. P. Patro. The conference was remarkable for the good account which the secretaries were able to give of the work done hitherto, and the very practical character of the President's address who, unlike most other public men of this country, has closely studied the problems of rural economy and played a considerable part in the social and economic improvement of the Kalingas. The Caste organisation of the Reddis in Ganjam has been revived and strengthened and utilised for putting down the drink habit, for starting schools and other constructive work. "Women were invited to the panchayat meetings in dealing with cases of intemperance so that they may use their influence at home"—and, we guess, that the men may be ashamed of their behaviour. Fines were levied on intemperate persons and on taking stock of the work done it was found that some Rs. 3,000 had been collected. We hope the community will not start on an excise

revenue policy! Voluntary schools were started in areas where there were no Board schools and two supervisors appointed to inspect the village schools and to start schools where there are none. We commend the example of the Ganjam Reddis to the other communities and communal conferences which unfortunately are spending their energies in more alluring but less beneficial activities. The President laid great stress in his address on economic and social improvement, as without it political power would be useless. He pleaded for vocational schools, intensive agriculture, promotion of irrigation, protection of forests, promotion of light railways and the spread of the co-operative movement in various directions. He held up the example of Germany which with a poor soil and unfavourable climate had come to possess a prosperous and vigorously expanding agricultural industry by adopting a sound system of rural education, State supervision of agriculture and co-operative methods.

The Second Tholasampatti Union Co-operative Conference took place at Omalur on 22nd August 1920 under the presidency of Mr. P. Macqueen, Collector of Salem. The Chairman of the Reception Committee, Mr. K. Sundaraja Aiyangar, in his Welcome Address touched upon almost all the current co-operative topics such as housing, co-operative dispensaries, co-operative trade co-operative industries. He was of opinion that the revival of cottage industries would prevent emigration to foreign countries and lead to healthy industrial development of the country. In view of the paucity of medical help in the rural parts and the great mortality from epidemics such as influenza, plague and cholera he strongly advocated the formation of co-operative dispensaries. About twenty resolutions were passed, one of which recommended the appointment of special officers to organise building societies in rural parts and requested cheap Government money for such societies. The formation of co-operative dispensaries in union centres and the contribution of Local and District Boards towards their maintenance was the subject of another resolution. A resolution of great interest to co-operators requested the Government to send at Government expense non-official co-operators to the other provinces in India and to foreign countries to study the progress of the movement in those places.

Where we failed Ireland has superbly succeeded. Some ten years ago a co-operative tailoring association was started in Madras, but it died after a meteoric existence. The Madras tailor was found to be wanting in co-operative character. Not only was there jealousy among

the members but they were disloyal to the Society, accepting work in its name and executing it privately. The Society had therefore to be wound up. What a contrast is the Irish Co-operative Clothing Society! It was started in September last year with a capital of £50 and with close upon eighty workmen. Its trade which was only £45 in its first month had increased to £2,835 in May last. The shares are one pound each, and the largest number any member can hold is two hundred. Membership is open to individuals as well as to Societies. The profits of the Society are to be divided between customers and workers as in our Co-operative Printing Workers are paid in accordance with trade union regulations; nay they are said to be paid 10 per cent. above the regulation rate. Yet the Society is able to attract more and more customers by the very moderate prices it charges.

One of the distinct features of consumers' co-operation in the west is that such Societies, besides attaching themselves to the Wholesale, have often Production Departments. Among them the following may be mentioned as noteworthy. The English wholesale recently purchased a Motor-cars manufacturing factory, and the picture of the first Co-operative motor vehicle was published in the 'Co-operative News.' The Scottish Wholesale owns a paper factory. Among the productive works of the Danish Wholesale is a bicycle factory which manufactured cycles worth 1,534,990 crs in 1918. The Hamburg Society in Germany, one of the biggest distributive Societies in Europe, has established a furniture factory. The Central Union of Consumers' Society at Moscow owns a match Factory. It should be remembered that most of the stores in the West Sell to non-members also.

Vigorous steps are being taken in Great Britain to organise a Co-operative College. At the last two English Co-operative Congresses the idea has been strongly recommended to the Societies in England and Scotland and subscriptions to the extent of £10,000 have also been collected. Professor Hall, (Secretary of the Central Education Committee,) who is the mainspring of the movement said in the course of an appeal that if there had been a Co-operative College twenty years ago the Co-operative world would have been a great deal stronger to-day. There were some who thought that they should leave their education to other organisations. They did not leave their trade to the multiple shops, their thinking to other people, or the education of their juniors, so why should they leave the education of their adults to others? If they wanted leaders for the service of the movement they should provide that education themselves. They had amongst them many young people of great promise and great ability, and many of these would be lost to them altogether unless they had the College.

THE FATE OF THE CENTRAL HOUSING ASSOCIATION.

For more than a year now an unprecedented amount of public interest in the housing of the poor has been manifesting itself in this Presidency. The conditions of Madras being worse than those of any other part of the Presidency, the housing of the poor in the City of Madras has attracted special attention. There have been frequent discussions in the press and on the platform. In the meetings of the Corporation Mr. K. C. Desikachariar and Rev. D. M. G. Lieth in particular have drawn pointed attention to the high rents, over crowding, want of sanitation and other deficiencies in the housing of the labouring classes. Resolutions have been moved in the Legislative Council recommending the provision of house-sites for Panchamas and other poor classes, the granting of Government loans to co-operative housing societies and the encouragement of other associations if formed on the lines of the Public Utility Societies of Great Britain. The Hon. Mr. Arumianatha Pillai attempted to introduce a bill which aimed at restricting the raising of rents of residences by landlords, but unfortunately, the attempt failed. Under influential auspices was started the Madras Central Housing Association, the fate of which forms the subject matter of this article. A big joint-stock company also has been started for promoting the building of houses which will suit the circumstances of the middle classes. Other schemes, based on communal lines, are also in the air, and some of them at least can be expected to materialize. All these are welcome indications of the public conscience being roused to grave defects in a matter which is most vital to the economic and moral well-being of the community.

This interest in the housing question is not a mere accident. It is the natural result of an irresistible combination of circumstances. The most devastating war which history has known made acute the problem of housing by causing the destruction of thousands of existing houses, by diverting capital and human energies from the construction of buildings and the manufacture of building materials to the manufacture of munitions, and by concentrating large populations in ports and industrial towns. The lack of housing accommodation in England and other countries interfered so much with the output of munitions that in almost every case the State was obliged to take special steps for the creation of new houses during the War, inspite of its former policy of 'free trade' or non-intervention. After the war ceased and when millions of soldiers were demobilised, it was discovered that not only was housing accommodation insufficient to receive them but the question of their employment

had to be faced, as a very large proportion among them obviously could not get back to their old positions. The high wages paid during the war also raised the standard of living—at any rate in England, and her colonies and in America—so that there was a rise in the standard of housing also. “How could we ask the boys that have fought for us in the trenches to live in the same old houses? The world must be made a better place to live in than before the War.” Thus Reconstruction programmes were drawn up, England leading the way. She launched on a grand national programme of building half a million houses at a cost of about £500,000,000. She created a Department and appointed several District Housing Commissioners whose business it was to give every kind of facility for maturing and executing housing schemes. Local bodies, Public Utility Societies, private associations, and even individuals were offered loans, subsidies, advice and other assistance. Materials were standardised and steps taken to produce them on a very large scale. Special encouragement was held out to local bodies and the Public Utility Societies. These latter are associations which have as one of their objects the provision of houses for the working classes and accept a statutory limit (originally of 5 p.c. but subsequently raised to 6 p.c.) to their dividends, spending any excess income for the benefit of the tenants themselves.

This example of England had a tremendous influence on public spirited men in Madras. And at the same time, nearer home, Bombay also set an example worthy to be followed. Co-operative housing has been most successful in the City of Bombay. The Saraswat Housing Society under the able guidance of Rao Bahadur S. Talmaki has come to occupy a position among Indian co-operative building societies which is similar to that of the Rochdale Pioneers among stores societies. While Lord Willingdon was Governor of Bombay he obtained permission from the Government of India to give loans to Co-operative Housing Societies up to a sum of Rs. 5 lakhs, with power to lend in special cases at a lower rate of interest than that at which Government itself borrowed. The appointment of Lord Willingdon as our Governor, with the reputation he had established in Bombay for developing agriculture, co-operation, housing and social work of all kinds, served as a very strong stimulus.

The war also pushed up prices of various commodities and gave the profiteer his opportunity. In tune with other prices house rents were put up and those who were already suffering privations on account of the dearness of food and clothing were put to fresh troubles on account of shelter. A certain rise in rents is justifiable as the purchasing power of

the rupee has fallen, though it does not follow that the rise should be as great as the rise in the value of building materials. But in many cases it was the profiteer's greed that was at work. The war effort called large bodies of labourers, soldiers, doctors and officials to the ports and Presidency towns and the profiteer saw his opportunity. To check-mate him Bombay, Calcutta and Rangoon passed rent-restrictive legislation and Madras wanted to follow suit. A Tenants Association was formed and vigorous propaganda begun. The Hon. Mr. Arumianatha Pillai sought permission to introduce a private Bill, seeing that Government was not inclined to take the initiative. The landlords too organised themselves, waited in deputation on His Excellency and carried on a counter agitation to prove that rents had not risen abnormally, that while in Bombay and other places the economic rent had been exceeded, in Madras we were only at about 50 per cent of it, that the real solution of the problem would lie only in the construction of more houses which would not take place unless rents rose to the economic level; so that what the poor needed was not so much a rent-restriction movement as a rent-enhancement campaign. The Bill however was defeated on the first reading, leaving different tastes in different mouths. It was intended as elsewhere only as a temporary measure, to cease to operate as soon as a sufficient number of new houses came into existence for which immediate steps were to be taken.

One such was the formation of the Madras Central Housing Association. It came into existence under influential auspices and its horoscope promised a bright future. On the 23rd October 1919 soon after the Government came down from the hills, an important meeting was held in the Y.M.C.A. auditorium over which His Excellency Lord Willingdon presided and at which the Hon. Mr. Justice T. V. Seshagiri Aiyar read a forceful paper on the housing question. Therein he referred at length to the Public Utility Societies of England and the aid which Government was giving them and appealed for the starting of non-commercial housing societies on their lines and for similar assistance for them from Government. Lord Willingdon as President of the meeting made a sympathetic speech and within a few days Mr. Seshagiri Aiyar took steps to form the Madras Central Housing Association which had a three-fold object: (1) propaganda regarding better housing and the formation of Co-operative Housing Societies, (2) the financing of such Co-operative Societies and (3) the construction of houses suitable for the poor. As Government aid in the shape of cheap long term loans and of a subsidy to meet working expenses was expected, the Association proposed to serve as a responsible organisation with a large share capital and a membership which included prominent and experienced citizens, competent to manage the

affairs of the Association to the satisfaction of the most exacting authority. As it was to be run altogether on non-commercial lines, there was to be no remuneration of any kind to the directors and the working expenses were to be kept at a minimum, so that the rents charged might be as low as possible. Registration was sought under the Co-operative Societies Act and to make it easy the bylaws were drawn up in close consultation with the Acting Registrar of Co-operative Societies. A considerable amount was promised as share capital and it was evident that an appeal made immediately after the registration of the Association would meet with a ready response. The favourable attitude of the Government was an open secret for a long time and it was made gratifyingly plain by the Finance Member's budget for 1920-21. In its Explanatory Memoranda the following passage occurs.

Para 162. "Class V Loans. The transactions under this head relate to the following miscellaneous loans:—

- (1) Loans to pearl fishers for the purchase of canoes.
- (2) Loans to Chenchus for the purchase of bulls and agricultural implements.
- (3) Loans to Co-operative Societies in connection with the acquisition of house-sites for Panchamas.
- (4) A loan which it is proposed to give to the Housing Association of Madras.

Item (4). The object of the Madras Central Housing Association is stated to be the improvement of the housing conditions of the poor and the starting or financing of associations and co-operative societies for the housing of the working classes in the City of Madras. The budget estimate for 1920-21 contains a provision of 2.00 for a loan to this Association."

Under item (3) a sum of 2.75 lakhs was provided for loans to the societies in Tanjore and for the extension of the scheme to seven other districts, viz., South Arcot, Chingleput, Godavari, Malabar, Salem, Anantapur and South Canara.

Thus on the 1st of April last the Government had the clearest intention of helping the Central Housing Association. Its promoters were sure of the loan being disbursed as soon as the official formalities like registration were gone through. The Registrar of Co-operative Societies took an inordinately long time over its application, and it now

transpires that the Government do not propose to comply with the request of the Association for a cheap loan, that it is their policy to leave housing to Local Bodies and that as the Association would not work without a cheap long term loan from Government, they do not permit its registration.

One is at a loss to know what could have happened since the 1st of April for Government to change their mind and go back on the budget provision. Does the summer heat even in the Nilgiris evaporate the sympathies expressed in the cold weather? Lord Willingdon has not improved his reputation by this last turn of his. People will compare him with Sir George Lloyd to much disadvantage. Bombay, on the eve of the Reformed Councils has not hesitated to launch on a grand scheme to remodel the City at an estimated expense of six crores. Our Government proposes to hand over housing at its own convenience to the Corporation which after the new Act was passed has yet not found time to think of other things than the appointment of its Brahmin and non-Brahmin higher officials. By the time our schemes mature, this generation will have passed away. Meanwhile the housing conditions of this City as evidenced by the death-rate and other indications will have gone worse. God save us from mere good intentions.

CO-OPERATIVE STORES IN INDIA.

BY A CO-OPERATOR.

The question has often been asked why co-operative stores should not be a success in India, as they have been, for instance, in England. We don't know why they should not be a success, but one chief reason why co-operative activities have not been diverted in that direction is that when the movement was started in India, it was thought that the poorer classes of people, agriculturists and artisans, required cheap credit more than facilities for the common purchase and sale of their requirements. The credit movement has now been more or less established on a firm basis. The thoughts of co-operators now run in other directions and we often hear in Conferences fervent appeals made to Government and the non-official public to introduce other forms of co-operation.

There have been and are societies established for distribution to members of all articles of daily use, and on the whole it must be admitted that their work has not been of a brilliant kind. Let us now

take the Triplicane Stores as the premier and pioneer society. The course of the progress of the society has not run smooth. In fact, periodical crises affect it and one such is now troubling it. What may be the cause for the lack of sustained growth of distributive societies? In the Triplicane Stores you often hear that its want of solid growth is due to the fissiparous tendencies that often appear, that it is an overgrown society, which must be decentralised if it should show good results in the future and that among its members we find a lack of the true co-operative spirit. It is curious that while an increase of business has always to be welcomed, it should be considered as a defect which should be removed. The greater the demand, the greater the facilities for economic purchase and the larger the number of the branches, the greater the business and profit of the societies. The real defect is that the organisation for the purchase of articles is grossly imperfect. As a matter of fact the Triplicane Stores continues even to-day its primitive system of purchase. It buys many of its articles locally, because it is afraid to trust moffussil traders and merchants or is unwilling to do so owing to fear of a fall in rates by the time the articles are received in Madras. Such cases do occur. But such difficulties there will always be and must be overcome. Moreover, the practice of seasonal purchase is one to which greater attention should be paid. There is of course no doubt that the large amount of capital that may be needed for the purchase in season of all articles of household consumption cannot be had at any time and therefore the advice regarding seasonal purchase is one that could be followed only in respect of certain specified articles. One way of overcoming this difficulty is to arrange with wholesale traders in the moffussil for credit and in the case of big stores like that at Triplicane such financial adjustment is quite possible. In spite of the experience that the Stores has had during the last 16 years it is very doubtful whether it possesses that technical knowledge of trade, that genius for the elimination of bad articles, that insight into secrets which a shrewd unlearned wholesale or retail merchant possesses; nor can it be said that it takes any particular care to arrange and analyse the wealth of information regarding prices, rates, fluctuations in the market, etc., that it mechanically obtains from day to day. It is therefore, necessary in the interest of the better working of the Stores that at least for a few years this branch of its business should be entrusted into the hands of a capable official, preferably of the Government with good status and repute for his industry and honesty. The deputation of such an officer will to my mind do infinite good to the society and those that take interest in the concern will do well to think over this suggestion calmly and dispassionately.

There is of course want of true co-operative spirit among the members. But, pray, who is to blame for this? The members and those others who take an active interest in the stores have not hitherto paid any adequate attention to the great and urgent need for propaganda work among the members. Such educative propaganda is a remarkable feature in the working of the English distributive societies. In the initial stages of the movement some little work was done in this direction by a few enthusiastic members, but this practice has fallen into desuetude. A great deal can be achieved by education of this kind and unless the society takes up the subject seriously, the evil due to the hugeness of the number of members, will continue. In English societies the kind of work that is done by education committees is to hold periodical meetings and conferences on questions of interest to members. Such classes are held to afford instruction in the practice and principles of distributive co-operation. Libraries are maintained for the benefit of members. Women and children's parties are frequently held in order to enlist their active support to and sympathy with the movement. The interest of members in the society is sustained by frequent business meetings. It is absolutely necessary that the society should consider it to be one of its principal objects to induce its members to take a more intelligent and active interest by means of these devices and such others as may suit Indian conditions. Many other suggestions may be made for the improvement of the Triplicane Stores. One is to induce ladies to serve on various sub-committees; another is to pay the directors sitting fees and travelling allowances. The writer of this article has always been against payment to honorary workers. But the Triplicane Society has reached a stage when its future success cannot be made to depend on the services of honorary workers the constancy of whose zeal cannot be taken for granted. The Mylapore Fund pays a share of profits to the directors and the business of supervision, audit etc., is divided among the directors and is performed to the satisfaction of members. Such a system should be also be introduced in the stores.

It is said that in order to ensure smooth working some degree of decentralisation must be effected. This is opposed to the English practice. You find in England big Distributive Societies in some of the chief towns with numerous branches. The latter are considered not to be in any way independent or self-contained. The management, the business, the purchase are all centralised, and nobody thinks of a devolution of power and responsibility to the members. It is clear that centralisation of purchase with devolution of power, which is often advocated, will lead to friction and result in the diversion of activities of the management and of the members to the settlement of internecine quarrels. One thing

however, may be done; to the duly elected representatives of the branches may be entrusted the task of disbursing small loans on personal security besides the ordinary duty of looking after the branch and its working.

Professor Gilbert Slater is inclined to place considerable importance on the practice of sales to non-members. I do not think that at the present stage, when societies for distribution have not yet been properly and efficiently organised and consolidated it is either desirable or necessary that this particular reform should be introduced. The principal object underlying the proposal is to widen the sphere of co-operative effort, to enlist the support of non-members, to convert them to Co-operators and incidentally increase the volume of the business of the society. Speaking from the experience of the Triplicane Stores I may say that the practice will result in inconvenience. Whenever good articles are obtained and are on sale at the branches there is usually a great rush for them from members, and cases are known to have happened where members lacking in loyalty to the stores have made profits out of such large purchases. If you open the door wide for non-members it would not only inconvenience the members proper but would introduce great uncertainty in the business of purchase, there being no definite ascertained or ascertainable demand. Moreover, as under the system non-members have to be given some bonus on their purchases elaborate accounts shall have to be kept by management unless of course, the token system is introduced making it obligatory on the purchaser to produce his accounts with the society. I do not, of course, condemn the professor's proposal outright; the point I wish to urge is that distributive societies in India have not developed to such an extent as to permit of the practice being adopted to the advantage of all concerned.

The French say that it is doing black-smith's work which makes a good black-smith. Similarly it is active cooperative work which makes a good cooperator. The proper way to further Co-operation is to create cooperators. Now, that is not altogether an easy thing, even in England—which country in other respects stands as a model for co-operative action. It was the late G. J. Holyoake's standing complaint that among the thousands and tens of thousands of 'members' annually joining cooperative societies there were only very few 'cooperators'. The shilling came in; but the 'spirit' remained outside.

H. W. WOLFF.

THE BOMBAY HOUSING SCHEME.

BY MR. R. SURYANARAYANA RAO, SERVANTS OF INDIA SOCIETY.

Of the many questions affecting the welfare of working classes that have come into prominence in recent times, the problem of housing has become so urgent that serious attempts are being made everywhere to find a satisfactory solution. In England the responsibility for providing better housing conditions has been thrown on the local bodies and the State affords every facility for raising the capital required to carry out building schemes and contributes a subsidy subject to certain conditions to meet a portion of the loss upon the schemes which is inevitable owing to the high cost of building. The Public Utility Societies also receive loans on easy terms and subsidies in addition for building 'houses for the working classes'. Private builders and others also get grants subject to certain conditions. These subsidies are generally intended to make up the loss due to rents which cannot under present circumstances be on a remunerative scale. With the rapid growth of industries, the conditions under which the Indian labourer lives has attracted good deal of attention. Of late much has been written and said about the housing problem; but till the other day no genuine effort was made to tackle it on every side. To His Excellency Sir George Lloyd the credit is due for breaking the traditions of the past and putting forward a bold and comprehensive scheme designed to improve the housing conditions of working classes in Bombay.

To understand fully the necessity for direct Government action which is quite in contravention of the methods adopted in England, it is necessary to follow closely the history of the movement in Bombay as outlined by His Excellency in his interesting address delivered at the time of the introduction of the Bombay Municipal Improvement Bill. It was in 1891 that the Improvement Trust was created with the avowed object of not only improving and opening up lines of communications but for providing housing for the poorer classes of the population. The Trust was so much taken up with the carrying out of the improvement scheme that it hardly found time or means to carry out the latter object. The Government was alive to this fact and was really anxious to provide a solution to the problem of housing before it became serious. So the Improvement Trust Act was amended in 1913 to enable employers of labour to obtain advances on easy terms by utilising the credit of the Trust. As is generally the case the employers of labour hardly took advantage of this concession and the problem remained unsolved. The Government appointed a Development Committee which laid down that the duty of providing accommodation to employees devolves on the

employers and that the owners of mills should be compelled by law to take advantage of the loans offered by the Trust. Owing to the determined opposition of the mill owners, no drastic action of the kind suggested was deemed desirable. The Industrial Commission examined the question thoroughly and condemned the principle of compulsion recommended by the Development Committee. They insisted that the cost of building programmes should be shared by the Municipality, the Improvement Trust, assisted if necessary, by the local Government. Owing to preoccupations of the war, nothing could be done in this direction. Meanwhile owing to the industrial prosperity of Bombay, the population especially of the working classes, increased rapidly and the dearth of accommodation resulted in over-crowding. Now the health of the city is seriously threatened. The condition of things may be described in the words of His Excellency, "It is a sufficient proof of the horror of the conditions that two-thirds of the people of this city live in insanitary and airless one room tenements, and that more than 50 per cent of the children born in this city die before they reach the age of eighteen months. For all that makes home life pleasant—light, air, space and cleanliness, it is indeed a city of dearth,—for the children it is a city of death."

How best to effect the removal of this growing evil, engaged the attention of the Government of Bombay. The idea of placing large sums of money at the disposal of the Trust on easy terms, a principle which has been accepted in England, was given up. The reasons for this course will be patent to all who have any knowledge of the working conditions of the Improvement Trust. The Trust has already enough work to perform in carrying out large schemes of improvement. To saddle it with this additional work of providing housing is to put off the scheme altogether. Past experience is a sufficient warning. All that can be expected of this Trust is to be able to provide land necessary for building. Another course suggested was to court co-operation of the mill-owners who might be induced to supply funds for large housing schemes. To think of this in spite of the apathy shown already by the mill-owners would have been quite unwise. The scheme would not have made any progress and the problem of housing would have become much more serious in course of time.

The alternative of employing the Municipality as the agency for erecting housing accommodation has not also commended itself to the Government of Bombay. If real improvement in the conditions of living is to take place, mere provision of accommodation will not do. Drainage, water-supply, roads, and other amenities of municipal life should be provided for. This is by no means an easy task. Not only large

capital is needed but also the municipality should be equipped with sufficient resources to increase the efficiency of municipal administration. Already over-burdened with work of this kind, it is hardly in a position to undertake a large scheme of the sort proposed now. It is true in England the local bodies are entrusted with the task of providing housing accommodation. How far this scheme would be successful even in a democratic country where public spirit is found in abundance, yet remains to be seen. As far as one can see the progress so far made is not satisfactory at all. The latest annual report of the Ministry of Health in which a section is devoted to Housing and Town Planning, does not give a very hopeful picture. The report says "Notwithstanding all efforts, it must be admitted that the progress during the year in the *actual* production of houses was by no means as rapid as could be hoped." So it is that His Excellency declared that the Government of Bombay have been driven to the conclusion that there is no alternative to direct Government action.

This short history of the movement in Bombay has lessons for all interested in the housing problem. The recent Development scheme discussed at the Madras Corporation contained no more than the creation of an Improvement Trust whose main function would be to develop for residential purposes the suburban areas. But nothing is said of the agency by which building schemes will have to be executed. For this purpose we understand that the services of local bodies will be utilised. Very cogent reasons have compelled the Government of Bombay to abandon that idea and resolve in favour of direct Government action. Nor can the Town Planning Trust for reasons already mentioned in connection with the Bombay Improvement Trust be entrusted with this task. If this also is included among the objects of the Trust, it will not surprise us if as in Bombay it should prove unable to do anything in this direction. So we urge direct Government action on the sound lines laid down by Sir George Lloyd's Government. The Government must find the sources from which to get the money for its schemes. The condition of things in the City of Madras is distinctly bad. If immediate attempts are made to prevent the growth of evil, there will be no need to devise curative measures. In the year 1918 the estimated population of Madras City was 5,25,412. The number of inhabited houses was 59,595 and of these 17,473 were one-room tenements. The number of births registered was 19,897 and the infantile mortality was 7,068. These figures show that the health of the city is not much better than that of Bombay, and that what was said of Bombay may with equal force be applied to Madras. Wherein lies the difference then? While

the Government of Bombay have embarked on a bold and comprehensive scheme for house-building, and have decided on *direct Government action*, the Madras Government is viewing the matter from an academic stand point and is merely engaged in issuing *communiqués* without achieving anything really tangible. After all the Town Planning Trust is not likely to do more than developing suburban areas for residential purposes. Who is to build the houses? We hope the Government of Madras will deal with this problem also without mincing matters and adopt the bold and straightforward course of undertaking house-building themselves without throwing the responsibility on the already overworked municipality.

CONFESSIONS OF A CO-OPERATOR.

BY MR. C. P. SUNDARA RAO, B.A., B.L., KAMBAINALLUR.

I have been for sometime past feeling that all is not well with our work. Doubt and darkness have wellnigh landed me in despair: I have therefore thought it wise to call for more light and seek comfort, if such there be, in taking counsel with others doing the same work. I have therefore taken on myself, not uninvited though, the thankless task of drawing pointed attention to some disquieting features that should cause us much searching of our co-operative conscience.

I am painfully aware of a general set back in enthusiasm, in business methods, in the *comaraderie* between the workers and the Department. I feel we are going away from our first principles. Near the Church, we are farther from God. All our institutions—Primary or Secondary—are in a state of decadence.

In the Rural credit society, laxness in disbursement of loans and unpunctuality in repayment has brought on a crisis. Indifference has taken the place of a lively interest in the affairs of the 'village bank' as I knew it ten years ago. Thriftlessness is the rule. The load on the ryot (indebtedness) is increasing rather than otherwise. The rise in prices which as Dr. Mann has proved should benefit the mixed agricultural and industrial classes in the village, has not made the economic condition a whit better. Local deposits are conspicuous by their absence. Overdues abound in plenty. The very facilities afforded for prompt collection have made the executive more irresponsible and less efficient. Small and short loans on personal security, the keystone of co-operative credit, has gone out of favour with the executive. Long term loans, more often than not absorbed by the more assertive elements, account for more than half the working capital of the normal society. There is no proper evaluation of the securities, no control over the application of the loan and little attention to the

formalities which alone would make the bonds valid in the light of the law. Indifference is writ large on the attitude of the general body; irresponsibility is the most characteristic feature of the Panchayat.

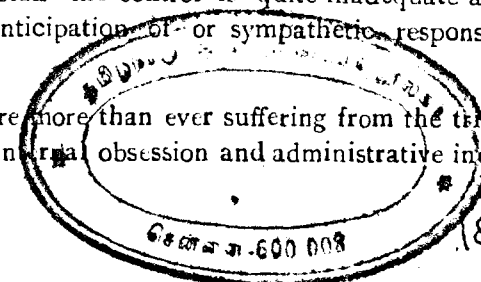
The above is equally true of the Urban Society, where perhaps indiscriminate grant of loans, expensive management and the lack of proper guidance have added to the list of shortcomings. The indifference is more marked and the members are lulled by the limited liability into a state of seeming security.

The distributive societies, rural or urban, have further disquieting features of their own. The account keeping is of the laxest kind and indifferent idealism with bad business seems to be the motto. The management is as expensive as it is inefficient. The need for expert guidance and the folly of substituting amateurish effort for professional work are felt at every stage in indiscriminate choice, large depreciation and the vast quantity of dead stock. An intelligent outlook on the markets is conspicuous by its absence. There is more divergence than coincidence of want and possessions. The system of Indents has not been the success it was expected to be. It is no reproach, however, to the villager that he can not anticipate and forestall his needs. It remains to be seen if the more intelligent and businesslike management can do this for him; if they can, a second trial will rehabilitate the system of indents as a safeguard against losses and a corrective to speculation. The few Industrial and other Productive Societies are all suffering from difficulties in respect of finance, management and marketing. We thus see that there is no clear aim, no fixity of purpose, no method. Principles vary from day to day.

All the work of primary institutions in the hands of an incapable executive, imperfectly guided by the secondary institutions and driven in diverse ways by a capricious department, spells waste. We seem to have departed in from every canon of co-operation.

Our Financing and Supervising institutions are no better. The former already under the stress of a financial crisis can scarcely rise above the common rut. Their directorate is divided by indifference, specious knowledge and assertive blatancy. The management is loose, unintelligent and inefficient. The Secretaries have things much as they like and in the case of the paid staff the control is quite inadequate and inept. There is no intelligent anticipation or sympathetic response to the needs of the movement.

The Unions again are more than ever suffering from the triple blight of outside assertiveness, internal obsession and administrative inefficiency.



Their limitations and shortcomings which I had occasion to point out early this year in another connection have only become further conspicuous.

The Committee member lays the flattering unction to his soul that he need not worry himself over much when there is one of his colleagues, (the Honorary Assistant Registrar) who is subsidised by Government to do a work which he agreed to do when he accepted the office. The false idea of prestige which naturally attaches to the office and is sometimes fostered by the interest or inclination of the holder thereof makes the unsophisticated 'Local Hampden' content to be an acquiescent spectator of the doings of the favoured man with the Department at his back—driving or pattering, he does not know.

The Assistant Registrars too have been treating the unions with scant courtesy and have sometimes ignored them altogether. There is no concordant method, no sympathy with each other's point of view, nor any correct appreciation of special needs and difficulties. We need not pause to notice the amenities between the two varieties of Assistant Registrars, Honorary and stipendiary.

The want of duly trained and equipped officers for the work is felt everywhere and neither the Department nor the unions have as yet taken serious steps to adequately respond to the urgent call for better education, training, equipment with better emoluments and protects for the Supervisor, Secretary (paid) or paid Inspector.

The District Councils of Supervision where such exist are in an anomalous position. Between the Department and the unions they cannot assert their utility or develop their own individuality. Not being based on consent they feel they can not sometimes have the loyal acquiescence of the unions. There is a lamentable lack of comprehensiveness in its constitution and an absolute want of concord or coherence in their work with the Department or the unions. They are subject to much the same evils as the unions and have not as yet found their true bearings. They are now far from being the pivot of non-official Co-operative effort in the distinct which indeed must be their manifest destiny.

The Honorary Assistant Registrar again has not at all come up to the mark as a lever of progressive impulse. The small number of arbitration cases actually decided by him in proportion to the number awaiting disposal, or of enquiries under Sec. 35 made over to him by the Assistant Registrar, the lack of service—where there has been no disservice—to the unions as distinct from the work he was already bound to do as an officer thereof, and the little confidence he has inspired all go to show

that the Honorary Assistant Registrar is 'not wanted' as such. As for the Department, it is not for a Nonofficial, who is confessedly a failure, to speak, but may we not call for a wider Selection area for the Assistant Registrar to remedy obvious shortcomings for a better Inspectorate and a more efficient and sympathetic staff.

I have jotted above in a necessarily perfunctory manner some of the more disquieting features. I have not been morbid or imaginary. I have not extenuated anything or set down aught in malice. I have not referred to the general conditions that have made the work particularly difficult of late. I have not given details or illustrations as every worker will easily supply them from his own experience.

But the darkest clouds have a silver lining and while I reserve for a later communication a consideration of the other side of the shield and a discussion of possible remedies I cannot pass over this tale of disappointment without expressing the gratitude which every Co-operator will feel to the head of the Department who has weathered the storm these ten months with rare discrimination and judgment and who with a live sympathy has grappled with many a problem of consolidation and development which bearing due fruit in the fulness of time will with the Reconstitution of the Federal Bank, the Union, and the Stores lead us on sounder lines to safer ends.

I bespeak the earnest attention of every worker in the field to this sad tale, in I am afraid no soft note, for there is safety in the multitude of counsel and with a will to pull together the right way we will yet put our old ship in a safe haven.

THE BOMBAY PROVINCIAL CO-OPERATIVE CONFERENCE.

The following passages are extracted from H. E. Sir George Lloyd's opening speech:—

It must, I think, be admitted that the agricultural movement still lags behind in the matter of organising agricultural Non-Credit Societies. It has perhaps not yet been sufficiently understood that the test of co-operative success in agriculture is an increase of productivity and that this increase can only be obtained by organising separate agricultural Co-operative Societies for supplying the cultivators with the most improved resources in seed manure, implement, irrigation and the like and with co-operative means for the sale and marketing of their produce. At present I find that there are only 102 Non-Credit Agricultural Societies in the Presidency of which 26 are for the supply of manure, 19 for the supply of seed and 13 for the supply of implements, but if co-operation is to

operative as strongly and vigorously in the direction of agricultural improvement as it should, then, judging from the experience of other countries, we ought to have nearly three times as many Non-Credit Societies as we have Credit. In other words, the total number for the Presidency ought to be about 6,000 societies instead of the 102 which have actually been attained. There is therefore a great deal of hard work before the Department, and it will need all the help it can obtain, both from non-officials, organized through the Co-operative Institute or through Taluka Committees, as well as from the Director of Agriculture and Government.

It may perhaps be necessary to provide for more paid agricultural organizers, who should be agricultural graduates in expert training, and the question may arise as to the funds or grants from which the pay of such further establishment is to be met. These subjects are coming before one of the Sub-Committees of the Conference, and I hope they will be able to make useful suggestions for the consideration of my Government. I need hardly again repeat that any suggestions will receive careful and sympathetic consideration.

URBAN CREDIT MOVEMENT.

A subject which is of the greatest importance, not only to the co-operative movement as such, but to the development and prosperity of the Presidency as a whole and in particular of its commerce and industry, is the growth and extension of the Urban Credit movement. At the present moment we have in this Presidency 273 Urban Credit Societies. These vary from strong and important societies with a limited liability, which are really Peoples' Banks like the famous Luzzati Banks of Italy, down to small unlimited Urban Societies, whose main achievement is to obtain easy credit for a restricted class of poor people. In Bombay alone there are not less than 111 Urban Credit Societies, but I notice with great regret that the cities of Ahmedabad and Karachi have only got 6 and 4 Societies respectively. This year the limited Societies alone had 63,000 members and a paid up share capital of 17½ lakhs, with a working capital of sixty-eight lakhs. Several of the Banks had already attained a working capital, which amounted to well over 3 or 4 lakhs. One type of this Society which is unknown outside of India, is in this Presidency very flourishing indeed and that is the communal Societies, formed to meet the needs of one definite cast or community.

Now gentlemen, it will be clear to you that in a Presidency which is so much more largely industrial than any other part of India, these Urban Credit Societies have an increasingly important part to play. As they grow and extend they bring new promises of progress and prosperity to artisans, to the smaller merchants and to local industry, but

their utility is by no means confined to the assistance they can directly give to these classes by way of loans and support. A bigger task lies before them. At the present moment, outside of Bombay City it may be said almost without exaggeration, that no banking facilities whatever exist, nor is there any great likelihood that the joint stock banks will take up mofussil banking to any considerable extent in the near future. The co-operative movement has, therefore, lying before it a virgin field, and I see no reason why co-operative banks of the Luzzati type should not penetrate the whole field and take up the work of supplying this Presidency with the banking facilities which are obviously required for its prosperity.

PRODUCERS' MOVEMENT.

The industrial producers' movement had, it must be admitted, never been seriously attempted in the past. Till this year only two such societies existed in the Presidency neither of them had entirely the correct form of a Producers' society. By the beginning of the rains, however, the Department was able to issue a leaflet and model bye-laws for such societies, and I am now informed and am happy to say, that there are hopeful signs that the movement will find support. Two new societies have already been registered and brought into working order since that date. The Coppersmiths of Poona and the Dyers of Ahmedabad have combined to form societies of this type. It is clear, however, that the producers movement if it is to grow requires financing. My Government has allotted a small grant which may be used for giving loans under the rules to Producers' societies, formed on an unlimited liability basis and proposals from the Registrar to extend these loans to limited liability societies are under consideration. It is, however, doubtful how far my Government will contemplate any large extension of the grant, and in any case it is obvious that such societies would also require frequent loans against the security of goods manufactured and ready for sale, a class of business for which Government loans would certainly not be suitable. It appears probable, therefore, that a Central Producers' Bank will be required for the finance of such societies, and it is undoubted that such a bank would also be extremely useful as an organising and propagandist body. I am happy to be informed by the Registrar, that there is a fair prospect that such a Co-operative Producers' Bank will shortly apply for registration. The gentlemen who are promoting this institution wish, I understand, to form it in connection with the Commercial Museum managed by Mr. Ranade, which already exists in Bombay, and I trust that they will take up the promotion of this Bank with continued energy and enterprise.

BUILDING SOCIETIES.

The movement for Co-operative Building Societies is also showing healthy signs of progress. Fourteen new Housing Societies were organised during the year and at the end of March there were already 21 in all in existence. It must be admitted that, while organisation had proceeded so well, the further operations of building were less satisfactory. A very real practical difficulty is the enormous price of labour, bricks and materials. I understand that efforts are now being made in Bombay City, to found a union, which could contract as a joint association for material and labour and thus secure them cheaper, but it is so far too early to feel certain whether the proposed Union will be able to come into a real existence. The Department also has very great difficulties in dealing with Building Societies and further expert assistance at some stage or other seems to be required. I notice from the agenda, that a sub-committee is going to deal with this subject, and I trust that it will be able to make useful suggestions for the guidance of the Department and for proposals to be submitted to my Government.

Gentlemen, it has been a pleasure to me that the Central Co-operative Institute, of which I am the President, has during the year been gradually finding its feet and has been able to undertake extremely useful work. The Institute has, at the suggestion of the Registrar and with the active help of his assistant Mr. Madan, organised a carefully thought out and systematic course of lectures on co-operation at the Wilson College, which I believe bear good fruit in the future. The publication of the Bombay Co-operative Quarterly, a really model publication, is a monument to the Institute. The Institute has now established a permanent Standing Committee which meets regularly once a fortnight, and with this Committee, I have every reason to hope that the Institute will become a real directing and organising body for the whole co-operative movement. Unfortunately, the Institute suffers at present from the want of a suitable building and even of a suitable site for building. Until that problem is solved, it can hardly, I fear, be able to cope as satisfactorily as one would desire with its duties. The Registrar is, I believe, in search of a suitable site and I understand that he may shortly be able to lay proposals in regard to a site before my Government for its consideration. The provision of funds for the building is, however, a matter which might well obtain the consideration of wealthy and public spirited gentlemen in Bombay, and no matter appears more suitable for the benefaction of a public spirited donator.

Mr. Otto Rothfeld, the Registrar, who followed His Excellency, said in the course of his address:

The co-operative movement, which only a few years ago began in this country as an attempt to help cultivators to escape from the burden of intolerable debt and to substitute for it prudent and thrifty credit, has now reached the point when even in regard to agriculture it seeks to increase production and to stimulate great agricultural improvement. But it no longer fixes its eyes upon agriculture only. It has grasped the fact that this Presidency is the most industrial in India and that co-operation can and must be applied to industry and commerce as well as to the tillage of the soil. The co-operators of the Presidency are now anxiously looking for remedies to social and economic unrest in the spread of the consumers' movement and are alive to the importance of craftsmanship and the humanizing of industry in the producers' movement. They are seeking through co-operation a remedy for the evil of congestion in the great cities and wish to find to their hand a weapon with which to overturn the system by which ground landlords and speculative builders are allowed to exploit the need of lodging which is common to every human being. And lastly, but at the present moment probably most important of all, is that the co-operative movement seeks to provide by the establishment of Urban Banks those facilities for banking and for the spread of ordinary commercial credit in every town, which are essential to all civilized communities and which are required before India can achieve the prosperity to which it is entitled. If as I hope, the co-operative movement is enabled to capture the citadel of district banking and to hold it through the people for the people, before the Capitalists and Joint Stock Companies can ascend the heights, it will have achieved a feat, which, so far as I know, is unprecedented in any country and which will establish the commercial, industrial and individual finance of the Presidency on a foundation as stable as that of Scotland in the 18th century, while at the same time far more popular and more equitable. Gentlemen, these are aims which cannot be achieved without effort and without regularly sustained and systematic effort. The energy that is required must be found within the movement. For the individual labour and sacrifice of public thought you cannot substitute the action of Government or the order of an official Registrar. What is required is your own individual work and labour, your persuasion, your striving and your own self-sacrifice. But if you are convinced, as I hope most of the delegates to this Conference are convinced, that in co-operation we have the greatest instrument at hand to the continued growth of material progress and of the prosperity of your country you will, I feel sure, combine and struggle individually to strengthen the cause and to support its development. You are aware, gentlemen, that this year for the first time in the history of the movement, we are faced by clamorous and influential opposition. Voices are heard from the house-tops and are uplifted in the

market place to say that co-operation is a delusion, that progress and prosperity are futile figments and that spiritual significance is to be sought by sulking in a corner and emulating Achillies in the Tents before Troy, or Narad Rishi in the desolation of the forest. Well, gentlemen, you are co-operators and you are practical men. You will know how to meet this opposition to your cause. You stand as delegates for a body of members of co-operative societies which now number 2,25,000 and which represents, allowing for families, well over one million human beings. That large body of the most intelligent, the most hard-working, and the most sensible and moderate of the citizens of this Presidency, if it stands for any thing, stands for a determination to progress further on the path of tranquillity, material prosperity and economic advance. The sphere of our co-operation is, of course, economic and its functions are confined to economic causes. But, I believe, the hope and indeed the certainty that each one of us feels is that by co-operation in the improvement of economic conditions, by providing easy and reliable credit, by stimulating industry, by securing adequate and sanitary housing, and in a word, by supplying the material comforts and necessities of human life, we are contributing to the fullness of life and to steady and significant growth in morality, happiness, and idealism.

PROGRESS DURING THE LAST YEAR.

The Registrar then gave a summary of the progress made during the last year :—

Last year's report for Co-operative Societies in the Bombay Presidency contains two remarkable features. One is the classification of societies into three groups or types as (a) Resource Societies, (b) Consumers' Societies (including Building Societies) and (c) Producers' Societies. This made easy the solution of the question as to which kind of societies should be financed by the Provincial Co-operative Bank. The view was put forward by the Provincial Bank that while its first duties were to agricultural co-operation, yet it can, under proper safeguards, finance all resource societies when required; but it could not reasonably have any dealings with other groups and in particular with consumers' societies. This view was approved by the Government of Bombay. This convenient classification was suggested by the Registrar, who based it on investigations he had made in France.

The bulk of the co-operative societies are agricultural credit societies. In the year under report their number rose from 1,648 to 1,993 and their working capital from 81½ lakhs to nearly 108 lakhs. The growth of the reserve funds is perhaps the easiest test of the success of agricultural credit societies and the funds have during the year grown from 5½ lakhs to 7½ lakhs.

The best, if not the only way to secure increased production is by organizing non-credit societies to procure the cultivator the necessary resources in improved agricultural requisites. There were in the year under report only 102 non-credit agricultural societies, of which 26 were for the supply of manure, 19 for the supply of seed, and 13 for the supply of implements; 8 were dairy societies, 14 for cattle breeding, 4 for cattle insurance, and 18 for the sale of cotton and other agricultural produce. The condition of some of these societies such as the dairy societies and the cattle insurance societies, is very disappointing. Steps have however, now been taken to establish a closer touch between the Co-operative Department and the Agricultural Department. It is moreover contemplated to employ agricultural graduates as organisers under the Assistant Registrars. The whole question is going to be further ventilated and discussed at the next Provincial Conference. A hopeful feature of the agricultural credit movement this year is its extension in Sind, in spite of great difficulties. By far the largest number of non-agricultural credit societies exists in Bombay itself.

There are now 14 Central Banks in the Presidency as compared with 12, during the last year. These banks are intermediaries between the primary agricultural societies of an area and the Provincial Bank; they are therefore, expected to play the most important role in the control and finance of agricultural societies. The result of last year's work of the Bombay Central Co-operative Bank which is really the Provincial Bank of this Presidency, were satisfactory, and as the finance of the whole movement depends ultimately upon the management of this bank the thanks of all concerned are due to the Board and the Manager. Reviewing the resource movement as a whole, it has been pointed out that its reserve fund amounted to 13.50 lakhs and the profits to 5.89 lakhs. The movement has done a great service to the country by bringing into circulation money which a few years ago would have been kept in hoards, and would have been lying unproductive.

With regard to the Consumers' Movement, the number of stores is still only twenty. But this branch has been taken in hand only recently, and from December last a special Assistant Registrar has been appointed to encourage the movement. A wholesale Society has also been organised in Bombay.

The organization of "Co-operative Building societies has made very good progress this year, for which credit is due to the Bombay Co-operative Housing Association, and its energetic Secretary, Rao Bahadur Talmaki. Fourteen new societies were organised during the year. The movement, is however, faced by a very real difficulty in the present heavy

cost of labour and building materials. These Societies also require expert guidance in Engineering and legal matters.

RESOLUTIONS PASSED.

Among the resolutions discussed by the Conference, the one which evoked the keenest interest and at the same time divergence of views, was that relating to the appointment of a Co-operative Board. The other resolutions passed included one regarding the donation of Sir Vithaldas Thackersey for night schools, the system of finance with special reference to the introduction of cheques and discounting business, the increase of share capital of District Banks, organization of further Urban Banks and the need of a Producers' Bank, what organization was required in Bombay City, the recommendations to meet the needs of Building Societies and provide for their rapid and successful extension and several others.

I

That the committee is of opinion that Government be recommended to appoint an Advisory Board as recommended by the Registrar, but the number should be eighteen as follows:—The Director of Agriculture, the Director of Industries, the Director of Public Instructions, three members to be nominated by Government and twelve elected by the Bombay Central Co-operative Institute of whom at least two will represent the Provincial Central Bank, four the Resource Societies, one the Consumers' Societies and one the Producers' Societies.

Two amendments were moved to this resolution, both affecting the constitution of the Board. Mr. N. M. Joshi moved a third amendment that the consideration of the question be postponed till the next Conference. The last amendment, moved by Mr. Joshi, was then put to the vote and carried.

II

That while this Conference conveys its best thanks to Sir Vithaldas D. Thackersey for his continuing to maintain at his cost forty night schools it puts on record its view that the work of the night schools conducted so far has been satisfactory and encouraging and that, in view of the deed for further continuing and developing this scheme with the aid of the fund promised by Sir Vithaldas, it recommends to the Government of Bombay to undertake to help the night schools movement, by providing, at their cost, the necessary special supervision and inspection on the present lines with such improvements as shall be recommended by the Committee. And that it further recommends the appointment of a Committee to go into the whole question of providing the machinery for the management, control and supervision and to settle the details of its work for a period of four years. That the Conference further approves of the plan of the

continuation of the work, as described by Messrs Deodhar and Madan in their papers on this subject, and asks this Committee to go into the various suggestions made in other papers.

III

This Conference recommends that it is desirable for Central and Urban Banks to introduce the use of cheques against current accounts and cash credits, and to undertake the discount of short term hundis and trading bills on behalf of members and of co-operative societies. The obligatory contribution by primary societies to the share capital of District Banks should be raised to one-twentieth of their maximum borrowings. That since the rate of interest charged by the Provincial Bank has been raised from $6\frac{3}{4}$ to $7\frac{1}{4}$ per cent., the corresponding rate charged by District Banks must be raised by at least $\frac{1}{2}$ per cent. above its present level. This will afford a means of offering better terms for capital subscribed by the public. Concurrently with this the Central Banks must strengthen confidence by an adequate inspecting staff. That the organisation of further Urban Banks was certainly desirable.

IV

That a committee of five persons, representing the Central Banks, the Co-operative Institute and including the Assistant Registrars should be appointed to make definite recommendations for the purpose of establishing a service of trained managers.

V

The next resolution was regarding the scale of audit fees to be charged to Urban Societies based on their working capital. In this the sub-committee endorsed the conclusions of the special committee on audit appointed by last year's Conference.

VI

Another resolution laying down the scheme of representation for the Provincial Conference and the procedure to be adopted in the election was next carried.

VII

The resolution recommended the prohibition of the acceptance of non-members as sureties by all co-operative societies, but that the Registrar might be authorised to exempt individual societies.

VIII

This Conference recommends that the work of organisation in the City of Bombay should be carried on by starting a separate branch of the

Bombay Central Co-operative Institute. The branch should carry on propaganda in the following way :— It should hold a City Co-operative Conference. It should arrange two public lectures every year by leading co-operators from the Presidency or from outside, in order to enlist the sympathies of prominent people in Bombay; it should arrange weekly lectures on co-operative subjects through the already existing social and other clubs and through co-operative societies; it should arrange weekly lectures or talks in chawls and localities inhabited by the masses; it should hold training classes in general principles of co-operation for organizers and others interested in co-operative. The organization should be carried out through honorary organizers appointed by the Co-operative Institute, honorary organizers appointed by the Government and working in co-operation with the Co-operative Institute, through public bodies, like the Social Service League.

As regards the important question about the organisation of societies for mill-hands, the Conference is of opinion that it would be desirable if the whole question were referred to a board, consisting of representatives of the Co-operative Institute, of the mill-owners and of the mill-hands and of such bodies as the Social Service League, with some departmental officers on it.

IX

A resolution re-affirmed the resolution passed last year regarding the desirability of starting development committees in advanced areas, but suggested that such committees should be started as branches or sub-branches of the Bombay Central Co-operative Institute.

X

A series of thirteen resolutions were next moved by Mr. F. A. C. Rebello, which made a number of recommendations to meet the needs of Building Societies and provide for their rapid and successful extension, such as assistance of a competent Government officer free of charge, regarding the layout of land facilities for transport of material and numerous others.

The Registrar's amendment that the recommendations be recorded, was carried.

XI

The last set of resolutions related to the finance of Cotton Sale societies with special reference to the condition of compulsory sale through such societies, imposed by some credit societies on their members.

THE MORAL AND MATERIAL PROGRESS OF INDIA.

AGRICULTURAL INDEBTEDNESS.

The following passage taken from the latest Parliamentary Report on the moral and Material Progress of India during the 1919, deals with the subject of Co-operation.

The change from the old system to the new, is rapidly taking place. In its train comes agricultural indebtedness, with all its attendant evils and depressing effects. During the period under review, some very interesting investigations into the problem of agricultural indebtedness have been conducted by the Registrar of Co-operative societies in the Punjab. It is found that in the case of large proprietors, the average total debt is seven times the land revenue paid by them. In the case of the smaller proprietors owning or cultivating less than eight acres, the indebtedness is more serious, being twenty-eight times the land revenue. Detailed estimates would seem to show that the total agricultural indebtedness of the Punjab is something approximating to £ 30 millions. Corresponding estimates are not available for other provinces in India; although it may be pointed out that it was estimated in 1896 that the total debt of the Madras Presidency, with a population twice that of the Punjab, was approximately £ 13 millions. Whatever the exact figures may be for agricultural indebtedness up and down India, there can be no question that the problem is one of extreme seriousness. For as long as the population of the country is subjected to a burden so crippling, it is difficult to see how they can advance morally and materially even if facilities for such progress are placed in their way.

THE CO-OPERATIVE MOVEMENT.

But even during the particularly disadvantageous period which we are reviewing, there have been most encouraging signs of material and moral uplift. Of this, the most striking is perhaps the continued and unchecked growth of the co-operative movement throughout the whole year. It is hardly necessary to point out the importance of this movement to a country which contains as large a proportion of agriculturists to the general population as does India. Not only from the point of view of reducing debt and placing the agriculturist upon his feet, but also from the point of view of its beneficial effects upon the character and habits of the people, co-operation is full of promise for the future. As complementary to what has been said about indebtedness in the Punjab, it must be mentioned that the figures which are available for 140 co-operative societies which have been in existence for ten years in fourteen districts in the

Punjab show that 28 per cent. of the members are now entirely free from debt. Well over £ 1,00,000 of debt has been paid off; it is believed that ten years of co-operation will on an average reduce a member's debt by half. There can be no doubt that if the co-operative movement continues as it has begun, the problem of agricultural indebtedness will in the course of another generation have lost much of its terrors. Perhaps even more important from the point of view of the general progress of India are the moral effects of co-operation.

MORAL EFFECTS.

Litigation and extravagance are both diminishing. Reports from provinces as remote from one another in situation and in condition, as the Punjab and Burma, reveal facts which are full of good augury for the future. In the Punjab, it is pointed out that many societies in the Lahore district have adopted a bye-law prohibiting certain specified forms of ceremonial extravagance. What can be done by co-operation in a village community is exemplified by the history of a Sikh village near Amritsar. This was formerly full of bad characters, the people were poor, many of them drank, their cattle were weak, and their land mostly mortgaged. In this village the co-operative society is now seven years old. The people no longer drink, no one is upon security, the cattle are strong, and much land has been redeemed. Equally healthy is the growth of sound public opinion among the members of co-operative societies. From one of the Punjab villages comes the story of a member who made a regular income out of perjury. The directors of a local union got the other members to expel and excommunicate him. The perjurer repented, took a public oath in the village mosque and was readmitted. From Burma also reports are heard which are equally encouraging. Co-operation is here slowly but surely creating a public spirit and a sense of common citizenship which will be of incalculable value to the future economy and social life of the country. There is a growing desire to combine in joint enterprises. The promotion of education, the prevention of infantile mortality, the distribution of useful medicines, the improvement of agriculture, are among the matters with which co-operative societies concern themselves. And one of the most interesting features of the Burmese movement is the fact that it has been carried on almost entirely under indigenous direction. The lack of British officers owing to the exigencies of the war, and the rapid extension of the movement, necessitated a large measure of decentralization which has resulted in a predominantly popular direction of co-operative activities.

FUTURE WORK.

The field which exists for co-operative work in the future may be gathered from the fact that there are still under 33,000 societies in the country. Of these by far the largest proportion namely, some 29,000 are agricultural societies. Public confidence in the movement shows obvious signs of growing, as the proportions of loans and deposits from non-members has nearly doubled in the course of four years and represents more than 30 per cent. of the total capital. In the plan of reconstruction which India will soon have to take up the co-operative movement must play a large part. The ultimate responsibility of conducting the movement will rest with the Government but there is a growing and healthy tendency to bring it under popular control and to make it as non-official as possible. Throughout the period under review, the progress of co-operation has been rapid and unchecked. In Madras, there has been a large expansion of non-credit societies and a marked progress in the extension of the movement to the depressed classes. There are now nearly a quarter of a million members of co-operative societies in the presidency and despite the failure of many societies to collect interest on the loan, a failure due to the unfavourable condition of the year, the net profit of all societies amounted to some £ 24,000. In Bengal the number of Agricultural Societies rose from 3,374 to 3,923 and the membership roughly from 126,000 to 135,000. Five societies now exist with limited liability for co-operative purchase and sale; and the only society for production has had a prosperous and successful year. One large society for production and sale, the Naogaon Ganja Cultivators' co-operative society, did most excellent work during the year. Government now gives a license to the society alone for the sale and cultivation of ganja on an area of about 1½ square miles. Brokers and middlemen having been eliminated, the cultivators get the full value of their crops. A profit of about £ 20,000 resulted from the year's operation. The society has engaged a veterinary assistant to attend to the cattle of the members and has under consideration a scheme of cattle insurance. A part of its reserve fund is to be invested in the purchase of a farm to be staffed, equipped, and stocked on the most modern lines to improve the local crops. It has opened schools, dispensaries and other institutions of public utility and has spent nearly £ 3,000 during the year on public objects. This society provides an excellent example of what may be done under favourable conditions. Of the working of co-operation in the Punjab, we have already noticed some characteristic features. It may be mentioned that in the course of the year under review, the number of agricultural

societies rose from 3937 to 5228. These figures are indicative of a substantial advance and the awakening of interest in tracts hitherto unstirred by the co-operative movement. A careful watch has been kept upon the danger, briefly referred to in last year's report, of unsound expansion; and there can be no doubt that the progress made is real and rests upon the most solid foundation. In Bombay, despite the difficulties under which co-operative societies have had to carry on their work, the amount of working capital and the number of societies continued to expand almost as rapidly as usual. At the end of the year, there were more than 2,000 registered societies with a working capital of over £ 1 million. The most important event of the year was the registration of the Central Co-operative Institute, the main object of which is to serve as an educational, propagandist, re-search and advisory body, on the model of the Irish Agricultural Society in Dublin. It may be recalled from last year's report that an institution of this kind is already at work in Bengal. The Bombay presidency is exceptionally fortunate in possessing a large number of non-official workers who interest themselves in co-operation and are very largely responsible for the remarkable progress which the movement is making. In the United provinces, the number of agricultural societies rose from 2873 to 3186, and although the total membership remains almost constant at 92,000, it is satisfactory to notice that the average working capital per member rose from £ 3.5 to £ 3.7. The majority of the loans advanced were for productive purposes. The progress of the movement in the United Provinces is not so striking as is the case elsewhere in India. The administration is fully alive to this fact and a substantial addition to the trained staff has recently been sanctioned. In Burma, the total number of co-operative societies rose by nearly 600, the figure now standing at 3,612. We have already noticed the firm hold which the principles of co-operation have already gained upon the people of the province. Bihar and Orissa also shows a substantial increase in the number of agricultural credit societies which rose from 1616 to 2044. Ten new central banks were started, and prevailing high prices gave an impetus to the formation of distributive stores.

The peculiar economic circumstances of the year 1919 have rather encouraged than discouraged the application of the co-operative movement to purposes other than mere credit. The difficulty of obtaining articles not locally available and the opportunity afforded to profiteers by the restriction upon railway transport have stimulated the growth of co-operative stores, while the rise in prices and general disturbances of economic conditions have stimulated self-help in the formation of banks. Numerous

conferences and meetings have been arranged in the provinces where the co-operative movement has a particularly strong hold. Efforts have been made to attract public attention and to enlist public sympathy by pointing out the excellent work which the co-operative movement has done up-to-date, and indicating the scope which exists for its future activities.

SCIENTIFIC AGRICULTURAL DIFFICULTIES.

The steady and solid progress of the co-operative movement is by degrees providing the necessary foundation for a corresponding progress in scientific agriculture. The means of the Indian cultivator are very limited and in most cases do not permit of outlay either upon improved agricultural implements or upon expensive fertilisers necessary for supplementing soil deficiencies. The Indian cultivator needs improved seed, improved tools and improved methods; and unless these can be placed at his disposal, he cannot be expected to achieve much progress. The help which the co-operative system can afford in overcoming these difficulties is undoubted, and the prospect of future prosperity which it opens up to the peasant is most encouraging. At present, since his means are small, the Indian agriculturist often fears to take up new methods until he is convinced beyond all possibility of doubt that he is going to do much better without a large extra expenditure of labour and of money. But in his case it is not merely a question of poverty and under capitalisation.

AUDIT ORDERS.

THE MADRAS CENTRAL URBAN BANK.

The accounts of the Madras Central Urban Bank Ltd., No. 18 for the Co-operative year ending the 30th June, 1920, as audited by M.R.Ry. T. C. Ranganatha Rao A/c., Public Accountant and Auditor are passed, Statements showing (1) Receipts and Disbursements. (2) Profit and Loss and (3) Assets and Liabilities as audited by him are appended to this Order.

2. During the year under review, substantial changes were made in the constitution of the Bank, and the Central Banks in the Presidency were given seats on the Directorate of the Bank.

The number of Individual Members (Preference Shareholders) at the end of the year under review was 377. The Society Members increased from 75 to 83. The paid-up Share Capital of the Preference Shareholders continued to be Rs. 2,00,000; while the Ordinary paid-up Share Capital increased from Rs. 82,860 to Rs. 1,44,120. This increase was due to the Central Banks taking up a large number of shares.

3. The Fixed Deposits held by the Bank increased from Rs. 35.19 lakhs to Rs. 38.82 lakhs. There was substantial increase under all other heads with the exception of Current Deposits, in which there was a slight

fall. The total amount of Loans disbursed to Societies, Central Banks, and Individuals during the year was Rs. 16,06,361; and the amount outstanding against them at the end of the year was Rs. 51,70,201.

4. Owing to a fall in the Market Value of Government Securities, the Bank has to write off Rs. 24,946-15-0. Deducting this amount, the Net Profits of the year amounted to Rs. 45,107-10-0. According to Bye-Law No. 26, one fourth of this sum, namely, Rs. 11,276-14-6 should be added to the Reserve Fund. The Bank is requested to invest this sum in the Bank of Madras. The balance of Rs. 33,830-11-6 together with Rs. 6,539-4-7 carried forward from the previous year is available for distribution as Dividend, Bonus, etc. In consideration of the fact that a large amount of Share Capital has yet to be secured for the Bank, the Registrar does not propose to extinguish this year any of the Preference Shares from out of surplus profits.

The Bank is requested to carry to the credit of the Reserve Fund, the balance left after meeting the charges noted below:—

1. Building Fund.
2. Payment of dividend, and
3. Working expenses of the Bank.

The Bank is also requested to intimate to the Registrar the exact amount thus added to the Reserve Fund and the other Heads.

6. The Bank continued to do excellent work, and the Directors are once more congratulated on another successful year.

OFFICE OF THE REGISTRAR
OF CO-OPERATIVE SOCIETIES,
Egmore, 4th September, 1920.

(Signed) A. VEDACHALAM,

Ag. Registrar.

CORRESPONDENCE.

THE STRINGENCY OF THE MONEY MARKET IN THE CO-OPERATIVE WORLD AND ITS REMEDY.

Mr. P. S. Venkaswami Aiyar of Madura writes:—

The rapid progress made by Co-operative institutions in this Presidency year after year has excited the wonder and admiration of even Western Co-operators. The District and the Central Banks are economic organisations intended to facilitate the operation and to assist in the working of the primary societies in addition to the commercial activity of their own. The District Banks and primary societies do not at present command the local money markets and the District Banks are now raising the rate of interest on the loans they give to the primary societies. It is generally pleaded by the managements of the District Banks that the increased rate of interest is due to the universal shortage of money consequent on the floatation of numerous commercial enterprises. But the fact remains that the joint stock banks and nidhis have an undiminished surplus amount at their disposal to be given as

loans. The primary societies apply for loans to joint stock banks and nidhis which give them loans at a lower rate of interest than the District Banks. The members of the primary societies find it cheaper to go to the local moneylender for loans than to the society. Thus the primary societies are in a critical condition and the very objects of co-operative societies are about to be frustrated.

It should be pointed out that Co-operative banks and societies enjoy distinct advantages over the joint stock banks and nidhis; for while Co-operative institutions generally are founded on Co-operation and mutual credit, the Co-operative Dt. Banks have the further advantage of lending on the security of the unlimited liability of rural credit societies. Thus they ought to close the outlet of local deposits into joint stock Banks and Nidhis and divert them to flow freely into their own coffers. The Government is taking a keen and paternal interest in Co-operative institutions and though it has left them to maintain themselves, it has been pleased to include Co-operative institutions among the receptacles for depositing the moneys of Local Boards and of the institutions under the Trust Act. [Not yet—Ed.]

Under these circumstances it is apparent that the remedy for the present stringency of the money market in Co-operative institutions lies at the root of the Co-operative movement itself. The nonofficial Co-operators must bestir themselves and instil into the minds of an ever increasing number of people an enthusiasm for the moral principles underlying Co-operation. It should be the duty of the Co-operative societies to tap the resources of the local money markets by their propagandist work and by explaining to the moneyed class the nature of the security of the Co-operative institutions and their superiority to the joint stock banks and nidhis.

By the help of the finances of the institutions and by earnest work on the part of the managers of Co-operative Banks, the Co-operative societies can command the money market and there will be no necessity for raising the interest on the loans of the societies.

II

THE BOMBAY CENTRAL CO-OPERATIVE BANK.

SIR,

I was interested to read your note on the Bombay Central Co-operative Bank, Ltd., in the last issue of your Bulletin. The facts are as given; they are rather surprising, but the statement is by no means unintelligible. As you are aware we had a famine in 1913-1919, consequently the demand for funds in the agricultural seasons was much below the average. The Bank continued having surpluses on hand, deposits on the other hand come in as usual. Depositors were not turned back and the surpluses were invested in short-term deposits with Banks and in Treasury Bills.

The credit of Rs. 4,00,000 with the Bank of Bombay was utilized only to a small extent. So with a good monsoon in 1919 the Bank had ample resources to fall back upon. By the close of the year 1919 some of our outside investments were withdrawn, while it was only in January that we began drawing upon the Bank of Bombay. We still had

investment and practically the whole of the credit to utilize. These enabled us to pass through the crisis without having had to raise our deposit rate by more than half a per cent.

Another factor operated in easing the situation to a certain extent. A number of new District Banks have been started in the last two years and these have to some extent met the urgent needs of societies, though I cannot say that societies have been financed fully and promptly. The Banks have brought into the movement in two years new capital to the extent of five lakhs.

I shall be glad to supply any further information that you require.

Yours, etc.

VAIKUNTH L. MEHTA,
Manager.

III

HONORARY ASSISTANT REGISTRARS.

Last January Government were pleased to appoint a large number of Honorary Assistant Registrars of Co-operative Societies all over the Presidency of Madras. Two non-official workers in the field of co-operation in South Malabar were honoured with this honorary appointment. It was a matter of legitimate disappointment that no one in North Malabar received a similar compliment, though co-operation has made considerable progress in North Malabar. The real field of co-operation is in social service and elevation of the depressed classes. It will certainly offer an impetus to the cause of 'elevation of the depressed classes' if members of this unfortunate community are honoured by Government with honorary appointments calculated to raise them in the estimation of the people. The appointment of Panchamas in the councils of local bodies is a right move on the part of our benign Government. May I suggest that it will be in the fitness of things if our Government would make it a point to confer Honorary Assistant Registrarship on deserving members of the depressed classes! Panchamas form the lowest rung in the ladder of the depressed classes and perhaps among them men of the right type may not be available for this responsible work. An attempt in this direction may be made from the ranks of non-official and enlightened men of the fishermen community of enterprising people and they have come under the personal influence of the illustrious Sir Frederick Nicholson, the staunch advocate of co-operative movement in India. Cannanore is the seat of a co-operative union whose secretary is a well-known co-operator of the fishermen community Mr. M. C. Govindan. This gentleman is the President of the Areyajana Co-operative Society of Cannanore—a society which was held in great esteem by F. R. Hemingway Esq. I.C.S. Registrar of co-operative Societies, Madras. As one deeply interested in the cause of co-operation, I respectfully suggest through your esteemed *Bulletin* that the name of Mr. M. C. Govindan—a non-official leader of the Cannanore Areyajanas, who held official positions in the Customs and Fisheries Department—may be considered for an honorary appointment in the Co-operative Department at an early date.

P. V. GOVINDASWAMI IYER, M.A., L.T.

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THE
Madras Bulletin of Co-operation.

VOL. XII].

NOVEMBER 1920

[No. 5

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NOTES AND NEWS.

This year's Provincial Co-operative Conference will as usual be held in Madras during the Christmas week. In all probability it will be held on the 26th and 27th of December and if need be, it may sit also on the 28th. The Christmas week will no doubt be inconvenient for some people, particularly for Christians. But there is no other week that suits the convenience of so many. This year's conference we venture to say, will be of extraordinary interest. For the first time we are to have an outsider, who is also a non-official, as President. The Hon. Mr. N.K. Kelkar, Governor of the Central Provinces Co-operative Federation, was elected President by the Reception Committee and he has kindly accepted the office. We may expect him to give us an interesting exposition of the C. P. system and of the Federation and its work. There is a special appropriateness in his presiding over our next conference as it will give its best consideration to the reconstitution of the Provincial Co-operative Union. An appeal has been made to the local unions to get the sanction of the general body or the managing committee as the case may be for affiliating themselves to the Provincial Union at the time of the Conference. We hope no union will seek distinction by refusing to sail with the majority. Such an attitude would little become co-operators. We trust that all unions have already taken the necessary steps.

Another important question to be considered is that of Co-operative Insurance. It will be remembered that at the last conference a committee was appointed to report on its feasibility or otherwise. Though the Committee has not met or written its report, Mr. K. Raja Rao, one of its members, has given much thought to the subject and has promised to bring it up at the conference. Recently he had a consultation with Mr. G. S. Marathe, the Poona actuary, who it is hoped will kindly be present at the conference. Our readers will no doubt be much interested in the article on the subject written jointly by Messrs. K. Raja Rao and C. P. Sundara Rao and published in this number. We hope to be able to give some more information on the subject next month. Another interesting feature will be an exhibition of industrial products of Co-operative Societies and artisan members of credit societies. The newly started Madras Cottage Industries Association will look after the exhibition. We hope that all industrial societies and trading unions will heartily co-operate with the Association and make the exhibition a success. Reports of interesting societies like the Central Co-operative Printing Works will also be read. Added to these is the sad circumstance that we are meeting without the guidance of our veteran leaders, two of whom we lost early this year. It is a duty we owe to their memory to assemble in large numbers.

We have received an interesting circular from the Registrar on the question of raising money for the Co-operative movement by the issue of debentures. This question has been long before the public both in this province and in other provinces. At present the financing of co-operative societies seems to partake somewhat of the character of a gamble. The Central Banks receive deposits for a period of one or two years and out of these deposits they make loans to Primary Societies for a period which often extends to ten years. This is essentially a dangerous form of banking and if it has worked without serious difficulties so far, it is due primarily to the effective control exercised by the Co-operative Department in the matter of prompt re-payment of loans and the confidence which is consequently inspired in the minds of depositors. But obviously this is a state of things which must not be allowed to continue much longer, alike in the interests of efficient banking and of popular control of Co-operation.

The need for long term loans is a very real one. They are required for ordinary agricultural improvements. They are required also for new forms of Co-operation such as building societies which imply the investment of money for long periods. There is an increasing demand for build-

ing societies, especially in the City of Madras—and the essential condition of a building society is that it should be provided with loans for long periods at reasonable rates of interest. It is obvious that on the present system of short deposits neither agricultural improvements nor the building of houses have any fair chance of success.

The scheme suggested by the Registrar in his circular is intended to meet this growing need for long term loans—long term loans imply long term deposits and the form of long term deposits suggested by the Registrar is what is known as debentures. A debenture is practically a loan which a person makes to an institution of established reputation and solvency at a rate of interest stipulated by the borrowing institution. It may be based on a specific security such as a charge on the property of the borrower or it may be based simply on a knowledge of the general efficiency and resources of the institution. It differs from an ordinary deposit in that it is generally made for a longer period and also that it is issued in the form of bonds available for purchase in the market and may be bought and sold unlike ordinary deposits. In this respect it resembles a share in a company but it differs from a share in that no liability attaches to it and that it has a preferential claim on the profits over shares.

The debentures proposed by the Registrar in this circular are what are known as mortgage debentures that is, they are debentures secured by a charge on the assets of the co-operative movement and not merely on a knowledge of the general solvency of the movement. The assets contemplated are the mortgages on which Primary Societies issue loans to their members. It is proposed that these mortgages may be turned over to a trustee and used by him for the issue of debentures on behalf of the movement up to one half of their value. The fact that most Primary Societies are based on unlimited liability renders this transfer of mortgage bonds a safe transaction from the point of view of the creditors of Primary Societies. A charge in this way on the assets of the movement may be necessary at the beginning to inspire confidence in the public. But once the public become familiar with hope it must be possible to issue them simply on a promise to pay, though we fear it will be a long time before this happens because the unlimited liability of Primary Societies and the system of State-controlled audit combine to make the co-operative movement as solvent and efficient a concern as has ever attempted to raise money by debentures.

We do not propose to go into the details of the Registrar's scheme at this stage. Much as we wish the scheme to be a success, we fear its practical success is not an immediate possibility. Private lending is still an

exceedingly profitable business—large and promising schemes of industrial enterprise are before the public and the period of stringency in the money market is not yet over. The idea of Co-operative debentures is excellent and is bound to bear fruit—but the day of its practical fruition is not yet.

The Co-operative movement has splendid assets which under favourable conditions may be turned into liquid resources for the further development of the movement. And debentures are a possible method of utilising them. But they presuppose a public who not merely have surplus cash but have been trained by experience to distinguish good investment from bad. But in investments as in ordinary purchases we seem still to be dominated by the idea that the mark of desirability is immediate cheapness.

The village of Melswalambadi in Ginjee Taluk, South Arcot District, is 20 miles from the Taluk Office and the Sub-Magistrate's Office and 6 miles from the nearest Post Office. Co-operative Societies and Post Offices. The President of the Co-operative Society naturally complains that on account of these distances the work of the Society is much hampered. There are four other Societies in the neighbourhood which are also 6 miles from the nearest Post Office. During the last four years several representations have been made, it appears, to the Postal authorities urging the advisability of opening a new office at Melswalambadi. Once the representation was made through the Assistant Registrar. At the last South Arcot District Co-operative Conference a resolution was passed supporting the request of the Melswalambadi Co-operators. Then the inhabitants of 15 villages which are all within 4 miles of Melswalambadi and the nearest Post Office to any of which is between 5 and 7 miles, five of those villages having co-operative societies, petitioned the PostMaster-General on the subject. It is surprising that all these efforts have yet borne no fruit. We know of many cases where after the advent of the Co-operative Society a Post Office has been opened in a village. In many cases the Co-operative Department has served as the channel of communication between the Postal authorities and the village folk. The former have on the whole been considerate and obliging. We are therefore, very much surprised at their obduracy in the present case. We do not know the local conditions but we should not be surprised to find the 'prestige' of an official to be the only obstacle. It is a matter for the superior authorities to go into. The Post Office is a necessary amenity of civilization. It should not be viewed from a narrowly commercial standpoint. The Co-operative Society is generally a centre of enlightenment. It creates a demand for schools, for the Post Office, for better sanitation;

it fosters public spirit, trains people in the service of the community and forges strong bonds of sympathy and goodwill. There is another and more immediate reason why the P. O. should follow the C. S. The latter is an institution based on thrift. Co-operators are advised to make deposits in their societies and their presidents are advised to keep unused balances in Postal savings banks, so that the money may be safe as well as earn some interest. Thus it is only natural that a demand should arise for a Post Office within a short time of the starting of a Co-operative Society in a village. It would be wrong to suppose that in the generality of cases the demand proceeds from the vanity of the villagers. We sincerely hope that the petition of the people of the villages will be heeded.

We wish to draw the attention of our readers to the very interesting report of the work of the Y. M. C. A. in the Kurnool district which is published in this issue of the *Bulletin*. The Y. M. C. A. and Co-operation. Twelve societies in five years may appear very poor achievement judged by the standard of more figures; but judged by results as described by Mr. Stephen it is really an achievement on which both the Y. M. C. A. workers and the villagers should be congratulated. Everybody recognises the special difficulties that are to be faced in the management of Panchama rural societies—illiteracy, intemperance, the temptation to spend, the tendency to borrow both from the co-operative society and the private money-lender, etc. That in spite of them the credit societies should have been well-managed and stores started and improved methods introduced in weaving, reflects great credit on the tact and sympathy of the Y. M. C. A. workers. That in villages in the interior co-operative societies should be able to sell kerosine oil at 2 annas a bottle will rouse the envy of the residents of Madras who are paying 2½ annas per bottle at Madras. We are very glad to know that the indent system has been a success with these societies as from some other areas we have heard a different tale. We are not, however, sure that it is convenient or wise to entrust the sale of different articles to different persons in one village. We hope that Mr. Daniel Swamidoss, General Secretary, Rural Department, will soon favour us with an account of the work done all over the country.

Tiruvanamalai has added another interesting society to its credit.

The wood cutters living in and about the town have formed themselves into a Co-operative Society and have leased out from the Forest Department trees over about 200 acres of forest land. Some thirty men cut wood every day, send it on to the two depots, which the society maintains at Tiruvanamalai. The wood so supplied comes to about fifteen cart-loads per day. The wages of the wood-cutter's have been fixed by the members themselves and seem to be 50 per cent above the rates they were getting before the Society came into existence. The capitalist contractors used to pay them at Rupee one per cart load and even this was very often cut down owing to the illiteracy and the economic dependence of the wood-cutters. Now a memo is given for the wood cut by every man each day,

A Woodcutter's Society in Tiruvanamalai.

and at the end of each week he is paid for the quantity of wood he cuts at the rate of Rs. 1-8-0 per cart load. The men have come to understand that their prosperity or misery is linked up with the society and therefore, work with greater zeal and care than they did for contractors. Nothing is wasted in cutting the wood, and the cut-wood is assorted according to the use to which it may be put. The influence of the society on the consumers is even more striking than on the producers themselves. Before the starting of the two Society Depots the price of firewood fluctuated in accordance with the avarice of the contractors. On festival days when there is a large influx of pilgrims, the price used to go up even to a Rupee for half a hundred weight. But the co-operative fuel depots have been supplying fuel irrespective of the fluctuations in the demand at a rate ranging between 3 annas and 4½ annas. They have thus forced the private dealers to bring down the prices.

A few days ago Mr. T. A. C. Rebello who is prominently connected with the Catholic Housing Society of Bombay addressed a meeting of representative Catholics of this City on the need of housing societies for their benefit. He recommended the model of the Tenant Proprietorship Society of Salsette for adoption here, as in Bombay 23 out of 25 societies were of this type. He suggested that a society should be started with a share capital of at least Rs. 2 lakhs consisting of 8,000 shares of Rs. 25 each payable in monthly instalments of Re. 1. It should acquire about 100 acres of suitable land and parcel it out into sites of one-fourth acre each. Persons who take at least 5 shares may be entitled to hold a plot and care should be taken to see that rich men don't monopolise the sites. The construction of the houses may be undertaken either by the member himself or entrusted to the Society. The latter would advance loans for building purposes at a rate of interest somewhat higher than the economic rent, so that after paying interest on borrowings provision may be made for a sinking fund. Mr. Rebello told his audience that the property of Garden Homes in Salsette was bought for hardly Rs. 20,000 but it was now worth Rs. 2 lakhs and the property of the Catholic Housing Society also at Salsette, was purchased for Rs. 2 lakhs but was now worth about Rs. 30 lakhs. The joint purchase of building materials had also largely contributed to bring down the economic rent of the properties of co-operative housing societies in Bombay. After some discussion a resolution was adopted to start a Catholic Co-operative Housing Society in Madras and an influential committee was appointed to draft rules and take other necessary steps. We hope the committee will do its work with energy and start the society ere long.

We are extremely sorry for having published a misleading note on the working of the Madras City Co-operative Bank in the year 1919-20 in the September number of the *Bulletin*. Curiously enough we misread loans outstanding at the end of the year as overdue loans. The amount outstanding on 1st July 1920 was Rs. 2.3 lakhs, and of this amount a sum of Rs. 6,099

was overdue, which the Registrar considers heavy. The contingent charges have actually increased from Rs. 1,105 in 1918-19 to Rs. 1,723 in 1919-20. Of this Rs. 535 is accounted for by carriage allowance paid to Directors. We were wondering at this high figure till the necessary information was kindly supplied by the Secretary of the Bank who says that according to an amended by law the Bank pays carriage hire to surveying Directors inspecting house property instead of the applicants for loans bearing such charges. The Bank has not gone from bad to worse as we wrongly described, but has made steady progress. Its transactions have increased and its profits have risen from Rs. 5,025 in 1918-19 to Rs. 8,042.

A correspondent from Chingleput District who is very much dissatisfied with the kind of persons that have been appointed as Honorary Assistant Registrars, challenges us to prove that even a fourth of them are competent to discharge the duties of arbitration and liquidation of societies. In the case of the Chingleput District however, he raises the proportion to one-half—doubtless due to local patriotism. We are not at all disposed to accept his challenge, nor can we refer him to the Assistant Registrars who are really responsible for the appointments in their districts, as he lays the whole blame at their door. All that we can do is to tell him—hoping that it will be some consolation to him—that we are in general agreement with him, except in regard to the proportion of competent persons mentioned by him particularly in his own district. We should like to be rather vague on the subject.

It is a remarkable sign of the times that the University of Berlin and the College of France should have created Professorships of Co-operation. To the Berlin chair Dr. August Muller, the former Secretary of the German Union of Consumers' Societies, has been appointed. The French chair, we understand, has been created by the French Minister of Education in response to a resolution of the Congress of the French National Federation of Distributive Societies.

The Trichonopoly District Urban Bank has added another year of usefulness to its record. In spite of the tightness of the money market the bank was able to meet all the demands of the primary societies. Loans to the value of about Rs. 4.5 lakhs were disbursed during the year. There was a perceptible fall in the deposits from members; but it was made up by an increase in deposits from non-members, the total amount approaching Rs. 12 lakhs. We are glad to know that the bank the coveted membership of which was hitherto limited to about fifty individuals, will throw open its shares to societies shortly and that they have been asked to send in their share amounts.

The Madras Posts and Telegraphs Co-operative Credit Society is apparently badly managed in spite of its having a paid manager. The overdue arrears are heavy and the society has not availed itself of the concessions offered by the Posts and Telegraph Department of deducting the

dues of members from their salaries. Accounts and other books, remarks the Assistant Registrar, are not satisfactorily kept. Separate minute and account books are not maintained. We hope the managing committee will realise their responsibility and deserve the trust reposed in them. Having a paid officer what is wanted is guidance and strict supervision which the committee should not grudge to give.

The membership of the Madras and Southern Mahratta Railway Employee's Urban Bank rose during 1919-20 from 5038 to 5752 while share capital and deposits increased to Rs. 1.09 lakhs and 1.23 lakhs from Rs. 0.89 lakhs and Rs. 1.06 lakhs respectively. Loans to the extent of Rs. 3.92 lakhs were disbursed and the amount repaid stood at the creditable figure of Rs. 3.46 lakhs. The bank earned a net profit of Rs. 13,560.

The twelfth annual report of the Salem District Urban Bank reveals very great progress. Membership rose from 196 to 279 at the end of the year, and 192 of them were societies. The paid up share capital was Rs. 1.28 lakhs as against Rs. 0.88 lakhs at the beginning of the year. Deposits from members and non-members which were nearly of equal amount were Rs. 3.2 lakhs. The bank earned a net profit of Rs. 16,742.

The Secretary, the Co-operative Supervising Union, Kumbakonam will be much obliged to any of our readers who will tell him where brushes of different kinds are manufactured in India and particularly in South India. He also wants to know some details of the button-making industry, such as the cost of plant &c. We shall of course be glad to publish any replies to our correspondent's queries, but the best person to be applied to is certainly the Director of Industries, Egmore, Madras.

Membership in the Madras Government Servants Co-operative Society rose during the last co-operative year from 1475 to 1519 and deposits from about Rs. 49,000 to Rs. 58,000. A lakh odd rupees were disbursed during the year as loans. The outstanding amount of loans at the close of the year was Rs. 86,000. The contingent charges of the society were Rs. 2,720 while the net profits were Rs. 3,477.

The Scottish Co-operative Wholesale Society has formed a musical and dramatic association in connection with its welfare scheme.

One of the striking features in the working of the Hosur Town Bank was the very large deposits it attracted from members as against non-members. It is very rarely that we come across a report that shows an excess of member-deposits over non-members deposits. They amounted to Rs. 10,337 from members and Rs. 9847 from non-members as against Rs. 9613 and Rs. 8372 respectively at the beginning of year. We should like to see deposits from members preponderate over those of non-members in every society.

WEAVERS AND CO-OPERATION.

The question of benefitting weavers by means of co-operation has received the attention of officials and non-officials from the beginning of the Movement in our country. The main object has been, of course, to help them against the competition of the mills. The results achieved in any province cannot be said to be brilliant though they are better in some provinces than in others. The record of our presidency has been rather gloomy though during the past couple of years some improvement is visible. Any suggestions that are made for the better working of these societies should therefore be welcome, and particularly so when they come from persons of experience and eminence in the field of co-operation like Rao Bahadur Vedachala Aiyar or Mr. C. F. Strickland I.C.S. of the Punjab, who has written an article on the subject in the latest number of *Bombay Co-operative Quarterly*.

Mr. Vedachala Aiyar visited the Madura Sourashtra Co-operative Society when he was Officiating Registrar and he has made some valuable suggestions for its development in a note on the society. It now discharges a two-fold function—supplying yarn and dyes to its members and selling the cloth woven by them. The members are not obliged to purchase all their new materials from the society, nor does the latter act as the sole agent for the sale of their finished products of its members. The society is no doubt serving a useful purpose so far as it goes but it is doubtful whether the poorest members are much benefitted by it. At present the unorganised poor weaver is entirely in the hands of the trader who is as often as not, a man of his own caste. The trader supplies yarn to him and takes over the finished product at rates which leave only a very small margin to the weaver. He, therefore, rarely does his work honestly and he supplies goods which are generally inferior to sample. But the trader takes advantage of the consumer's ignorance and palms off the inferior article as a superior one. In the result he bears no loss but the weaver is demoralised and the purchaser cheated. In this low and unorgained condition he has absolutely no chance against the mill-made articles.

The easiest way to help him is to give him credit facilities, so that he may not be obliged to accept yarn on credit from the trader at high rates, nor sell the finished product at too low a price. As things are his impecunious condition drives him very often to ruinous bargains. But ordinary credit societies, started for the weavers as for others, have not been successful because the weavers have long been accustomed to get advances only in kind and are tempted to misapply the cash advance. In the Punjab cash advances are therefore now given only rarely. Societies

purchase yarn in bulk from wholesale dealers or spinning mills and supply them to the members at a decidedly cheaper rate than the local trader would. In this connection Mr. Strickland says "It is a matter of common experience that co-operative buying is easier than co-operative selling; the wholesale sellers compete for custom and the co-operative buyer in normal times is in a position to make reasonable terms for himself. When selling he must fight a crowd of acute business rivals. Even a single primary society therefore, buying such yarns and dyes as its members need, may confer a benefit on them by dealing with the town 'merchant rather than the local money-lending shop-keeper.'" So far as the supply of yarn is concerned—a matter in which co-operation can be of much use to the weaver—the best course would be for the societies individually or in combination to get yarn from wholesale merchants or spinning mills directly and give them to the weavers on credit supplemented to a certain extent by cash advances.

Difficult as the sale of finished products generally is, it will however be facilitated by standardising the cloth produced. In the Punjab where at present there are some 48 weavers' primary societies, has been started a central stores for the purpose of joint purchase of yarn and dyes and the sale of the finished product; and—it prescribes the quality of yarn, the width of cloth and the number of threads in warp and woof. The standard thus fixed is being adhered to and so it has been possible to execute contract orders from distant customers, Government officers and co-operative societies. If any individual weaver disregards the standard the Stores refuses to advertise or sell his goods. "By means of samples, a large order for pagris (turbans) and similar articles was obtained in 1918 from the North Western Railway and 10,000 pagris and 80,000 dusters were supplied. An order for 8,000 bed durries has recently been executed for the Munitions Board by the Durri-weavers of Sialkot," Mr. Vedachala Aiyar also points out that the Sourashtras who are a community of highly skilled weavers can set a standard and create a demand for any particular kind of cloth.

Next to the advantageous purchase of raw materials and sale of finished products what will help the weaver to stand competition against the mill cloth is the employment of improved looms. This however, is more difficult than either of the two other steps and requires much more propaganda work. First of all the improvements must be easily demonstrable and convincing.

The weavers who are co-operatively organised afford a favourable field for demonstration and experiment. But it also means that such demonstration would be useful at a somewhat later stage.

Mr. Vedachala Aiyar's suggestions for the better working of the Madura Sourashtra Co-operative Society are as follow. As a large working capital is required to satisfactorily carry on the transactions of purchasing yarn and dyes and sell the finished products, and as the required capital cannot be expected from the weaver members alone, a class of preference shares should be created which should be thrown open to the investing public. These preference shares should be guaranteed a dividend of 7 to 8 per cent so that it may be slightly higher than the interest allowed on deposits by credit banks. The weaver members should be required to contribute towards share capital Rs. 0-8-0 per Rs. 50 worth of transactions of each with the Society and also all the profit which he would be getting in the shape of bonus. By this process, if not in three or four years, certainly in ten years the weaver members would have accumulated sufficient share capital for all the purposes of the Society at the end of which period the preference shares may be eliminated. The creation of preference shares is no doubt a lowering of the ideal and even an evil, but it is considered necessary as a temporary measure. The first charge on the net profits will of course be the statutory minimum for Reserve Fund, then the guaranteed dividend on preference shares, then any bonus for establishment, building fund &c., and the balance will be distributed among the labour-shareholders.

As the weavers are expected to work on their own looms, provision must be made for the supervision of their work. Mr. Vedachala Aiyar suggests that a maistry must be employed to watch the work of every 20 or 25 members whose business it will be to see that they carry out instructions and weave cloth which is true to sample. He will bring to the notice of the Society any failure to obey instructions or other irregularities. A share capital of one lakh of rupees composed of preference and ordinary shares, and credit facilities for about two lakhs of rupees would enable the employment of about 300 looms, which is in Mr. Vedachala Aiyar's opinion a suitable magnitude for the expanded society. These would be able to standardise, improve and create a market for several kinds of superior cloths, which would give work for even the weavers not included in the society.

Another important suggestion which he makes is that the society may undertake the supply of dyed yarn to weaver-members of co-operative societies all over the province. The secret of the dyeing industry seems to be best understood in our presidency by the weavers of Madura and Salem. The Sourashtras in Madura enjoy the advantage of having spinning mills in their midst from which they can get a steady supply of yarn. It will be possible for the Sourashtra Society to supply yarn

without fluctuation during fortnightly periods. The prices so notified could be communicated through the Departmental staff to all co-operative societies which have weaver members and their orders forwarded to the Society. The directors of the Sourashtra Society are requested to give their best consideration to these suggestions and communicate their opinion to the Registrar, who with the loyal co-operation of his Assistants and staff will be glad to help the society to the best of his ability.

What applies to the Madura Society applies to all similar societies. We therefore, invite the considered opinion of all who are interested in the welfare of the weaving industry.

CO-OPERATIVE INSURANCE.

By MESSRS. K. RAJA RAO AND C. P. SUNDARA RAO B.A. B.L.

Insurance is now such a familiar feature in the economic life of the middle classes in India and its objects are so well known that it is unnecessary to describe the general machinery of the business except to note that most if not all the companies now in the field are joint stock concerns and many of them are foreign companies. Insurance covers many risks that man in society runs in the course of even the most placid and well ordered life. As an aid in old age, a support to the bereaved, a relief to the indigent and improvident, it touches man in his most vital concerns. It rids him of all uncertainties and saves him a lot of worry. Assured in a certain measure of his future the man is generally in better spirits and on that account more efficient in whatever task he takes up. Insurance therefore, conduces towards making the average man a more valuable asset to society and tends to greater production and less distress. Such an instrument of social and economic welfare cannot but appeal to the Co-operator whose aim is to bring about the fullest production with the most equitable distribution as the surest remedy for the economic evils of modern life.

Can we have the business of Insurance conducted on approved co-operative principles? Can we eliminate the middle man? Can we harmonise conflicting interests? Can we prevent waste? Can we secure the maximum of publicity? Can we minimise risk? Can we work each for all and all for each? If the business instincts in the enthusiastic co-operator can answer these questions in the affirmative, he should certainly direct himself to consider how far it is practicable and profitable in the present condition of the movement.

We can have an identity of interest by having a limited company where all the shareholders must be policy holders and where all policy holder should take at least one share each, so that there will be no divergent 'Proprietary' interest.

We have in our societies an agency efficient and widespread a machinery for popular propaganda inspiring fullest local confidence. Such of these societies as may in the opinion of the local union and the Department, safely extend their business may add Insurance to their other work with no further liability than that of an agent. We will then have called into our service the intimate knowledge which members have of one another and we will run the risk of 'bad lives' than the ordinary ubiquitous agent with his casual and superficial information, with details more often than not 'cooked up'. The medical fees will also be less when the doctor can deal with a number of insurants in a compact area and he will surely be more loyal to an institution in his neighbourhood than to the itinerant agent.

We have again the advantages of a Free Audit at least for a time, the services of an Actuary at concession rates and perhaps also a temporary exemption from the deposit required under the Life Insurance Act 1912. We can also I believe claim some of the concessions such as are given to Postal Insurance scheme.

We are moreover far in advance of joint stock concerns in the matter of our investments, for we can put our funds at a higher rate of interest on distinctly more substantial security less liable to depreciation. We will then be serving a double purpose for we shall be bringing into the movement a fresh, regular, and increasing flow of money annually which we can leave there for a long time—helping incidentally to solve the problem of fluid resources, and we shall have kept to ourselves all the profits, bonuses, surpluses and other appenages that now fill the pockets of a few and do not fructify at least not in our own land.

Our business will be more equitable for we shall have a stricter control over our 'Procurement charges' and our 'Expense ratio', our investments will be as profitable and useful as they will be unexceptionable and free from any taint of speculation and fraud. We can have low premia for long terms to suit the poorer middle classes among whom we will find our numerous clientele. Our methods will ensure the maximum of publicity as all our tables will be well ascertained and as authentic and authoritative as the intimate control of the Registrar on the advice of the Actuary will make it. We can give quite good surrender values and can keep the policy alive much longer to suit any untoward liability on the part of the insurant. Under a co-operative scheme no one can be kept by interest out of his just dues and reliefs. Our policies will be for small

amounts but many in number as is best suited to the condition of people we serve. We have thus all the conditions that experts have considered essential for successful business in Insurance. With a management as efficient as it is economic, with agents on an attractive but not extravagant commission, with the wide but not costly advertisement at our disposal, with moderate medical charges yet adequate enough to keep the profession loyal, with a venue for secure investment at sufficiently high rates with no danger of depreciation and broadbased on common interest and mutual goodwill secured by equitable distribution of burdens and benefits, our Co-operative Life Insurance Co., will stand head and shoulders over any joint stock concern on account of its cheapness, security and stability and in the benefits derived by the shareholders, policy holders and the country.

We would next proceed to indicate some considerations which would conclusively prove that Co-operative Insurance will be as practicable a business concern as is a desirable field of co-operative endeavour. We build on our institutions which would procure and ensure our business and we should not require much capital outlay. We need have only a central office with a co-operator with administrative talent and business capacity at the head collaborating with an expert in Insurance who will ungrudgingly place his experience and knowledge of technique loyally at our disposal. We can have our Tables and Rates cast by the Government Actuary at the instance of our sympathetic Department who I believe would on an examination of all sides of the case, decide to favour the extension of the movement to this new sphere. Even the little capital outlay necessary may be recovered as a loan to the Share-cum-Policy holders. We need waste very little and run but little risk. The experience of successful companies has been that with a capital of a little more than fifteen thousand they have accumulated 2 crores in 24 years as in 'Empire,' 5 crores in 45 years as in the 'Oriental'. Such a beginning is easily possible to the co-operators whose number is not inconsiderable in this Presidency. The example of the 'Empire' and 'Oriental' will cheer and speed them even if they consider too much for their emulation the marvellous example of Savyork Co., which incorporated as a Mutual—i.e., not a penny of share capital—has built up by dint of foresight, forethought, organisation and enterprise—in none of which our co-operators should lack—a world-wide Institution with an annual income of twenty crores as a result of seventy five years work.

Men in the business have found that 60 per cent of the annual premium suffices to pay all charges and annual payments on matured policies (which will only be few in the earlier years) so that the other 40 per cent laid out at 5 per cent together with the interest on the deposit will

secure a minimum dividend of 10 per cent on the capital which is 1 per cent more than the maximum profit now allowable under Rules to a limited liability concern. We can, as already shown, save more in the cost of management and command a large number of small policies and when we remember that our co-operators as a clan have most of them a more 'even' and 'complaisant' life in the open, than those more highly placed we can safely expect a larger margin of saving out of the annual premium. We are told that the climacteric or critical period of a company is about its twenty-fifth year and by that time our funds would surely be very considerable. An examination of the figures in the Returns (1918) compiled by the Government Actuary under the authority of the Government of India discloses the fact that companies who do generally safe business on sound lines have come out with a surplus at the Actuarial valuations and we should, with our safeguards, do no worse.

The same authority helps us to assume that 50 per cent of annual premium in a well-regulated company can be put by annually and when we remember that an investment at 5 per cent compound interest doubles itself in fifteen years, we wonder why we should not invest 50 per cent of our annual income every year for long terms in our Housing Schemes or Land Mortgage Banks or Land Settlements, we would then have at our climacteric period a Reserve accumulation of ten times our annual premium—the interest whereon will revert to the Shareholder-cum-Policy holders as supplementary bonus which in turn may be used to meet premia on Land cases and thus save surrenders.

And when we remember that such business must increase every year the institution becomes more popular, we will naturally conclude that the business once well started has in itself sufficient centrifugal force to develop into wider circles and expand with growing energy of its own inherent strength. With growing experience and wider range of business, with a more accurate compilation of averages based on more constant examination of affairs, it should be possible to ensure the minimum of risk.

In addition to the regular Life Insurance and Endowment Scheme, we can work out special schemes e.g. a Debenture Policy Redemption Scheme which a friend calculates will yield 300 per cent. on the investment at the end of fifty years, yielding the usual interest all the while.

A practical scheme of Co-operative Insurance is thus found to be not only desirable but practicable. The only drawbacks we can think of are that the bulk of (1½ Lakhs) our co-operators are agriculturists with no fixed recurrent income out of which to pay their annual premium

and they do not as a rule take kindly to the idea of Insurance. The urban co-operators will have to lead the van and with the influence of their example and some propaganda the artisan classes in villages will follow with the non-cultivating landowner bringing up the rear. We must wait a little longer to make the laborer take to it. His vision will be widened when he finds Fire Insurance, Burglary Insurance and such like reliefs help his brother to tide over such mishaps.

A second disadvantage is the wide area a Central Society in Madras will have to serve but with the Federal organisation now closely knitting together the institutions this difficulty may be easily got over.

Other stumbling blocks such as want of proper men, the difficulty of combating local prejudices, the dangers of laxity and unpunctuality have to be mentioned only to be brushed aside as things which would not retard the ardent, business-like Co-operator who believes in Co-operative Insurance and is determined to work it up on his noble motto 'Each for All and All for Each.'

CO-OPERATIVE WORK OF THE Y.M.C.A. IN KURNOOL DISTRICT.

BY MR. J. STEPHEN.

Co-operative Credit work. Co-operative work among the depressed classes in the Sirvel and Koilkuntla taluks began in the year 1915 under the auspices of the Rural Department of the Young Men's Christian Association. Mr. Daniel Swamidoss, B.A., who is now the Secretary for the Rural Department of the Young Men's Christian Association was the first pioneer Secretary sent to the field and most of the co-operative societies existing to-day in the Sirvel and Koilkuntla taluks owe their origin to his untiring efforts to help the poor and the down-trodden. Since Mr. Swamidoss' departure from the field many other Y.M.C.A. secretaries have been sent to this district in order to extend and develop the work already started by him and to-day you will be glad to know that there are 12 registered co-operative societies working among Christians and Panchamas.

Apart from these, three societies namely, the Beeroli Panchama Co-operative Society, the Chakravarthulapalle Panchama Co-operative Society and the Mutyalapad Co-operative Stores Society were recently organised but have not as yet been registered by the Government. In two more villages preliminary co-operative work has been done with a view to organise co-operative societies for the use of the Panchamas

Putting all these together who have on the whole touched as many as 17 different villages in the direction of cooperation.

Out of the 12 Societies now in actual work the Mutyalapad S.P.G., Co-operative Society is a limited non-agricultural Society while the rest are all agricultural Societies working on unlimited liability basis. The former works among the employees of the S.P.G. Telugu Mission with headquarters at Mutyalapad and has a wide area of operations covering the whole of the Sirvel, Koilkuntla, Proddutur, Jammalamadugu and Kamalapuram Taluks; naturally enough it is one of the most useful societies yet started helping as it does so many of the Mission agents in their scattered stations. The remaining 11 unlimited Societies work among the uneducated Christians and Panchamas, their area of operations being strictly confined in each case to their respective villages.

The total number of members in the Societies is 400 including men and women and a sum of Rs. 1,420 has been subscribed by them towards share capital. Add to this, the Societies have received large loans from the financing banks at Madras making a total working capital of not less than Rs. 20,302-10-11.

The Societies borrowed a sum of about Rs. 20,000 at 7½% per annum from the Co-operative Central Banks at Madras and have disbursed the whole amount in the shape of short and long term loans to members. Out of the amount borrowed a sum of about Rs. 2,500 has already been repaid by the societies to the financing banks and the total amount outstanding to-day is roughly Rs. 17,500.

In six of the societies namely, the Mutyalapad, Chinnabodhanam, Peddabodhanam, Yadavada, Allagadda, and Mutyalapad Stores Societies deposits to the extent of about Rs. 1,200 were received from both members and non-members. Of these, deposits amounting to about Rs. 400 have been repaid and the total amount outstanding to-day against the Societies is about Rs. 800. It will be interesting to know that in the village societies named above the depositors happen to be some of the most prominent money-lenders themselves; in the Yadavada Co-operative Society the Village Magistrate himself has deposited a sum of Rs. 100. Societies are evidently growing in popularity and much credit should certainly be given to Mr. P. Solomon the former Y. M. C. A. Secretary who did splendid service in this direction. Serious attempts are now being made in the Societies to encourage thrift and deposits and it is hoped that fruitful results will follow.

Non-Credit Co-operative Work. Until quite recently the Societies confined their activities only to borrowing money and lending the same to their members at reasonable rates of interest.

Towards the end of the year 1919 the Brahmanapalle Co-operative Society tried for the first time to help its members by joint purchase and sale of provisions. A sum of Rs. 200 was raised from among the members and provisions enough to last for a week were purchased at wholesale rates from the nearest available market and were sold in retail to the members of the society at considerably cheap rates. The profit gained by the members in the transaction amounted to about 20 per cent on the whole, not to speak of the time and labour the men had saved by getting their things through the society. This experiment of joint purchase and sale of provisions was tried on three different occasions; each time the experiment resulted in fetching the members a clear gain of about 20 per cent. The work began very well and lasted for about a month after which time it came to a standstill owing to the difficulty of finding a suitable man who could maintain the accounts efficiently and well in the absence of the local Y. M. C. A. Secretary.

The adjoining societies of Peddabodhanam and Chinnabodhanam which watched all along the progress of the work of joint purchase and sale newly undertaken by the Brahmanapalle Society gradually felt the need for a similar system of work to be adopted and at once raised a capital of about Rs. 200 to begin the work on a small scale but here again the difficulty of finding a capable man to write up the accounts stood effectively in the way and the plan was subsequently given up.

During the year 1919 when there was a scarcity for cholam everywhere and the villagers had practically none left to live upon the Chinnabodhanam, Peddabodhanam and Dhornipad Co-operative Societies purchased quantities of cholam from the grain-depot the Government officials had established at Allagadda for the maintenance of poor and starving families and distributed the same to the members. This was looked upon by the public as a fine bit of social service and the help rendered by the societies on the occasion was not a little appreciated both by members and non-members.

Such indeed were the beginning of the societies work of joint purchase and sale. Towards the middle of the year 1920 non-credit co-operative work slowly revived. Prices of foodstuffs and other articles rose higher and higher and the societies, more than ever, believed that in co-operative purchase and sale there lay an effective solution for all their economic troubles. Accordingly in the month of August last a fresh attempt was made at co-operative purchase and sale by the Allagadda, Peddakandukur and Godiganoor Co-operative Societies. Tins of kerosine oil were purchased from the kerosine agents at Nandyal at wholesale rates and were sold in retail to the members at 2 annas per bottle while

all the time the local market rate varied from 3 to 3½ annas per bottle. The work of these few societies was carefully watched by the neighbouring societies and the result was that in the succeeding month four more societies, namely, Chinnakandukur, Yadavada, Chinnabodhanam and Peddabodhanam societies also joined whole-heartedly in the work of joint purchase and sale. Along with tins of kerosine oil, bags of salt and chillies and packets of match boxes were bought at wholesale rates from places where they could be had cheapest and are being sold to-day in retail to members at considerably low rates. Kerosine oil sells at 3 to 3½ annas per bottle in the local market whereas the societies sell it at 2 annas per bottle. Salt is ordinarily sold in the market at 2 annas 8 pies a measure while in the societies members purchase the commodity at only 1 anna 10 pies per measure. And again, the societies sell chillies at 1 anna 6 pies per seer while the local market-rate is 2 annas. Last but not the least, a match box in the market costs 3 pies while it costs only 2 pies in the societies. The differences are striking and the members realise fully the usefulness of co-operative purchase and sale. The work is continuing successfully in all these societies and the Panchayatdars, glad to say, are growing more and more enthusiastic over the business they have newly undertaken. The method of work added to is very simple. All the societies engaged in joint purchase and sale combine together their indents for the month and place them in the hands of the local Y. M. C. A. Secretary with the necessary advance. The Y. M. C. A. Secretary thereupon gets the provisions required direct from Nandyal or elsewhere, wherever things happen to be cheapest, and supplies the societies concerned. The transmission charges are, of course, borne by the societies in proportion to the quantity of provisions ordered by each society. And as soon as the provisions are received by the societies the Presidents entrust the business of selling the things to such of the members as will volunteer to do the work honestly and well. If one man undertakes to sell kerosine and match boxes, another man is entrusted with the sale of salt and yet another with chillies and in this way the whole business is distributed among the members so that it might not appear to be too much for any one member; so much so that it has now become an unwritten rule with some of the societies that every member should have his turn of selling the commodities. The ultimate advantages of distributing the work like this are two-fold—firstly, it removes from the societies the difficulty of finding a suitable storehouse and secondly, it also removes the necessity of employing a paid storekeeper to sell the stores. The whole business is conducted on monthly indent system on payment of ready money and consequently the societies entertain no fear of loss.

Apart from the non-credit Co-operative work described above, a Co-operative Stores Society was organised during the current year at Mutyalapad with the object of providing things at cheap rates to the members. The Society is not yet registered by the Government but work is going on all the same. Salt, chillies, kerosine oil, paper, condensed milk, tobacco, match boxes, soap and ink are now stocked by the Society and made available to members at low rates. The members are greatly interested and are trying their level best to promote the cause of the society. The object of the Society is threefold—firstly, it wants to supply provisions to its members at cheap rates; secondly, it seeks to supply the members with provisions of the right quantity and quality, and not least of all, to save the members the trouble of walking all the distance to either Allagadda or Chagalamurri for purchasing provisions. As soon as sufficient capital has been raised it is hoped that the society will be in a position to fulfil all its objects.

(1) *Results of five years of Co-operative work.* On the whole, the results of the past five years of incessant co-operative work have not been disappointing. The work no doubt made very slow progress but it was steady all through. From 20 to 30 members in each society have been helped to clear off their debts to the money-lenders who charged them usurious rates of interest. Scores and scores of mortgages have been completely released from the hands of dangerous sowcars. Hundreds of loans ranging from Rs. 10 to Rs. 500 have been given out and members have been enabled to repair their old houses as also to purchase lands, cattle and agricultural implements. Poverty-stricken parents have been helped on many occasions with small loans for meeting the expenses of marrying their sons and daughters. Fathers and mothers have been helped to support their children at school. Poor, helpless and starving families have been given short term loans ranging from Rs. 5 to Rs. 25 for purposes of providing themselves with necessary foodstuffs and clothing. And then again, at the time when the circar kist was being collected, scores of men were rescued by their societies by small loans issued for payment of income tax on their lands. And what is more, during the sowing season when people suffered from want of money hundreds of agriculturists were helped with loans and were enabled to attend both to the sowing and ploughing before the season was gone.

(2) In trying to clear off their debts to the money-lenders many members of Co-operative societies incurred the displeasure of sowcars and disputes naturally arose between the debtors and the creditors; and in all these cases the societies interfered and amicably settled the disputes in favour of the members by means of arbitration. Credit, doubtless,

goes to Mr. P. Solomon the former Y. M. C. A. Secretary of the field for the Yeoman service rendered by him in this direction.

(3) But the poor man's economic problem did not end here. It certainly could not be solved by merely supplying him cheap credit; much more had to be done; his earning capacity had to be slowly increased. With this object in view the Godiganoor Co-operative Society supplied 10 of its members with improved looms and, what is more, invited Mr. J. Washington, the Weaving expert of the Y. M. C. A. Rural Department to come and teach the people how to use them. Mr. Washington has now trained the men in the art of improved weaving and the result is now a double output of cloth. The men, who prior to the arrival of the improved looms wove only 20 cubits of cloth per day, are now able to weave 40 cubits a day. The difference is considerable; with the new looms has come the need for a larger supply of yarn and the general complaint to-day among the members is want of yarn and to meet this increased demand the society is now endeavouring to undertake the supply of yarn to all its weaver-members at wholesale prices; a communication to this effect has been already sent to the Assistant Registrar of Co-operative Societies and it is hoped that the quantity of yarn required will not be long in coming.

(4) Last but not the least, the societies are now supplying provisions to their members at very cheap rates. Salt, chillies, kerosine oil, match boxes not to mention various other useful articles stocked by the Mutialapad Co-operative Stores Society are to-day being made available to members at rates very much lower than the prices obtaining in the market. The percentage of profit gained by the members in the transaction ranges from 25 to 35, so much so that the local merchants have begun to regard the societies with grave suspicion. At Brahmanapalle for instance, some of the merchants actually undersold their merchandise with a view to discourage the society's new undertaking. At Allagadda the local merchants are finding it very difficult to compete with the Allagadda Co-operative Society in the sale of kerosine oil, salt, chillies and match boxes; and the progress of the society in the new work which it has now undertaken is being keenly watched on all sides with varied feelings of grave suspicion and anxiety.

(5) In buying their provisions through the societies the members have the advantage of getting their articles by proper weights and measures. No cheating takes place and this in itself is a great asset. And what is more important, the societies undertake to supply members with articles of the very best quality available in the market and this doubtless, is an added advantage to the members.

Looking back upon the past, I am happy to note that the work has been encouraging on the whole; and all this has been possible only with the whole-hearted co-operation of the Kurnool Rural Y. M. C. A. District Board, the National Council of the Young Men's Christian Association, the Co-operative Department and the financing banks at Madras, to one and all of whom the societies are greatly indebted. So far, we have but touched the fringe of the villagers' economic burdens; countless applications are being received for organising Co-operative Societies and villagers are everywhere clamouring for help; the field is ripe for effective co-operative work and much indeed remains yet to be done and we fully believe that with the Rev. A. F. R. Bird to direct the work and with the Young Men's Christian Association and the Assistant Registrar of Co-operative Societies to advise us; the work will soon be extended and developed. Failures and difficulties might temporarily block our progress but with hearts fixed upon God for strength, inspiration and guidance we are, in the long run, sure to win, and victory shall be ours at last.

REPORT OF THE CONFERENCE OF CHRISTIAN AND PANCHAMA CO-OPERATIVE SOCIETIES ORGANISED BY THE Y. M. C. A. IN KURNOOL DISTRICT.

BY MR. A. F. R. BIRD, Y. M. C. A. SECRETARY, NANDYAL.]

It is an old saying that "An ounce of fact is worth a pound of argument" and it is equally true that an ounce of action is worth a pound of talk. There are no people who stand in greater need of help than the 'depressed classes' of Southern India and their need is reorganised by much outpouring of verbal sympathy. Amidst all this flood of words it is refreshing to find something that has been *done* and these modest notes are intended to give a brief record of it.

For several years past Y.M.C.A. Secretaries connected with the Rural Department have been at work in the Kurnool District of the Madras Presidency, trying to help the poorest people in their unequal fight against debt, disease, drink and dirt. The work has steadily developed and has now reached dimensions which tell an eloquent tale of patient, unostentatious, unselfish service. What these dimensions are was brought out clearly at a Conference of Co-operative Societies recently held at the little village of Mutialapad, a place unimportant in itself but a convenient centre for the purpose in hand.

This purpose was two fold. First came the desire to consolidate what had been achieved by bringing together the members of the local societies for mutual encouragement, counsel and instruction. Secondly came the hope that the Conference, by its display of possibilities realised, would breed extension, so that the movement, already proved fruitful in good results, might be still more widely diffused.

The venue was the S. P. G. Compound convenient with its bungalow, school-rooms and shady trees. Here came together a large gathering of greater and of lesser folk, villagers of every degree, a strong band of Y.M.C.A. Secretaries led by the Rural Secretary-in-Chief, a few missionaries, a good sprinkling of mission workers, the Tahsildar, the Deputy Collector, the Assistant Register, and the inevitable concomitant of all such assemblage—a big crowd of children.

After a few words of welcome from the President of the local Y.M.C.A. District Board, the programme began with the reading of a report by the Secretary in Charge of the Societies represented at the Conference. He was able to tell of fifteen societies now in actual work amongst Christians and Panchamas. They had contributed Rs. 1,420 in share capital and borrowed Rs. 20,000 from Central Banks in Madras. This had been disbursed in loans to members to enable them to get out of the clutches of money-lenders and it is satisfactory to know that Rs. 2,500 has already been repaid to the financing banks. Another branch of activity was the purchase and sale of stores on the non-credit co-operative system, which, by helping members to buy in cheaper markets, had resulted in an average saving in expenditure of 25 per cent.

This in itself is a good record but it is not all. The importance of helping the villagers to earn more by their labour has not been forgotten. The first report was followed by another in which this latter aspect of social service was dealt with. A Secretary in charge of weaving work related how in a short space of time he had been able to give instruction in the use of the fly-shuttle sley and other technical improvements in half a dozen villages, putting the weavers in the way of buying the slays for themselves and practically doubling their wage-earning capacity. Two practical suggestions were made for further advance, one advocating the co-operative purchase of yarn and the other recommending the erection of common weaving sheds in which the workers would be able to weave more quickly and efficiently than in their own small and over-crowded homes.

Then came an address by the General Rural Secretary, in which he showed very clearly what the Rural Department *could* do, and what it *would* do for those who sought its aid.

The Assistant Registrar followed, dealing helpfully and sympathetically with such practical matters as loans, refunds, interest and the like, and making it plain that Government were ready and anxious to back up the efforts of private workers for the amelioration of economic conditions.

That the Assistant Registrar's speech dealt with 'live' questions became very evident when, after a short interval, the next item was reached. This was a paper on "The needs and difficulties of the Panchamas," read by the resident Indian pastor. Into his statement of the general disabilities under which these classes labour we need not enter; they are but too well known to all who have the welfare of the South Indian poor at heart. On the co-operative side he pleaded for lower interest, larger loans, easier terms of repayment, and clerks paid by Government to help the Y.M.C.A. Secretaries in their work. A brisk discussion followed in which village co-operators made a stout appeal in support of the contentions advanced in the paper. But the official element held that most of the proposals were impracticable and only two resolutions, out of several drafted, were put, one of which was a pious aspiration for Government clerks—to be forwarded to the 'proper quarter'—and the other a request for the reduction of the rate of interest on loans, for which, it may be added, there is a great deal to be said.

The more serious part of the day's proceedings was now over and the rest was in rather lighter vein. A demonstration by the newly trained weavers evoked much interest, and the sports, consisting largely of comic events, were a popular feature. Amongst the prizes, gracefully distributed by the only lady missionary present, were several to the weavers for efficiency on the improved loom, and several more—a most admirable innovation—to voluntary workers who had in one way or another proved their zeal for advancing co-operative principles. One of these was given to the largest depositor, another for thrift; another for the best panchayatdar, two more for good service in co-operative purchase and sale, and yet another to the President who had done the best work for his society. The Deputy Collector, President of the Conference, closed the afternoon's performance with an earnest and kindly speech, in the course of which he touched on the ever-attractive topic of grants of land.

After sundown music and a Lantern Lecture claimed the attention of those who had not as yet sought their homes and thus brought to a happy ending a very successful and profitable day.

NON-OFFICIAL PROVINCIAL ORGANISATION.

BY MR. C. P. SUNDARA RAO B.A. E.L.

We live now at the birth of a New World. The spirit of Reconstruction is abroad. New forces are at work that must be wisely controlled and directed to conduce in any measure to the General Good. The wild torrent harnessed brings light and life to a hundred homes far away but uncontrolled it spreads desolation far and wide. It is so with all mass movements. The best laid plans of men often fail of their purpose for want of wise direction at the head.

The co-operative movement has been recognised to be of the people and for the people and therefore it is with the people to see that it is made to yield forth its great promise.

We would, therefore, urge on the attention of all Co-operators the urgent need of organising efficiently the non-official thought and effort on the matter so that it may adequately supplement and ultimately replace the 'temporary' official direction of the movement.

We conceive that this can be best done by a triple agency at the head—a Provincial Bank, a Provincial Wholesale, and Provincial Federation. These will crown the edifice of non-official co-operation built up from the bottom—an organic development each higher part growing naturally out of the one below and not merely superimposed—organised selfhelp based on self-knowledge, self-discipline and self-control leading every unit in the system to determine for itself its full measure of Independence and Autonomy—the ideal of Disciplined Democracy which this movement in the forefront of all popular movements stands to realise in practical affairs. Bound by a common interest working to a common purpose this trinity will be a great living force contributing its share to the work of National uplift.

It is indeed a happy augury that the three premier Co-operative institutions in the City have been endeavouring to work up to this ideal. By a suitable modification of their constitution, by a proper definition of their functions and by revising their methods of business, they are striving to come up to their proper level as far as the present circumstances would permit. In the fulness of time and especially in the spacious days ahead we are sure they would soon develop into responsible authoritative, well informed and well equipped institutions so as to practically relieve the Government Department of the bulk of their work. It is indeed pleasing to observe how even the Department is emulating the Phoenix in its work of fostering these institutions.

provided without difficulty for any Co-operative scheme which is shown to be financially secure: the Central Banks must ask for a reasonable prospect of success in any new venture which they support; and the expansion with which we are threatened or tempted will be limited not by shortage of money but by the uncertainty of new undertakings. Co-operators must be sure of their ground; they are not "entrepreneurs" in new fields, agricultural or industrial; and while applauding the triumphs of an Agricultural or an Industrial Service controlled by Government, Co-operators as such should handle nothing until it has been proved. They will then require no direct financial aid from Government, and it is at all times more satisfactory for them to stand on their own feet.

Similar though not identical considerations apply to the question of official staff. For the present a large measure of supervision is desirable, in order to ensure the confidence of the public and to instil in the Co-operator the true principles of unselfishness and caution. But the ultimate end is Co-operative autonomy; and the creation of Co-operative Service of Government employees, reaching down to the lowest grades of Supervisor and Sub-Inspector, will stereotype and perpetuate the official agency in a manner that must hamper the growth of freedom. The wise course is neither to demand an independence which he has not yet developed the power fully to use, nor to surrender himself to a system within which he cannot grow. A staff of Gazetted Officers, Registrars, and Joint or Assistant Registrars, and cadre of Government—paid Inspectors who will unite educational attainments with practical knowledge of Co-operation, is at present essential and will probably never be superfluous: in this respect India need not fear that she is being treated as inferior to other countries: a measure of official supervision is required in England, Germany and everywhere. But the object in view is to relax the control by degrees, and to pass on the burden of teaching; a Provincial Union or Federation, with inspection and advice through Local Conferences, Central Banks or Unions will gradually relieve the official workers of their more detailed duties and we may look forward to a time when, provided that they are content to learn their lesson, to qualify themselves instead of grasping hastily at an authority which can only be exercised with experience, honorary agents will guide the entire movement of Co-operation in India, the Registrar and his staff confining themselves to the annual audit and the more formal duties imposed on them by the law.

Each province will find its own path of evolution and devolution. In the Punjab the future controlling agency should be the Punjab Co-operative Union Limited, to which delegates are sent from all Central Banks and Local Co-operative Unions, whether of Supply or Credit; the Union

is responsible for the appointment, payment and dismissal of Sub-Inspectors, who in this province are not paid by Government but by the contributions of societies: it also decides the main questions of financial and administrative policy, and the permanent Committee, for the present under an official head, remains continually in touch with the movement. Local Unions have always been unofficial; they are being encouraged to carry out more fully their function of mutual supervision, Central Banks have hitherto presented an officialized appearance; several have now unofficial Presidents and all are increasingly controlled by affiliated societies. The official Presidents may be expected to withdraw from all the larger Banks as local talent is developed. It has been proposed to hold District Conferences at more frequent intervals, and to diminish their official management as rapidly as may be.

The creation of a Government service of Supervisors, Auditors, and Sub-Inspectors can only impede this healthy growth. Even at a sacrifice of a certain measure of efficiency—though such sacrifice is not inevitable—Co-operators should become self-governing within the law.

To these policies of state finance and state control is sometimes added a third which is in itself disastrous and further is directly opposed to Co-operative principles. The suggestion has been made, that Co-operators and Co-operative bodies *as such* should take part in political affairs. On this theory seats for Co-operators are to be provided on local Boards, District Boards and even on Legislative Councils and it is vaguely argued that by this means the agriculturist or the town laborer should be educated to express his "grievances" and to secure representation for himself. There is no question that the representation of these classes on public bodies is eminently desirable: but non-co-operators should not be excluded, and the venom of political feeling should not be introduced into what is essentially a non-partisan and non-denominational body. To use the Co-operative Society as an electoral unit, or to give Co-operators *as such* a seat on any administration or political board, unless its functions be purely economic, will re-create faction among those who at present are learning to drop their differences and unite for a common end. Co-operative activity builds up the minds of citizens, trains them to think, to express their opinions, and also—a most valuable lesson—to submit to the majority, but all these virtues and powers when acquired can be exercised by the citizen as in his political life: in no case should he drag in irrelevant matters to his Co-operative activity. Citizens may differ in their politics, but there is no reason whatever to echo their differences in the Society. Where such a political form is given to Co-operation, as in Belgium and to some extent in Italy, it is admitted by Co-operators to be a defect. In

Germany and England the movement has hitherto avoided any other than an economic interest in political matters. The recent decision of English Co-operators to put forward their own candidates will be deplored by all who hold the purer doctrine; the error is due to the regrettable limitation of Co-operation in that country to a single class. A national movement embracing both producer and consumer, which we hope to see in India must find means to gather supporters of every political opinion at peace within a common fold.

PROCEEDINGS OF THE FIRST SOUTH KANARA BUSINESS CONFERENCE.

[OF 1920-21 HELD AT PUTTUR ON 2ND & 3RD OCTOBER 1920].

PRESENT:

6. Directors of the South Canara Central Co-operative Bank.
9. Governing Body Members of Unions.
2. Honorary Assistant Registrars.
8. Inspectors of Co-operative Societies.
8. Supervisors.

Rates of Interest.

I. The question of raising rates of interest was taken up first. Circulars of the Registrar and the correspondence that had passed between the Central Bank and the Registrars were all read.

The following rates are decided upon:—

Primary societies: Deposits, members and non members 7 percent alike. Members' Deposits for a year or more may be paid 8 percent.

Central Bank: Deposits, No distinction need be made between individual members and non members. Rates may be as follows:—

For deposits of less than a year—6 per cent.

Do a year or more but less than 2 years—6½ per cent.

Do two years or more—7 per cent.

On surpluses of societies—7½ per cent.

„ societies' reserve funds—the old rate of 6 per cent.

to continue.

Primary Societies: Loans 1½ pies per Re. p. m. (Rs. 10-15 per cent).

Central Bank Loans 8½ per cent.

Overdues in Primary societies 2½ pies per Re. p.m. (Rs. 15-10 per cent.)

Central Banks—the old rate of 12½ per cent. to continue.

The maximum rates of dividends may remain the same as now in unlimited liability societies as well as in limited liability societies as at present.

The new rates on loans are to be made applicable not only to new loans but also to old loans, if the periods on them are extended on or after a certain date to be fixed; in the latter case the higher rates to come into force on and from the dates from which the periods are thus extended.

The Central Bank will be justified in refusing to grant any loans or extensions to such societies as do not raise the rate of interest on loans to their members to Rs. 10-15 per cent.

Increase of Inspectors.

II. (1) This conference is of opinion that the development of the existing non-credit societies in the district as well as the possibilities that exist for the further expansion of non-credit co-operation in the district necessitate the detailing of at least two separate Inspectors for non-credit work alone, since the credit societies in each of the existing Inspector's charge exact an amount of work which renders it impossible to devote adequate attention to ensure the proper working of the other societies.

(2) The conference learns with satisfaction of the proposal to transfer Fishermen's Societies and Guano Factory Owner's Societies from the control of the Co-operative Department to that of the Fisheries Department and hopes that such a step will result in a steady improvement of the social and economic conditions of the fisherfolk on the West Coast.

(3) The conference finds that even excluding the non-credit societies and Fishermen's societies, the number of societies in the district would still be 224, which would require at least nine Inspectors in all. The conference, therefore, considers it absolutely necessary to appoint one additional Inspector, and to provide for the Reserve Inspector from the staff of Inspectors employed in the Assistant Registrar's Office.

Organisation.

III. (1) The following existing societies have to be split up in the current year:—

* * * *

(2) New societies may be organised only in the following places in the current year:—

* * * *

(3) The question of splitting up the existing Unions is deferred for the present for want of adequate finance and human material.

Liquidation.

V. The conference while regretting the necessity for liquidating any societies in the district, feels nevertheless that there is no alternative but to close the following two societies;—

* * * *

Long-term and short-term Loans.

VI. The conference considers it necessary to draw up a regular classification of loans into short-term and long-term loans according to the objects for which loans are obtained in agricultural credit societies. The conference, therefore, proposes that loans obtained and to be obtained for the following purposes may be ordinarily classed as short-term loans.

- (1) The purchase of seed, manure or agricultural implements and other cultivation expenses.
- (2) The purchase of agricultural cattle.
- (3) The manufacture or purchase of country carts.
- (4) The payment of Sirkar or Zamin kist.
- (5) Advances to petty traders for purposes of petty trade.
- (6) The purchase of food-grains and other necessities of life.
- (7) Ceremonial expenses.
- (8) Advances to artisans for the purchase of raw materials required for their industry.

Loans granted for objects coming under (1) above should ordinarily be made repayable in the months of January and April next following, two thirds being repaid in January and the balance in April.

Loans granted for objects coming under (2) should ordinarily be made repayable either in one instalment in the month of April next succeeding or in two instalments, the first in April immediately succeeding and the next in January thereafter.

Loans granted for objects coming under (3) above should ordinarily be made repayable in consecutive monthly instalments with a break in the months of June, July, August and September; such monthly instalments may be spread over a total period of 16 months including the months during which no instalments need be paid.

Loans granted for objects coming under (4) should ordinarily be made repayable in the month of September or December next following.

Loans granted for objects coming under (5) should ordinarily be made repayable in consecutive monthly instalments spread over a period not exceeding a year.

Loans granted for objects coming under (6) should always be made repayable in the month of January next following provided that where the borrowers have regular periodical income, the loans should always be made repayable in corresponding periodical instalments.

Loans granted for objects coming under (7) should be made repayable within a period not exceeding two years.

Loans granted for objects coming under (8) should be made repayable within a year at such times and in such instalments as the resources of the borrowers may permit.

Loans for improvements to land and purchase of land or for the payment of prior debts may be made repayable in 2 to 10 annual instalments and shall in such cases be considered to be long-term loans. Loans for improvements to land or purchase of land should never be granted without obtaining a mortgage of unencumbered immovable property coupled with the usual surety or sureties.

The conference is of opinion that the existing resources of the Central Bank are not likely to be sufficient to meet demands for long-term loans for improvements to, or purchase of, land, and considers that no loans should therefore be granted by societies for such purposes in the current year. Applications for loans for improvements to land may be called for from the members and the aggregate amount required for such loans may be ascertained with respect to the needs of the whole district, after which the Assistant Registrar might apply to Government for the required loan in accordance with the *tukri* rules and regulations.

Forecasts.

VII. The question of societies preparing forecasts of the needs of their members and the system of getting them prepared was discussed. The necessity for all societies preparing forecasts was admitted.

The Conference came to the conclusion that for a few years to come the forecasts might have to be got prepared in the presence and with the guidance of members of the Governing Bodies of Unions or the supervisors of the respective Unions. It was generally agreed that forecasts might have to be prepared for 12 months at a time beginning from about the month of October to the end of September next, and that the preparation of such forecasts might have to be attended to ordinarily in the months of April, May and June immediately preceding. Unions and supervisors may engage themselves in this work in the last quarter of every year.

Share Capital.

VIII. The Conference re-iterates the necessity for all primary societies in the district investing the whole of their own paid up share capital in shares of the Central Bank. In order to facilitate the attainment of this

object, the conference recommends to the Board of Management of the Central Bank that at least 50 per cent. of the existing unsubscribed shares in the Central Bank might be reserved exclusively to be purchased by societies. The question of introducing a compulsory by-law in the Central Bank for the investment of societies' share capital in Central Bank shares might be kept in abeyance for the present.

Propaganda Work.

IX. With a view to remove the misapprehensions and misunderstandings existing among societies and members of societies about the repayment of short term loans without extension, the investment of societies' share capital in Central Bank shares and such other subjects which have given rise to discontent within the movement, this conference suggests to the Board of Management of the Central Bank that the amount in the Swamikannu Endowment Fund may be utilised for the purpose of instituting prizes for suitable essays on such subjects.

Monthly Statements.

X. This conference is convinced of the necessity of societies sending copies of their monthly statements regularly without fail to the Unions convened, and would even suggest that Unions might not consider any applications from affiliated societies before receipt of such statements from time to time. The Assistant Registrar is requested to issue a suitable circular to all societies on the subject.

Societies' Promissory Notes.

XI. This conference approves of Circular No. 1 of 1920-21 of the Central Bank regarding registration of bonds, specimen signatures and topics allied thereto, but would recommend that Inspectors of Co-operative Societies might also be authorised to inspect societies bonds.

Joint Purchase.

XII. This conference learns that one of the serious difficulties in the way of making or arranging for joint purchase of agricultural implements is the difficulty experienced in ascertaining precisely the nature of the particular variety of implements in use in specific localities, and would therefore request all the stores and trading unions in the district to exhibit for sale specimens of each of the varieties of the different kinds of implements.

With regard to the question of supplying implements to members of societies this conference is of opinion that the necessary indents may be sent direct to and the necessary supplies obtained direct from the stores and trading unions concerned instead of sending the indents through the supervising unions to the Assistant Registrar.

The Registrar's Scheme of Mortgage Debentures.

XIII. The conference accords its whole-hearted support to the scheme and trusts that steps will be taken for starting the scheme on work at the earliest possible opportunity.

The forthcoming District Conference.

XIV. The resolution regarding finances and economies in connection with the District conference passed at the last Business Conference was read and approved. The scale of contributions from societies in the district, including delegates' fees, was by common consent fixed at a minimum of Rs. 3 per society,

* * * *

It was agreed that the conference was to be held in.....

The following gentlemen are hereby constituted into a Reception Committee with power to add to their number:—

Messrs.....

The minimum fee for membership of the Reception Committee is fixed at Rs. 3.

The selection of a chairman for the Reception Committee and for a President for the conference will be made by the Reception Committee in due course.

Messrs. (1).....and (2)are appointed Joint Secretaries.

Training of Supervisors.

XV. The conference is of opinion that the course of training of new supervisors should be made to include at least a fortnight's stay and work in a rural primary society with a tolerably large volume of transactions as well as a fortnight's stay and work in the Central Bank.

Postings of Supervisors.

XVI. * * * *

Selection of New Supervisors.

XVII. * * * *

The conference suggests to the authorities of the Central Bank that they might select and train one more candidate to work ordinarily on the staff of the Central Bank and to serve as a relieving hand in case of emergencies.

Finances of Unions.

XVIII. The Budgets of the respective Unions were recast in the light of the considerations set forth above, and it was resolved to recommend to

the Board of Management of the Central Bank that the total rebate available should be distributed as below :—

* * * *

The conference trusts that the Assistant Registrar will kindly see into the necessary changes being carried out in the budgets of the respective Unions when they are finally approved.

Inspection of Unions.

XIX. The conference considers it necessary in the present stage of development of the supervising Unions in the district that in addition to the visits paid by Inspectors to Unions, such Unions should be inspected once in every quarter of the co-operative year by the Assistant Registrar of the district and that the results of such inspections might be made available to the Unions by the issue and publication of quarterly reviews.

Producers' Societies.

XX. The conference is of opinion that the time has not yet arrived when ordinary loans, other than advances on deposit of produce, can be stopped all of a sudden in the existing Producers' Societies in the district. Producers' Societies will also for some longer time at least have to fall into line with the system upon which producers secure loans from outside creditors not only upon the security of deposited produce but also upon an undertaking to supply produce on a future occasion. Producers' societies may therefore be allowed to grant ordinary loans also to their members on their undertaking to supply the whole or an adequate portion of their produce when it is next gathered and prepared for the market; provided that such loans may not exceed the value of the total produce that will be in the power of the concerned borrower to supply to the societies out of the produce appertaining to the land owned or occupied by him. Such loans may ordinarily be given on the responsibility of the borrower and one or two sureties as prescribed in the bye-laws, but mortgages of immovable property should also invariably be taken wherever possible from borrowers in cases where the outstandings of such borrowers will exceed Rs. 300. Where loans are granted on an undertaking to supply produce on a future occasion, no additional advances should be granted on the security of such produce after it is actually deposited in the societies.

Loans to Producers' Societies.

XXI. With regard to the system of granting loans to Producers' Societies, the conference is of opinion that only ordinary loans with definite periods should be granted to the societies to the extent to which such societies find it necessary to grant ordinary loans to the members; cash credits from the Central Bank being confined only to the extent to which money is necessary for the societies to be granted as advances on the security of deposited produce. In cases where cash credits have been allowed, societies should be required to send to the Central Bank regular weekly intimations of the balances of goods and cash.

SELECTIONS—FORIEGN AND INDIAN.

MR. H. G. WELLS'S ESTIMATE OF THE WORK OF ROBERT OWEN.

Far more important historically were the experiments and ideas of Robert Owen (1771-1858), a Manchester cotton-spinner. He is very generally regarded as the founder of modern socialism; it was in connection with his work that the word "socialism" first arose (about 1835).

He seems to have been a thoroughly competent business man; he made a number of innovations in the cotton-spinning industry, and acquired a fair fortune at an early age. He was distressed by the waste of human possibilities among his workers, and he set himself to improve their condition and the relations of employer and employed. This he sought to do first at his Manchester factory and afterwards at New Lanark, where he found himself in practical control of works employing about two thousand people. Between 1800 and 1828 he achieved very considerable things; he reduced the hours of labour, made his factory sanitary and agreeable, abolished the employment of very young children, improved the training of his workers, provided unemployment pay during a period of trade depression, established a system of schools, and made New Lanark a model of a better industrialism, while at the same time sustaining its commercial prosperity. He wrote vigorously to defend the mass of mankind against the charges of intemperance and improvidence which were held to justify the economic iniquities of the time. He held that men and women are largely the product of their educational environment, a thesis that needs no advocacy to-day. And he set himself to a propaganda of the views that New Lanark had justified. He attacked the selfish indolence of his fellow-manufacturers, and in 1819, largely under his urgency, the first Factory Act was passed, the first attempt to restrain employers from taking the most stupid and intolerable advantages of their workers' poverty. Some of the restrictions of that Act amaze us to-day. It seems incredible now that it should ever have been necessary to protect little children of nine (!) from work in factories, or to limit the nominal working day of such employees to twelve hours!

We cannot tell here in any detail the full story of Owen's life and thought. His work at New Lanark had been, he felt, only a trial upon a small working model. What could be done for one industrial community could be done, he held, for every industrial community in the country; he advocated a resettlement of the industrial population in townships on the New Lanark plan. For a time he seemed to have captured the imagination of the world. *The Times* and *Morning Post* supported his proposals; among the visitors to New Lanark was the Grand Duke Nicholas, who succeeded Alexander I. as Tsar; a fast friend was Duke

of Kent, son of George III, and father of Queen Victoria. But all the haters of change, and all—and there are always many such—who were jealous of the poor, and all the employers who were likely to be troubled by his projects, were waiting for an excuse to counter-attack him, and they found it in the expression of his religious opinions, which were hostile to official Christianity, and through those he was successfully discredited. But he continued to develop his project and experiments, of which the chief was a community at New Harmony in Indiana (U.S.A.), in which he sank most of his capital. His partners bought him out of the New Lanark business in 1828.

Owen's experiments and suggestions ranged very widely, and do not fall under any single formula. There was nothing doctrinaire about him. His New Lanark experiment was the first of a number of "benevolent business" in the world; Lord Leverhulme's Port Sunlight, the Cadburys' Bournville, and the Ford business in America are only contemporary instances; it was not really a socialist experiment at all; it was a "paternal" experiment. But his proposals for State settlements were what we should call State socialism to-day. His American experiment and his later writings point to a complete form of socialism, a much wider departure from the existing state of affairs.

It is clear that the riddle of currency exercised Owen. He understood that we can no more hope for real economic justice while we pay for work with money of fluctuating value than we could hope for a punctual world if there was a continual inconstant variability in the length of an hour. One of his experiments was an attempt at a circulation of labour notes representing one hour, five hours, or twenty hours of work. The co-operative societies of to-day, societies of poor men which combine for the collective buying and distribution of commodities or for collective manufacture or dairying or other forms of agriculture, arose directly out of his initiatives, though the pioneer co-operative societies of his time ended in failure. Their successors have spread throughout the whole world, and number to-day some thirty or forty million of adherents.—From "Outlines of History."

DEVELOPMENT IN MADRAS.

The following is the opinion of the *Bombay Co-operative Quarterly* on the policy of expansion launched in our Presidency:—

The Government of Madras cannot be congratulated on their recent order creating the appointments of 13 new Assistant Registrars, 14 Chief Inspectors and 74 Inspectors. The object of this move is to enable the

Registrar to organize 4,500 societies in the next two years in addition to the 3,700 already existing, and to extend the benefits of co-operation among undeveloped areas. The Committee on Co-operation have exploded the myth of progress based on figures and it had been hoped that the hankering after numbers had received the quietus. It is, moreover, one thing to complain of slowness of progress and another for Government officially to declare it as their policy to start a certain number of societies within a fixed period. The latter policy is objectionable even if it is inspired by legislators moving resolutions in Councils. Still more objectionable is the method by which—though here, too, legislators are equally at fault—the Government of Madras propose to achieve the expansion of the movement. A spoon fed system can show no healthy growth, nor can societies started and run under official inspiration thrive for long. It is, further, unsound for banking agencies to continue lending to larger and larger groups of newly organized societies about which they know little and with which they rarely trouble to keep in direct touch. The movement in Madras must be thoroughly de-officialized, especially in the directions of organization and supervision before further expansion is promoted. The appointment of honorary assistant registrars represents a groping towards this end, but the correct line of action is the setting up of a responsible agency to perform these functions. The honorary assistant registrars have as little organic connection with the movement as honorary organizers in this Presidency, and some of the duties delegated to them, such as arbitration or inquiry, should under any logical scheme of division of functions be reserved to the Registrar's Department. There is more ground for hope for the future of co-operation in Madras in the revival and re-organization of the Provincial Co-operative Union than either in the appointment of honorary assistant registrars or in the increase of the official staff. Hitherto, the Union lacked both men and money, the former because it did not enjoy a well-established connection with co-operative organizations, and the latter because co-operators were lukewarm about an institution which did nothing tangible to further their interests. The first defect should be remedied by affiliating district councils of supervision and local federations and associating the representatives of such institutions with the administration of the Union. To remove the second difficulty, the Union should actively interest itself in such spheres of work where a popular agency can wield more influence than the Department, it should extend its operations in the mofussil, and, in turn, be recognized by the Department as representative of independent co-operative opinion on matters affecting the movement. With its status in the movement definitely acknowledged, as suggested, and with a programme of educational work sketched out, the Union will not fail to enlist a good number of co-operative institutions as members, and, in case of need, to secure financial help even from public sympathizers.

CORRESPONDENCE.

CO-OPERATIVE STORES.

The Madras Bulletin of Co-operation has once again brought to notice the two causes to which the failure of co-operative stores is to be traced. First in regard to the disloyalty to the stores the Bulletin admits the confession of the disloyalists that the things in the stores are not good and the prices are higher than in the bazaar. That it is so is apparent from the larger sales in stores to non-members than to members. Under such circumstances one of the grounds on which the loyalty of the members is demanded is that the moral aspect of co-operation is the foundation of co-operative societies. It has sometimes even been pointed out that the object of co-operation is not to secure profit. But the fact remains that the foundation of the moral aspect of co-operation lies in a utilitarian basis.

The Bulletin next goes on to point out that to a great extent this evil is the result of inefficient management. The managers of co-operative stores are generally ill-paid servants who cannot be expected to shoulder the burden of managing the stores in the widest sense of the term. The Honorary Secretary has little of his leisure to devote to the problem of purchasing to the best advantage. He is generally ignorant where and at what seasons things are available. Enterprise and skill are also wanting on his part to go to the place at the time and make the purchases wholesale. As against this it has been pointed out that 'there is danger of loss owing to wastage, the depredation of rats and other vermin, from unexpected fluctuations in prices and from the carelessness or even dishonesty of the staff'. This duty has been sought to be undertaken by co-operative wholesale societies which have power to make purchases and stock goods in anticipation of a demand. Our popular and energetic Registrar of Co-operative Societies, Mr. F. R. Hemingway, has in a circular proposed another method, viz., buying jointly on indent through trade unions.

But the problem of what to purchase, where to purchase and when to purchase still remains. The very object of co-operation being to bring into contact the producer and the consumer, the consumers are ignorant where and at what times things are produced.

The Registrar of Co-operative Societies proposed some time ago that a Bureau of information should be established to instruct co-operative stores by circulars and reminders, through the various seasons of the year what things may be purchased to the best advantage at what places. If in addition to it an agency is established to make the purchases either on demand or in anticipation of demand, the inefficiency of the management of the stores will in large measure be made up and the members will instinctively return to loyalty.

Now that Mr. F. R. Hemingway is once more in our midst it is devoutly hoped that his scheme will materialise at no distant date.

P. S. VENUSWAMI AYYAR.

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The Madras Bulletin of Co-operation

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His Majesty's Reply to the Delhi Municipal Address, 13th December, 1911.—

Vol. XII.]

December 1920

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THE

Madras Bulletin of Co-operation.

VOL. XII.]

DECEMBER 1920

[No. 6

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NOTES AND NEWS.

The average delegate to the ensuing Provincial Co-operative Conference will want to be elucidated on some points connected with co-operative life insurance before voting for or against a resolution regarding the subject. Without presuming to be able to clear his doubts we think it our duty to give expression to them, nevertheless, and to answer them to the best of our knowledge. In the first place, we shall suppose, he will want to know what right one or two enthusiasts have to disturb his peace of mind by dinning the subject of insurance in his ears; in other words, what has insurance to do with co-operation? Has the co-operative movement anything to gain by maturing an insurance scheme? The answer is emphatically in the affirmative. If we shall consider the subject at our conference it will not be at the instance of the insurance enthusiast on the look out for a promising field, though there would be nothing wrong in doing so; but at the instance of the enthusiastic co-operator who sees in insurance a good field for co-operative business and an excellent source for augmenting the resources of the movement. As in trade our business is to eliminate the middleman trader, so in insurance our business is to eliminate the commercial insurance company, and we

should expect as much opposition from the latter as we encounter from the former. We should therefore approach the question with sympathy and not with suspicion.

The business of insurance is peculiarly well adapted for co-operation, for the operation of the principle "each for all and all for each." The losses and risks of *each* are by mutual consent widely distributed among *all* so that no one is crippled by them. A small sacrifice is made by each which in the aggregate is sufficient to cover the risks of all. It is found in experience that the aggregate sacrifice is considerably greater than the aggregate risk and that the balance usually goes to benefit the agency which collects the sacrifice and distributes the risk. The agency no doubt renders a useful service to society but its remuneration is excessive as is that of the distributive agency in trade which brings together the producer and the consumer of goods. One important difference between general trade and insurance is this: the division of labour in general economic life has been carried so far that very often the producer of a particular kind of goods is in no degree their consumer—like the British weaver who makes *dhotis* for the Indian market; while in insurance every one who makes a sacrifice has a lively sense of the risk against which he is insuring. There is therefore less justification for the middleman's presence in insurance. Co-operation in the highest sense stands for service and sets it face against profit. It advises the consumers of a particular commodity to arrange for its production without the intervention of an outside profit-seeking agency. It likewise advises those who fear a risk to insure themselves against it and to arrange for a necessary service, without a profit-seeking outside agency. Again, thrift is a common foundation for co-operation and insurance. Co-operators are so much interested in the promotion of thrift that even if insurance on co-operative lines were not possible they should have been its warm advocates. But as a matter of fact they stand to gain a good deal more.

Insurance supplies an unfailing stream of long-lying money which could be invested in various fields of remunerative business. There are many such fields open to the co-operative movement which could be entered if only the money be forthcoming. Even in Great Britain where co-operative trade has assumed gigantic proportions and where it is believed to have spread to a third of the entire population, an urgent appeal is being made for more funds so that a greater effort may be made in the direction of co-operative production. The need of India with its undeveloped agriculture and industries, with the movement having yet spread only to

The Advantages
to Co-operative
movement

a very small section of the population, is very much greater. There is a vast amount of indebtedness incurred for unproductive purposes, on which a usurious rate of interest is being paid to money-lenders, which is awaiting reduction for want of funds. And so long as this indebtedness continues, the agriculturist cannot and will not think of investing borrowed money in productive agriculture. A very large proportion of the money borrowed by members from our agricultural credit societies, which form by far the most numerous and important of our co-operative societies, is utilised for paying up prior debts, and if our central banks had longer-lying money and were in a better position to give long-term loans, the proportion would have been much higher. All agricultural improvement, too, requires long-term loans. Housing schemes in rapidly growing urban areas need money the repayment of which has to be spread over particularly long periods, of twenty to fifty years. Such money could be provided only by State loans, debentures or insurance funds. In fact all productive schemes for conferring a lasting benefit on the country depend on money which could be used for a long period of years and the rate of interest on which is reasonably low. Co-operators are eager to embark on such schemes but are unable to do so for want of suitable funds. Our provincial and central banks have just passed through a severe financial crisis. The inconvenience of depending on withdrawable deposits has been burnt into the flesh of their directors. They at any rate will not need much persuasion to recognise the advantages of co-operative insurance.

In a co-operative scheme there is only one interest to be considered, that of the insured, of those who make a sacrifice to cover a risk. It is only for the sake of argument that a distinction is made here between the co-operator and the insured. The latter if he is wise will want to know how and where the premia paid by him are invested, for they must be invested in safe and sound concerns so as to earn an interest that will lessen the sacrifice required of him. Safety is his first consideration. So he will set his face against all speculative investments though they may promise him a higher return. He will also prefer investments in his own country to those abroad, for in addition to the consideration that they will augment the wealth of his motherland, he will be in a position to watch their ups and downs and control them by legislative action if need be. There is no room for speculation in co-operative business, which, moreover, is kept straight by Government audit and inspection. It is also backed up by the unlimited liability of the rural societies than which a better security it is not possible to find. The rate of interest in co-operative

From the Insur-
ed's Point of
View.

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investments will be slightly higher than in Government or municipal securities, so that the benefit to the insured is correspondingly greater. The working expenses can be kept down at a lower level than is possible in the case of commercial insurance companies, because our central banks and selected urban banks can for a small commission be induced to act as agents of the insurance society. Nor will there be the same expense for procuring new business. Our urban societies, central banks and local unions, the *Bulletin*, our frequent conferences, above all the departmental staff, will all do propaganda work, often for love, in some cases for a small commission. The advantage enjoyed by co-operative organisations in this respect is immense. Then, again, there being no dividend-hungry individuals among share-holders and a limit being put by Government on dividends, the co-operative insurance society will be in a position to offer equitable and even generous terms to its policy-holders. A good deal of inequity and meanness is at present exhibited, particularly by the smaller companies, in their dealings with policy-holders, every little technical breach being taken advantage of to deprive them of their just dues. In fact the person desirous of insuring against any risk or loss or death cannot wish for a better organisation than a co-operative society.

The ground so far is clear. It may be easily granted that a co-operative insurance scheme is highly desirable from every point of view. The question that still remains to be considered is, is it within the range of practical politics? Have we men and capacity to run the society? Are there such difficulties in its working that with our present equipment we are bound to fail; the path so strewn with rocks that the helmsmen available to us cannot steer the ship clear of them? These are questions rather of detail, nevertheless, exceedingly important; and unless they can be satisfactorily answered we shall be justified in refusing to proceed. As to men, it would be possible to find suitable men. The insurance society may be attached to the Provincial Bank in an informal way. The same person may be secretary to both. The office too may be located in the same building and with a small special staff a beginning could be made. The co-operators of this Presidency have shown good capacity in the management of the finances of co-operation. Between our central banks and the provincial bank we are handling something like one and a half crores of rupees. The management of an insurance society certainly will not be above our capacity. Some enthusiasm and sympathy on the part of the average co-operator, a greater amount of them from the directors of urban and central banks, a few devoted workers, is all that is required. We think there are one or two amongst us who are nearly mad on the subject. We

can surely expect to have their services. And then there is the department with almost unlimited resources in "human material." Given the will the way is easy enough.

The co-operative movement being intended in our country mainly for agriculturists, artisans and men of limited means, some people are of opinion that any insurance scheme that we may start must be for the benefit of those classes. Then we shall have to consider whether they are good material for the clientele of an insurance society. In this connection it has got to be remembered that the insurance companies which are working in India, whether Indian or foreign, deal only with the educated urban classes. Our rural classes do not have fixed and regular incomes. They are at the mercy of the monsoon. That is why they are so depressed economically and get so frequently into debts. If there were insurance against failure of crops, our villagers would have gone in for it at once and by the million. Cattle insurance has not caught on. Life insurance or other kinds of insurance—they either do not care for or the conditions are not suitable for them. Moreover, the desire for insuring one's life presupposes a certain standard of comfort and refinement of feeling which does not prevail in our rural classes. And they are too ignorant and superstitious to guard themselves against epidemics and disease. Their economic condition is such that they cannot be depended upon to pay monthly, quarterly or even yearly premia; on the other hand the risks operating against their health and life make business with them hazardous. We cannot therefore depend upon the custom of the rural classes.

Artisans, mill-hands and other industrial classes no doubt appreciate life, sickness, unemployment and other forms of insurance, and indeed their need is very urgent. Their incomes, however, are very small, the premia will have to be small sums payable weekly or monthly, and consequently the working expenses of the scheme will be very heavy. In England where work people are very well organised and enlightened enough to appreciate various forms of insurance, the working expenses of even the *Co-operative scheme* come to over 40 per cent of annual premia collections whereas in business with professional and salaried classes who can insure for large amounts, the percentage is under 15. The Indian urban workman has not yet shown himself a keen co-operator; has not been, in Madras City at any rate, regular in re-payment of instalments of loans in co-operative societies. He cannot be expected to be regular in paying premia and will complain loudly if policies are cancelled. The experience of the Debt Redemption Committee in Bombay who tried industrial life insurance

among municipal sweepers and mill-hands, is very discouraging. The men behaved well for a year or two and paid regularly their monthly premia of one rupee each. Then they became irregular and urged high prices, influenza and other reasons. The co-operative society which had redeemed them from their entire indebtedness and started them on a clean slate, came to their rescue and paid their premia. But the irregularity became chronic and the policies had to be cancelled after some months, the Debt Redemption Committee getting only abuse from the beneficiaries. The Madras workman will behave exactly in the same way. While willing to conduct experiments on a small scale, we would therefore be well advised in not depending on the custom or our industrial classes.

Our main chance thus lies with the educated urban classes, those who form the bulk of members in our urban banks and stores. They will be responsive and reliable. True, we shall have to compete with existing insurance companies; but the opportunities for new business are increasing every year and a scheme backed up by our best men and our most important co-operative banks will soon establish a hold on the people and strike roots. The position may be summed up as follows:—

Enjoying the special advantages afforded by co-operative societies and the department, we have a very fair chance of business. But it will be with the urban salaried classes. We will have to follow the ordinary beaten path and not start with special schemes either for agricultural or industrial classes. We can get the men to look after the business from among co-operators.

There is one more point to be considered. The Government insist on insurance companies with share capital depositing a sum of Rs. 2,00,000 with them, which, however, may be paid in instalments of Rs. 25,000 a year. They do not so insist on concerns which have no share capital. The latter are called mutual societies. In insurance companies with share capital when the 'insurance fund' consisting of premia and interest, less working expenses, is not sufficient to meet the claims of policy-holders, they draw on the share capital of the share-holders. In Mutual societies, there being no share capital, the holders of policies in force would have to make a pro rata contribution to meet the deficiency. Among those few of us that have given their thought to the subject, some are in favour of the mutual principle while others are for share capital. Co-operators who are accustomed to unlimited liability and reserve liability in credit societies, need not strain at the gnat of the mutual principle; and co-operative ideas and justice alike demand that both gains and losses

The Mutual Principle.

should be distributed among the constituent members or policy-holders. But it is really irritating and even disheartening to be asked to pay something extra when you have just managed to scrape together your premium amount. Every one gets into a temper when he has to make payments, even though they be the very justest ones. So it would be wise to avoid a contingency that necessitates an extra contribution from policy-holders. The co-operative movement enjoys a number of concessions at the hands of Government, but from what we learn they may not dispense with the deposit of Rs. 2 lakhs from a co-operative insurance society if one is started. Shall we be able to get in the first few years sufficient business and share capital to make the annual deposit with Government and also meet working expenses and claims? If we get as much business as an average indigenous insurance company has been getting—and we may expect to get more if we show ordinary energy—we should be in a position to make the deposit. Our central and urban banks can easily subscribe, if only they care to, all the deposit amount of Rs. 2 lakhs as share capital. It would not be a hardship to collect the entire amount at once, but it is not necessary. Even if everything goes against us, the worst that can happen is that for a few years, say ten or twelve, no dividend may be paid on share capital. But in view of the flow of long-lying money, the inculcation of thrift, the opportunities it will give for conducting experiments in agricultural and industrial insurance, we may cheerfully put up with the loss of dividend that may occur for a few years.

Elsewhere we have published a notification from the Gazette relating to two proposed amendments to the Rules which the local Government are empowered to make by the Act for the guidance of societies in this presidency. The first one relates to Rule IX which governs the disposal of profits. As it stands at present, limited liability societies are free after setting apart 25 per cent of their net profits to the reserve fund, declaring dividend and making contribution to the common good fund at their option, and "allowing to be carried forward three months' working expenses on the average of the previous year"—they are free to incur "any other charges expressly permitted by the by-laws" before being obliged to carry the balance to the reserve fund. An amendment is now proposed restricting the liberty allowed by the clause "any other charges expressly permitted by the by-laws" to the creation of a dividend equalisation fund and a building fund, the latter only when the reserve fund of a society has amounted to 5 per cent of its total outstanding loans. The second amendment is the insertion of a new rule which lays down clearly the procedure to be followed in the disposal of the funds of liquidated societies. The Provincial Conference which will meet in a few days will of course express authoritatively the considered views of co-operators. But we think we may anticipate that its opinion will not be against the amendments, as they do not prejudicially affect the interests of any class of persons.

The Chintadripet Co-operative Stores worked during the last Co-operative year at a loss of about Rs. 177 against a loss of Rs. 111 in the previous years. It is thus progressing downwards. If our information is correct it has not improved much during the last few months. The other parts of the City, when they wanted a co-operative store, adopted the simple plan of asking the T. U. C. S. to open a branch for them. But Chintadripet showed independence and individuality. We wish very much that the working of the society had brought credit to its promoters. All that we can now hope for is that they will have the courage to mend it or end it. The management will be guilty of injustice to its share holders by keeping it alive in its present condition.

The staff of the Assistant Registrar of the Madras—Chingleput Section have organised a society for themselves. Being registered in the first week of February last it worked for less than five months during the last Co-operative year. Its most noteworthy feature was the amount of non-credit work which it did by getting rice, ghee, kerosine oil, coffee, seeds &c., for the use of its members. We are glad to note that the staff of the Department have proved themselves to be hearty believers in co-operation and not mere mercenaries.

We are glad to learn that Mr. A. Vedachela Aiyar has been appointed Joint-Registrar. It was clear long ago that after serving as Ag. Registrar he would not go back to the sectional charge of an Assistant Registrarship. His enthusiasm, experience and knowledge of trade and finance will continue to be available for the whole presidency instead of being confined to a district or two. We think he would be most useful in pulling up particularly bad societies—and among them the Kallar Societies of Madura which were all organised by him before he came to this Department—in promoting joint purchase and sale, in helping industrial societies and watching over them and in working out new schemes like the insurance scheme to which he has given much thought. The central banks, stores and industrial societies should we think be constituted this special charge.

By the appointment of Mr. Nageswara Rao as Under-Secretary to Government, the people of the Circars and the Co-operative Department have lost the services of a zealous and capable officer. But their loss however is a gain to the whole presidency and we are sure that the people of the Circars themselves will readily recognise it. Before his advent to the Department the state of co-operation in the Telugu districts was a perfect scandal. The societies were poorly, starved, neglected and on the point of death. To Mr. Nageswara Rao belongs the credit of having put new life and new spirit in them. To-day the Andhra Desa is taking splendid strides but has not yet got over the handicap it suffered in the regime previous to Mr. Nageswara Rao's. He carries with him the gratitude of the co-operators of the Circars and the well-wishes of all who came in contact with him.

STATISTICS OF CO-OPERATION FOR 1918-19.

The statistics relating to co-operative societies which are published every year by the Government of India were hitherto being compiled by the Revenue Department but now their compilation has been transferred to the Department of Statistics. The small volume for 1918-19 is the first to be published by the latter. The co-operative year for most provinces closes with the month of June while for others it closes with March. Generally the provincial reports are published about six months later but advance figures are supplied to the Government of India within three months. It should therefore be possible to publish the statistics about the same time as the provincial reports which are obliged to wait till their Governments find time to review them. Statistical volumes are certainly useful, but if they appear long after the period to which they relate, the interest in them becomes academic rather than practical. Small and simple volumes like the one relating to co-operative societies need not be delayed like the statistical abstract and other publications of a complicated nature. Coloured maps with circles and squares no doubt beautify a volume and relieve the dryness of figures but they are not worth having at the cost of several months' delay. We hope that the next issue will appear after a shorter interval.

NUMBER OF SOCIETIES.

The number of societies of all kinds, in British India and the Native States of Mysore, Baroda and Hyderabad, rose during the year from 26,465 to 32,439, that is, by nearly 6,000, while the increase during the previous year was less than 3,500. Out of these, 29,287 were agricultural societies as against 24,140 in 1917-18; 1,971 were non-agricultural against 1,451 of the previous year; 748 were local unions (supervising and guaranteeing) against 592 in 1917-18, while 333 were central banks which in the previous year were 282. The Punjab easily heads the list with 5,465 societies while Bengal and the Central Provinces come next with 4,257 and 4,223. Madras, which, under Mr. Hemingway's guidance has launched on a policy of rapid expansion, comes fourth with 3,675 societies, closely followed by Burma which had 3,612. Bombay with 2,083 and Mysore 1,233 compare favourably with our presidency and Bengal when their populations are taken into account; but Ajmere-Merwara and Coorg with 398 and 79 societies respectively show the best ratio of societies to population. Bengal, the Punjab and the United Provinces had the largest number of central banks, viz., 59, 57 and 53 respectively. Madras had only 26 while Mysore, with less than a fifth of its area, had no fewer than 19 central banks. In the matter of unions Burma comes first with 326, and the Central Provinces come next with 207 while

Madras comes third with 103 and Bombay fourth with 50. It is somewhat surprising that there should be no supervising or guaranteeing unions in any of the Native States. Our presidency leads in respect of non-agricultural societies having had 465 of them in 1918-19. Bombay and Bengal come next with 280 and 262 respectively while Mysore in spite of its small area and population occupies a higher position than the United Provinces and the Punjab which have large urban populations.

DIFFERENT KINDS OF SOCIETIES.

The 29,387 agricultural primary societies in the country are classified as follows: credit 28,487, purchase and sale 190, production 52, production and sale 174, other forms 74 and cattle insurance 410. The bulk of the production and sale societies, that is, village stores, were in the Punjab which had no fewer than 102 societies. Madras with 31, Bombay with 23 and Ajmere-Merwara with 11 come next in order. Production societies are almost confined to Burma, Bombay and Baroda which had 31, 11 and 6 respectively out of a total of 52. Societies for the production and sale of agricultural produce are more evenly distributed. Burma having 50, Bombay 42, the Punjab 39 and Bengal 23 among others. We do not think that any real distinction exists between societies for production and those for production and sale. Agriculturists have to sell all or part of their produce whether it be cotton in Bombay or rice in Burma. Taking the two together Burma and Bombay occupy a leading position, while Madras, Bihar and the Central Provinces are conspicuous for their backwardness. In other forms of agricultural co-operation Mysore leads with 32 societies, Burma comes next with 28, Bombay third with 13, while of the other provinces only Madras can boast of a society.

Non-agricultural societies contain a much higher proportion of non-credit societies. In a total of 1971, the credit societies numbered 1350, purchase and sale societies or stores numbered 443, those for production and sale 151 and other forms 27. Among the provinces, the Punjab had 143 stores, Madras 89, Bombay 60, Mysore 54, Bihar 32, Assam 14 and the wee little thing of Ajmere-Merwara no fewer than 8. The societies for production and sale are almost monopolised by Bengal which claimed 136 out of 148, Mysore coming next with only 6 societies. In other forms of co-operation Madras leads with 12 societies out of 27, Bombay and Bengal coming next in importance with 8 and 4 respectively. The 12 societies of Madras are mostly building societies which properly speaking should be classed under credit societies as their operations do not consist of construction but of merely supplying funds for acquiring or constructing sites or houses.

MEMBERSHIP.

The agricultural societies which numbered 29,387 had a membership of nearly 9.75 lakhs while the 1971 non-agricultural societies had 2.61 lakhs. Among the provinces Madras headed the list in respect of both with 1.71 and .71 lakhs respectively, while in respect of non-agricultural societies and aggregate membership Bombay came next. The highest percentage of urban to rural membership however occurred in Mysore which had .47 and .34 lakhs respectively, while the ratio for Bombay which comes next was 1.24 to .59. But the best test of the spread of co-operation in any administration is afforded by the ratio of the members of primary societies to the general population.

The following table which gives the number of members per 1000 inhabitants will reveal the relative positions of the several provinces and states.

Madras	...	...	31.0
Central Provinces & Berar	...	...	19.9
Bengal	...	...	14.1
Bihar and Orissa	...	...	9.8
United Provinces	...	...	8.3
Assam	...	...	7.7
Hyderabad	...	...	6.7
Ajmere-Merwara	...	...	5.9
Coorg	...	...	4.7
Mysore	...	...	3.8
Bombay	...	...	2.3
Punjab	...	...	2.1
Burma	...	...	2.1
Baroda	...	...	1.7

WORKING CAPITAL.

The working capital for all kinds of societies in all provinces rose from 1440 lakhs to 1755 lakhs, according to the statistics published by Government. This however does not represent the net working capital in the movement. The compiler of statistics has merely added up the working capital of provincial and central banks and of agricultural and non-agricultural societies. But the central banks derive much of their working capital from the provincial banks and the primary societies get theirs from the central banks, so that some sums are included thrice and some twice. For example, let us suppose the primary societies of Anantapur District require a lakh of rupees in a particular month. They apply to the District Bank at Anantapur, which, let us suppose, has only

Rs. 50,000 on hand and obtains a loan of Rs. 50,000 from the Provincial Bank and accommodates the primary societies. The sum of Rs. 50,000 lent by the Provincial to the District Bank and by the latter to the primary societies is included once in the working capital of the Provincial Bank, then in that of the primary societies, that is, thrice in all; while the other sum of Rs. 50,000 is included once in the capital of the District Bank, and again in that of the primary societies. Thus, what in reality is only Rs. 1 lakh is wrongly represented as a working capital of Rs. 2½ lakhs. The total working capital of the co-operative movement is therefore very much less than 1755 lakhs. We give below a table prepared by us, which gives for each province the net resources of

Net Working Capital of different kinds of Societies by Provinces.
(IN LAKHS).

	Provincial.	Central.	Agricultural.	Non-agricultural.	Total.
Madras ...	45.08	53.77	28.01	42.92	169.78
Bombay ...	22.88	16.61	46.63	60.27	146.39
Bengal ...	15.69	64.00	26.33	34.68	140.69
Bihar and Orissa ...	3.24	23.30	11.05	3.62	41.21
Burma ...	67.02	12.82	57.00	13.67	150.51
Central Provinces ...	18.16	58.98	7.91	1.14	84.19
United Provinces ...	Nil.	55.83	22.54	2.87	81.24
The Punjab ...	"	50.25	108.73	4.39	163.38
Assam ...	"	4.25	2.59	2.81	9.65
Ajmere-Merwara ...	"	14.89	5.19	2.04	22.12
Baroda ...	"	5.48	6.76	1.97	14.22
Hyderabad ...	"	21.50	5.39	2.29	29.18
Mysore ...	3.66	11.35	15.19	28.27	58.47
Coorg ...	Nil.	Nil.	1.35	.02	1.36
ALL INDIA ...	175.73	393.03	344.67	200.97	1112.40

provincial and central banks and agricultural and non-agricultural societies. We have eliminated loans and deposits from societies and provincial and central banks. But even here there is a certain amount of overlapping in respect of share capital. Both in provincial and district banks, a large part of the share capital comes from district banks and primary societies. This gets included more than once in the aggregate working capital of all societies. But the error cannot be rectified because the statistical volume does not give separate figures for the share capital contributed by individuals and societies. We thus arrive at a net working capital of 1112 lakhs instead of 1755 lakhs given in the volume of statistics. In individual cases the difference becomes much greater. Thus the working of Madras which is represented to be over 305 lakhs is reduced to 170 lakhs, of the Central Provinces and Berar from 192 to 84 lakhs, Bengal from 231 to 141, Punjab from 232 to 163, Bihar and Orissa from 72 to 41 and so on.

CATTLE INSURANCE.

Of the 410 cattle insurance societies, the vast majority, viz., 386 were in Burma, Coorg coming next with 10 societies. The other provinces that are experimenting in them are the Punjab and Bombay which had 8 and 4 societies respectively and Bengal and the United Provinces which had one each. At the end of the Co-operative year (1918-19) the latter had not collected any premia, though the amount of risk insured by them curiously enough, is mentioned. The 386 societies of Burma had a total membership of 6,013 who had insured 5988 cattle for a sum of Rs. 2.15 lakhs, which gives an average of about Rs. 32 per animal insured. The premia collected amounted to Rs. 8144, that is, about 1.6-0 per animal. 249 animals were lost during the year the claims paid on which amounted to Rs. 5,074 or about Rs. 20 each on an average. The cost of management of these societies was almost nil being only Rs. 717 for 386 societies. These re-insured their risks in a central re-insurance society to which they paid premia amounting to Rs. 3,798 on a risk of nearly Rs. 1.04 lakhs and from which they obtained Rs. 2.233 as claims on lost animals. The insurance societies had nearly Rs. 28,000 in hand while the re-insurance society had, including its reserve fund, about Rs. 15,000. The 10 societies of Coorg had among them 251 members who had insured 571 cattle for the magnificent sum of Rs. 2,841 or Rs. 5 a head, on which the premia collected amounted Rs. 5,167 and supplementary contributions collected amounted to Rs. 2,759. Nearly 50 per cent of the insured cattle died during the year, viz., 283 on which the claims paid amounted to Rs. 3,548, the funds in hand at the end of the year being Rs. 4,379. We confess our utter inability to understand the working of the Coorg Societies during the year under review—how, for instance, the amount of risk

could be only Rs. 2,841 while the premia and supplementary contributions collected came to Rs. 7,926, the amount of claims paid on 233 animals lost—an astounding figure—being only Rs. 3,578. We should not expect cattle-insurance to grow in popularity judged by the experience of Coorg. The experiments conducted by the other provinces will be watched with keen interest. Bombay paid Rs. 161 on one animal lost and the Punjab Rs. 166 on three animals.

UNIONS.

There were 747 supervising or guaranteeing unions which had an aggregate affiliated membership of 13,319 societies. They are popular only in Burma, the Central Provinces, Bihar and Madras, where the bulk of the primary agricultural societies are affiliated to them. Bombay had 50 unions but only 272 societies were affiliated to them, while Bengal had 271 societies attached to 12 unions. The United Provinces had 4 unions for 48 societies while the two most progressive administrations of the Punjab and Mysore had none. Madras, Bihar and the Central Provinces had employed an adequate number of supervisors, which was not the case with Burma where for 325 unions there were only 55 supervisors. The scale of expenditure in Burma and the Central Provinces was about double that of Madras while in Bihar the unions do not seem to incur any expenditure on their supervisors.

FINANCE.

The largest amount of share capital is held by the Punjab, the distinctive feature of which is that more than Rs. 50 lakhs out of a total Rs. 64 lakhs came from the agricultural societies. Madras comes next but with less than Rs. 35 lakhs, while Mysore had over Rs. 31 lakhs which, considering its area, population and number of societies, constitutes a glorious record. In the matter of loans and deposits from members Bombay easily leads with nearly Rs. 42 lakhs to its credit while Madras which comes next held only about Rs. 19 lakhs. But in the strength of its provincial and central banks, in successfully tapping the general public and winning the confidence of the commercial banks, Madras occupies the first place. In 1918-19 it had obtained loans and deposits from outside the movement to the extent of nearly Rs. 103 lakhs, Burma coming next with Rs. 80 lakhs. Bengal and Bombay followed with 76 and 63 lakhs respectively while the Central Provinces had nearly Rs. 54 lakhs. In the matter of reserve fund the Punjab is again far and away in advance of the rest, having Rs. 43.67 lakhs against Rs. 20.29 of Bengal,

while Madras had only 12.77 lakhs. Loans from Government funds were given most freely to the agricultural societies of Burma which obtained as much as 20.75 lakhs. The Agricultural Societies of Bombay, which obtained the next largest sum, had 1.98 lakhs while all the loans given to all the other societies in British India did not amount to Rs. 3 lakhs, of which a sum of over one lakh was given to the central banks of the Punjab. We dare say that there are strong local reasons for Burma following a different policy from the rest of British India. Of the Native States, Hyderabad and Baroda contributed large amounts to the finances of the central banks, forming in Hyderabad more than 25 per cent. of their entire resources and Baroda about 17 per cent. The latter gave an even larger amount directly to the agricultural societies but it formed only about 8 per cent. of their resources, while Hyderabad confined its loans to central banks.

COST OF MANAGEMENT.

Of the provincial banks, that of Burma had the most costly management. It spent about Rs. 39,000 against Rs. 28,000 odd of Bombay and Rs. 23,000 odd of Madras. But the working capital of the Burma Provincial Bank was 50 per cent greater than that of the Madras Provincial Bank and more than 100 per cent of that of the corresponding institution in Bombay. Apparently it was the efficiency of its management that brought for it the large amount of deposits from the investing public. The provincial banks of Bengal, Bihar and the Central Provinces worked very economically, the cost of management of the two former being about Rs. 4,000 and that of the latter about Rs. 7,000. It is remarkable that all our 26 district banks together spent only about Rs. 24,600 on management, while the provincial bank alone spent more than Rs. 23,000. The central Bank of Bengal and the United Provinces did not work economically compared with our presidency, for with much less working capital, the average central bank of those provinces spent from two to three times the amount spent by the average central bank of our presidency. Our system has been both efficient and economical as our central banks have been able to attract deposits and otherwise get together a very large amount of working capital. But in the working of agricultural societies we have little reason to be proud of our economy. True, Burma spends nearly three times as much as our presidency does on about the same number of societies, but its case seems to be unique. Punjab with 70 per cent. more societies spends less than our presidency, while the Central Provinces spend almost nothing. But this is an impossible position which is perhaps to be attributed to some deficiency in account-keeping. But it is clear that

there is room for economy. We have heard experienced co-operators deplore the present tendency to spend money on staff, stationery and travelling. The cost of management of our urban societies seems to be quite reasonable, especially as we have a number of store societies in our midst. The value of goods sold by our societies to their members amounted to Rs. 19 lakhs, while that of the Punjab, which had more store societies, came only to Rs. 7.4 lakhs, the other provinces being at a greater distance. The Punjab spent remarkably little in the management of its stores, probably because of utilising Government staff.

Under one other useful head the compilers would do well to give us information, namely, the amount spent by each province on the Co-operative Department and the number of officers and subordinate staff employed in each province. That would show the cost of the movement to the general tax-payer and also to what extent it is becoming self-reliant. At present not all the provincial reports give information under this head. We are therefore unable to say in all cases whether the Government is doing too much or too little. We hope our humble suggestion will be heeded.

THE NEXT CONFERENCE.

By MR. C. P. SUNDARA RAU B.A. B.L., KAMBIALICUR.

The next conference will be held during the Christmas for three days under the presidency of a prominent practical co-operator from a sister province. It will be as usual under the auspices of the premier co-operative propagandist organisation in the Presidency. The President will bring to our anxious deliberations—now spread over three days to give better scope to a wider and deeper consideration of vital affairs—a live sympathy, an 'inside' knowledge born of his active zeal in the cause.

The chief defects of the conference have been its unrepresentative character and its loose method of work. The work of reconstruction now proceeding apace in the different stages will soon remedy the first. By the circulation of draft agenda in advance and by informal preliminary discussions, the work of the conference too is being done better in recent sessions. Further improvements may be tried by a system of sub-committees for discussion of draft resolutions and by a judicious enforcement of the time limit in the plenary sessions. There are however obvious drawbacks in adapting here the Bombay model, for there is an essential difference in the composition and character of the conference itself and it may not after all be worth while to make any radical changes in the method of our business at this stage. We hope, however, that the experiment may be tried tentatively. With the reconstituted union, the reorganised district councils in working order, our conference will easily become by next year a more compact, vigorous and effective instrument for the authentic and authoritative exposition of the ideals and needs of all the workers in the cause.

We shall therefore content ourselves with a general indication of some topics of prime importance which must engage our attention. It would be one of the first duties of the conference to offer its greetings to the New Minister who will be in charge of co-operation. The example and warnings that this movement offers are of peculiar significance at the present moment. His Majesty saw, so long ago as 1911, its great potentialities. Lord Meston has acclaimed it as an unequalled training ground for self-government. It has been recognised on all hands that it is of the people and for the people and must therefore be controlled by the people. The Imperial Committee have saved us from the reproach of being mere visionaries by themselves laying stress on the ethical aspects of the movement. Even the Board of Revenue has laid down that it should mostly be in non-official hands. Experienced and sympathetic officials have deliberately held that any government control should be at the lowest minimum. Nothing should be done for the co-operator which he can do for

himself. The New Minister will surely see in such a work a great opportunity to advance on the right lines the moral and material interests of the people. He will find in it a bulwark against all Bolshevik tendencies from within and without and a remedy for many economic ills. Broad-based on this principle our new industrial system will stand four square to all the forces that assail it. It will satisfy the needs and ambitions of capital. It will utilise to the full the natural resources with which our land so richly abounds. It will respond nobly to the voice of Labour growing ever in volume and intensity in its claims for a higher share in the rights and comforts of modern life. It will convert the middleman from a vampire to a Visvakarma. Chastened by co-operation and purged of all its excrescences, a vigorous era of development will dawn in India when her agriculture and industry will flow together a twin stream, blessing and blest wherever they go.

It would therefore be fitting that when we welcome the transfer of control to the popular half of the government we should lay before the Minister an address wherein we invite his attention to the basic principles that should govern the relation of the State with the Movement, bespeak his active sympathy in the cause of its ordered progress and assure him of a satisfactory response to any call for work made on the non-officials in the proper co-operative spirit.

A second effect of the Reforms will be that we will lose the little touch which even now we have with the other parts of the land. We should never suffer such an isolation. We stand to gain vastly by maintaining a freer and fuller touch with our fellow-workers in sister provinces. We must have a more real insight into the way in which our comrades solve the problems that confront every practical co-operator. A mere study of books and blue-books can never suffice, we should therefore strive to maintain and increase a close inter-relation among all non-official workers. We can do so by an occasional delegation of well-equipped and duly-qualified workers to study the practical aspects of the work on the spot and get them to carefully adapt the system by judicious changes to suit the varying needs of each locality. It will also be a source of true inspiration and add vastly to our knowledge and experience if we can from time to time invite eminent workers from other provinces and States to help us with their counsel in our deliberations. We also think that the time is now ripe to realize the idea of an All-India Co-operative Congress. We have now provincial organizations in all the major provinces more or less under non-official management. If these bodies interest themselves in the matter it should be easy to call together such a congress early in 1922 to usher in the attainment of adolescent age by the Movement in India.

When the conference has thus responded to the call of the New Order, it will be its next duty—as proud as it is mournful—to put on record the deep feelings of the co-operators towards our departed friends and leaders—C. N. Krishnaswamy Aiyar and K. Ramaswami Aiyar. When the heart is full the tongue refuses to speak. But we should surely mark our gratitude in a substantial manner in the shape of a prize or medal so that the youth of the land may devote itself to the study of a subject which was very near the heart of the worthy dead. If however sufficient funds be forthcoming, we can mark our tribute in some more practical shape, more intimate to the work they did so well. The conference will next turn to matters of mere detail with the work on hand—finance, suppression and administration. The chief feature of co-operative finance has been the stringency of the market and the consequent increase in the rate of interest. Lack of capital has held up expansion and development. Of the many sources of capital pointed out from time to time by this conference the Government have made available the various kinds of Deposits; they are considering how best the Loans Acts may be worked through co-operative agencies; they have pointed out that Trust funds may be put in as deposits though they may not, as the law now stands, be invested. The question of the “Reserves” is yet under theoretical examination by economists, though a considerable body accept the desirability and possibility of their being sources of co-operative capital—at least the Paper Currency Reserve.

The Department have proposed a scheme for issue of Debenture stock. The conference will discuss this scheme and may generally approve of it as an adequate first step in a new experiment. It will strive to find out a proper agency “to discount agricultural paper.” It would consider if it is not possible to devise a less devious method than that implied in a Trustee from outside the existing machinery. The conference may suggest that such schemes are best floated in conjunction with specific ventures which bring into the movement the security which the possession of real property affords. Co-operative Land Mortgage Banks may, after a thorough discussion of pros and cons, be considered to be both possible and desirable. The necessity and practicality of settlements for the poor labourer, the discharged soldier, the reclaimed convict and the tamed nomad on land acquired and parcelled out on co-operative lines and the more familiar schemes of building societies will come in for discussion in this connection. All these require cheap money at low rates for long terms. Annual repayment from these concerns will also bear only a small proportion to the outlay. Money should therefore be found for them which may ‘lie’ in the movement for a long time, which may not be ‘called in’ annually. If we secure such funds, the central banks need not maintain the fluid resources so high as they have now to do.

The conference will also address itself to the practical solution of the problem of Co-operative Insurance and may decide to organise as a first stage a Co-operative Insurance Co., in which the urban wage earner, Government and other employees may participate and benefit. The organization of Co-operative Insurance Companies will further ease the financial situation as it will ensure a regular flow into the movement from out of the saving of middle classes. It has been a standing reproach that the movement has not attracted the 'stray bits of silver' and this will be a sure way of gathering in such considered trifles and make them fructify for the benefit of the people.

Co-operative production and co-operative trade offer vast opportunities to contribute to social and economic well-being of our people. These problems can best be solved by a thorough examination inspired by zeal informed by knowledge, chastened by experience and encouraged by insight and sympathy. Even the small experiments now being made are suffering from lack of men and money. The conference will therefore be well advised to appoint a small committee of earnest enquirers and workers to grapple with the issues involved and suggest a practical scheme of development which will benefit the producer and consumer alike.

Co-operative contracts in Public Works and Local Fund Departments for the benefit of the able-bodied poor in rural and urban areas for occasional periods of unemployment and in the Forest Department to benefit the urban middle and lower classes by the supply of cheap fuel and fodder and the rural classes by affording safe and cheap pasturage and green-manure, are also venues of co-operative effort which can now be taken on hand. These together with the question of milk and ghee supply may also engage the attention of the conference.

The conference must next direct its attention to the agency and method of supervision. The present condition and future possibilities of local unions call for immediate consideration. Safe development and expansion is possible only after a thorough examination and consolidation of existing institutions—primary and secondary. The large addition to the Government staff will best serve the movement if they will first address themselves to this work. But we are more than ever hopeful of good results from voluntary correction through unions. Most of these have now been in existence for nearly five years and we may perhaps proceed to the next higher stage and organise District Councils of co-operation. It is unnecessary to canvass this subject here any further for the co-operators who will have just helped at the re-constitution of the Provincial Union will decide after a full discussion that these District

Councils must be organised on a broad basis with a comprehensive scope for all purposes except finance (the true sphere of Central Banks), audit (the proper function of the Department) and statutory control (the sole duty of the Registrar).

The question of Training and Propaganda must again engage our attention and some practical solution must be arrived at without further delay. The subject has been hung up long enough in all conscience and with the Union reconstituted and District Councils re-organised practical work must now be definitely begun. We believe it can best be done by a Standing Committee who may frame a scheme, prepare a syllabus, and after actually working it tentatively for a year, report finally to the next conference. The conference will surely be expected to express its opinion on the new experiment of Honorary Assistant Registrars. One year's experience will no doubt suffice to bring out many features in which improvement may now be made. There will be many of these gentlemen at the conference and not a few of them will be disposed to deplore that they have been too much cribbed, crabbed, cabined and confined. Much promiscuous grouping and waste of valuable effort may be prevented by a judicious 'grading'. The work expected of the H.A.R. falls easily into three groups—each demanding different qualities, capacities and attainments. As an arbitrator or even liquidator, we would certainly prefer an old gentleman of suitable position and influence whose decisions will be generally felt to be just and most readily acquiesced in. This work too does not require much labour as the Inspector or Supervisor is expected to help. We will, again, by such a course be enlisting in the cause much local weight and influence. Secondly, for the study of special problems and possibilities, for education, for working special institutions and initiating new experiments, we must have well-informed men of sound culture and business habits. The third variety of work requires active and enthusiastic men to help the unions to supervise effectively and assist the Departmental work of inspection and control. These are best selected on the recommendation of the unions in whose area they have to work. Such a division of functions and proper choice of machinery for each definite work will remove much discontent, put things in proper perspective and secure all-round efficiency. There will be no interlinking of responsibility, no over-lapping of functions. The cost cannot be higher than in the present system. The relation of the Department with the gentlemen will also be more satisfactory. They will find their proper place among the other official and non-official agencies. The individuals will be encouraged, and the institutions strengthened and both will work well. There are again other matters of administration that require the earnest attention of all well-meaning workers. Recent legislation has made available the process of summary recovery in liquidation proceedings. So

far quite good, for a speedy finality is very desirable. But one should surely protest against any tendency to extend this to arbitration dues. It tends to obscure the real duty of the Panchayet or executive. Every case referred to such arbitration must in a correct co-operative estimate be considered to be a mark of censure on the business capacity and sound discretion of the executive. Already there is a woeful tendency to give up for arbitration and be done with it. Let us not countenance any further premium on careless business.

While we are thus jealous of any taint on the business capacity or integrity of the society and deplore everything that directly or indirectly tends to affect it, we must emphatically demur to any hasty recourse to the penal provisions of the Act. Sec. 35 and 36 must be thought of only after the case has been specifically considered in all its bearings by the general body of the Society, the Local Union, the District Council, the Assistant Registrar, and the Registrar. Affairs may get right at any stage. We do not mean to countenance any the least lapse from essential standards but every remedy must be devised to cure and not to kill. The moral effect of such penal action is worse than liquidation or cancellation. It involves the reputation of an institution as much as that of any individuals. A breath of suspension is fatal in such cases. Moreover this potent instrument of ultimate correction may become dull-edged by too frequent use. The Damocles sword has its terror, for it never falls but ever hangs ahead.

These are some of the very complex and various problems that call for close scrutiny and practical solution. The field for work, unbounded as it is, is just being reconnoitred. Its much spade work has yet to be done. "The more the movement is studied, discussed and criticised whether by experts, or the general public or by practical co-operators themselves, the more healthy will be its growth and the more securely will its foundation be laid". Such will be the task to which we shall be called in our next conference and the humblest worker must be proud to do all he can to make the voice of the people clear and decisive so as to be heard with effect in the councils of the people in the governance of their own destiny.

"Co-operation supplements political economy by organising the distribution of wealth. It touches no man's fortune, it seeks no plunder, it causes no disturbance in Society, it gives no trouble to statesmen, it enters into no secret associations; it contemplates no violence, it subverts no order; it envies no dignity; it asks no favour; it keeps no terms with the idle, and it will break no faith with the industrious; it means self-help, self-dependence, and such share of the common competence, as labour shall earn or thought can win, and this it intends to have."

G. J. HOLYOAKE.

THE MARKETING CONDITIONS OF THE HANDLOOM WEAVERS.

BY MR. T. J. KUMARASWAMI.

There are about six millions of handloom weavers in India (vide Census Report 1911). As spinning by hand has decayed they use the yarn supplied by the mills. Their demand for yarn has been calculated to be about Rs. 287,000,000 (vide Appendix to the Report of the Indian Industries Commission) which they weave into various patterns of cloth. Their financial condition is materially affected by the fluctuations in the price of yarn and cloth as their income, which is limited by the difference between the prices of those commodities, will vary with the fluctuations in the prices.

The yarn and piece goods trade is to a great extent in the hands of the English importing houses and the Indian millowners. Certain trade marks have an established reputation, and, if one may say so, a perpetual demand, as the 1703, eight swords etc., and thus have a preferential market created for them. There is a perfect organisation among these wholesale dealers in making arrangements for their commodities. Hence their manipulation of the prices of yarn and the cloths. It is indeed a very difficult task for the unorganised and non-co-operating handloom weaver to compete with the firms in the selling of piece goods. The handloom weaver depends upon these firms for his yarn. He has no organised agencies for the purchase of yarn or for the disposal of his finished goods. Organised buying of yarn from the producers and selling to consumers will materially improve his condition and help him to prosper in his trade.

The handloom weaver does not buy yarn in bales or at wholesale rates. Nor does he sell his finished goods to regular customers at undiscounted rates. He is dependent upon the retail seller for his yarn which he takes in small bundles and never in such quantities as to last him for more than a month. He has also to find for himself a market for his finished goods. The retail seller is in many cases his creditor and thus is a monopolist in fixing the price of yarn. In many cases he is also the buyer of the hand-woven cloths. Being a creditor he fixes his own price for these cloths which is generally below the market price and as many of the weavers are not in a position to repay their debts they generally acquiesce in such terms. Thus in many cases the transactions of the weavers are with monopolists, and these monopolists are not slow to take advantage of the market fluctuations in the prices to alter *pro rata* their own monopoly prices.

Many of the weavers are poor. They require credit accommodation to purchase yarn and to provide for the subsistence of their families till the finished product is sold. The retailer and the money-lender offer that accommodation, the result being the weaver is completely in their power.

In order to emancipate the weaver from such a forced, voluntary serfdom co-operative purchase and sale societies have been started in this Presidency by the non-official agencies and the Government. Only two of them have been so far successful—the Ichhapuram Weavers' Society and the Big Conjeeveram Weavers' Union (vide Co-operative and Industries Department Reports 1918-19). Some of them have incurred losses due to the lack of loyalty to the store on the part of the members and a heavy stocking of goods and the sudden fall in their prices at the termination of the great war in 1918. These difficulties are not new to the co-operators. The English co-operators experienced similar difficulties, but they overcame them by establishing the wholesale societies. By it they saved to themselves the profits of the middlemen.

If a number of purchase and sale societies are organised in India after the model of the Danish societies with a central society like the C. W. S. of England, then surely we can ameliorate the condition of the handloom weavers.

Co-operation is more than an economic theory. It is a social theory. It grew up through the desire of men to create a social order which would leave the individual free and yet give him all the advantages of solidarity. It aimed at the creation of a society where if there were few very rich people there would be few very poor people. Co-operators desired a square deal between producers and consumers, and they wanted wealth spread commonly and widely. There are none of those human hopes and aspirations in the capitalist system, and that is the element of spiritual strength in the co-operative movement which has enabled poor men to build up great enterprises rivalling in their collective strength the greatest capitalist enterprises.

The Irish Homestead.

CO-OPERATIVE SALE SOCIETIES.

BY MR. H. W. WOLFF.

(FROM THE BENGAL JOURNAL OF CO-OPERATION.)

It does one's heart good to see all this new ferment of agitation in favour of new forms of co-operative activity now in progress in India, of which your issue of May has given evidence, evidently the leaven contained in Co-operative Credit is doing its work.

The applications now particularly favoured appear to be Distribution and Sale. That is as it should be. Mr. Devadhar's glowing eulogy of the apparent "wonders" seen by him on his recent visit to England, and the reports coming to India of the equally marvellous successes of co-operative sale in various parts of the world unmistakably have fired people's imagination. By all means let Indians "go and do likewise," as they seem bent upon doing. They stand to gain much. It is only human that in their devotion to the "new love" they should for the moment drop some of their admiration for the "old". But it would be a great mistake to kick the ladder by which one has risen from under one's feet at the very time when one still has urgent need of it. Pray let Indians bear in mind that in every country people naturally and wisely begin practising co-operation at the one point at which it promises them most immediate benefit. In Great Britain a large industrial working population found itself outrageously cheated and robbed by its trading *banias*, and at a lamentable disadvantage in comparison with other folks for want of capital of its own. Credit would have been of no earthly use to it. Neither production nor sale. It had nothing to sell; and it stood in no need of borrowing. It drew its regular wages. But it wanted cheap living and a convenient savings bank. Distributive co-operation gave it both. In France working men were more after emancipation. And they took to production for the sake of self-employment. In America *banias* were the Trading Rings and the Railway Companies. Accordingly the defrauded farmers applied themselves earnestly to co-operative sale. In Germany and France small cultivators just as has happened in India—felt their great and most urgent need to be that of Credit. And Credit accordingly they practised—making it to lead on to the full array of services which co-operation is now so richly bestowing upon them in a variety of forms. Distribution, supply, sale, education—all has followed in its proper order in the wake of Credit, and these small farmers are served as they never were before.

By all means, then let us follow their example! Having begun with the most urgent need, let us expand, but let us be careful to avoid one-sided co-operation. Human economy is many-sided as the human body

is many-membered. And there is not a side, any more than there is a member, which does not call for special consideration, as discharging an essential, indispensable function. But in its one-sided application every form has its own weak points as well as its strong—what in human character are called “the defects of its qualities”. I will not here point out the several defects; but they are plainly marked and greatly damaging. In all things there wants to be a balance. It is the seven colours of the rainbow, which in their combination produce the clear white light.

Evidently what in India at present prompts the keen desire evinced for co-operative distribution is the tale of the “wonders” coming to the country from Europe. Rightly so. But are conditions in India under this aspect really comparable to those prevailing, say, in Great Britain? In Great Britain you have a huge, dense mass of industrial workingmen, “well paid”—thoroughly well paid at present—“artisans”, as the late J. C. Gray, at the time the honoured General Secretary of the Co-operative Union has described the lot of distributive co-operator—with well filled purses and large wants, for domestic purposes. Can India—for the present—“go and do likewise” with its scattered, moneyless rural population, of which a little paddy supplies the wants of the inside, and a little cotton those of the out? I sincerely hope that you will before long have richly developed distribution. It is the best foundation for a general co-operative development. But the proper advance to it appears to me to lie across Agricultural Supply, to teach the principle and accustom people to its practice. *There* you have unmistakeable, large and constantly growing wants, which clamour for satisfaction. That will provide the necessary custom for success. And it will teach your people the value of co-operative supply, of which what is now called “distribution” is only a form. And moreover it will, by increasing their wealth and raising—as Professor Stanley Jevons rightly desires—its “standard of living,” produce the larger demand for domestic requirements that co-operative distribution stands in need of, and the means for satisfying such. I judge Mr. Devadhar and his friends to be thoroughly right in pleading, as they are doing in India, for an early establishment of a wholesale society. You have excellent models to follow both in Great Britain and in Ireland. Your fancy appears to have been particularly caught by the Irish Society.

And you could not have a better model. I only wish that you could find an Indian Harold Barbour to preside over it and lead it to triumph. You appear to want a wholesale society—in fact several, at first provincial and eventually an All-Indian—more particularly in the

early stages, mainly as a link with Manchester, I look upon that as the first necessary point. Manchester can supply you with probably all, or at any rate most, of the goods that you stand in need of at present. And I know it to be willing to deal with you, if your societies will only take up the connection in a business like manner—which one or two societies communicating with it have not altogether done. Your internal development will follow as a matter of course as you proceed.

However, highly desirable as distributive societies may be, sale societies are probably even more so. For distribution you have the demand still to create. In respect of sale you have got it. For you have the goods that you want to sell. And the quantity of them is growing.

What, then, is it that you want, to organise co-operative sale successfully? You talk of “sale societies”. You need them, because there can be no co-operation, or instruction for such, without an organising and instructing body. But do not expect too much of such societies. They can only organise. The real Battle will be a “Soldier’s Battle” dependent upon the work of members.

First, then, you necessarily *must* have Credit. The bania’s superiority over yourselves lies only partially in his knowledge of the markets and the trade. He has money with which to hold over goods and await a “boom”. You have to sell as the crops ripen, which means, as a rule, at “slump” point. You, too, will have to be able to hold over goods, and to satisfy your members with advances in the interval. Then do not neglect Credit.

Next, you *must* have “bulk”. And having bulk, you must also have a steady dependable supply of marketable goods, fully appropriate to their several markets. You cannot establish a profitable and dependable sale in small quantities. Those lucky hits at Mangalore and Calcutta (from Khepupara) that Professor Mukherji speaks of in your number of May, are not to be relied upon. You hit it off once. You will find yourselves disappointed twenty times—especially when the *banias* set to work to counteract you and put a spoke in your wheels, which is an easy enough thing for them to do. You will succeed only if you leave as little as possible to chance. The Danes, supplying England, have a well and minutely organised service advising them daily which will be the proper markets for delivery, so as to avoid overfulness at one point and over emptiness at another. In the United States there is a highly organised telegraphic service spread out over the entire immense country, to enable sellers to direct their goods to quite the right places at precisely

out policies and carry them out. They scarcely have time to think of the work of the union. The Advisory Committee is rather unwieldy, and consequently it may not prove very useful.

In the place of the Advisory Committee recommended in the draft by laws, we would have one formed on the following lines. Firstly, it is necessary that the whole presidency should be divided into seven or eight sections as for instance (1) the Circars, (2) the Ceded Districts (3) Madras (4) Salem—North Arcot (5) Coimbatore—Malabar (6) South Kanara (7) Trichinopoly—Tanjore (8) Madura—Ramnad. The advantages of the sectional arrangement are obvious. Co-operation is primarily based upon local knowledge. What is wanted is local men with local knowledge to solve local economic problems. And a central machinery is the last thing to be useful in such cases. Again, this kind of decentralisation is quite essential for the intensive development of co-operation. Thirdly, instead of the experience and energy of the Advisory Committee members (according to the sub-committee scheme) going unutilised, we would be providing them with an organisation through which they can work. The members of the Committee should be chosen by the various sectional boards. In the result, we would have a committee which will be not only handy but will also possess the authority of representation and experience. The question of preferential representation based upon monetary considerations may be solved by giving such representation in the sectional board. Moreover, it may be taken for granted that there will not be much competition for getting a seat on a propagandist body as for the directorship of a bank or a trading union.

AGRICULTURE AND INDUSTRY.

A CONFERENCE.

The following is the address of the Hon'ble Mr. Venkatapathi Raju, Chairman of the Reception Committee of the First Agricultural and Industrial Conference, held at Kottavalsa on the 23rd October 1920:—

Regarding the plough the agricultural department is preaching for several years past that the monsoon iron plough costing Rs. 16 is more serviceable as we have better tilth by two ploughings than by six with ordinary plough, thus saving 5 or 6 Rs. per acre on dry land and 10 to 15 Rs. on garden crop land such as sugarcane, tobacco and chillies producing land. Very few have yet adopted it. While an ordinary picota with four men supplies 20 gallons the mahote worked by one man with four cattle supplies double the quantity.

Economic paddy planting and reduction of seed rate is now being adopted. Hitherto for an acre of land 20 or 30 kunchams of paddy seed were used, but now three kunchams are found to suffice; thus saving in seed alone about Rs. 5 per acre besides the reduction of a rupee in wages by economic transplanting. Now the ryot is convinced of his error as he sees his neighbours gain perceptibly by economic planting.

Green manuring if adopted freely would benefit the farmer by at least 10 Rs. per acre by the increased yield. Nitrogen is essential for the soil. The cheapest general supply of agricultural nitrogen is that which comes through the growth of leguminous forage crops. Similarly if a field is supplied with plenty of nitrogen and potassium but is deficient in phosphorous, unless phosphorous is supplied the best use of nitrogen and potassium cannot be had and nitrogen will be washed away. Similarly swampy soils are rich in phosphorous and nitrogen but exceedingly deficient in potassium, in some cases so deficient as to yield absolutely no crop. The application of 5 Rs worth of potasium salts per acre would give a good return.

Neglect of crop rotation deserves special attention. We are told that the infliction upon the soil of continuous cropping with one and the same plant results in diminution of production by depletion of soils due to exhaustive cultivation. This wrongful method affects our national wealth and agricultural prosperity. The soil ingredients taken up by a crop should be replaced, else it would be avoidable waste of soil fertility. By the introduction of cotton seed oil industry oil cake would be available in abundance. Other well known manures also may be used for fertilisation.

Cotton cultivation cannot be neglected in India. We are producing about 5 million bales and of this 3 million is being exported for want of manufacturing facilities. We are importing piecegoods worth 50 crores. Indian mills should be started in suitable localities for the production of high counts of yarn. Cambodia cotton introduced is giving a return of Rs. 180 per acre.

It is unfortunate that sugar cane cultivation is not extension though recent high prices stimulated its cultivation to some extent. Oil cake is an excellent manure. Prohibition of export of seeds while permitting oil to be exported would help us a great deal. We are exporting 12 to 25 crores worth of seeds. We are losing so much manure which we cannot afford to lose. Coconut cultivation can be improved but money is not invested in it as much as it ought to be.

In the Agency Tracts Government propose the conquest of the wilderness and rapid development of resources. We must heartily co-operate with them and secure footing for settlement there by the people from the plains. The Agency Commissioner, Mr. Harris, said that there is no objection for permitting the occupation of Government vacant land by plains men. Mineral wealth can be tapped and orchards can be grown and even paddy cultivations can be extensively carried on to the great prosperity of our district. We must not encourage deforestation to any great extent for forests conserve the soil layer by directly checking the velocity of heavy downpour of rain and helping seepage to feed our waterways. Podu cultivation is a dangerous waste as it destroys young forest growth and deprives the soil of its humours without corresponding advantage. Preventive legislation is necessary to ward off this danger. Agricultural co-operation is essential in our country.

PRESIDENTIAL ADDRESS.

The following is a summary of the presidential address of Mr. V. T. Krishnama Chariar.

The department of agriculture has done invaluable work in this district, and in carrying on your propaganda, you will find its officers willing allies. Only a few months ago, I had occasion to visit portions of the Anakapali, Sarvasidhi and Viravilli Taluks, and everywhere, I saw evidence of the influence of the Anakapalli farm. Taking sugarcane alone, the Department has introduced an improved variety which answers so well that it has superseded all others and also popularised a type of mill for extracting the juice without wastage incidental to the older processes. The gain from these to the ryot in a single year, especially with the increase in the price of sugar, is itself enough to pay the cost of the entire Agricultural Department in the presidency several times over. Experience in the Vizianagram Zamindari again shows the usefulness of farms. Some years ago, casuarina and coconut plantations were started by the estate in the coast area as a measure of conservancy to protect cultivated lands from sand-drifts. This has caught on and now this tract is studded with private plantations. The estate recently opened a farm at Unamrajupeta and its educative value is felt already. This has encouraged it to start some more farms. I think landholders in this district should supplement the efforts of Government by opening farms of their own and I can say from personal experience that the officers of the agricultural department will be willing and ready at all times to assist them with their expert advice.

The crux of the whole question is, however, finance. You cannot extend cultivation or work a farm up to its maximum productive capacity without capital. Now the Vizagapatam district is covered by small holdings. These range in size from 7 or 8 acres in the river-fed areas to 15 or 16 acres in other parts. One noticeable feature is that subletting is not nearly so common as in other districts. Most ryots work on their farms. These conditions are *prima facie* favourable for the growth of the co-operative movement. The fact, however, is that the movement has not shown much vitality in the district.

Here is work for bands of enthusiastic and public spirited men for years to come—an unlimited field for social service of the best kind. I do not for a moment ignore the fact that difficulties of a special nature have to be faced in portions of the Zamindari areas of the district. When Co-operative Societies multiply in numbers—at present only 5,000 to 6,000 villages in the whole Presidency are effected by their operations—the ordinary methods of financing will not be adequate. I should like co-operators to look ahead and start a vigorous campaign against “Hoarding.” I wonder whether many of us realise the magnitude of this evil among us. I quote below a few sentences from “Indian Finance and Banking” by Mr. Findlay Shirras which bring out the facts in clear relief. “The net imports of gold into India in the last twenty five years have been the equivalent of not less than two years of the world’s production. In the same period silver, including silver imported by Government for coinage, has been imported to an extent equal to the production of the world for eight years. The absorption of gold and the bullion in the last forty-six years i.e., from 1874 to 1919 has been £250 millions or five times the world’s annual average production in the same period. The gold that has been absorbed has been made chiefly into ornaments or otherwise put to unproductive uses. It has disappeared from sight.” About six million pounds or Rs. 900 lakhs thus “disappears from sight” every year. If, by steady and persistent educative work, a portion of this can be diverted annually to co-operative banks, the gain to the country will be enormous. The moral therefore, is—Preach Co-operation everywhere—along with it preach on the evils of “hoarding.” The two subjects are really interdependent.

You will see, from what I have said above, that I am a confirmed optimist. I feel I have good grounds for my optimism. I am not one of those who believe that the ryot in this Presidency is hopelessly “conservative” and impervious to new ideals. There is, again, much enthusiasm especially among the younger generation, for all forms of “social service” and there can be no nobler field for unselfish work than this. Lastly, there are no controversial issues here, no play of rival interests. All of us can act together official and non-official, the Zemindar and his ryot.

DIVIDENDS

BY MR. P. S. VENKUSWAMI AIYAR, MADURA.

The Registrar's comments on the demand for a higher rate of dividend on the paid up share capital of primary societies, published in the Madras Bulletin of September 1920 are equally applicable to the demand for a bigger dividend in other co-operative organisations. His remarks form a useful corrective to the view entertained by many that co-operative organisations are only one form of organisations rather than various manifestations of co-operation. Co-operative societies are not improved forms of banking nor are co-operative stores improved forms of trading. The ideal of co-operation being to satisfy the needs of co-operators—investors, producers, consumers and workmen—all round, and such satisfaction being based on sound principles which ensure the future, the idea of dividend comes in only to give a money value to the share capital. Such a consideration must be strictly subordinated to the main ideal and must be given effect to only so far as to give the colour of a business to co-operative organisations.

A big dividend may be secured by artificially high prices, by paying low wages, by not depreciating property and by neglecting reserve fund. Artificially high prices induce the members to be disloyal to the stores. Fluctuations in trade weaken the society. A steady trade by the members dealing exclusively with the society is essential for the continued prosperity of the society and its members. The effect of artificially high prices in stores on the outside market must also be counted. The shopkeepers will raise their prices to the same level and the poor customer who has to buy on credit will suffer all the more. Your servants will not manage the store well unless they are paid a fair wage and the shareholders lose confidence if property is insufficiently depreciated. The reserve fund is intended to encourage thrift and to place the society on a more stable footing and the cutting of the reserve fund will not only close further openings for the useful employment of co-operation but may even undermine the power of the society to resist adverse circumstances.

In the unhealthy race for dividends, the co-operative societies will fare no better than the ordinary speculative trader whose motto is 'to buy in the cheapest market and sell in the dearest market.' The co-operative societies will take only to that business which will return the biggest dividend. They will take to dealing in 'cheap and nasty things.' They will be tempted even to selling on credit.

If co-operators will only keep in view their ideal which is primarily to satisfy their immediate wants better than by competitive methods, they can easily earn an honest dividend which is compatible with the true principles of co-operation and with the secured prosperity of co-operative organisations in the future.

DISTRICT REPORT—MADRAS DISTRICT

1. *Summary of progress.*—During the year 16 societies were registered. A co-operative Printing Press was started on its work besides two societies for the Corporation Conservancy Staff Depots A & B and one for the Corporation Menial Servants. A society for the Co-operative Staff working in the Madras and Chingleput Districts was registered and started on 6th Feb. 1920.

2. *Central Banks.*—There were 130 individual and 86 society members in the Madras Christian Central Bank at the beginning of the year. 14 individual and 15 societies joined and 2 individuals were removed during the year. The paid up share capital rose from Rs. 29,590 to Rs. 62,945. The Bank held deposits from members and non-members amounting to Rs. 1,39,762. 135 loans amounting to Rs. 1,22,413 were disbursed during the year. Out of this 4 loans amounting to Rs. 19,200 were to individuals and 131 loans amounting to Rs. 1,03,313 were to societies. During the year under review, the bank earned a net profit of Rs. 6,559-15-7 against 3,421-5-1 on the previous year. The bank has resolved to pay a dividend of 9% to all the share-holding members. On the recommendation of the Registrar the Madras Bank has been pleased to allow an overdraft of Rs. 25,000 to this Bank.

[The collection of dues from societies was exceedingly satisfactory. Out of a demand in principal of Rs. 92,192 a balance of only Rs. 390 was uncollected, while the entire interest of Rs. 12,248 was collected. The Christian Central Bank and the primary societies both deserve the heartiest congratulations on this achievement.—Ed.]

3. *Ability of the Bank to meet the demands on it.* Owing to the stringency of the money market the Christian Central Bank was not in possession of sufficient funds to meet the demands in the shape of loans from societies during the latter portion of the year. The Bank has since resolved to raise the rate of interest on deposits and taken steps to attract deposits and to avail of the order of Government sanctioning the investment of Local Fund and Municipal Contractors' deposits in District Banks.

4. *Non-Agricultural Societies.*—The share capital of societies on the limited liability basis doing credit work rose from Rs. 2,04,700 to Rs. 2,42,061 while the working capital increased from Rs. 6,08,570 to 7,14,110. During the year under report a scheme was adopted for carrying on the concurrent audit of seven large societies in the City of Madras of which the marginally noted were members

1. Madras South-
ern Maharatta Ry.
C. S.
2. Post and Tele-
graphs C. S.
3. Madras City
Co-op. Bank.

AMENDMENT OF RULES.

NOTIFICATION :—

Fort St. George, October 23, 1920.

No. 362.—In exercise of the powers conferred by section 43 of the Co-operative Societies Act, 1912, it is proposed to make the following amendments to the rules framed under section 43 of the Act.

2. Notice is hereby given that the amendments will be taken into consideration by the Governor in Council after the expiry of two months from the date of this notification. Objections or suggestions relating thereto may be transmitted for the consideration of the Government within that period.

DRAFT AMENDMENTS,

(1)

For the second paragraph under rule IX (a) read—

(i) In societies with shares and limited liability, not less than one-quarter of the net profits shall be carried to the reserve fund, after which dividends may be declared up to a maximum of 9 per cent per annum on the paid-up value of each share and $7\frac{1}{2}$ per cent of the net profits may be set apart for a common good fund.

(ii) The balance, if any, of net profits, after carrying forward a sum not exceeding three months' working expenses based on the average of the previous year, shall be credited to the reserve until the reserve is equal to at least $12\frac{1}{2}$ per cent of the total liabilities of the society at the close of the year.

Provided however that central banks may before disposing of the balance of the net profits as above, make contributions to a dividend equalization fund, the percentage of such contributions and the conditions under which the fund may be drawn upon being provided for in their by-laws.

Provided also that, when the reserve amounts to 5 per cent of the total outstanding loans advanced by any limited liability society, before such balance is placed to the reserve, an allocation to a building fund of such amount as may be determined by the general body of the society may be made by such society.

(2)

Insert the following as rule XI, the existing rules XI, XII and XIII being renumbered as XII, XIII and XIV respectively :—

XI. (1) The reserve fund shall belong to the society as a whole and is intended to meet unforeseen losses. No member can claim a share in it. It shall not be drawn upon except with the sanction of the Registrar.

(2) On the dissolution of a society, the reserve fund, the building fund the dividend equalization fund and other funds belonging to a society shall be applied

(i) to discharging such liabilities of the society as may remain undischarged after the enforcement in full of the liability of the individual members of the society ;

(ii) to the repayment of the share capital paid up ; and

(iii) to the payment of dividend upon such share capital at a rate not exceeding 9 per cent per annum for any period or periods for which no dividend has been paid.

NOTE.—So far as the dividend equalization fund is concerned, this rule does not apply to the fund built up by the Madras Central Urban Bank and the Trichinopoly District Bank prior to 1st July 1920 which will be kept separate and dealt with in reference to the conditions under which it was built up.

(3) Such portion of these funds as shall remain after the payments mentioned in sub-clause (2) shall be applied to such local objects of public utility as may be selected by the general body and approved of by the Registrar. If within three months of the final closing up of the society the general body fails to make any selection that is approved of by the Registrar, the latter may use the above-mentioned portion of the funds in supporting other co-operative societies in the neighbourhood or shall place the same on interest or otherwise with some co-operative bank until a new co-operative society with a similar area of operations is registered, in which event the funds shall be credited to the reserve fund of such society.

HOSPET CO-OPERATIVE CENTRAL BANK.

A CORRESPONDENT WRITES :—

A Co-operative Central Bank for the District of Bellary was started at Hospet and was registered by Mr. Hemingway I.C.S., the Registrar of Co-operative Societies, on Sunday the 12th instant. A meeting of the applicants for shares was held under the presidency of Mr. J. Vittal Pant, retired Assistant Inspector of Schools, and after the bye-laws as amended according to the suggestions of the Registrar were approved the office bearers were chosen. Mr. Asundi Bheema Rao, a leading member of the bar in Hospet was chosen as the President. Mr. S. Narasappa, the acting Municipal Chairman, was made the Secretary. Pathikonda Nagappa, a leading merchant in Hospet, agreed to become the Treasurer. The paid-up share capital already collected comes to about Rs 4,100 and the number of shares taken up exceeds 300. It is hoped that all patriotic men in the district will encourage the work of the bank by taking shares and investing their money in the bank in the shape of deposits and asking others to do likewise. It is also hoped that more village societies in the district will be organised so as to absorb the funds which, it is to be hoped, will flow into the bank soon.

At the close of the meeting Mr. Hemingway addressed in English a few words to the persons assembled and they were interpreted to the audience in Kanarese by one of the members. Mr. Hemingway said that the district of Bellary had been the one district in the Presidency without a Central Bank till now and the officers of the Co-operative Department had almost despaired of starting a central bank in the district. On behalf of himself and of co-operators in general throughout the Presidency he thanked the leading men of Hospet who had started the bank. He thought it a thing of good augury that educated men had felt it their duty to take up the work of co-operation. This Presidency was not lagging very much behind the sister Presidencies in the matter of co-operation. But it was still lagging far behind when compared

with other countries in the world. He hoped that the day would soon arrive when there would be co-operative trade and co-operative industries in India and when we would have co-operative factories. He did not feel it necessary to speak to the persons assembled about the advantages of co-operation. He might however say that while co-operators like the ordinary sowcars ran their concerns in order to get profit, the profit in the case of co-operators was meant for the poor. To those that had come from the villages, he would say that they should remember that though the sowcar might tell people that he would charge less interest than the co-operative societies, the statement was false. They might be sure that there was fraud in the sowcar's heart and that he wished to take the debtor's agricultural produce during the harvest season at inordinately low prices and also with a false measure. If the work of co-operation was carried on cautiously and at the same time courageously, he had no doubt that the country would prosper. Co-operation in villages would be useful as a training ground in the matter of the political advancement of the country.

THE GREAT HUMAN NEED TO-DAY.

The great human need to-day, what is it? Is it land, houses, money and credits? Is it banks and business, brains and brawn? Is it law and legalism; loans and legacies? Is it philosophy and speculation? Is it profits and prey; parleys and peace? Is it more rich men and more and more statesmen? Is it more poor men and more beggars? Is it more and more and more competition? Or is it none of these but just plain, simple co operation? We say that the great, growing need of the human race to-day is the simple application of co-operation to the affairs of life—all the affairs of life. Co-operation rests upon the simple principle that we human beings need each other. In our present state of society, in which competition for profit is the main force, this need is expressed in two ways—a positive and a negative—the good and the bad. The merchant needs customers, the manufacturer needs labour; the prosecuting attorney needs criminals, the soldier needs enemies. These are engaged in the balancing of accounts, in the game of give and take, and in this there arises the desire to gain more than is given. That's the bad side of it all and is not the human need. But the good side of it is the co-operative. We must come to see that we need one another in a vastly different way than what we understand to be the competitive way. We need one another not only to be helped by others, but we need to help others in order that we ourselves may rise to the highest fulfilment of life. There is an ancient falsehood, still fostered and glorified by the people, which declares that it is natural and good for men to fight one another, and that man's highest success is measured by his ability to exploit others. When we stop and reflect quietly we see that this is a false and brutal philosophy. Antagonisms have always dragged men down. It has never lifted the human race. It has always been mutual aid that has planned and paved the way for man's highest attainments, his highest and greatest accomplishments, and his highest satisfactions in life.—J. C. POTTER, in the "South Dakota Union Farmer."

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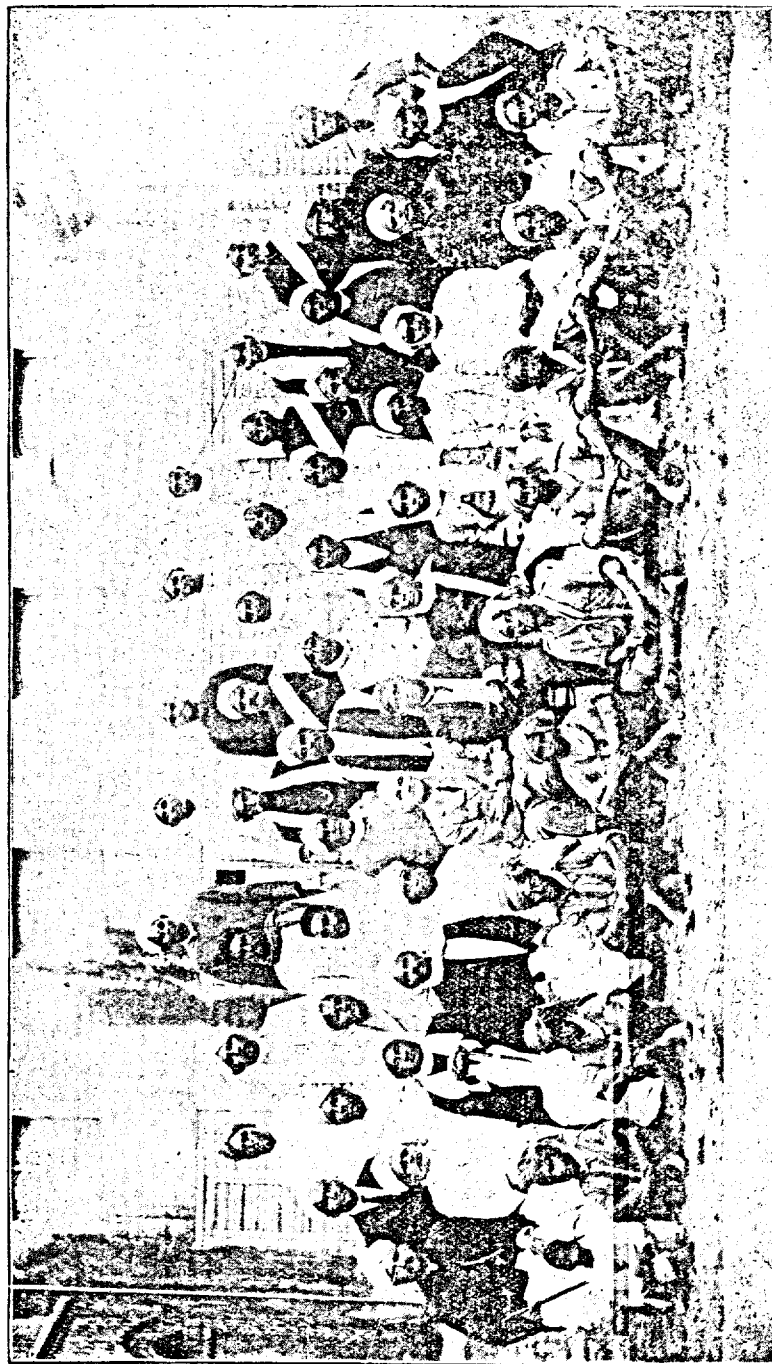
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The Ninth Madras Provincial Co-operative Conference
26th, 27th December 1920.



President :—Dewan Bahadur L. D. SWAMIKANNU PILLAI, M.A., LL.B., I.S.O

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NOTES AND NEWS

- On behalf of the co-operators of this presidency we offer our hearty and respectful greetings to the Hon. Mr. K. V. Reddi Naiduguru on his appointment as Development Minister in whose charge will be the Co-operative Department. At a time when he should have been very busy acquainting himself with his new duties and attending to various public engagements we are glad that he found time to attend our Provincial Conference, evincing thereby a degree of earnestness and sympathy which should prepossess him in the minds of all co-operators. In conveying to him the felicitations of the conference, Mr. T. R. Venkatarama Sastriar, President of the Provincial Co-operative Union, rightly expressed the hope that the minister would consult the Union on all co-operative matters in the same way as he would consult the Department treating the Union as his non-official adviser. In view of the recent change in its constitution, whereby it has become purely a Union of unions, we do hope that the minister will recognise it as the constituted mouth-piece of the co-operators of the presidency. He will be in close touch with Dewan Bahadur Mr. L. D. Swamikannu Pillai on whose appointment as Secretary to the Legislative

Council we take this opportunity to congratulate him, and we hope he will fully avail himself of his knowledge and experience of co-operation and agriculture. A deputation of prominent co-operators intend to wait on him as soon as he will find it convenient to receive them after the budget session of the Legislative Council is over. We hope he will give his most sympathetic consideration to the questions which they will place before him.

* *

Our heartiest congratulations also to the Hon. Rao Bahadur N. K. Kelkar on his being called upon to assume the office of Minister in the Central Provinces. He was to have presided over our recent Provincial Conference and was obliged to deny us the pleasure and privilege of his company only to obey a more imperative call for the service of the country. We assure him our co-operators bore this disappointment in the most cheerful spirit. His appointment may appropriately be claimed as a co-operative appointment for though he was active in various fields of public work he was most conspicuous for service in the co-operative field. The Co-operative Federation of the Central Provinces is a huge administrative body entrusted with the duty of conducting the audit and supervision of all the societies in the Provinces. As its Governor Mr. Kelkar was giving the whole of his time to its work. Though the post carries a salary of nearly Rs. 1,000 per month, he gave his services absolutely free. Being a member of the Servants of India Society his only object in life is service to the country. We wish him a happy career of usefulness.

* *

The Ninth Session of the Madras Provincial Co-operative Conference was held as announced on the 26th and 27th of December last. Owing to unavoidable circumstances the Hon. Rao Bahadur N. K. Kelkar, the President-elect, was unable to guide its proceedings. At a very late hour the organisers had to approach Dewan Bahadur Mr. L. D. Swamikannu Pillai, who generously came to their rescue though on previous occasions he had declined the honour of presiding over the conference for the reasons mentioned by him in his presidential address. By acceding to their request in the present circumstances he has laid the co-operators of this presidency under a deep debt of gratitude. The number of delegates (about 200) was not so large as on the previous occasions, because the Department rightly discouraged many primary societies from sending their representatives, in view of the low profits which they had earned owing to the stringency of

the money market. That, however, in no way affected the representative character of the conference as the local unions were adequately represented. As a matter of fact in future conferences the rural primary societies will not at all be directly represented. We sorely missed some of our leaders. The hand of death had deprived us of the inspiring guidance of Messrs. C. N. Krishnaswami Aiyar and K. Ramaswami Aiyar. Messrs. M. Shiva Rao and M. Ananta Rao of Puttur were kept back by their district co-operative conference. On account of illness or other business Messrs. A. Seturama Aiyar, P. Ramachandra Sastri, T. Adinarayana Chettiar, T. K. Hanumanta Rao, and others could not come. But our Pudukottah and Cochin friends attended as usual and we had a distinguished visitor in Mr. G. S. Marathe of Poona. To the kindly presence of the Hon. Mr. K. V. Reddi Naidu Garu we have already referred in a separate note.

Mr. T. R. Venkatarama Sastriar's welcome address as Chairman of the Reception Committee was a model of lucidity and conciseness. It was modest practical and admirably conceived. After referring to the new era of orderly progress which the political reforms had ushered in, he offered the congratulations of the conference to the Minister and reminded him that in the Provincial Co-operative Union he had a properly constituted body of non-official advisers on co-operative matters whom he would do well to consult as occasion arose. He then briefly reviewed the progress which the movement made in the last co-operative year, noting that the total number of societies had risen from 3676 to 5027, of which district banks had risen from 26 to 30, supervising unions from 103 to 138 and other societies from 3540 to 4859. Though the world-wide financial stringency had naturally affected the transactions of co-operative societies, the working capital had increased from about three to four crores, the Madras Bank earning our gratitude by granting an overdraft of 18 lakhs to the provincial and district banks. He was in favour of expansion and consolidation going on hand in hand and hoped that with the present increased staff the programme of doubling the number of societies would be completed in two years. On this point we should perhaps say that he was not expressing the unanimous opinion of co-operators, as a very large section of them want greater concentration on consolidation and are not in a hurry to see the number of societies doubled. He regretted that the conversion of the T. U. C. S. into a wholesale was still in the region of unachieved aspiration and suggested that a few officers should be told off for developing and looking after distributive societies. Among other matters he regretted the unsympathetic attitude of Government to

wards the Central Housing Association and the inadequate support of societies to the Central Co-operative Printing Works. Mr. Swamikannu Pillai's address—he will pardon us for saying so—was too learned and theoretical an analysis of co-operative methods and could scarcely have been followed by the conference. In his opinion the expansion of co-operation depended on three factors—capital, organisation and skill. As co-operative credit societies were able to offer excellent security and their organisation satisfactory, capital was easily flowing into them from other channels, and therefore, they were expanding more rapidly than other kinds of societies. Capital, whether co-operative or not, was not sufficiently educated into being invested in trade and industry and therefore, the development of stores and trading unions was bound to be slower than that of credit societies. Industrial organisations on co-operative lines were still in the experimental stage and failures should not be surprising. In their case skill also played an important part. If a building society did not command more technical skill than its individual members could, he would advise it to confine itself to giving loans and not undertake construction. He expressed satisfaction at the elimination of primary societies from the provincial bank and at the large share which unions were bearing in the cost of supervision. He then paid a touching tribute to the memories of Sir V. C. Desikachariar, Mr. C. N. Krishnaswami Aiyar and Mr. K. Ramaswami Aiyar whose services to the cause of co-operation would have earned honourable recognition in any country.

The resolutions came up for discussion on the second day. But before they were taken up, Mr. T. K. Venkatarama Aiyar of Tindivanam read portions of his paper in which he advocated the starting of societies in contiguous villages so that in a short time every village in a taluka would have a society. If this were done, he thought, all the economic needs of the villages could be served by means of co-operation. A paper on "Co-operative Housing" by Mr. N. K. Sivarama Aiyar of the High Court Co-operative Society was taken as read. Then Mr. G. S. Marathe, the Poona actuary, who attended the conference on special invitation, addressed the meeting on Co-operative Life Insurance and showed that a practical scheme was quite feasible. He further discussed the subject with the sub-committee appointed by the conference and the Registrar and Joint Registrar. As a result we may expect a well considered scheme to be placed before the public in a short time. Of the resolutions it is true, as pointed out by the President in his closing speech, some did not receive adequate discussion, like the one that supported the debenture scheme of the Registrar and the one that recommended the consolidation of small holdings. We shall of

course, be happy to see them discussed in these pages. We hope the resolution which asks for special aid for housing societies meant for the poor will receive the Minister's early attention and the present policy of Government will soon be reversed. When the resolution regarding the utilisation of co-operative societies as an agency for distributing agricultural loans was being discussed, Mr. Hemingway told the conference that the matter had been referred to him for opinion and that he had reported in favour of the proposal. He had, however, added that the intended sums should be given to the central banks from which the primary societies should obtain them according to the applications they had from the agriculturists, the rates of interest payable by the central banks, primary societies and the agriculturists being respectively the same as on their other borrowings only the period of repayment being longer in the case of these loans. We think these conditions are very reasonable and as the resolution was passed by the conference after some discussion on his statement, they should be considered as having received the approval of the conference.

• Among other factors that made the conference a success we should prominently mention the kindness of the Wesley College authorities. They have been readily acceding to every request of the Reception Committee. It is their kindness that made it possible to hold the conference and arrange for the boarding and lodging in the same place. What a great convenience it means to the delegates many of whom are new to Madras, can be easily understood. We would tell the College authorities that our delegates appreciate the conveniences afforded by them so much that they will insist on drawing on their Christian hospitality every time the conference is held. We feel sure that that hospitality will always be offered. Another factor was the cheerful service rendered by the scouts under scout master Mr. Sivaramakrishnan. That there was no confusion anywhere was mainly due to them. They demonstrated how nobly and usefully a trained body of even little boys could serve society and help public life.

The exhibition of the products of industrial societies that was arranged as an adjunct to this conference was a distinct success for a beginning. Much of its credit is due to Mr. R. Krishnaswami Aiyangar whose services have kindly been placed at the disposal of the Madras Cottage Industries Association. The goods that were exhibited were none of them specially made for the occasion. They were merely the goods which the different societies had placed on the market. The articles of the Co-operative Leather Goods Factory were conspicuous for finish and utility. The Sourashtra Co-operative Society

of Madura had kept on show lace and other cloths that could compare with the best available on the market. The Cottage Industries Association exhibited cloths from Naikarapatti, Kambaliampatti and other places. They were of the cheap and durable variety suitable for rough wear. The locks of the Dindigul Lock-smiths' Co-operative Society were notable for strength and finish but too costly for the Indian market. The representative of the Conjeeveram Weavers' Union did brisk business though he came a little late. Kambainallur Co-operative Society also had some exhibits but before they can hope to compete successfully in the outside market their finish would have to be better and the prices lower. An exceedingly striking collection of brass vessels was exhibited by the Cochin Registrar from the industrial museum of the State. That not one of them was taken back by him is we think sufficient commentary on their excellence and suitability for the Indian market. We hope similar exhibitions will be held at other centres on all favourable occasions and trust that the next exhibition will be even a greater success.

The Second *Andhra Sahakara Sammelanam* met at Rajamundry on the 20th November last under the presidency of Mr. B. Pattabhisitarammayya of Masulipatam. We are afraid several of the resolutions passed at that conference will fail to receive the support of co-operators in the country. Those who guided the conference seem to have overlooked two important considerations, viz., that too much State aid or State Agency is undesirable and that the growth of the movement should depend on the availability of men to efficiently work the societies. In the case of some resolutions it is not clear whether they are addressed to Government or to the societies. One resolution wants that at the head-quarter of every Central Bank co-operative trading unions be established to supply stores to towns and make purchases for rural societies and that a special man with a sufficient staff be appointed for each district to further this aspect of co-operation &c. Who is to appoint the special man with sufficient staff? A comprehensive resolution for the economic and social uplift of Panchamas is a large order, though every one would subscribe to some of the recommendations contained in it. It suggests among other things the appointment, for the special benefit of Audi-Andhras of a Deputy Registrar who could preferably be a Panchama, of an Assistant Registrar (who must be a Panchama) for every three districts and of at least one Inspector to every district. As the whole co-operative movement is meant for poor people and as the Department is paying every attention to Panchama societies we do not see the need for the multiplication of staff recommended above. Nor is it possible to find official or non-official Pan-

chamas who could be appointed as Assistant Registrars. One resolution asks the Government to raise a special Co-operative Loan by means of bonds or debentures for financing co-operative building societies for the poor and the Audi Andhras. Another resolution is as follows: "The conference firmly believes that in manning the Co-operative Department the time has come for the *replacement* of the whole staff from the Registrar to the Inspector, direct from among suitable and qualified unofficial candidates." (Italics ours.) If the conference meant by '*replacement*' that all those who hold substantive appointments in the Revenue and other Departments should be reverted and new men appointed from the general public, we confess we are quite amazed at the proposal. Yet another resolution recommends that the Usurious Loans Act should be so amended that for Madras 9 per cent shall be the maximum rate of interest allowable under it, in order that large deposits may be attracted to co-operative societies. One resolution 'deprecates the lack of sustained effort' on the part of the "*Andhra Sahakara Sammelanam*" itself in carrying out its objects, and asks for liberal financial support to it from societies in the Andhra Desa. But the critics are not a different body from the criticised. They can best answer why their effort was not more sustained. The fact is the country is not very rich in public workers and acceptance of an ambitious programme at a conference or a meeting does not by itself create the men who are wanted to carry it through. A few honorary workers are expected to do everything that is required and they are to do it without either men or money. Those who individually are unable to do what is expected of them—may be for want of necessary facilities or other reasons—have no right collectively to pass a deprecatory resolution. In an assembly it generally happens that those who have done the least work are the most forward in finding fault with others.

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We have often protested in these pages against the hasty expansion of the Co-operative Movement. We have often pointed out that co-operative societies stand on a different footing from schools and hospitals, for instance, where it matters little who manages the institutions so long as they give the benefits expected of them. The very basis of Co-operation being self-help, it is essential that co-operative societies should be managed by their members. If they are managed by an outside agency they cease to be co-operative. The number of persons able to manage societies being small and capable of increasing only gradually, the increase in the number of societies also must

be gradual. That is why we are opposed to the artificial stimulus which the Department has been giving of late. At several conferences, big and small, resolutions are passed demanding the organisation of particular types of societies like stores for instance, at district headquarters and other places. But why have so many stores failed? Because the management is not efficient, because business experience is wanting and also because the loyalty of the members is not such as to make us feel proud of it. Before these drawbacks are rectified—and they can be rectified only gradually—the starting of more societies will only mean courting failure. Repeated experiments have got to be made wherever the conditions are favourable but a confident general recommendation should be delayed till the experiments have proved a general success. By appointing special officers for starting Panchama societies it will no doubt be possible to increase their number for statistical purposes. But those that can manage themselves, that can draw local deposits, that can satisfy the financing institutions will necessarily be limited. Moreover, before recommending large increase in official staff co-operators have to bear in mind the responsibility which they owe to the general tax-payer. Fresh burdens will have to be imposed on him in the near future for spreading elementary education, improving general sanitation and other objects. There will be a move for retrenchment in every direction. Co-operators, who are also tax-payers, will therefore do well not to desire the expansion of the Department but make the Movement as self-supporting as possible.

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The seventh annual report of the S. Kanara Central Co-operative Bank records an year of increasing usefulness and growing prosperity. The increasing popularity of the bank necessitated the floating of 10,000 ten-rupee shares. There were 224 society—and 163 individual members at the end of the year as against 136 and 134 respectively at the beginning. The total paid up share capital of the bank was Rs. 88,712. Deposits increased from Rs. 4.42 lakhs at the beginning of the year to Rs. 5.15 lakhs at the close of the year. The total working capital stood at Rs. 6.75 lakhs. It is note worth of that about Rs. 5.75 lakhs of the working capital should be constituted of deposits. Loans issued to members nearly doubled being Rs. 5.53 lakhs as against Rs. 3.09 lakhs of the previous year. The net profits earned during the year was Rs. 10,827. The bank was allowed an over draft of Rs. 50,000 by the Madras Bank. Shares to the value of Rs. 15,000 has been taken in the Provincial Bank at Madras. As an index of the earnestness and interest of the management it might be pointed out that none of the 13 Board meetings or the one General Body meeting had to be adjourned for want of quorum. There is every sign to show that the bank has become part of the life of the people in the district and is becoming a really "Peoples Bank." We congratulate the Management especially Mr. Ananta Rao, the indefatigable Secretary, on the very successful year they had.

CONCERNING DISTRICT COUNCILS.

By MR. C. P. SUNDARA RAO B. A., B. L., KAMBAINALLUR.

Co-operative institutions are of two grades primary and secondary. The first class comprises all agricultural and non-agricultural societies discharging credit, productive or distributive functions on unlimited or limited liability. It is of their main essence that they are associations originating among the weak always in a spirit of "Each for All and All for Each" on such terms that all who are prepared to assume the duties of membership may share in its rewards in the proportion and to the degree in which they make use of the association. The Secondary grade consists of all agencies the concern of which is to see that the 'weak' do not become 'sick' either for want of nourishment or on account of illness contracted either as a result of aberrations in their nature or of bad environment. They are of two main kinds—Financing institutions and Supervising institutions. We are here concerned with the latter. All bodies designed for this work are intended 1. to propagate the principles of co-operation; 2. to organise co-operative societies; 3. to watch over their interests; and 4. to do all that may be necessary to place the movement on an efficient basis.

This wide and comprehensive programme requires (a) proper men to carry it out, (b) adequate means to enable such men to do it effectively and (c) suitable method of work to prevent overlapping of functions and interlinking of responsibility which can lead only to waste and worry.

The work can best be done in three stages by three different bodies. Supervision must be done on the spot and calls for most local knowledge and influence. Organisation too must be directed mainly with due reference to local conditions, needs, possibilities and limitations. The local union is then the best agency for these two functions.

Consolidation and co-ordination will be the chief work of the next higher agency—the District Council—which again will be the local representatives for the work of Propaganda and Education which is best directed from the highest institution.

But forming only different parts of one organic body these three organisms must act in concordance and correlation with each other, the higher agency influencing the primary institution generally through or with the express or implied consent of the lower.

The exact composition of these bodies and the constitutions and functions of its executive and advisory committee, will largely vary with local

conditions. But it will always be made clear from the very outset that the autonomy of each unit is inviolable, that its solidarity, responsibility and liability is in no way impaired. They come together distinctly on the basis of a Federation where a definite part of the Sovereignty (Independence to any determinate superior outside) of each unit is surrendered voluntarily to a representative body for definite purposes, for determined time and under conditions. It will be always remembered that these secondary institutions come into being with the chief object of being of service to the primary institutions by way of help and advice.

More an intimate friend than a judge, clothed with superior authority, yet not an intruder, being of them working for them and under them, the representative of each union will be trusted and welcomed. He will combine the advice and discretion of an expert with the assistance perhaps of a friend. His admonition will be least resented, his help most appreciated and his decision more readily acquiesced in. This will be the 'Inside Control.'

The Provincial Union will soon be reconstituted to educate and focus public opinion by the *Bulletin*, conferences, special lectures, training classes and the like. It will attempt to systematise and co-ordinate the work in the various districts to bring them into a line with each other. It will give expert advice on the expansion and consolidation of the work. It will investigate special problems. It will strive to be the highest authoritative exponent of non-official thought and efforts.

At the other end the local unions will undertake the systematic and sustained work that would ensure an intelligent, sympathetic, effective control by an efficient and thorough supervision of the actual work of the primary institutions which have voluntarily come together for that definite purpose. It will organise, start and watch over the first stages of new ventures as desirable as emancipation is; better in all cases is a tutelage with good results than premature manumission in a state of immaturity.

Now betwixt and between these two is the District Council. Its main functions will be to develop the co-operative activities in the district and to arrange all matters of common interest, and to afford such advice and assistance as will further co-operative interests in every way. They will further,

1. Co-ordinate and facilitate the work of local unions.
2. Indicate the proper lines of expansion with reference to the district.

3. Advise on special activities.
4. Aid in the study of local problems.
5. Organise educative propaganda.
6. Train workers in the proper way.
7. Systematise honorary and voluntary effort.

The district council will be the most important link in this chain for in it will be seen the conflict of principle with practice and the interaction of ideal and actual, tempering zeal with knowledge and chastening enthusiasm with experience.

This system will adequately satisfy the strong general desire for unity in principles and practice, for a union of forces to produce a wholesome moral influence and discipline and will best ensure the ideal of independence in all but isolation in none.

How does our District Council fall short? and in what way can we best work up to it? Firstly, our structure is loose in both essence and form. It is not based on the voluntary association of the unions for good. It does not include many forms of co-operative activity. It has come to be a close, exclusive body very much crabbed, and confined. It is not representative of the best co-operative thought and effort in that it is not able to look at things from various standpoints. It is out of touch with the Department and the Central Bank both of whom are discharging functions of the first importance. The Council cannot afford to be ignorant of or much less ignore their view of affairs. Most of the urban banks, stores, and trading unions present special problems that the District council is best fitted to tackle and solve. This is especially so as they are not generally affiliated to the local unions. The only objection to the inclusion of such institutions seem to be that they will not get any adequate service as their inspection by the staff of the Council will be neither satisfactory nor practicable. But this need not keep them away. They need pay no pro rata contribution. They may give a fixed annual subscription and be content to participate and help in the other benefits that accrue from the council.

The constitution may be thus suitably modified. The District Council will be composed of all local unions, trading unions, urban ranks, special societies, productive societies, the central bank and such individuals as may be coopted by a majority of votes of the Executive Committee. The General body shall consist of one delegate from each institution. The local unions and central bank may contribute to the District Council as at present arranged and all other institutions and individuals pay

a subscription of rupees six per annum. Each local union and the central bank shall nominate at its general meeting a delegate (who may be other than its representative on the general body), to the Executive Committee. The trading unions and all societies for purchase and sale will form a panel to elect three to the Executive Committee as also the urban banks and the other 'limited liability' institutions of special type. All the individuals will together form a panel to send two representatives. The Assistant Registrar of the section may be invited to sit on the Executive Committee.

The defects in our present method of work may also be mostly cured by a system of standing committees e.g. of three members. A. Education and Propaganda, B. Trade and Production, C. Training, D. Investigation and organisation, E. Office routine and staff, F. Consolidation. The Central Bank representative shall find a place on the 'consolidation' Committee and the Assistant Registrar on 'Training' Committee. The Committees will control the staff only through the President. The programme of work for the District Supervisor may be determined at the quarterly meetings with a reserve power to the president to vary the same for reasons noted and communicated to the parties affected by the change. Each committee will report progress at each meeting. The syllabus for A, a questionnaire for B, a scheme for C, general directions for D, rules of business for F will have to be framed in the first instance by a special committee in consultation with the Central Bank and the Department. It may be subsequently amended at the annual meeting of the general body. At the January session every quarter every member of the Executive Committee may give his opinion on every subject and special attention of the particular sub-committee may be drawn to any fact within its purview by any member at any time through the President. The District Council shall keep in intimate touch with the provincial and local unions in all its work and shall strive to maintain cordial relation with the central bank and the Department.

The District Council again will be the standing committee of the district conference. It will collect, collate and circulate the draft resolutions at least one week in advance and it will be its duty to carry on the resolutions duly passed at the conference.

It is only by such sustained and vigorous work carried on throughout the year under proper checks and balances that will bring the day nearer when the voice of the people shall be heard in this Movement which is peculiarly of the people and for the people.

CO-OPERATIVE HOUSING. *

By Mr. N. K. Sivarama Aiyar B.A., B.L., Member, Board of Directors, High Court Co-operative Society, Madras.

INTRODUCTION.

Various attempts have been made of late to meet the housing problem in all growing towns in India, and in our own Presidency we are aware of the attempt made to control house rents by legislation with a view to afford relief to tenants, and also of the attempt made by Mr. T. V. Seshagiri Aiyar and others to form a co-operative housing society to help the construction of more houses in the City of Madras. During the course of the controversy that arose in Madras as a result of the proposed Rent Restriction Bill, it was admitted on all hands that the remedy for the solution of the housing problem in the City lay only in bringing about an increased supply of houses. It is the aim of this paper to show what the Co-operative Movement, which has done so much for the borrower and consumer, can do in the field of housing and help people in towns to build their own houses.

It is too late in the day to deal with the effect on health and morals, of congestion and overcrowding in towns. Apart from that, the house rent paid in towns is so great as to cause a serious drain on the family purse, for the spending of a large sum for bare accommodation means undue economy on food and clothing. It is stated in books that the portion of income a person ought at the most to spend in rent is about one-sixth, but the experience of those living in Madras will show to what extent this limit has been exceeded.

A co-operative housing society cannot effectively deal with the question of the housing of the working and poorer classes. That is a matter for the State and the employers of labour, for these classes of the population cannot contribute any portion of the capital nor pay economic rent. It is primarily for classes of persons who will be in a position to contribute a portion of the capital, say from one fifth to one-third, and to pay economic rent.

BUILDING SOCIETIES AND TENANT CO-PARTNERSHIP SOCIETIES.

I wish to refer to the co-operative building movement in England as it is necessary for an understanding of the movement in India. The building societies in England have enabled persons to own houses who otherwise would have remained tenants all their lives. Their object was to enable a member to purchase a house by paying its price on the instalment system. Their method of work was something like this:—A hundred members would pay Rs. 10 a month and thus in the first month Rs. 1,000 would be raised which would be lent to a member on mortgage and in the second month a similar sum would be raised which in its turn would be lent to another member and so on. The borrower had also to add say Rs. 250 of his own to the above sum and execute a mortgage for Rs. 1,250, the sum of Rs. 250 representing the margin of safety required by the society.

* A paper read at the Ninth Madras Provincial Co-operative Conference.

The building societies no doubt enabled large numbers of the tenant class to build or purchase their own houses. But while they improved the economic condition of their individual members, they could not deal with the wider problem of congestion and overcrowding, and they did not undertake building operations. This was done by the Tenant Co-partnership societies which came into existence in the latter part of the 19th century, composed of persons not in a position to own houses independently and therefore, joining to own them in common, each tenant contributing a part of the cost of the house he resides in, say from one-fifth to one-third, the remainder being raised as loans or debentures. Tenants in such societies, although they did not own the houses they lived in, paid a reasonable rent, enjoyed fixity of tenure with liberty to quit at the same time, lived in healthy and sanitary dwellings as the houses were built in carefully selected localities removed from crowded portions of towns and divided among themselves the surplus profits after providing for sinking fund to repay capital, interest on capital which was fixed at a reasonable rate, repairs, insurance etc. It was on this model that the Tenant Co-operators Limited was formed in 1881, Ealing Tenants Limited was established in 1901 and the Societies at Hampted were formed, and there was also another movement called the Garden City movement which resulted in the founding of the Garden City of Letchworth.

CO-OPERATIVE HOUSING IN BOMBAY.

Co-operative housing as a means of relieving congestion and overcrowding and as a means of enabling persons to live in healthy and sanitary dwellings appears to have been effectively adopted only in Bombay owing to the acuteness of the housing problem in that City. Rao Bahadur S. S. Talmaki, the pioneer in the field of Co-operative Housing in Bombay and the writer of numerous pamphlets on the subject and also of the illuminating chapter on 'Co-operation and the Housing Problem' in the 'Indian Co-operative Studies' edited by R. B. Ewbank I.C.S., established the Saraswat Co-operative Housing Society in Bombay, in 1915. It was founded on the principle of 'tenant co-partnership'. The tenants have contributed one-third of the total cost of the building of the society and the interest on capital was fixed at 5 per cent. A detailed account of the working system of the society is found in the book I have referred to above. I shall only state here the general principle on which rent is fixed in a co-partnership housing society. It is fixed so as to cover the annual outgoings of the society somewhat as follows:—

- (a) Interest on capital spent on cost of house and the plot of land. In the case of plots leased from an Improvement Trust, provision will, of course, be made only for ground rent of the plots and not for their cost.
- (b) Municipal Taxes.
- (c) Insurance.
- (d) Repairs and Repairs Fund at $\frac{1}{2}$ to $\frac{3}{4}$ per cent on the cost of the house.
- (e) Sinking Fund at 2 per cent on the cost.

(f) Contingent expenses such as cost of management, lighting, upkeep of Garden etc.

The object of the repairs fund is to keep the buildings always in an up-to-date condition, and the object of the sinking fund is to repay the cost of the buildings within the period of their natural life.

The example of the Saraswat Co-operative Housing Society was naturally followed by several others in Bombay, and it appears that there are at present as many as 24 co-operative housing societies in Bombay either actually registered or in the process of registration. But all the societies have not adopted the principle of co-partnership tenancy exclusively. For example, the Mangalorean Garden House Co-operative Society has provided for 3 classes of building, class A comprising houses on the co-partnership principle, class B comprising houses on the individualistic principle, and class C comprising houses on the hire purchase system by which a member pays in addition to rent a percentage of the cost of land and buildings with a view to eventually becoming the owner of the house within a certain number of years, say 10 to 15 years.

CO-OPERATIVE HOUSING IN MADRAS.

There appear to be about 11 co-operative house-building societies in the Madras Presidency. They do not seem to conform to any of the types existing in Bombay and do not appear to have themselves taken up building operations. They appear to be more or less credit societies conducted through co-operative agency for loan of money for building purposes. Except in the case of the society for Ottachekkars at Coimbatore, none of the co-operative building societies have received any help from Government. The proposed Madras Central Co-operative Housing Society which might be said to make an approach to the Bombay model has not yet been registered. In a Press communique dated 22nd March 1920 the Government of Madras outlined a scheme for the acquisition of vast areas both in and outside the City for town expansion, and stated that they had provided in the budget a sum of Rs. 4,75,000 for loans to co-operative societies for building. The acquisition of land for serving as house sites is said to be in progress. Government help in the matter of formation of co-operative housing societies and in the matter of loans to such societies appears to have been postponed pending the formation of the City Improvement Trust under the new Town Planning Act. When Town Planning trusts are created in Madras and other centres in the mofussil, it is likely that Co-operative Housing societies on the Bombay model will be formed.

The Government and the Corporation of Madras have clearly indicated their desire to grant facilities for the building of more houses in the City. In order that such facilities may be afforded, it is necessary that every encouragement should be given for the formation of co-operative housing societies by granting loans to them on easy terms. When the City Improvement Trust is formed, it should grant plots of land to such societies on easy terms at scheduled rates. As it has been found that investments on house property yield only a return of $5\frac{1}{2}$ or 6 per cent, rate of interest greater than 6 per cent. should be expected from loans

to co-operative housing societies. The persons taking part in a housing society will have the means to contribute only one-fifth to one-third of the capital, and they will be able to pay off the whole cost of the house only in instalments during a period of 10 to 20 years. What is needed therefore, is not only capital at a low rate of interest but capital which is repayable in a long period. The period of repayment fixed by the Bombay Government appears to be up to 40 years. Facilities for cheap and speedy transit are necessary for a successful housing scheme, and as pointed out by Dr. Gilbert Slater in his contribution to the *Madras Times* new houses in a housing scheme should be exempt from taxation say for a period of 10 years.

As the collection of capital in a co-operative housing society is very often a long and tedious process, there is no reason why the Government of Madras should not encourage now alone, without waiting for the formation of the City Improvement Trust, the formation of co-operative housing societies of types other than those on the credit model which now exist in the Presidency. A definite announcement that they will be encouraged and loans granted to them will certainly lead to the springing up of a number of societies as it happened in Bombay when the Bombay Government announced the allotment of 5 lakhs of rupees for granting loans to co-operative housing societies. The registration of a housing society is often a necessary preliminary to its being enabled to collect capital, and it is necessary that a rigid test should not be imposed on a society in the matter of giving full details, before it is formed, as to how it is going to raise the whole of its capital. What seems to be required is a policy of boldness with reasonable safeguards rather than one of abundant caution. Co-operative housing societies for Government servants should be encouraged and members of such societies should be enabled to use their building advances for paying the portion of capital required from them by the society. If co-operative housing societies for Government servants or other classes can be started now, they can begin the collection of capital and acquire land after the capital is collected through the medium of the proposed City Improvement Trust, or they can even acquire land before the formation of the Trust by private treaty or through the agency, of the Co-operative Department which I am told has got powers to acquire land on behalf of a society.

CONCLUSION.

Our request is firstly that Co-operative housing societies on the individualistic, co-partnership or hire purchase principle or on a combination of any two or all of these principles be specially encouraged by Government, secondly that they should be enabled to get loans on easy terms from Government or Municipal bodies, thirdly that lands in town planning schemes should be placed at the disposal of such societies on cheap terms, fourthly that facilities for cheap and rapid transport in the shape of extension of tramways and improvement of railways shall be provided, in order that people may be induced to move to areas under development, and fifthly that buildings of co-operative housing societies should be exempt from taxation, say for a period of 10 years.

THE NINTH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE, 1920.

The Ninth Madras Provincial Co-operative Conference was held in the Wesley College on the 26th and 27th December with M. R. Ry. Dewan Bahadur L. D. Swamikannu Pillai, Secretary to the Madras Legislative Council in the Chair. There were about 200 delegates present and a large number of visitors. The prominent among the visitors were:—The Hon'ble Mr. K. Venkata Reddi Naidu Garu, Minister in charge of the Development Departments, Mr. F. R. Hemingway, Registrar of Co-operative Societies, Rao Bahadur Mr. A. Vedachala Ayyar, Joint Registrar of Co-operative Societies, Rao Sahab Mr. Seshachela Aiyar, Rao Sahab Mr. Chinna Rangaiya Gownder and several other Honorary Assistant Registrars, the Assistant Registrars of Madras, Chittoor and Coimbatore, the Registrars of Cochin and Pudukottah, the Raja of Munagala, Mr. M. K. Dandekar, Mr. T. A. Ramalinga Chettiar, Rao Bahadur Mr. T. S. Balakrishna Aiyar, Rao Bahadur Mr. T. Varadarajulu Naidu Garu, Mr. T. S. Subramania Aiyar, M.A., L.T., and many others. At the entrance to the Conference hall, the products of several industrial co-operative societies were exhibited, the chief of them being the goods manufactured by the Madras Co-operative Leather Goods Factory, cloths manufactured by the Madura Sourashtra Co-operative Society Limited, locks from the Pindigul Lock and Safe Manufacturers' Society and dhoties and towels from the Chennimalai Co-operative Union and Kamblimpatti Trading Union in the Coimbatore district. The Registrar of Co-operative Societies, Cochin was kind enough to exhibit bell metal vessels manufactured in Cochin.

First Day 26th December 1920.

The Conference assembled at 3-30 p. m. and M. R. Ry. T. R. Venkatarama Sastri Avergal, B.A., B.L., Chairman of the Reception Committee in welcoming the delegates said:—

Welcome Address.

Friends,

On behalf of the Madras Provincial Co-operative Union and the Reception Committee it is this year my proud privilege to offer you our most hearty welcome to the present sessions of the Co-operative Conference. This privilege and duty in the past belonged to veterans of tried merit and experience whose profound knowledge of things co-operative I cannot claim to possess. My respected friend Professor K. B. Ramanatha Aiyar, a familiar figure in these conferences as President of the Union and Chairman of the Reception Committee, has been called away from Madras on other duty and the result is that in place of one with his wide culture, vast knowledge and incisive humour you find a comparatively far less equipped man like myself. I hope, however, that in so far as my duty involves friendly hospitality to the delegates of the Conference, you will find in me a dutiful and not unworthy servant. With the willing and well trained co-operation of my friend Mr. Venkatasubhaya as organiser, we have made arrangements for your reception in which I hope there will be no serious defect. But if with all our goodwill we have erred or do err in any respect may I pray you in your kindly indulgence to take the will for the deed and overlook the errors and defects.

Before I proceed in deference to the practice of my predecessors to say a few words about the progress of the Movement that has brought us together to-day, it is my duty to refer to the great and serious loss that we have sustained in the death of two prominent co-operators since the date of the last conference. Visitors of our annual conferences know how useful and almost indispensable Rao Bahadur K. Ramaswami Aiyar was in our deliberations. His lovable temperament, his enthusiasm, his wide-knowledge of co-operation, his genuine sympathy and work for the people, gave him a place in the front rank of co-operators. In the death of our friend Mr. C. N. Krishnaswami Aiyar we have sustained a loss no less serious. We are indeed much poorer to-day by the absence from our midst of one whose earnestness, critical and discriminating judgment and above all warm interest in all the aspects of the movement were of such great value and assistance to us. In the death of Mr. Krishnaswami Rao, Palamcotta, it has lost another unostentatious and strenuous worker.

As you may be aware, gentlemen we are entering upon a new era fraught with great possibilities for our Future. On the 17th December the leaders of the elected representatives of the people, entered upon their duties as ministers for the administration of those departments of our affairs that have been transferred to the management of the people. Co-operation justly recognised as a preparation and as an instrument for the introduction and development of self-governing institutions is among the departments so transferred and is included in the portfolio of development in charge of the Honourable Mr. K. Venkata Reddi Naidu. You will all join with me, I am sure, in congratulating him on the honor and the opportunity for public usefulness thus bestowed on him and wishing him success in the responsible and patriotic task he has undertaken. He will not need to be told how much the development of co-operative institutions on right lines might help in the solution even of other social and political problems that might confront the ministry in the coming years. We of the Co-operative Union and those who are assembled in this conference constitute a body of workers whom the minister in charge of co operation may consult on co operative problems. While the co-operative department will be his official advisers we shall be his non-official advisers and it is to be hoped that on all important administrative steps proposed to be taken by the minister and the department under his control we shall be given an opportunity to express our views and opinions.

If we are to be prepared to do our part of their glorious work with efficiency, we have need also to improve our organisation and enter as it were upon a new career so as to adjust ourselves to the new and growing need of the years before us. As a matter of fact proposals have been made for a reconstitution of the Union. A new constitution has been framed and I earnestly appeal to all co-operative societies in this presidency and to all individuals interested in co-operation to join the union in large numbers and enable it to perform its duties more efficiently. Organisation is the life and soul of the movement and without the enthusiasm which enlightened self-interest alone might demand we cannot hope to link in one effective federation all the co-operative institutions of this province.

So far as the progress of the movement in our presidency is concerned, you will be glad to know that it is satisfactory so far as it goes. The total number of societies have risen from 3676 to 5027. The increase in the several classes of co-operative institutions in the year ending the 30th June last has been as follows:—District Banks from 26 to 30; Administrative Unions from 103 to 138; other societies from 3540 to 4859.

The total working capital of all of them rose during the year from a little over three crores of rupees to about four crores. But societies have experienced and are experiencing considerable difficulties in finding the necessary capital. It is the result of the stringency of the market which itself is due to the disturbance of economic conditions all over the world. It is proof of the confidence reposed in the movement that the Madras Bank allowed overdrafts to the Central Banks to the extent of 18 lakhs of rupees. Our thanks are due to the Madras Bank for this kind and timely aid.

There are no doubt defects, as there must be in a movement so young and yet so complicated, and the Registrar points to the dilatoriness displayed by societies in some districts. A question may be raised as to whether effort should not be directed to consolidation rather than development. I have too little knowledge to enter upon a discussion of their rival claims or to offer a confident opinion. I hope however it will not be presumptuous to say that an extension of the movement in such a vast country cannot be suspended for the sake of consolidation; and effort must be directed *pari passu* both to extension over new territory and consolidation of ground already gained. Conditions are not unfavorable for the adoption of this twofold programme. The department has now more man power than ever before. In the course of one year the establishment has been practically doubled. We have more than 40 Honorary Assistant Registrars, twenty Assistant Registrars and one Registrar. The other day the Government appointed our distinguished friend and wellwisher Rao Bahadur Mr. A. Vedachala Aiyar, Joint Registrar. It is a deserved recognition of his great services to the Department and to the people and his perpetual pre-occupation with co-operative problems. I am confident I shall be expressing your feelings as I am expressing my own when I felicitate him on his elevation to this higher role of public work. With this large establishment it must be quite possible to complete the programme of doubling the number of societies in two years which the Government has laid down for itself.

I express my personal wish that a few of the officers may be told off for work in the field of distributive co-operation with which I have been connected myself now for some years.

That there is much scope for work is obvious. The linking of societies for distribution and sale and trading unions and productive societies is of great importance. Mainly owing to the energising enthusiasm of Mr. Hemingway these trading unions of which there are nearly 200 are making rapid strides. Last year they did business to the extent of 3½ lakhs while societies for the joint purchase and sale showed business to the extent of 6 lakhs and 1 lakh respectively. Weavers' societies were responsible for business of one lakh and Stores for 22

lakhs from which only a profit of one lakh was derived. The stores did not do well and it has been specially so with our premier society, the Triplicane Co-operative Society Ltd. The causes are being enquired into but the principal ones are obvious and lie on the surface. Complicated system of accounts aiming at perfection and the consequent high and growing establishment and contingent charges, violent fluctuations of prices which are so markedly a postwar economic feature in all countries, small margin of profit where it exists, want of facilities for making timely purchases in proper localities added to lack of knowledge and leisure in those who arrange these institutions very largely account for the result. In this connection I may refer to the attempt to establish a wholesale society for the presidency. Mr. Hemingway suggested some time ago that the gathering of information as to the markets where things may be available and the seasons at which they will be available should be undertaken by the Triplicane Society and it should also develop ultimately a wholesale side to its activities. For obvious reasons he desired if possible that this should be the work of a private agency, his department of course rendering every assistance that the society may require in the task. Our conference also passed a resolution last year urging the establishment of a wholesale society. It still remains in the region of unachieved aspiration. The difficulties in the way of its accomplishment are many, not the least of which in my opinion is the paucity of fulltime capable, well-informed and public-spirited workers in this sphere of work. We are unfortunately denied the services even of those that we have. Public officials and schoolmasters and college professors and lecturers with leisure, energy, and willingness to work are often prevented by the rules of their department from taking part in co-operative work. Such rules have driven government servants to form separate organisations for which there was no real need. In the new era in which the boundary line between official and non-official is being obliterated at so many points one may hope that the government and the heads of departments will permit their subordinates to take part in the management of co-operative concerns in so far, of course, as it is not in any way prejudicial to the discharge of their official duties. In urban areas like the metropolis at any rate this connection of officials with co-operation is not likely to be productive of any injurious consequences.

I do not propose, unversed as I am in the details, to say anything about the matters that will engage your attention in this session. I may however permit myself to refer to a few matters.

The attitude of the Government of Madras towards the Co-operative Housing Association has been regrettable. They promised cheap capital to the organisation started under influential auspices and even provided for it in the budget but for some reason they ultimately declined to render the promised help. I do not know if you will not consider it right to ask the Government to reconsider their decision on a matter which so vitally affects the wellbeing of the poor in this city.

Sanction has been given to the increase of interest to be charged to the members who borrow moneys. Interest has everywhere risen as the result of

changed world-conditions. It is more than doubtful whether the old conditions will ever again be restored in this respect. It has to be considered whether the dividends which limited liability societies declare should not also be increased in view to this increase in the interest charged.

A great desideratum is persistent propaganda in the principles and methods of the movement. Of course the ground has to be prepared by a system of efficient universal primary education. The new ministry will, one may hope essay the task but that is not the direct concern of this conference. But the Co-operative Department and the existing organisations cannot afford to forget that, only by never ceasing dissemination of ideas can they increase the number and efficiency of the co-operative societies. No efforts made in this direction and no plans that this conference can devise for this purpose can be superfluous.

One other matter I wish to refer to is the Central Co-operative Printing Works which has been started strictly in conformity with your suggestions. The flow of capital has not been quite encouraging I would request you to put in it sufficient funds to enable it adequately to fulfil the object for which it was started.

It only remains for me to express our pleasure in having been able to secure Dewan Bahadur Mr. L. D. Swamikannu Pillai to preside over our conference. He is a very old friend and collaborator of ours and possesses an intimate and inside knowledge of the movement. I need scarcely remind you that his period of office as Registrar of Co-operative Societies in this presidency was one of most successful activity. His advice and guidance will therefore be of immense help to us. I shall not stand any longer between you and his opening address which I know you must be thirsting impatiently to hear."

M. R. Ry. Dewan Bahadur L. D. Swamikannu Pillai, was then voted to the chair. He rose amidst cheers and delivered the following presidential address.

Presidential Address.

Gentlemen,

An explanation of the circumstances under which the chairmanship of this Conference has been imposed upon me has been already afforded to the public by the organisers of the Conference. It is perhaps necessary for me to add an explanation of my own reluctance to take upon myself this responsible office, a reluctance which has precluded me, ever since I handed over charge of the office of the Registrar of Co-operative Societies in 1917, from presiding at any Co-operative Conference in spite of repeated pressure to do so. A Conference is more or less a proceeding at the bar of public opinion in which the work not only of the movement as a whole, but more especially, of the Department which guides its destinies, is annually or periodically reviewed; and I am naturally unwilling to participate in anything bearing a semblance of a judgment passed on the work of my successors, when I was aware that it was rather their duty to judge the results of my own work, adopting such parts of it as they approved

of and rejecting the rest. If on the other hand it be the function of such a Conference to watch the progress of the movement as part and parcel of current politics, it surely is more within the competence of those who are in actual touch with the movement to outline its progress than within that of one whose touch has been rusty for three years; and three years is a long period, considering that Co-operation was introduced into this country only 16 years ago and every year it makes longer strides than perhaps in the whole of a previous triennium. It is possible, that there is an intermediate aspect of the office of a chairman and in that view I decided not to refuse my assistance to a meeting, which, I need hardly say, appeals far more to my sympathies than any other subject of public importance that I could name. And I am supported in this view by a consideration of a rule which was impressed upon me, notwithstanding my own feeling to the contrary, namely that the Chairman's pronouncement, whatever it is, should precede, and not follow the business portion of the meeting. Surely, if it be the office of a Chairman to judge, or to guide the Conference in judging, the progress of the movement during the year under review, his utterance, or charge to the jury would naturally come at the end of the hearing and in any case ought not to precede it. It seems to me that the reason for this somewhat strange rule is that the Chairman really represents that outside public, the securing of whose good-will and sympathy is among the aims and objects of every conference, and that he is expected to inform the public of those matters which it should be made acquainted with in order that it may follow intelligently the technical questions subsequently discussed at the Conference. It is true this function cannot be correctly described as that of focussing discussion, because really the discussion has to follow the issues as determined by the Subjects' Committee; but it seems to belong to the office of a Chairman to bring the public nearer and nearer to an exact understanding of those technical points which are familiar to the delegates assembled for a Conference but which are not so familiar to the public. I shall, therefore, endeavour firstly to discuss the general conditions under which the co-operative movement must work, if it is to attain health, vigour and success, and I shall then draw your attention to the salient features in the history of the movement during the past year.

Everyone is familiar with the general nature of the Co-operative Movement and it is no longer necessary, as it used to be of old, to set out, or to justify, an elaborate definition of co-operative principles, or to delimitate the functions of Government in assisting or interfering with the movement. Everybody now knows that although there is a Co-operative Department so called, co-operation is directly and immediately the business of the public and that Government interference with it should be limited to an irreducible minimum; while theoretically, there is nothing to prevent a Co-operative Society dispensing altogether with the Government's assistance or interference, provided it conforms to the provisions of the law which again has been designed more for the protection of the public than for regulating the internal economy of co-operative societies. As the movement progresses, however, it is more and more incumbent to measure its relations to other forces of the political world. This was necessary in the old order of things which gave birth to the movement, but it is

even more necessary now under the new regime which has come into being during and since the war. In this regime there is little respect for old institutions as such and still less is there any intrinsic love for institutions of recent date because they are recent; alike all human institutions are being subjected to tests altogether without a parallel in the history of the world and whatever is sensitive to the shock is ruthlessly consigned to the scrap heap, be it throne or monarchy, law or custom, property or precedence. The prevalent forces of the new order are most of them characterised by violence of action or of reaction, by mutual jealousy and by class hatred; co-operation, having no part in such violent outbursts sees us at first sight scarcely calculated to survive the shock. But it is a movement of the people and its main principle, that every labourer shall have his hire and that the owner of capital shall receive the due hire of his capital but shall not enjoy an exclusive monopoly of the profits of a concern, is a principle which ought to conciliate to it the new regime. It is inevitable, however, that the progress of co-operation should, in the new order, undergo revision at several points and its limitations, if there are any, will become more and more striking as the new order progresses in the world.

Co-operation, like business of any other kind, may be conceived as a structure with three dimensions or faces which we may designate respectively Capital, Organisation and Skill. The three dimensions may be re-arranged in any order we please; all that is necessary to remember is that there are three distinct aspects which must be taken into consideration in every advance of the co-operative structure. Sometimes one and sometimes another feature commands attention and it is not always easy to discern the circumstances under which any of these factors comes into bolder relief than the two others. For instance, it is easy to suppose that capital is essential to credit co-operation. In one sense this is a truism; but if we analyse the conditions carefully, we shall discover that credit co-operation rests on organisation rather than on capital. We may assume that a certain amount of capital in the country is engaged at any given moment in all kinds of credit functions, whether co-operative or not; the object of the co-operator is not to increase this amount of capital, but to divert more and more of it into co-operative channels. If we contrast with this state of things the case for the extension of industrial co-operation, for instance, we shall find that the object of the latter kind of co-operation is not merely or not so much to divert capital from one class or category of industries into another, but to draw new capital into new channels. This is a much more difficult operation than to convert a non-co-operative lender of money into a co-operative lender of the same money or of a part of it. It will be understood, therefore, that when I say that capital is a less prominent factor of credit co-operation than organisation, I do not mean that capital is not needed for the operation, but I mean that in order to divert capital from one channel in which it already flows as loans into another channel along which it shall flow also in the shape of loans, the problem is more largely one of finding a new organisation than one of finding new capital.

I have just pointed out that the question of finding new capital for feeding a new co-operative industrial enterprise is a very serious one, because there is

with that reform which I have called the organisation of credit and of which the co-operative movement is the sole herald and hope. The Government have been freely criticised in certain quarters, and that by well-intentioned co-operative enthusiasts for demoralising the movement with this kind of money dole, but a temporary help of this kind, proffered for a definite object, and holding out the prospect of an improvement of credit of such vast magnitude cannot be said to demoralise any self-governing institution. Every co-operative society, successfully started, presents a new channel to old capital. The men who have come forward with loans and deposits to let it go are either men who have always lent money through unorganised channels, or those who tied it up in a napkin, thinking that it was too little to be of any use either to themselves or to anybody else. Whatever may be thought as to the certainty of the resultant advantage to the borrower (because it is sometimes feared that he will always borrow up to his maximum of interest-paying capacity, and that he will therefore, borrow more wastefully when he is able to borrow more cheaply), there can be no doubt that the lesson taught to the lender is one entirely for his good and for the good of the country; that, in order to learn it and to make his lending secure he has had to forego a part of the interest, will only make the lesson more valuable, like all lessons that cost us something to learn. Out of every 100 lenders who learn this lesson we may take it that at least ten will have found enough reason in their past experience to induce them to trust to co-operation and to that alone as their future channel of lending. This means that the capital which ten lenders in the country have hitherto lent through other channels will hereafter be lent only through co-operative societies. It is quite possible that while this movement is going on, other skilled agencies e.g., joint stock banks may use the opportunity to interpose themselves between the borrower and the lender but this is precisely one of those reforms in the organisation of credit which the country is clamouring for and there cannot be a better world for lenders as well as for borrowers than a network of banks and co-operative credit societies throughout the length and breadth of the country.

"The next interesting feature of the year under review which demands attention is the organisation of a large number of societies which carry on trade activities or are engaged in specialised local industries. Of such societies there was a very small number even such a short while ago as the time when I was Registrar of co-operative societies. And the public as well as Government were dissatisfied that so little advantage was taken of the co-operative movement for the purposes of trade and industries. From the remarks I made in the opening part of this address it will follow that I regard even the large number of trading and industrial societies which have been recently organised not as a definite and permanent addition to the wealth of the country, like the co-operative credit societies, but as an experiment and as a propaganda which in their own way are exceedingly interesting and may prove highly valuable when co-operative societies are able to pick up skilled labourers in the market and when the country is prepared to endow that movement with industrial capital. A trading union is a union of societies which buy their domestic agricultural or industrial requirements in common by sending their indents through the union and by making use

of the credit of the union either for paying in cash in the first instance for their supplies or for obtaining these supplies on credit. A great deal of patient and detailed attention has been bestowed on the organisation of these trading unions both by Mr. Hemingway and his able lieutenant Mr. Vedachala Ayyar, but the admirable way in which they have handled this business proves incidentally that the development of trading co-operative societies is more largely a question of organisation than of capital. For instance we learn that trading unions are generally started where credit societies have made a fair amount of headway and where the supervising agency of local unions is available, together with the services of Honorary Assistant Registrars, for guiding and advising the trade union. Precisely so; but the same expert authorities will no doubt concede that supervision is to co-operative societies what a schoolmaster is to the future handicraftsman or merchant; that is, supervision supplies the hidden foundation, but without organisation and skilled labour it is impossible to assure a permanent superstructure, and these are factors not wholly or even mainly dependent on co-operation.

"High prices everywhere and the high rates of interest offered by Government and other large borrowers left the problem of financing co-operative societies in a truly difficult and precarious position until the term of borrowing for all classes of societies and co-operative banks were revised from top to bottom. At the same time a further step was taken in the direction of placing the whole of the provincial co-operative finance on a suitable basis by constituting the provincial bank as a federation of central banks and banking unions instead of admitting all kinds of societies, large and small, to its shares. It is to be hoped that by these means co-operative banks will continue to attract capital and that the necessary ways and means will be forthcoming for organising a very large number of additional societies which the Government are anxious to bring into being.

"Co-operative theory requires that the supervision of co-operative societies shall be undertaken and paid for by unions of societies. Inspection by Government agency is at best a temporary expedient, not a permanent substitute for supervision of societies, and accordingly much attention continues to be paid to the organisation of supervising unions. A network of unions now covers practically $\frac{1}{2}$ of the total number of societies in the presidency and the expenditure on supervision by such unions reached during the last year a sum of Rs. 80 thousand or very nearly half of the establishment charges and travelling allowances paid by Government (excluding the pay of the Registrar and Assistant Registrars). This is a satisfactory state of things: it only remains to be hoped that the Provincial Union under whose auspices this conference is being held will more and more conform to the ideal originally contemplated namely of a centre of light and leading for co-operative propaganda of all kinds.

"During the year under review a great deal was also done by Government to strengthen the hands of co-operative societies and to enhance their prestige by giving them as well as to liquidators of dissolved societies summary powers of collecting their dues.

"Before concluding, let me add my own regret to that which you will no doubt record in a more formal manner for the disappearance from our midst of some who laboured with us from the inception of this Movement and whose names will be permanently engraved in the grateful memory of their countrymen for the unselfish and invaluable service which they rendered to the cause of Co-operation. The names will readily recur to you of Sir V. C. Desikachariar the founder and mainstay so long as he lived of the Madras Central Urban Bank, that monument of co-operative genius as a leading authority in another province has termed it; of Rao Sabib K. Ramaswami Aiyar who initiated so many new co-operative undertakings, notably the Madura-Ramnad District Banking Union and whose trust in co-operation was as simple as that of a child, as ardent as that of a votary; of Mr. C. N. Krishnaswami Aiyar the graceful exponent of co-operative principles whether in English or in Tamil, who started and organised the Coimbatore District Bank, and whose faith alone saved that Bank at a critical moment. These are names which would do honour to the Movement in any country and there are others whose service was of less duration but not less disinterested. May their examples stimulate us their survivors to emulate their service."

The Conference then rose for the day at 5 p.m. after which the Subjects Committee met to consider the various subjects suggested for discussion at the Conference and to draft the various resolutions

Second Day 27th December 1920.

The conference reassembled at 12-30 p.m. Letters of regret for inability to attend and expressing sympathy with the Conference received from several prominent co-operators were then read by the Secretary.

A paper on "Some Co-operative Problems with Suggestions for their Solution" by Mr. T. K. Venkataramiah, Honorary Assistant Registrar, Tindivanam, and reports on the working of the Central Co-operative Printing Works Ltd., and the Salem Municipal Scavengers Society were then read before the Conference. A paper on "Co-operative Housing" contributed by Mr. Sivarama Aiyar, B.A.B.L., was taken as read.

Before taking up the resolutions, Mr. G. S. Marathy, actuary from Poona, was requested to give his opinion on **Co-operative Life Insurance** a resolution regarding which was before the Conference. He said "Mr. President and Brother co-operators: Though I am not a co-operator of this presidency, I am a co-operator in my own Presidency and am a member of a number of co-operative societies. The subject of Co-operative Life Insurance is of vital importance and it has not been given due prominence because it is thought to be a highly technical subject. In my opinion it is not a difficult subject but comparatively an easy one. Once the premium tables are framed, it is much less difficult to work an insurance society than an ordinary co-operative bank. For the working of a bank you are required to know the credit, the position and other qualifications of every person to whom money is advanced. In the case of an insurance society

the only thing to note is the security of the investments made. I think it should be possible for you to start an insurance society and be sure of its success. The failure of insurance companies is not so common as the failure of banks.

"There are some advantages in a co-operative insurance society as compared with an ordinary insurance joint stock company. You have the machinery of organisation ready to hand in the former. In the latter the company has to pay for agents and for medical men to examine and select the persons whose lives have to be insured. In some cases the medical men are not very scrupulous. They might be in a hurry and pass off even bad lives for good ones for want of time. In the case of a co-operative organisation, you might get the life to be insured examined first by the doctor and then also certified by the nearest co-operative society. The existing co-operative societies themselves might undertake the propaganda work at a less expense. Thus the middlemen of agents who have to be paid a large commission in an ordinary insurance company might be eliminated in a co-operative organisation.

"As to the initial deposit to be made, there seems to be a misunderstanding. An article in the *Bulletin* says that a large sum of something like two lakhs is first required. This is not exactly the case. In the beginning only Rs. 25,000 is required to be deposited with the Government Actuary. It is quite possible for the Government Actuary to exempt a co-operative life insurance society from any initial deposit, on the recommendation of the Registrar concerned. Even if this was not granted, I think it is quite possible for you to collect this sum and start the society

"Again, in an ordinary insurance company the premiums charged include payment of bonus, fluctuations and payment of dividends to share holders. The profit accruing will not go to the policy holders but only to the share holders. As regards investment I think you have got a better field than an ordinary insurance company. The money can be invested in your own well selected co-operative banks and you may also take the advice of the Registrar. You will naturally have greater confidence in your own institutions than in others. By this means you can also create large funds—lakhs and crores of rupees, without making the people feel any kind of trouble to get money.

"One more point. The Editor of the *Bulletin* expresses himself as not in favour of extending this insurance scheme to rural and industrial classes. I myself should advise that it should not be extended to these classes in the beginning, but confined to the middle and higher classes alone. But the co-operative movement itself is intended to benefit only those people who are hard hit for money and who could not command credit—especially the lower and poorer classes. Later on when your co-operative insurance society is strongly established, it should be your aim to extend to rural and industrial classes.

"It is feared there may be great risks in working the scheme. They could be avoided by fixing the premiums a little high in consideration of the fact that the money after all does not go to others but goes to help the co-operators themselves. One fear mentioned is that the attempt made in the Bombay Presidency

"did not prove a success. But then the failure there might be due to want of proper and efficient human material to work the scheme and also due to the unexpected prevalence of influenza and other epidemic diseases. This, therefore, need not deter you from undertaking a co-operative insurance concern. Want of time prevents me from going into details but I shall be glad to put before any committee the practical steps to be taken if the scheme is to be advanced."

RESOLUTIONS.

The following resolutions were then taken up:—

- I. **This Conference places on record its deep sense of the irreparable loss to the Co-operative movement in this Presidency caused by the death of Messrs C. N. Krishnaswamy Ayyar of Coimbatore and Rao Bahadur K. Ramaswami Ayyar of Madura.**

The resolution was put from the Chair and carried, the audience standing in silence.

- II. **This Conference requests the Triplicane Urban Co-operative Society to serve as the Central Information Bureau for all store societies and trading unions in the presidency and to organise itself at an early date as a wholesale and commission agency for the Presidency.**

Mr. O. M. Venkatanatha Ayyangar of Uttiramerur in moving the resolution said that a Central Information Bureau was felt a necessity to be made use of by other store societies for ascertaining the various places of production and the prices at which several domestic articles were available for sale with a view to getting articles cheap and good in quality.

Mr. T. Subbaraya Ayyar of Pattukottai in seconding the resolution said that it would be enough if the Triplicane Urban Co-operative Society give directions as to where from articles could be obtained and arranged for their purchase without itself stocking any articles at Madras.

The resolution was carried unanimously.

- III. **This Conference requests the Government to grant long term loans at specially low rates of interest to housing societies meant for the poor and at market rates of interest to societies meant for others.**

Mr. V. Venkatasubbayya of Madras in moving the resolution said:—

"By the words 'at specially low rates of interest' it is meant that the rate of interest may have to be lower than the rate of interest at which the Government is at present borrowing. Just as the State spends money on education, sanitation and other social welfare objects, it should be prepared to spend money on the housing of the poor. Government would be thoroughly justified in incurring loss in giving loans to housing societies meant exclusively for the poorer

classes. The object of this resolution is to request the Government to change its present attitude towards the housing of the poor. About this time last year, you may remember that a society was formed in Madras for the construction of houses and organisation of co-operative housing societies for the poor. It was known as "The Central Housing Association" and Mr. T. V. Seshagiri Ayyar was its president. In response to the representations made by this Association, provision was made in the Budget for giving it a loan of 2 lakhs of rupees and everybody was for some time under the impression that the loan was going to be granted. I do not know why it was, the Government changed its mind later and refused to give the loan. It was probably because the Association was asking the loan at a lower rate than that at which the Government itself was borrowing. Now, we as citizens interested in the welfare of the public and also as co-operators wanting to see the multiplication of housing societies, should give it as our clear opinion that it is a proper object for the State to spend money on the special encouragement of housing societies for the poor. This principle was accepted long ago in European countries. Considering the importance which housing has on the moral and physical condition of the people especially of the poorer classes, it is no wonder that even an individualistic country like England has accepted the principle of State Aid for housing. When this is the case in England, there ought to be no difficulty in our own country where so much is being done by the State, to benefit the poor. For instance take the Labour Department. The Commissioner of Labour has been appointed only with a view to give special attention to improving the condition of the Panchama and other labourers, so that we need not imagine that there is no precedent for helping the poor with State funds. England has started a large National Housing Scheme, and several hundreds of houses are being built every day and every encouragement is given to local bodies and to institutions known as "Public Utility Societies." These are organisations which have as one of their objects, the housing of the poor. They run on non-commercial lines, that is to say, the houses are not owned or let out for the sake of profit. Our Central Housing Association was organised on the lines of the Public Utility Societies in England. Further, in England, the Public Utility Societies get subsidies from the State which not only reduce the interest and also cover a portion of the principal. After the war, in the reconstruction of the world, the people of Britain are putting forth their best efforts and hundreds of millions of pounds are being spent in the construction of houses for the poor so that the physical efficiency of the nation may never be at the same low level at which it was when the war commenced. The physical efficiency of India is nothing compared with the physical efficiency of European countries. On this ground at least, if on no other, we should be prepared to incur a large expenditure on the housing of the poor and hence it is that we ask for loans at a cheap rate of interest to be made available for housing societies which are specially meant for the poor.

"Housing societies meant for others and referred to in the latter part of the resolution also require long-lying money. At present housing societies cannot be started on a large scale though there is need for them. Our central banks have

themselves to depend upon withdrawable deposits and as such cannot give long term loans. Hence we want the State to come to our aid.

"If you accept this resolution, a deputation will wait on the Minister in charge of co-operation and the point will be pressed upon him. It will be our duty to see that the principle is accepted and given effect to and I, therefore, commend to your earnest acceptance the recommendation contained in this resolution."

Mr. T. S. Venkataramana Ayyar, Coimbatore, in seconding the resolution said that a Building society at Coimbatore—the Othachekkars Co-operative Building Society—with the help of money lent by Government through the Municipality two years ago, was vigorously pushing on the work of constructing houses. The necessity and importance of houses was greater in towns than in villages. As in England where the state looked after the interest of the poor, so here also it was the duty of the state to look to their interests. Even if the Government were to lose something in this affair which might not after all be very great and appreciable, they should come to their help. Two kinds of societies might be organised and worked viz., ownership system and co-partnership system. In the former the money obtained was repaid within a period and the house was ultimately owned by the member, while in the latter the people paid rents as long as they lived in the house with the satisfaction of living comfortably in a good house.

Mr. Chinnayya Naidu, Molalur, in supporting the resolution observed that he could not see how houses were a necessity only in towns and not in villages as was remarked by the previous speaker.

The resolution was carried unanimously.

IV. This conference requests the Government to utilise the agency of co-operative societies in the disbursement of agricultural loans.

Mr. V. Krishnaswami Ayyar, Chittoor, in moving the resolution said that the object and intention of the resolution was to get loans under this head viz., agricultural and land improvement loans, through the agency of the co-operative society instead of directly from the Government. They were all aware of the considerable delay that took place and the unnecessary expenses that had to be incurred by the agriculturists before they could get from Government the loans applied for. He was for the Government first granting such privilege to well and properly worked societies and then extending them to others.

Mr. T. K. Venkatarama Ayya of Tindivanam who seconded the resolution said that the difficulty was not with the Government who allotted sums for disbursement but with the Revenue officials who had to recommend the loans. The question, was therefore, whether the Revenue officials should be the agencies or the co-operative societies.

It was suggested as an amendment that the word 'disbursement' might be replaced by the word 'grant' in the resolution.

A further amendment to insert the words "acceptance of applications for and" before the word "disbursement" was also proposed which the mover and the seconder accepted.

Mr. Hemingway, the Registrar, then addressed the Conference. He said "This is a question which has been urged in various co-operative conferences all over the country and for a good length of time. There seem to be two ways of handling the question. One is that all the functions now gone through by the Revenue officers should be performed by co-operative societies, that is to say, they should receive applications, report on them, recommend them, receive the money and hand it over to the ryots, certify that the works are being done and in fact do the whole of what the Revenue department is now doing. The second way is that the money should be handed over to co-operative central banks or to co-operative societies who should lend the money to the co-operative societies who should lend the money to the members and accept the responsibility for paying the money back to the Government. The objection to the first is that the societies cannot without very great difficulty carry out all that is required to be done as stated above and in the second, they are reluctant to accept any responsibility at all. I have my own personal experience of the difficulties regarding the former. For instance, say a well is sunk about 5 miles from the village to which place there is no proper road to go. This has to be inspected, measured and reported on. Again we all know the dangers of not utilising the money got for a specified purpose even in good societies. The societies feel it difficult to accept any responsibility and it is unfair to expect money from Government without undertaking responsibility. If you accept the responsibility of collecting the money and repaying it back, it would be much more reasonable to ask the Government to recognise you as agencies and they would, I trust give, you the required sum."

"I reported on this question some time ago to the Government as far as it occurred to me and again they have asked my opinion accepting the scheme. Central Banks are to be given the money by the Government and the primary societies concerned should apply to their respective central banks. Loans might be given by central bank to primary societies for terms longer than what the central bank could by themselves from their funds give without any assistance from the Government. The Government would be prepared to trust the banks and local unions if they undertook the responsibility, without any further enquiry whatever that the money was being used for the purpose for which it was taken, that the measurements were right and that the work was done. The Government will be satisfied with the assurance of banks and unions."

"Regarding the rate of interest it is suggested that it should be low. But the rate will have to be the same as the rates at which the central banks at present give to societies with the period of repayment fixed longer. On the other hand, if differential rates were charged for Government money lent and banks own money lent, it may lead to jealousy and unnecessary friction. Again, in repayments, the Government money should have to be given preference over others. Then again, the Government themselves at present borrow at 6½ per cent free of in-

come-tax. Supposing the money is lent even at 7 per cent to central banks, they have no doubt to charge a small margin to societies as they have a heavy responsibility, which in their turn have to put in a little more margin to their members for their own troubles, so that the rate at which the money could go to the villager should be the same as at present. In fact, it seems to me firstly it is not possible and secondly even if possible would not be justifiable. I should like to know the views of the Conference."

The mover expressed his desire to drop the resolution for the various difficulties pointed out by the Registrar.

It was suggested by another delegate that all troubles would be solved if as the proposition originally stood, the co-operative societies were simply considered as distributing agencies alone.

Mr. V. S. Ramaswamy Sastri said that the granting of these loans was based upon the theory that Government is the owner of all the lands in the country. On that rent theory it was the duty of the Government to give loans in order that the lands might be improved and wealth dug from them. The speaker thought that money for agricultural loans was allotted by the Government of India out of revenues and not out of borrowings and therefore, it was not possible for the Government to say that they were raising money at a higher rate of interest and, therefore, had to levy a higher interest from agriculturists. If the reason for bringing up the subject at the conference was that the agriculturists felt great difficulty in getting the loan through the interference of the Revenue officers, a different resolution altogether should be adopted. If the Government was going to make the central banks responsible for disbursement of these loans, he would not advise the central banks to undertake this business.

Mr. Chinnayya Naidu, Molalur, said that the Panchayatdars of societies could undertake the responsibility as repayments of loans obtained from Government and Hamilton Fund were satisfactorily made.

It was pointed out by another delegate that the question was not to be so lightly thought of as the previous speaker had said. The question to be considered was whether with the paucity of co-operative establishment and the honorary work of the panchayatdars the work could be satisfactorily done which by experience was not found possible even by the Revenue officers with their big establishment.

The amendment was put to vote and lost. The original resolution viz.

"This Conference requests the Government to utilise the agency of Co-operative societies in the disbursement of agricultural loans."

was put to the meeting and declared carried by a majority.

V. This Conference recognises that a Federation of unions is potentially of great value in a district in which rural co-operation has been highly developed so as to secure the formation of a number of Local unions to deal with matters of common interest to offer advice in solving difficult questions connected with credit etc. to arrange for the training of supervisors selected by the

affiliated unions, to arrange when so advised for higher supervision and audit of such societies as cannot be handled by supervisors of local unions and to help societies, provided that such Federations are formed purely by local unions for effectively securing such service as the local unions require.

Rao Sahib M. S. Seshachala Ayyar in moving the resolution said that for the supervision of a group of societies, say 10 or 20, one supervising union was thought necessary and in some districts where there were 300 or 400 societies there were 20 to 30 unions of this kind. A federation of all these local unions was known as a District Council of supervision which generally had its headquarters at the district capital where the central bank of the district was located. The first attempt in this direction was made in the North Arcot district where at first the urban banks and primary societies were included in the constitution of local unions. But after a time it was found necessary to exclude the urban banks which could not contribute the necessary funds for meeting the charges for establishment entertained by the District Council to look after their supervision. Further the supervision of urban banks took the major portion of the time of the District supervisor. The members of the Governing body of unions were the General Body of the District council and five members from among these were elected to form an Executive committee for carrying on the work of the Council. Every month a meeting of the Executive committee was held and a programme of work to be done was settled with the advice of the Assistant Registrar. The work that they were doing at present was to audit and supervise local unions, to train supervisors selected by local unions, to form new types of societies and to attend to non-credit trade work.

The mover strongly deprecated the idea that there was no necessity to have District federation of unions on the score that there was the Presidency Council of Supervision known as the Provincial Co-operative Union. Wherever possible there should be local unions to supervise primary societies, district federation of unions to supervise and advise local unions and above all to suggest and help the Presidency Federation of District Unions—the Provincial Union.

Mr. C. P. Sundara Rao seconded the resolution and said that District Councils for supervision and District banks to finance were a great desirability in every district though there were some of the opinion that supervision and finance should be together in one and the same institution.

Mr. Chinnayya Naidu of Molalur opposed the resolution on the ground that he saw no necessity for any expenditure over the formation of these Councils which were intended for supervision purposes alone and for which purpose alone there was now one inspector for each taluk and one Assistant Registrar for each district. Regarding finance there was a central bank in each district to finance societies.

The resolution was put to vote and lost, 21 voting against and 19 voting for.

VI. This conference recommends the formation of societies, with membership of individuals and societies to manufacture and sell chemical manures.

Mr. Prasannaraghava Achariyar in moving the resolution said that it was essential for them to form societies for manufacturing chemical manures as the prices of scientific manures that were at present supplied by Messrs. Parry & Co., and other firms had been raised far in excess of what was fair. If societies for the manufacture of scientific manures could be started they could also develop some of the industries such as oil extracting, fat making etc.

Mr. T. K. Venkatarama Ayya of Tindivanam seconded the resolution and cited the Nidamangalam Manure Society worked by the energetic Rao Sahib Seturama Ayyar, which manufactured bone meal and supplied to societies at a very cheap rate, as an example to be followed by others. He also added that the Tindivanam Agricultural and Industrial Society recently started on work had as one of its objects the manufacture of manures also.

The resolution was carried unanimously.

VII. This Conference is of opinion that an experiment be attempted in the consolidation of small holdings through the agency of co-operative societies.

Mr. E. Sundara Reddi in moving the resolution said that those who had watched local conditions in the rural tracts had felt for some considerable time the disadvantages of fragmentation of holdings and resolved to find out a remedy. From the year 1875 the sub-division of the holdings had been going on gradually at every partition in a family with no improvement to the land. The subject was prominently brought to the notice of the ryots by the Government and also by others through books. In Bombay and Baroda this matter was discussed and it was decided to put a stop to this evil. In England, Germany, Japan and Switzerland they have remedied this by Government aid through legislation. In the Bombay presidency Mr. Keatinge, the Director of Agriculture was keen in introducing a similar legislation. Hence it was their duty to see and consolidate holdings of the people as far as it was possible and also to try and prevent further divisions in future. In the Pusa Agricultural Conference this matter was discussed and as a result the Local Governments were asked to suggest measures for remedying the difficulty. The question was how to consolidate and how the co-operative societies could help them. In other presidencies the Government took all the lands divided them suitably with the advice of the villagers. Similarly it had to be done in this presidency and the panchayat dars of societies and other co-operators in each village should educate the villagers as they were not yet convinced of the evils so much as to welcome any legislation for the purpose.

Mr. S. T. Venkataramana Ayyar seconded the resolution and said that societies should educate and advise the villagers whenever they resorted to the society for money for improving their lands which were subdivided to a wasteful extent.

Mr. V. Venkatasubbayya opposed the resolution not because he did not realise the evils of fragmentation of holdings but because he could not understand from the resolution who was required to make the experiment and at whose cost

the experiment was to be made. It seemed to aim that the matter depended entirely upon voluntary effort. The resolution did not make it clear that the sacrifice was required of those who assembled at the conference. A recommendation of the kind suggested in the resolution was not in consonance with the sense of responsibility which a Provincial conference of the kind they were having was expected to have.

Another delegate also opposed the resolution and remarked that in olden times there were no divisions and it was only the Government which introduced the division. It was now impossible to consolidate the lands together for various reasons.

The president before putting the resolution to vote observed with reference to the remarks of the the last speaker that the reason why land was not at first divided in the early years was that the ratio between the population and the land available was altered by the peaceful nature of the British Government. Formerly there was more land than population and later on population was more than land and to keep up the balance and meet the competition for land it had to be subdivided.

The mover in reply to the observations of Mr. Venkatasubbayya said that co-operative societies which were the only institutions in the village well acquainted with the villagers could help them in the resettlement of land instead of the Settlement officer doing the business for the villagers.

The resolution was put to the meeting and carried.

VIII. This Conference requests the Government to authorise Municipal Chairmen, to deduct from their salaries the monthly dues of members of Municipal employees' co-operative societies.

• Mr. T. R. Srinivasa Ayyangar of Tanjore in moving the above resolution said that co-operative societies for the poor employees of municipalities were a great advantage to them and the only difficulty which the societies experienced was in their repayments which were not punctual. He was sure that if the Government could authorise Municipal Chairmen to deduct the dues of municipal employees from their salaries, the difficulty could be solved.

Mr. V. M. Ramanatha Ayyar, Salem, in seconding the resolution said that provision was already in the by-laws of their societies authorizing their pay disbursing officer to deduct their dues to the society at the time of the disbursement of their salaries but the resolution moved was for such of those Municipal chairmen who did not approve of this method.

The resolution was carried unanimously.

IX. This Conference recommends that Municipal contracts for removal of filth be given to scavengers' co-operative societies where such exist.

Mr. V. Subramania Ayyar moved the resolution and said that the Salem Municipal Scavengers' Society under took similar contracts and worked them successfully and at a profit. Finding that there was a profit, the municipality itself

wanted to keep the business to itself and earn the profit. So he was sure that the contracts if given to the scavengers themselves, could be worked with success.

Mr. V. Venkatasubbayya seconded the resolution which was put to the conference and carried without any opposition.

X. This Conference requests local unions to report on the steps taken or proposed to be taken by their affiliated societies in helping the poor on the lines suggested by the Registrar in his circular.

Mr. N. Kuppaswami Ayyar, Naikarapatti, in moving the resolution referred at first to one of the three circulars issued by the Registrar *viz.*, "More help to the poor" and said that in the past years the poor people were no doubt admitted without any difficulty and accommodated with loans when required. They were all punctual in their repayments and he could not think of any member having defaulted. Now, owing to want of money and the central banks and unions insisting upon assets of members upon which security loans are to be given, the poorer people could not be helped to the extent required with the result that the old poorer members in the society were gradually withdrawing from the societies. He wished that loans were given to the kind of poor people referred to in the circular rather more freely.

Mr. R. Ananda Rao, Vadamalaipuram in seconding the resolution regretted that wide publicity did not seem to have been given to the Registrar's circular referred to in the resolution and wished that the contents of the circular were prominently brought to the notice of the societies.

The resolution was carried.

XI. This Conference gives its general support to the Debenture scheme proposed by the Registrar in his circular.

Mr. C. P. Sundara Rao, in moving the resolution said that at present there were three ways in which money was being raised *viz.*, by borrowings from the Provincial Bank or central banks, by raising deposits from members and non-members and by collecting share capital. The object of the Debenture scheme was to tap at another source for money and that was to utilise collectively all the bonds of primary societies based on unlimited liability of the members and at present lodged in central banks and in turn with the Provincial Bank and raise debenture shares in the open market based on them. The advantage that this would have was that money could be raised for long term loans which were at present felt a necessity. In the scheme outlined by the Registrar, the Registrar himself was to be the Trustee for the business at the beginning but he was of opinion that it should eventually be passed on to a select committee of the Provincial Bank shareholders.

Mr. T. R. Srinivasa Ayyangar strongly supported the scheme and hoped that they would not only adopt the resolution but work up the scheme into a success.

The resolution was carried.

XII. This conference recommends the formation of labour societies for undertaking contracts of works in off seasons.

Mr. M. S. Venkatrama Ayyar, Villupuram, in moving the resolution said that the object of the co-operative movement was "social service on business lines." Two advantages in the formation of labour societies struck him and these were that the profit at present earned by the contractors would go to the poor labourers themselves and secondly that the Local Boards and Municipalities in their turn could get their works executed at a cheaper cost by eliminating the middlemen of the contractors.

Mr. D. Vasudeva Rao of Chittoor seconded the resolution which was carried.

XIII. "This Conference resolves that a Committee consisting of Messrs. C. P. Sundara Rao, T. S. Venkataramana Ayyar, M. S. Seshachala Ayyar, K. Raja Rao, and T. R. Venkatarama Sastri be requested to examine, in consultation with the Department the feasibility of starting a co operative insurance society and if it be feasible in their opinion to take steps to organise one at an early date."

Mr. S. K. Yegannarayana Aiyar M. A. who moved the resolution said that in western countries not only insurance against the lives of persons but for all other risks was made by the people as for instance insurance against loss of cattle, insurance against fire etc., The recent Bommididi disaster clearly brought home to them the risks to which they are exposed now a days. A question might be asked as to why there should be a co-operative insurance society while there were several others in the country. One advantage that seemed to him more important was that they would get large sums of money under this head for the use of the Co-operative movement.

Mr. R. Srinivasa Ayyangar, Tirukoilur seconded the resolution.

Mr. T. R. Srinivasa Ayyangar, Tanjore moved an amendment to substitute the words "to prepare a scheme and draft a report in consultation with the Department on the subject of starting a co operative insurance society" for the words "to examine in consultation with the department the feasibility of" and to omit the words "and if it be feasible etc."

His object in moving an amendment was that as the resolution moved by Mr. Yegannarayana Ayyar, it left the decision of the suitability or otherwise of starting itself to the committee. It seemed to him that they were all agreed as to the importance of the scheme itself and what remained was only to start a society of the kind. They should take practical steps to organise one and give the scheme a shape. Otherwise he feared matters would go no further than in the previous year when for the same purpose a committee was appointed which did not do any work at all.

Mr. V. Venkatasubbayya in opposing the amendment said that it was not necessary as the resolution as it stood gave power to the committee to take steps in case it found the scheme feasible and organise a society. The amendment suggested was binding the committee to take steps even if it could come to the conclusion that the scheme was not feasible. Last year the committee appointed did not, no doubt, do anything but then they should note that it was not armed with any powers to act. This year the resolution went further and empowered the committee to take further steps.

The following amended resolution was then put to the meeting and carried:—

This conference resolves that a committee consisting of Messrs. C. P. Sundara Rao, T. S. Venkatarama Ayyar, M. S. Seshachala Ayyar, K. Raja Rao and T. R. Venkatarama Sastri be requested to prepare a scheme and draft a report in consultation with the Department on the subject of starting a co-operative insurance society".

XIV. "This Conference is of opinion that central banks established under the Co-operative Act are from every point of view suitable for the investment of Trust funds and requests the Registrar to move through proper channel the High Court of Judicature at Madras to frame rules under section 20 clause (f) of India Act 11 of 1882 to permit such investments as the security offered is based on the unlimited liability of rural societies and as the rule proposed will attract and bring into use new capital now lying unproductive.

The resolution was put from the chair and carried.

CONCLUSION.

The president in bringing the proceedings of the Conference to a close observed with reference to the resolution on the Debenture scheme that a doubt was expressed which remained unanswered and that was whether the Debenture stock was a mortgage or not. He was of opinion that it was, as all the societies' mortgaged bonds were collectively made use of for raising Debenture loans.

He regretted very much that some of the subjects brought forward could not be discussed at length for want of time as for instance the questions regarding fragmentation of holdings and Debenture scheme. He therefore suggested to the Conference the desirability of giving wide publicity both in the Press and in their English and Vernacular editions of the *Bulletin* to those subjects to be brought forward for discussion at the Conference and their thoughts well exchanged sufficiently early so that the delegates might come to a final decision easily at the annual Conference. It appeared to him from some of the speeches which had been made that the delegates have not all understood the various subjects well.

He hoped that the resolutions resolved upon at the Conference and in future similar conferences would have greater weight with the Ministry of Development. He was immeasurably pleased to see his old friends once again and wished them every success.

Mr. T. R. Srinivasa Ayyangar in proposing a hearty vote of thanks to the President said that but for his ready consent to preside over their deliberations when the Secretaries approached him at the last hour, due to the inability of Mr. Kelkar to attend, they would have felt a very great difficulty and passed anxious hours.

With a vote of thanks to the Registrar, the Joint Registrar and others who were pleased to be present and advise them, to the Boy Scouts for their ministering to their comforts, to the Wesley College authorities for their kindness in having lent their Hall, the Conference came to a close at 6 P.M.



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His Majesty's Reply to the Delhi Municipal Address, 13th December, 1911.—

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THE Madras Bulletin of Co-operation.

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any particular month should reach the Committee before the last week
the previous month.*

NOTES AND NEWS

We have no doubt that the resolutions of the South Canara Co-
operative Conference published elsewhere in this number
will be read with profit and interest, as the proceedings
of any conference guided by co-operators of the emi-
nence of Mr. M. Shiva Rao and Rao Bahadur M. Shama Rao are bound
to be. As the resolutions speak for themselves, we shall confine our re-
marks to only a few of them. One resolution reiterates the necessity for
amending the Act so as to permit the use of the word 'co-operative' for
students' stationery societies. But as they are composed mainly of per-
sons under 18, against whom, being minors, no liability can be enforced,
there is a real legal difficulty. We do not think the matter to be so vital
to the interests of co-operation as to deserve continued agitation. In
practice they are treated as co-operative societies and the Department is
willing to inspect, audit and otherwise help them. The word 'Society'
would sufficiently indicate their character. One resolution expresses
concern 'that Departmental instructions have been issued to Assistant
Registrars that disputes between members of co-operative societies relating
to their rights and liabilities as sureties have to be referred to the ordinary
Courts of Law and should not be dealt with under Rule XII.' We entirely
agree with the view of the conference and cannot understand how

disputes regarding suretyship could be considered as not arising out of the 'business' of co-operative societies. It is curious that while one resolution appeals to the primary societies to invest all their paid up share capital in the excellently working district bank, another resolution should appoint a sub-committee to start one or more additional central banks. If the new ones are not to be of the purely individual type—an anachronism which co-operators will not tolerate now—how will the primary societies find the necessary share capital to invest in them? The following remarks of the *Kannada Sahakari* which is published as Puttur are significant: "In our opinion there is no need for new central banks. Ours is a small district and the societies are not too numerous to be efficiently served by one central bank. Nor is there any reason to believe that the existing bank has failed to finance all the societies. But supposing that in future it should fail, the starting of new banks will not remove the dearth of funds. New money is best drawn into the movement by centralising all the available credit in one institution." There seems to be some history behind the proposal.

Some months ago Mr. Otto Rothfeld, Registrar of Co-operative Societies in Bombay, favoured us with a short communication which was published in the August, 20 number, of the *Bulletin* and in which he said that consumers' societies were in principle opposed to the very existence of capital, that their essential principle was collectivism while that of credit societies was individualism. In his view therefore, financial banks should not give loans to consumers' societies while they should to credit societies. In our comment we disagreed with him regarding loans to consumers' societies, expressed our inability to follow the distinction he made in principle between them and credit societies and hoped to be favoured with an amplification of his views. This he has tried to do in an article in the latest number of the *Bombay Co-operative Quarterly*, which we have reproduced elsewhere. He explains the 'collectivism' of consumers' societies as follows: "The object of the consumers' society, or rather of the movement as a whole, is the gradual collective appropriation of all means of production by all consumers in common and the substitution of a collective method for the existing competitive and capitalist regime". This 'collectivism' however, is not peculiar to consumers' societies; it applies to all co-operative societies equally. The relation of lender to borrower is exactly similar to the relation of producer to consumer. The object of co-operation in either case is to unify their

'The nature of the Consumers' Movement.'

interests by making the consumer his own producer and the borrower his own lender. We do not see how it is collectivism in one case and individualism in another. The illustration chosen by Mr. Otto Rothfeld of ten managers of co-operative societies doing the work of a hundred retail shop-keepers, proves the wastefulness of the present retail system but not necessarily the superiority of co-operation over other forms of economic organisation. Ten capitalist firms—or even a single large firm—could as well take the place of the hundred retailers and save all the waste. It is a question of small business *versus* large, not competitive *versus* co-operative. The real difference between competition and co-operation is that in the former the interests of the producer and consumer, seller and buyer, lender and borrower, landlord and tenant—are opposed to each other and each tries to gain as much advantage over the other as possible; while in the latter their interests are one and the same. The competitive producer or trader cares only for profit and retains it for himself. The co-operative society produces or trades, not for profit, but for the use of its members. It generally sells to its members at market rates for the sake of business convenience but the excess over cost is distributed among the consumers in the shape of bonus.

Mr. Otto Rothfeld recommends that a consumers' society should raise sufficient capital by means of shares to cover the monthly requirements of its members. We do not think this will be possible generally. That is why we are not averse to its getting a loan from the central bank. Quick turnover is certainly very desirable and should be the general rule. But we would not call it speculation to buy more stock than would suffice for a month or six weeks. No sensible manager or committee will take avoidable risks. But if there is no risk, if there is a steady demand for one or more articles and if they can be properly stored, we do not see any harm in their being purchased in large quantities from even borrowed money. Purchasing articles for the use of members cannot be called speculation. All business precautions must certainly be taken. Mr. Otto Rothfeld's suggestions are good as business hints but they cannot be called co-operative principles.

The Government of Mysore have issued the following notification:—"Owing to the increasing importance of housing the poor in urban and rural areas, Government recognise that a certain measure of State-aid is necessary to relieve congestion and to encourage the building of sanitary dwellings.

"Wherever individual Co-operative Societies either rural or urban are formed for house-building purposes, Government will be prepared to render financial assistance to such institutions as far as possible provided they have sufficient financial stability and are likely to benefit a large number of people.

"The Registrar is requested to formulate detailed proposals for giving effect to the intentions of Government and submit the same for sanction."

It will be noticed that there is no reservation regarding the rate of interest. Man lives in hope, so let us hope that even our Government will change its attitude.

Even at the first meeting in congress of the Consumers' Co-operative Societies of Australia it was thought necessary that an Australian co-operative union should be established to propagate the principles of co-operation and co-ordinate the activities of societies in Australia. Constitution making was wisely put off for a future date when local unions would have come into existence and a Federal Constitution could be evolved. For the present membership is restricted to co-operative societies carrying out co-operative principles in accordance with the objects of the Union. The objects of the Union, which may be said to express the vital principles of the Australian movement are as follows:—

(1) To advocate co-operation as the true fundamental principle of industry.

(2) To substitute in industry the motive of community service for that of private profit.

(3) To promote, encourage and assist consumers' co-operative societies on 'Rochdale' lines.

(4) To make the co-operative movement a uniting medium for all healthy constructive and humanitarian forces, by inviting into it all who will further its industrial programme regardless of party, class or creed.

(5) By means of special encouragement to the study of scientific economics and sociology, to make the co-operative movement a source of (1) an enlightened and social consciousness pledged to the material resources of Australia being administered to yield the highest individual development and the greatest general wellbeing; (2) a supply of fully qualified experts in social science for the public life of the country.

(6) To agitate for legislation to prevent improper use of the word 'Co-operative'.

(7) To carry on the trades and business of Accountants etc. (as per constitution of the English Union).

Two things are clear from this statement of objects. The Australian Co-operators do not think of 'Co-operation' as an economic movement alone but also as a social movement full of humanitarian forces. Secondly the auditing of member-societies' accounts by a central non-official body as in England is contemplated.

* * *

We have great pleasure in reviewing the annual report for the year ending 30th June, 1920 of the Provincial Co-operative Bank, Nagpur. Out of an authorised capital of Rs. 70 lakhs, Rs. 60 lakhs have been paid-up. During the year under report steps were taken to make the bank really co-operative. Shares—preference and founders—of the aggregate value of Rs. 3 lakhs held by individuals were redeemed but were not distributed among co-operative societies. During the year about Rs. 20.5 lakhs were advanced to central banks. On account of brisk demand the bank had to avail itself to the full extent of Rs. 2 lakhs of cash credit allowed by the Allahabad Bank besides borrowing demand loans from the Bank of Bengal to the extent of Rs. 5 lakhs. But the repayment of loans was not satisfactory, only Rs. 12.5 lakhs out of Rs. 21 lakhs advanced having been repaid. This fact is explained by the report as due to fall in cotton prices and the consequent holding up of the same by the producers and the failure of rice crop. The bank earned a net profit of about Rs. 73,000. The establishment charges for the year stood at the strikingly low figure of about Rs. 6,000.

We are indebted to the *London Times* for the news that an association to be known as "Schools and Services Supplies" has been formed in England with the object of purchasing food-domestic supplies, books, stationery, sports equipment, and other commodities. The association will be run on co-operative basis and is stated to include over 500 schools, comprising Eton, Rugby, Harrow and many an important public and private institution. It is stated that one of the effects of the association will be to reduce the expense of conducting School. Some of our readers might

Co-operation
and School Sup-
plies.

know how the starting of the Oxford University Co-operative Society greatly reduced the expenses of the undergraduates at Oxford. Something in this direction has been done in Bengal. In our Presidency co-operation is gradually gaining recognition among students and we see a number of societies cropping up in all parts of the presidency. We are sure a day will come when a wholesale for the students' societies alone will have to be organised in Madras.

**

The Business Review which is a newly started monthly journal, takes a pessimistic view of rural co-operation. The facts and figures published by the Registrar from time to time and discussions at conferences do not, we are told, give any idea of the real state of affairs. Certain defects are then mentioned, such as the paucity of local deposits, misuse of loans for unproductive purposes, reloaning binami transactions etc. The writer of the article seems to be under the impression that the existence of the defects is unknown to the Department and hopes that 'if it is convinced of at least some of these facts; it would take speedy measures to place rural co-operation on a sounder basis'. We may inform our contemporary that these defects came to light very soon after a sufficiently large number of societies were started and steady attempts are being made to minimise them. Almost all societies have been brought under supervising unions and the general efficiency of societies is gradually increasing in all parts of the presidency. Some societies have been started where they ought not to have been but they are either slowly improving or going out of existence. In spite of the best of human efforts a certain amount of defective working there will always be in any class of institutions in this imperfect world.

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Of the few panchama societies that are managed by the members themselves and have a good record for punctuality and work, the St. Francis Xavier's Street Labourers' Co-operative Society, Villupuram, South Arcot, may be said to be one. Though started only just a year ago the society has managed to be able to set an example in efficiency of management. There are now 91 members most of whom are Catholic Christians from the panchama community, holding shares worth of Rs. 1,100. The working of the society will be of great interest to our readers. The shares are of the value of Rs. 20 each payable in 40 equal monthly instalments. The borrowing power of the members is limited to their

share value and that of the society to five times its share capital. A sum of Rs. 4,500 was borrowed from the District Banking Union and Rs. 3,000 have been repaid already. The members have been exceedingly regular in repayment of their loans to the society, and the society in its turn to the Banking Union. During the four months it worked in the last co-operative year the society earned a net profit of Rs. 48. It reflects credit on the society that its President should be elected to the governing body of the Villupuram Union. We tender our congratulations to the society.

**

Considerable progress was made by the Kistna District Co-operative Bank, during the year 1919-20. There was improvement in the number of members the figures for individual and society members being 97 and 165 respectively. The shares of the bank have almost wholly been taken up. The share capital of Rs. 50,000 earmarked for individuals was completely subscribed and paid for. And the societies in the district do not seem to lag behind in this matter. The bank attracted very large amounts of deposits enabling itself thereby to reduce its liability to other central banks from Rs. 3 lakhs to Rs. 1.4 lakhs. The deposits from members and non-members at the end of the year stood at Rs. 1.28 lakhs and Rs. 1.91 lakhs as against Rs. 0.55 lakhs and Rs. 0.88 lakhs respectively at the beginning of the year. Though the bank held an overdraft of Rs. 0.5 lakhs with the Madras Bank, it did not owe anything to the bank at the end of the year. Loans to the extent of Rs. 4.3 lakhs were advanced during the year, and the collection was fair. The bank earned a net profit of Rs. 10,000. We congratulate the bank on the successful year it had.

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The last co-operative year was a good one for the Madras Salt-Loaders Co-operative Society, one of the oldest co-operative labour unions in this Presidency. Its membership increased from 85 to 95 and share capital from Rs. 293 to Rs. 303. During the year the society undertook loading contract to the value of Rs. 16,344 as against Rs. 12,224 of last year. The amount of wages and establishment charges paid out was Rs. 14,788 as against Rs. 12,354 thus leaving a net profit of Rs. 2,485. About Rs. 4,350 was disbursed as loan to members and the amount repaid by daily recovery out of the wages of the members stood at the creditable figure of Rs. 4,088. The society has invested Rs. 3,000 with the Chingleput District Banking Union and Rs. 1,000 with Tiruvanamalai Union. Its reserve fund aggregates to Rs. 2727. It is highly creditable of the society to have fulfilled its purpose so ably.

With regard to membership of Government servants in Co-operative Housing Societies a Bombay Government order says, "Any Government Servant except a member of the Indian Civil Service not being a native of India, may be a member of a Co-operative Housing Society formed exclusively on a co-partnership tenancy basis and may invest or deposit money therein; and any such Government servant may be a member of another Co-operative Housing Society and invest or deposit any money therein, subject to his obtaining the previous sanction of Government or such heads of department as may be specially empowered by Government in this behalf".

* *

During the last co-operative year the number of affiliated societies in the Poonamallee Co-operative union increased from 25 to 35. It is gratifying to note that owing to the exertions of the union that there was a nil balance due from societies to central banks. There was some reduction also in the overdues from members of affiliated societies. The union maintains a supervisor on Rs 30—2—40 with a fixed travelling allowance of Rs. 10 and a clerk on Rs. 10.

* *

The Government of Bombay have extended the concession of rebate of 75 per cent of money order commission paid during the year on remittances between Co-operative Societies and their financing agencies in the Bombay presidency for a further period of five years from 1st April 1921.

PROFIT—SHARING.

BY MR. K. C. RAMAKRISHNAN B.A., (HONS.)

Profit-sharing has been adopted by capitalistic as well as co-operative concerns. It is, on the one hand, a partial application of the co-operative principle, a possible stage in the evolution of co-operative production; on the other, it is an agency to secure industrial peace—good will between the employer and the employee—and to stimulate increased economic output. The motives of co-operators and capitalists in adopting the scheme may be various, but they are not all antagonistic.

Charles Babbage was the first in England to advocate the application, to manufactures, of profit-sharing whose value he discovered in the fishing industry in the south coast of England and in the Cornish coal mines. The fishermen were in the habit of taking for themselves half the fish they caught, and giving the other half to the owners of the boats and nets which had been lent to them; and it was their duty to repair the boats and nets. This struck Babbage as an equitable arrangement. The coal miners likewise enjoyed half the produce of their labour, handing over the other half to the capitalist. They were known to be very quick sighted in discovering rich lodes of coal and eager to bring the coal up to the surface as quickly as possible. Babbage argued that if workmen were associated as participators in the profits of a manufactory, some material and moral advantages were bound to ensue.

The workers in a profit-sharing concern have a direct interest in the prosperity of their business. They realise the pecuniary gain which would result from putting forth as much effort as they could. Besides lowering the prime cost, they reduce the fixed expenses of the concern since they need less supervision—thus ensuring to the capitalist gain of a double nature. The workers have an immediate interest in preventing waste or mismanagement. They economise materials, take better care of tools and are ready to avail themselves of every improvement in industry. Workers of more than average ability are attracted and no place is given to idlers. Shirkers become unpopular among the labourers.

Thus it has happened that the response by the employees to profit-sharing has often not only made up for extra-share divided out, but also increased the dividend. This is 'Stimulus Participation' from the employer's point of view. But there is, what is called a 'Surrender Participation' when the employer thinks it worth while to pay more in profits to his men than he apparently gains materially by the scheme. This is not quite inspired by a feeling of generosity for he drives some non-material gains of an incalculable value. Profit-sharing diminishes friction between him and the employees; it tends to prevent strikes.

There is greater regularity of employment and less application for charity. The mere absence of ill-will between him and his workers will allow him to concentrate his attention on the better marketing of the products and improving the industry on the whole. Unemployment is avoided in normal times by the permanent ties that exist between the employer and the employed. Even in times of glut in the market, the workers need not be thrown out of employment, and when they are not fully engaged in producing, they may take to repairing tools and such other businesses.

The workers instead of being a drag on the management will help it. They have a solidarity of interest with the employer and may obtain a glimpse of the problems confronting him. If profit-sharing leads to co-partnership the labourers are introduced to a share of the brain work of management; they hold shares, elect Directors, and acquire a pride in business. Their industrial status is raised and their talents are stimulated, and these are great moral assets.

Profit-sharing, according to the advocates of the scheme, is thus a panacea for many ills; before we criticise it, it is good to study the divergence in the methods of profit-sharing. The first essential condition is that the employees should be paid the full market rate of wages and then assured a certain rate of net profits deducting, of course, rent, interest on capital, wages of workers and management. We do not, therefore, take into consideration that profit-sharing which is designed as a cloak for lowering wages, concealing fraud; nor payment of bonus by certain employers which is not contractual or fixed in advance.

Generally the profits of the business are calculated for a fiscal period one year or half an year, and a proportion fixed before hand is paid to the employees in addition to wages. This total share accruing to employees is divided amongst individual workmen—generally the permanent staff on the basis of the wages they severally earn. But profits are not shared between the employer and the employees as a body in the same proportion in all concerns.

Profits were shared in equal parts, half and half, in the Briggs Collieries where however, the scheme has been given up since it failed to prevent strikes. In the famous Leclaire house-painting concern, only a quarter of the profits is enjoyed by the proprietors while the workers are allotted three quarters of the profits. In a few concerns an equal percentage of profits is allowed on the total annual wages and on the total Capital stock. The proportion of profits generally works out as 1 : 4 in them. In the Godin metal working establishment at Guise profits are shared in the proportion of total interest on capital to total wages of the year to workmen an arrangement very favourable to the latter. Another method of profit-sharing is to distribute the same percentage on wages as the

Dividend on the stock of enterprise. This avoids an inspection of the accounts of the firm by the workmen; the employers resent publicity of accounts through the workmen, while these are often suspicious of the account keeping which may be manipulated to cut down their share of profits. But '*dividend*' in a joint stock concern is a fairly public matter and the workmen need entertain no ill-feeling towards the employers. In this scheme, however, the intelligent workmen are denied the opportunity of learning the financial intricacies of business.

Profits to workmen are not in all places paid in cash. They are in some places kept in the enterprise as capital and credited to the workers, the accumulating bonuses are built up for purchase of shares for workers, on which however profits and interest are paid in cash every year. This is known as 'deferred sharing' and is adopted in the Godin concern at Guise; all the profits are invested in the business and workmen ultimately become predominant owners. This leads to 'co-operative production' approaching the type of the 'self-governing workshop', which has been a conspicuous failure in England. At the present stage of industrial development, profit-sharing has a chance of success when it enlists the interest of the workmen but obviates management,—at any rate a predominant share of management by them.

Payment in cash of the whole share or part of it is common outside France, and is the more effective stimulus to workmen who may have also a more immediate use for their annual dividends; for while spending their wages on the bare necessities of life they may utilise their share of profits in re-furnishing, re-clothing etc.

Sometimes the bonus is credited to the workmen's *Mutual Aid Society* or an old-age pension fund as in the Leclaire painting house. This is laudable, but if the whole bonus were to be so diverted, it would be open to the same objection as stock-sharing in that it makes no effective and immediate appeal to the workmen.

Objections have been raised to profit-sharing schemes by employers, workers and trade-unions. None but a positively philanthropic employer is disposed to share the profits with workers unless it pays him directly or indirectly and it would be difficult to dodge the law of supply and demand indefinitely. Most employers question the justice of an one-sided participation by workers, i.e., participation in profits alone, and not in losses also. The classical economists are equally indignant and declare that the labourers have no right to a share of the profits, since profits are not of their making at all, and ought to go entirely to the risk-taking capitalists and to the able managers whose business capacity and judgment alone can account for the profits.

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But it is incorrect to dissociate thus the contribution made to the success of the business by the workers. They, at any rate, contribute more than the share-holders who are sleeping partners and still receive high dividends and not merely interest. If it is said that the failure of the concern involves a heavy loss of capital to them, do not the workers also in such a contingency lose their employment, their very means of livelihood—may be for a fairly long period?

The other objections of employers are as follows:— They fear that dividend or bonus, once given, comes to be looked upon as matter of custom and right though fresh efforts on their part may be wanting. Private employers are notoriously opposed to the publication of their accounts by means of their workmen. They also believe that with the increasing standardization of implements, which has rendered many operations quite routine and easy of supervision, evasion of work is more difficult and the normal performance of each workman can be fixed (by time and motion study.)

Scientific management has also devised other methods of wage payment more profitable to the employer and the individual efficient workers. Profit-sharing is no doubt a commendable form of advertisement of business, as in Cadbury's organization, intelligent and public-spirited customers naturally give preference to it. But very often, in the experience of businessmen, advertisement of the blatant sort succeeds better.

The workers have their own objections to profit-sharing. They believe that profit-sharing schemes are designed to extract every ounce of effort out of them, they are not paid adequately for the harder work they are induced to do. When it turns out at any time that the profits of a concern are small, the labourers who have worked harder are disposed to distrust the employers' accounts, they are not in a position to understand the accounting intricacies and the methods of determining profits. Profit-sharing creates a distrust where there was no distrust before. The workers get disgusted with small profits and resume their old style of working. The greatest defect of the scheme in this age of speculation is that it ignores the fact that in many businesses fluctuations in profits occur quite irrespective of the capacity of the employees. Profits are wiped out by a turn in the part of the employers. The hard-working employees may in their turn complain of the risks they undergo without having any control over them. Speculation is injurious to labourers materially and morally and therefore profit-sharing in highly speculative concerns is entirely out of question for them.

Another great defect of the scheme is that it distributes profits not according to the merits of the individual workers but on the basis of their wages. When the undeserving as well as the deserving receive a share—an equal share—of the profits it affords no motive for the average workman to put forth his best effort—though it is true for the same reason that positive idleness may not be tolerated. That is why profit-sharing is fast giving place to other methods of remuneration such as 'gain-sharing' where besides a fixed minimum of wages, a premium is paid on the extra-efficiency of the individual worker, irrespective of the price ultimately obtained for the whole produce; and the premium is paid not after a year's work but as soon as the extra out-put is ascertained. Capable workmen certainly respond to this appeal more readily.

Trade Unions are also opposed to profit sharing schemes which they believe are designed to counteract their movement. Employers are as a rule averse to workmen joining Trade Unions. Workmen in profit-sharing concerns are suspected to be interested in their fellow employees only and not in employees of the trade. This selfishness is deprecated and they are exhorted not to accept a compromise with employers. But there is no reason to believe that profit-sharing has always prevented strikes. As long as there is an absence of good feeling—for whatever reason it may be—between employers and employees, strikes cannot be prevented.

All this said against profit-sharing, it should be admitted that it is advantageous in some circumstances. It is applicable to a steady industry which has a constant supply of raw-materials and supplies a constant demand, to an industry which is directly affected by the way in which labourers work—generally to a work which may be spread over a vast area and be difficult to supervise as in the Leclaire House Painting concern and in the South Metropolitan Gas Company of London—until electricity came to compete with it. It is suited to an industry where individual contributions cannot be accurately measured, and it is more suited to salaried men than wage earners. It has indeed achieved success where it has been applied to employees doing intellectual work such as foremen and engineers who try their best to eliminate waste. The essential conditions of its continued success are that the employees should be intelligent and persistent enough to improve even after the novelty of the scheme wears off and that the employers should be prepared to give steadily a substantial share of the accruing profits, year after year.

Some writers look forward to the success of profit-sharing in two great branches of production which would be very favourable to it but where it has not been tried at all or given a fair trial—in agriculture and sea fisheries.

Y. M. C. A. RURAL WORK IN INDIA.

BY MR. A. S. DIVIYANADHEN.

General—The aim of the Indian Young Men's Christian Association is to develop the physical, social, intellectual and spiritual manhood of India, to permeate young men with Christian ideals of character and service, to co-operate with the Church and other organizations working for the welfare of India and to stimulate the formation of movements which will work for the highest advancement of humanity. Though the Association cannot identify itself with any particular sect, it is quick to co-operate with all organizations and individuals trying by honourable means to uplift the people of India. With this end in view it directs its programme of service by adopting several methods to suit the various needs of different kinds of people in India. It has opened hostels, restaurants, commercial classes, lecture halls, gymnasiums, play grounds &c., in the large cities of this country. Here students and business men, soldiers and civilians meet on an equal footing without distinction of caste, creed or colour and exchange views on personal problems and the public questions of the day.

Object, origin and growth of the Rural work.—In this comprehensive programme the farmer and the labourer, the cooly and the cobbler are not forgotten by reason of their residence in the villages. The Rural Department of the Young Men's Christian Association has been organized for the express purpose of serving the rural population, in other words, for affording facilities to the village young men to enable them to develop their true manhood and to become worthy and intelligent citizens of the Empire. Thus the object of the rural work is the social, economic intellectual and spiritual improvement of all within its reach irrespective of age, caste, creed, sex or condition.

To start with, Mr. K. T. Paul, B.A., O.B.E., was appointed on 15th December 1913, as one of the National General Secretaries of Young Men's Christian Association with special reference to plans for the development of work among rural communities. He presented to the National Council of Y. M. C. A. a memorandum detailing a scheme to ameliorate the oppressive economic social and educational conditions of these classes and recommending the organization of Rural Young Men's Christian Associations on the lines of registered Co-operative Societies. After much consideration the Executive Committee of the National Council decided that the work of the kind detailed in the Memorandum was necessary, and that it was a legitimate sphere for the Young Men's Christian Association and likely to meet with support from

Government. Accordingly in February 1914, the services of three secretaries were engaged for the Rural Department of whom one was Mr. Swamidoss B.A., the present National Secretary of the Rural Department of Young Men's Christian Association in India.

The three secretaries underwent the necessary training in the office of the Registrar of Co-operative Credit Societies, Madras, and at the end of three months were asked to work in the Ceded Districts, Malabar, Salem and Coimbatore. In January 1915, two additional Secretaries were appointed.

At the end of the first twelve months of work, 12 rural co-operative societies, in connection with London and Basel Missionary Societies had been registered, of which 6 were in the Ceded Districts with a borrowing power of Rs. 11,000 and benefiting a community of 1,200 people. The success in the Ceded Districts was due to the pioneering work of Mr. D. Swamidoss and by his efforts in 1917 the first society was formed, at Yadiki in the Anantapur district. At this stage the work had to be limited owing to shortness of the funds available. All the same the need for larger funds for the Christian Societies, which could not for various reasons secure sufficient help from the already existing agencies, was manifest. Plans were set on foot, largely on the initiation of Mr. K. T. Paul, for the formation of a Christian Central Co-operative Bank. The bank was started in October 1916 and is located in Broadway, Madras. This Bank works on a limited liability system, borrowing money to the extent of eight times its paid up share capital and reserve. This is an altogether independent body, the Young Men's Christian Association or the Young Men's Christian Association Secretary having no official connection with it. It has very recently been made the District Bank for the City of Madras.

The Rural work steadily expanded year by year, but was confined to the South until early in 1918, when work was begun in the Punjab at Martinpur in connection with the United Presbyterian Missionary Society. Later in the year Secretaries were stationed in the United Provinces.

Activities and Achievements.—The needs of the villager are manifold and are different from those of the city man. Debt, Drink, Dirt and Darkness, these are his deadly enemies. Deliverance from these enemies will make a man of him. Real India is in the villages and the Indian Empire needs to be built from the village whence the activities of the Rural Department are directed. To improve the economic condition of the villager the Young Men's Christian Association starts co-operative credit,

purchase and sale, societies thus enabling the villager to foster habits of prudence and thrift, increase his earning power by making available the recommendations of Government experts in agricultural and cottage industries, and procure from the financing Co-operative Banks the necessary capital at cheap rates of interest. The social side of village life is being attended to by temperance work, organising Bhajanas, excursions and festivals such as are suited to villagers, by providing facilities for healthy and cheap Indian sports and gymnastics and by means of educational work through night schools, talks on popular subjects, magic lanterns, shows, conferences, and distribution of literature &c.

Much attention has been paid to the development of cottage industries. The services of a trained weaver as Secretary were procured and through his initiative a weaving class has been opened at Jammalamadugu to train pupils on a two years course intended to enable them to pass the Elementary and Intermediate Examinations in weaving.

Through the generosity of Sir Daniel Hamilton a beginning has been made in developing the fruit-growing industry. An orchard is being planted at Panyam. The same gentleman has placed his rubber plantation estate at Kakil, in Travancore at the disposal of the Young Men's Christian Association for its rural work and this is under the capable management of a Young Men's Christian Association Secretary.

The staff of Secretaries who are set apart for the Rural work consists of Christian young men who have dedicated their lives to the service of their country, graduates of universities, business men and men trained in agriculture, weaving and other cottage industries. Their number has grown from 3 in 1914 to 28 in 1920 and they are recruited from all parts of India. The field of work also has considerably expanded. Rural work has been started in the Bombay Presidency, Bengal, the United Provinces, the Punjab and in the Madras Presidency in the districts of Anantapur, Kurnool, Kistna, Coimbatore, Salem, Madura, Chingleput, South Arcot and Malabar. It is hoped that more intensive work will be done in future.

During the past 6 years 240 co-operative societies have been organised some of which are non-credit societies. The membership in the societies stands at 7200 representing units of families. The working capital amounts to Rs. 2 lakhs.

Besides this co-operative Credit work, help has been rendered to the needy in various ways. Burma rice, cloth and Kerosine oil are supplied at cheaper rates. Habits in sound business and punctual repayment

have been encouraged. Besides the Christian Central Bank at Madras, another Christian Bank has been organized at Lucknow. All through the efforts of Y. M. C. A. many improved looms have been introduced medical help has been provided in remote villages. Panchayats have been organised in a number of places to settle quarrels and litigation. In short in whatever form and way the Y. M. C. A. could render assistance to the needy people has been given unstintingly.

Requirements.—Experience shows that there is great need and scope for such work in the villages. To meet those needs funds are necessary. The salaries and travelling expenses of full time Secretaries to work in the villages have to be paid. Village teachers have to be employed in larger and larger numbers. And to provide recreational education gramophones and magic lanterns are required. The Y. M. C. A. can do its work only if the generous public come to its help. It is therefore hoped that those who have the welfare of their country at heart will come forward to render as much help as possible to uplift the masses of India.

In conclusion let me quote the following words of two eminent men in India. The Hon'ble Mr. V. S. Sreenivasa Sastri, says.

"What I have seen of it, however, fills me with admiration and gratitude. The Association neglects no promising field of service and, so far as I can judge, even its distinctly Christian activities are singularly free from all trace of narrowness or dogmatism.

"The magnitude and many-sidedness of the operations of the Association are a wonder to me, and I have sometimes felt that non-official organizations in India would gain in persistence and boldness of conception by a study of the aims, methods and ideals of the great movement known throughout the world by the letters Y. M. C. A."

And this is what Sir Bernard Hunter has to say on the Y. M. C. A. work in India.

"The success which has attended the work among civilians and especially the work of the Rural Department justify continuance and development. To-day a great opportunity for constructive service confronts the Association in rural areas both among the depressed classes and with the returned sepoys as well as among college students, high school boys and educated young men."

Any contributions towards the Rural work will be gratefully acknowledged by the Honorary Treasurer, W. R. Gourlay Esq. C. S. I., 5, Russell Street, Calcutta.

SOME CO-OPERATIVE PROBLEMS WITH SUGGESTIONS FOR THEIR SOLUTION.*

BY MR. T. K. VENKATARAMIAH, HONORARY ASSISTANT REGISTRAR OF
CO-OPERATIVE SOCIETIES, SOUTH ARCOT, TINDIVANAM.²

The co-operative movement was set on foot in India in 1904. So shortly afterwards as 1912 the Government was able to recognise the necessity to extend the sphere of operation of the movement to non-credit functions also.

The object of the movement is laid down by the Act to be the formation of co-operative societies for the promotion of thrift and self-help among agriculturists, artisans, and persons of limited means. The chief aim of the movement as defined by the MacLagan Committee is to deal with the stagnation of poorer classes and more especially the agriculturists who form the large majority of population in the country. They recognise that their indebtedness and thriftlessness are the main causes of their inability to meet organised trade on equal terms and to withstand bad seasons.

Therefore, any measures adopted to improve their condition must be directed chiefly towards—i. Relieving them from their indebtedness gradually, ii. Encouraging them to carry on improved agriculture on up-to-date methods and refining their raw products as far as possible and iii. Helping them to organise themselves for joint production, joint sales and joint purchases.

Considering the number and variety of societies hitherto established throughout the country, the work done so far appears indeed to be striking, but the scope for further expansion and development in all possible directions is still very great and can be rightly comprehended when we remember the vastness of the country and its teeming millions of agriculturists. Immense vistas of its potentiality are opening up before us by the success achieved so far.

The societies, as they are, are sprinkled here and there over a vast country and scattered from one another. It is a recognised fact that for successful co-operation, the members of any society should be near and in touch with one another. The same is true of societies as well. Grouping of societies in close proximity to one another and a federation of such groups in a concentrated area are very essential and are emphasised in this paper especially for attaining the results contemplated in para 3.

It is suggested that a beginning in the direction of concentrating the movement may be made in right earnest in a systematic and organised

* A paper read at the Ninth Madras Provincial Co-operative Conference.

way in a selected area for attaining a higher standard of co-operation which is the aim of this paper. It is fervently hoped that it will not only be a boon to the people inhabiting the area over which such movement is started but it will also be a source of emulation to the neighbourhood and an example to the whole country.

Progress made hitherto:—In the District of South Arcot the movement was started in 1907. I take the Revenue division of Tindivanam where the first seed was sown, as an instance, and review the past work, examine how far the object of the movement has been achieved and consider the possibilities for further expansion and development of Non-credit functions towards the improvement of the agriculturists.

At the end of 13 years there are only 87 societies in the Division operating on only a hundred villages out of 783 villages in the Division. Of these, only 4 carry on non-credit functions. The rate of expansion is about 7 societies per annum. At this rate it will take about a hundred years for spreading the movement over the entire Revenue division.

The bye-laws of all societies provide for the development of non-credit functions such as joint sale, joint purchase etc. The Registrar of co-operative societies, Mr. F. R. Hemingway, has in his able circular dated 28 Oct., 1919 'ON JOINT PURCHASE AND SALE' explained the theory and practice of co-operative trade and has emphasised the importance of expansion in that direction. Still it is regrettable to note that progress in the direction indicated has been anything but satisfactory.

The lack of progress seems to be due to many causes:—While the movement was still in its infancy, societies were registered in a necessarily haphazard way and experiments were made wherever an opening seemed to occur, irrespective of main considerations such as, their proximity to existing societies, facilities for joint purchases and joint sales by groups of societies and joint efforts by them towards the adoption of improved agricultural methods etc., by which to increase the production.

Also several other advantages arising from the proximity of societies to one another such as opportunities for rapid dissemination of knowledge, for the close and effective supervision and control of the societies and facilities for creating an atmosphere of fraternity among the co-operators for their mutual help and guidance were not considered. The limited capacity of financing banks to encourage the growth of new societies has also been an obstacle in the way of quick expansion. It would thus appear, to put in the words of Mr. Mukerjee, that "Though the progress of co-operation in India is generally gratifying, it cannot be said, as yet, to have done more than touch the fringe of the problem it is intended to solve."

The present outlook:—Owing to the great upheaval caused by the late war, India like most other countries, is on the eve of great changes in all departments of her activities. With the inauguration of new Reforms, an era of great Industrial and Agricultural expansion is in sight. Rice mills and ground-nut decorticators have already been erected in many interior villages because the type of engines of certain makers can be handled and controlled even by laymen. Hence they are called "Buffalow or Fools' proof" engines. I have personally inspected many engines in the district of South Arcot and elsewhere owned by persons who do not know even the names of engines, but the engines and mills are driven and worked by drivers with just a little training and the machines work as smoothly as well as those run by experts. Many more engines of the kind will come into existence, when the output of makers in Europe and America and transport facilities are restored to the pre-war level. Trained drivers have already given training to the people concerned and new hands are being trained by the Industrial Department and there is no doubt they can be had in any number to work any number of engines imported. There has been a general awakening and keen interest created in the minds of the people as to the possibility of Industrial and Agricultural development by adopting improved and scientific methods of agriculture, as a result of several co-operative conferences held at various places and of demonstrations of the Agricultural Department at Palur near Nellikuppam and frequently at several other important centres in the sub-division and in the district.

Also a recent demonstration made near Madras by a firm to prove the utility of Tractors, newly imported, has convinced the people who went from this district and witnessed the same of its utility and labour-saving capacity, some others contemplating the purchase of them. Mr. Chinnia Chettiar of Tirukoilur has already purchased one and is working it in his fields near Tirukoilur.

A change in the ways of thinking, living and even working has come over the people, as I see from my conversations with the agriculturists in my tour. Capitalists organise themselves for floating numberless companies in the country under the Companies Act for efficient services. The industrial workers and traders organise themselves for efficient protection and profiteering respectively.

But the agriculturists remain unorganised. Change of attitude on the part of people in all branches of activities, abnormal rise of prices of food grains and other articles of necessity, the increase

of wages of workmen of all types and of employees, have in the last two years forced the agriculturist to view his occupation in an entirely different light. It is an undoubted fact that the agriculturist is losing ground in competition with other industries.

The economic and financial pressure referred to above is forcing them to conclude that agriculture must be organised on a better basis and worked for profit instead of for a mere living. The people are, therefore, ready to adopt any remedial measures that may be suggested to them for the betterment of their lot.

The reasons for their present depressed condition are not far to seek. Scientific methods have not been applied to farming as much as is necessary or possible to improve production in the country. Agriculture has not benefited by efficient organisation. It has had no purchasing, selling or advertising agencies to replace the middlemen. The agriculturists' chronic indebtedness to village sowcars and town Marwaris is another reason. Farming has not had ready access to credit facilities like other businesses. This is a serious handicap even for ordinary cultivation.

As the majority of people in India are agriculturists it is certainly very important that the expansion of the Co-operative Movement in India must be directed chiefly towards the improvement of agriculture. I dare say that all mill owners, factory owners, merchants, employees and men of various professions in India and elsewhere depend and must continue to depend on the farmers for the supply of necessities of life. Unless and until this mainstay of India is improved by all means under our control, the economic and moral condition of people all round cannot be improved. And there is perhaps no better field for the exercise of the benevolent activities of the Government and of the private zeal and effort of our public workers than the regeneration of the lot of the agriculturists by the application of the principles of co-operation to all their activities.

(To be continued.)

Men are four: He who knows, and knows he knows—
He is wise—follow him.
He who knows, and knows not he knows—
He is asleep—wake him.
He who knows not, and knows not he knows not—
He is a fool—shun him.
He who knows not, and knows he knows not—
He is a child—teach him.

—Arabian Proverb.

THE NATURE OF THE CONSUMERS' MOVEMENT.*

By Mr. OTTO ROTHFELD, REGISTRAR, C. S. BOMBAY.

It is no exaggeration to say that the full bearings of the consumers' movement in co-operation have hardly so far been grasped in India except by very few thinkers. We may indeed claim that in the examination of the meaning of the movement and its practical implications under Indian circumstances, Bombay is now leading the way. There are, it is true, in other parts of India distinct tendencies towards founding stores, and every co-operative store does, of course, imply to some extent the existence of a consumers' movement. But from what one hears it would appear as if those stores were either isolated phenomena or else were regarded merely as palliatives to a strained economic situation and not in their proper relation to recognised co-operative ideals. In Bombay, of course, we must admit that our stores are still few and far between, and that they have mostly failed to achieve the success that one hoped. We may also perhaps admit that there are very few even of our leading co-operators who have fully studied the subject or assimilated the underlying ideals and principles. Yet we can claim with some right that these principles have never been allowed to go into the back-ground, and that in practice our stores are being shaped in conformity with the correct ideals of a consumers' movement. In other words, we have not shirked difficulties. Though we have not multiplied stores by any artificial support and have not extended the movement by artificial appearances, yet there is cause to hope that our small beginnings, by being on sound lines, will rise in time to an imposing structure.

There are two aspects from which co-operative purchase can be regarded. There is first of all what in America has been very suitably called a buying club. The buying club is an association of a few middle-class people, usually farmers, to supply themselves with certain main articles of consumption at cheaper rates with some guarantee of purity by pooling their orders and their cash and sending one of their members to buy the articles at some wholesale dealer's or at the market-place. This method has its undoubted advantages for farmers who want to buy certain articles for their business purposes, for instance, manure or ploughs. It can also be applied to a few leading articles of their daily consumption like wheat, rice, kerosine or salt. In all such cases they can, by clubbing their orders, paying cash, and sending a sensible member of their body to buy what they need, obtain a slightly better price and a distinctly better guarantee of purity. In such a case, of course, there is no shop and there are no complicated accounts. Even if they go

*With acknowledgements to the *Bombay Co-operative Quarterly*.

much further and buy merely not on an actual indent, but rather on an estimate of monthly or quarterly requirements of those few articles, they still do not need a shop which should be regularly open, but only a small store-house that may be open for an hour or two at a time once or twice a week. But these are still mere buying clubs and in themselves do not lead any further. They are inspired by no ideals of any kind and have as their object merely a very earthly and utilitarian wish to gain pecuniary advantage. They are quite useful things and when applied to agricultural implements or manure are certainly worth encouraging. But they hardly seem worthwhile taking a great deal of trouble about, and they can never inspire enthusiasm or lead to a real movement. To the cause of co-operation as such they are of very little help. The practical difficulties in India are for such associations to get in touch with the wholesale market on advantageous terms. Up till now, I gather there are few instances of such societies really touching the wholesale market directly by themselves to any advantage. In one province, I know these stores have a very imposing superficial appearance of success, but investigation shows that the success has not been achieved by them but for them. An enormous number of Government Inspectors is maintained at the cost of the tax-payer, and it is these Inspectors who do all the buying and transport for the societies. As far as one can see, the societies themselves do little more than say what they want and take it when it is supplied. This is hardly business, and I should be very much surprised if the proportionate cost of the Inspectors did not considerably exceed the profits earned by the societies. In any case, it is obvious that a movement conducted on such lines can have no vitality. The only prospects that I can see before it are those either of collapse when the Government aid is withdrawn or an indefinite burden of nursing at the tax-payer's responsibility.

In Bombay, at any rate, this is not what we mean by the consumers' movement. There are, of course, many who are still unable to lift their vision above a perspective of indefinitely multiplied buying clubs of this kind, and I suppose all of us would be quite glad to welcome such societies, partly because they do bring some small advantage to the cultivating class, and partly because we may hope through such beginnings to stimulate members to grasp the real ideals of the consumers' movement. But we would all agree, I suppose, that such clubs could have this value only if they do their own work themselves and do not depend upon paid officials to do their business for them.

The real consumer's movement, however, starts with very different objects and ideals, and it is the real consumers' movement which we want in the Bombay Presidency, the most industrial and probably the most

on capital very soon outstrips all possible profits, if the stock remains on hand unsold. Moreover, the stock is not imperishable; each day that it lies in store takes away some of its value and the stock that is not turned over each month may soon become unsaleable. And, lastly, too great a capital very soon leads to speculation. The society tries to buy cheap in order to hold the stock and sell dear. By so doing it may readily find that it has miscalculated and bought dear in order to sell cheap. Moreover, by yielding to the speculative temptation it has bowed down in the house of capitalism and abjured the principles of co-operation. All speculation is built upon wasteful competition, and a co-operative society should not yield to such temptations. From the business point of view also it is to be remembered that all sound retailing consists in adding a certain margin of profit to the wholesale price, whatever the price may be. If, therefore, it were possible in practice to buy each morning and to sell each evening, this margin of profit would be steady at all prices. This is not practical, but it is quite practical for the co-operative society to sell all its stock within a month, and within so short a period the chances of loss by speculative fluctuations of the wholesale market are reduced to a minimum, while the margin of profit remains fairly steady. The main lesson, therefore, from the business point of view for all co-operative societies is first to obtain a fairly accurate estimate of their members' requirements, secondly, to raise a capital not much exceeding the cost of these monthly requirements in the first instance, and thirdly, by this rapid turn-over to abolish the need of credit except the short trade credits obtainable from the wholesale dealers to cover the period of delivery and partial sale. As business increases and more members join and other customers begin to frequent the shop, the estimates must be carefully revised every fortnight, and the capital gradually increased by obtaining further shares or deposits from members. And there will never be any difficulty in obtaining such a gradual increase of capital for a successful business. The main difficulty will be to restrain the capital within limits that each fortnight's experience shows to be sufficient.

The real essentials for the consumers' society are, first, a thorough education in principle for all members and especially for the promoters and managing committee of the society, and, secondly, built upon this firm understanding of principle, the rigid and vigorous loyalty of the members. It is only where this loyalty exists that one can hope for accurate estimates of requirements, for a ready response by shares and deposits to the increasing needs for further capital, for the hard and continuous work which is required from all members of the managing committee if the society is to be a success, and for the willingness to bear occasional loss without grumbling or bitterness when it has to be faced, as it may have to be, on account of mistakes or on account of unfair competition by the retail trade. Loyalty is, in fact, the first and

the last condition of success. With it but after it, is needed business capacity and the willingness to study business methods on the part of at least two or three members of the managing committee. With such conditions and in industrial centres, the consumers' movement is bound to succeed. And if it succeeds, it will have achieved for the working classes and the lower middle classes of this Presidency an enormous gain in the purity of the articles they use in their daily lives and in easy and economic distribution, and for the country at large a still greater advantage by the suppression of waste and by an increase in the numbers of skilled men set free for productive labour.

THE SECOND SOUTH KANARA DISTRICT CO-OPERATIVE CONFERENCE.

The Second South Kanara District Co-operative Conference was held on December 1920. Rajakaryaprasakta Rao Bahadur M. Shama Rao of Bangalore presided over the Conference. The proceedings were all conducted in the vernacular. We give below a translated extract from Mr. Shama Rao's address and the resolutions that were passed:

Presidential Address.

It is now more than fifteen years since co-operative societies began to work in this country. We are not however in a position to show definite and precise results as no census has been attempted. But some attempt has been made to ascertain the results in the Punjab, which I shall lay before you. With a view to find out the effect of co-operative societies on the indebtedness of the villagers, Mr. Darling a Punjab Civilian, conducted enquiries in 149 societies which had been in existence for more than ten years. They were distributed over 14 districts and embraced a membership of 7,645. 30 per cent of them had been freed from indebtedness and the average indebtedness per member which was at Rs. 499 at the beginning of the period came down to Rs. 250 at its end. Moreover the members had saved a sum of Rs. 6½ lakhs in the shape of share capital. Their total property increased, by Rs. 25 lakhs or about Rs. 200 per member. In Jallunder district the percentage of members redeemed from indebtedness was 42 and the average increase in the property of each was Rs. 625. In Lahore district a society borrowed in 1912 from the Alliance Bank a sum of Rs. 79,500 but it was able to repay the whole of it before 1918. It had 113 members the share capital held by whom amounted to no less than Rs. 60,000. They also brought down the rate of interest on borrowing of members for agricultural purposes from 12½ to 4½ per cent while other societies supplied good seed and agricultural implements. The members of one society had added 22 wells to their credit

while those of another had obtained the lease of waste land and planted timber trees on it, with a view to redeem their lands from encumbrance from the sale of the timber. In another village the panchayat of the society settled by arbitration during the last three or four years not less than 263 disputes. In yet another village the society dismissed a member who was reported to be making a living by giving false evidence in law Courts; and he felt the disgrace so keenly that he made a promise in the mosque never to do so again and sought readmission into the society. In many cases a limit has been put on marriage and funeral expenses and members have been fined for exceeding them. The people of a village in Amritsar district had a bad name for drink and crime, but after the starting of a co-operative society in their midst they have become steady agriculturists and outlived their bad reputation.

RESOLUTIONS.

Tribute to the Dead.

I. This Conference places on record its profound sense of the irreparable loss sustained by the whole co-operative movement of the Presidency in the demise of Rao Bahadur K. Ramaswami Aiyar of Madura and Mr. C. N. Krishnaswami Ayyar of Coimbatore to whose unselfish and incessant labours the movement owes much of the strength and success it has attained not only in the districts of Madura, Ramnad and Coimbatore in particular but also in the whole Madras Presidency in general.

Co-operation in School Curricula.

II. This Conference respectfully requests Government to instruct the educational authorities to arrange for the early introduction of elementary principles of co-operation in the lessons taught in primary schools.

Students' Stationery Societies.

III. This Conference reiterates the essentially co-operative character of the societies that are being worked by students for the joint purchase and distribution of stationery, books and other school requisites, and would again respectfully request Government to exempt such societies from the prohibition imposed by section 47 of the Co-operative Societies Act 11 of 1912 against the use of the word "co-operative" by any bodies other than those registered under that Act.

Collection of arrears by revenue process.

IV. While appreciating the concession, this Conference requests that early effect may be given to the new rule framed by the Local Government providing for the summary recovery of arrears in co-operative societies.

The Registrar's Scheme of Mortgage Debentures.

V. This Conference hereby lends its cordial general support to the scheme drawn up by the Registrar of Co-operative Societies for the purpose of raising long-term finance for co-operative societies by means of debentures based upon mortgages of immovable properties tendered in primary co-operative societies.

Separate Inspectors for Non-credit Work.

VI. This Conference is of opinion that the great possibilities that exist in the district for the expansion and development of non-credit co-operative activities cannot at this early stage be adequately realised in actual practice through non-official effort alone, and would therefore respectfully request Government to arrange for the early appointment in the district of one or more separate Inspectors for non-credit co-operative work exclusively, in view of the fact that the ordinary Inspectors of Co-operative Societies find their hands to be already too full of inspection and supervision work to attend satisfactorily to the development of other kinds of work.

Further Development of the Movement.

VII. While fully admitting the need for the establishment of co-operative societies in all suitable areas where they do not exist at present, this Conference is nevertheless of opinion that the healthy development of the existing societies on genuine co-operative lines is a matter to which more sustained attention has to be devoted in the present stage of development than to the question of increasing the number of co-operative societies.

Training of Inspectors, Supervisors and executive officers of societies.

VIII. (a) This Conference is of opinion that in the interests of the efficiency of inspection and supervision of co-operative societies, it would be desirable to introduce a regular and systematised course of training for Inspectors and Supervisors of Co-operative Societies, with a qualifying oral and written examination before confirmation. The Conference would request the Co-operative Department to draw up and work a suitable scheme for the purpose in collaboration with responsible non-official co-operators, so that the qualifying examination may be held in the case of the existing probationary Inspectors and Supervisors as well. This Conference suggests that the scheme may be applied, with such changes as may be deemed necessary, to the executive office bearers also of co-operative societies.

(b) This Conference thinks that as an integral part of the training to be imparted to Inspectors of Co-operative Societies they might be sent to visit good societies outside the district and made to work therein for

an adequate length of time so as to gain a thorough knowledge of the detailed working of such societies. This Conference further recommends that this kind of training may be caused to be imparted to the existing Inspectors as well.

Increasing the subscribed share capital of the Central Bank.

IX. In view of the necessity for increasing the subscribed share capital of the Central Bank in the district, and the desirability of societies owning a larger interest in the Central Bank than individuals, this Conference appeals to all societies in the district to invest the whole of their own paid-up share capital in the shares of the Central Bank.

Short-term and Long-term Loans.

X. In view of the fact that a comparatively larger portion of the deposit-money available to the Central Bank as well as to primary co-operative societies in the district is in the nature of short-term deposits, this Conference is of opinion that for some years to come, until long-term deposit-money is more easily available to a larger extent than at present, it would be advisable to put off granting any long-term loans to members in primary co-operative societies. With regard to short-term loans in primary co-operative societies, this Conference is of opinion that when periods have once been fixed for such loans in consonance with the purposes of the loans and the earning and saving capacity of the concerned borrowers, extensions of periods should not be ordinarily granted as a matter of course except on the ground of unexpected circumstances beyond the control of the borrowers; likewise, when loans are borrowed by societies from the Central Bank with definite periods once fixed to suit the needs and purposes of the borrowing members in primary societies this Conference is of opinion that the concerned societies should scrupulously keep up to their obligations to the Central Bank and should make it a point for this purpose to repay to the Central Bank all moneys realised from members on account of the loans in question, without re-lending such money to their members so as to disturb the course of punctual repayment of the Central Bank dues.

Question of more Central Banks in the District.

XI. That the following gentlemen do constitute a Sub-Committee, with Mr. Iddya Vasudevaiya as its Secretary, for the purpose of enquiring into the necessity of establishing one or more additional Central Co-operative Banks in this district and for the purpose of taking such steps as may be necessary to carry out the proposals framed by the Sub-Committee.

Messrs. (1) Halsanad Madappaya, (2) Manjeshwar Srinivas Prabhu-
(3) Ullal Mangesha Rau, (4) Kumbha Sowcar Narasimha Nayak and (5)
Iddya Vasudevaiya,

Disputes between members in co-operative societies.

XII. This Conference has learnt with much concern that departmental instructions have been issued to Assistant Registrars that disputes between members of co-operative societies relating to their rights and liabilities as sureties have to be referred to the ordinary Courts of Law and should not be dealt with under Rule XII of the Rules framed by the Local Government under the Co-operative Societies Act II of 1912. This Conference is of opinion that it does not seem to have been the intention of the Legislature or the Local Government to exclude such disputes from the purview of the disputes covered by section 43 of the Act or Rule XII of the Local Government. This Conference would therefore earnestly request the Registrar that the instructions in question may be suitably modified.

Opening more Branch Post Offices.

XIII. This Conference invites the attention of the Postal authorities to the hardships and inconvenience caused by the village delivery system in the district which is neither adequate nor satisfactory, and would therefore strongly urge the opening of Branch Post Offices in all important villages with a population of over 2,500, more especially in all villages where there are co-operative societies that have been working for more than one year.

Future District Conferences.

XIV. In modification of the Resolution passed at the last District Co-operative Conference, this Conference is of opinion that for an adequate attainment of the objects sought to be achieved by such Conferences, it may not be absolutely necessary to hold the Conferences annually. This Conference therefore resolves that the sessions of the District Conference might be held only once in two years, and that matters that might arise in the interval for joint deliberation and early decision might be considered and decided at smaller representative gatherings, consisting of five representatives from each of the supervising unions in the district, along with whom the Assistant Registrar, the Directors of the Central Bank and the Inspectors and Supervisors of Co-operative Societies in the district might also be invited to be present.

HONORARY ASSISTANT REGISTRARS FOR 1921.

The Government are pleased to reappoint the following gentlemen as Honorary Assistant Registrars of Co-operative Societies and to confer on them so much of the powers of a Registrar as are covered by Rule XII of the rules issued under the Act in respect of disputes arising in the districts noted against them and transferred to them by the Assistant Registrar having jurisdiction over the area. They will hold office until the 1st January 1922:—

District.	Name.
North Arcot ...	1. M.R.Ry. Rao Sahib M. S. Seshachala Ayyar Avargal.
	2. „ K. Singaravelu Mudaliar Avargal.
	3. „ V. Arunachala Mudaliyar Avargal.
	4. „ A. Govinda Achariyar Avargal.
South Arcot ...	5. M.R.Ry. Rao Sahib M. Kolandavelu Odaiyar Avargal.
	6. „ R. Srinivasa Ayyangar Avargal.
	7. „ T. K. Venkataramayya Garu.
Chingleput ...	8. M.R.Ry. K. Kandaswami Mudaliar Avargal.
	9. „ T. Raghava Achariar Avargal.
	10. „ K. S. Srinivasa Achariyar Avargal.
	11. „ Rao Sahib C. Arulaya Nayudu Garu.
	12. „ M. Srinivasa Mudaliyar Avargal.
	13. „ W. Jivarathnam Pillai Avargal.
	14. „ E. Govindaraja Mudaliar Avargal.
	15. „ A. V. Subbramanya Ayya Garu.
	16. „ S. E. Venkatramayya Garu.
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South Kanara ...	18. M.R.Ry. K. L. Bhandari Avargal, B.A.
	19. „ Gerasappa Venugopala Rao Avargal.
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The Nilgiris ...	22. M.R.Ry. Rao Sahib D. Belli Kavandar.
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Tanjore ...	24. M.R.Ry. C. S. Srinivasa Mudaliar Avargal.
	25. „ Rao Sahib K. V. Thiruvengada Mudaliar Avl.
	26. „ S. Venugopal Nayudu Garu.
	27. „ G. Venkataranga Achariyar Avargal.
	28. „ S. Narayanaswami Ayyar Avargal.
	29. „ Rao Sahib A. Seturama Ayyar Avargal.
Trichinopoly ...	30. M.R.Ry. T. Nataraja Pillai Avargal.

THE NINTH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

RECEPTION COMMITTEE.

Name.	Address.
1. K. V. Sessa Aiyangar, B.A., B.L. ...	Hon. Asst. Registrar, C.S. Mylapore.
2. Rao Sahib A. Sathurama Aiyar ...	Tanjore Dist. Co-operative Manure Society, Nidamangalam.
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4. C. S. Rangaswami Aiyangar, B.A., ...	Do. Do.
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6. S. K. Yegnanarayana Aiyar, M.A., L.T. ...	Principal, College, Salem.
7. V. Krishna Menon ...	Malabar District Co-operative Bank.
8. T. S. Ramaswami Aiyar, B.A., B.L. ...	The Madras Cottage Industries, Ranganatha Vilas, Mylapore.
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14. A. Govindachariar ...	Kaveripauk Co-operative Union.
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17. O. Viswanatha Rao, B.A., B.L. ...	High Court Vakil, Nellore.
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Name of Society.	Name of Delegate.
Anantapur, Singanamala C. S....	...
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Penukonda Co-op. Union.	... K. Subba Row.
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Utteramerur Co-operative Union.	O. M. Venkatanatha Iyengar.
Chingleput Mamundur C. S.	... M. Natesa Mudaliar.
Porur, C. S. ...	... P. Shunmuga Mudaliar.
Manimangalam Union,	... K. C. Srinivasachari.
P. Madambakkam, C. S.	... A. Krishnasamier.
Molasur, C. S. ...	... P. Chinniah Gownder.
Conjeevaram Union....	... P. A. Sriranga Chetti.
Echchur, C. S. ...	... S. Ramanatha Iyer.
...	... M. Venkatagiri Iyer.
...	... M. Ponnusawmy Pillai.
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Tiruvenkaranai, C. S.	... Prasanna Ragavaachariar.
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Gidankarai, C. S. ...	... K. Seshadri Iyengar.
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Salavakkam, C. S. ...	... Narasimbachari.
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Coimbatore Dt. Urban Bank	... T. S. Balakrishna Iyer.
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LIST OF CONTRIBUTORS.

The Secretaries of the 9th Madras Provincial Co-operative Conference acknowledge with thanks the following contributions from societies and gentlemen in the Presidency towards the Conference expenses.

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1.	Madras Central Urban Bank —	50	0
2.	Coimbatore District Urban Bank —	25	0
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60.	Tirutangal, C.S. —	1	0
61.	Pullarambakam, C.S. —	1	0
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CORRESPONDENCE.

THE ORGANISATION OF CO-OPERATIVE CREDIT SOCIETIES.

It has been usually stated that "the object of co-operation is to obtain reasonable credit, from reasonable creditors." The borrowing aspect of co-operation has been given more prominence than the lending aspect. Co-operative credit societies have been made to look like organisations of borrowers to protect their interests against moneylenders. Such a statement of the object of co-operation fails to evoke the moral fervour of the people and to enlist those among them that are in a position to supply the material and the energy. For the Co-operative Societies. It makes all the difference whether you state that the object of co-operation is to obtain credit or that the object is to utilise credit. Co-operative credit societies are in essence the People's Bank and they have a function to perform in the up country towns and villages which cannot

be performed by Joint Stock Banks. Joint Stock Banks are as unsuitable for receiving and supplying credits from and to small merchants, industrials or artisans as large scale machineries are unsuitable for agricultural operation. In the words of the circular of the Registrar of Co-operative Societies, Bombay, "the co operative movement seems predestined to undertake the duty of supplying such facilities and it can do so successfully. Urban Banks are admirably constituted for tapping local capital assisting in the free circulation of money and those rights of action and rights to service which are called credit, for feeding local trade and fostering local industries." Co-operative Credit Societies have an advantage over co-operative producers' or consumers's societies in that the former are co-operative societies of both producers and consumers, the chance being that every member of such societies may at one time be a producer of credit and at another time a consumer of it and even both at the same-time.

Much time and thought have been spent by eminent co-operators as to the various types of Co-operative Credit Societies, the forms of their liability, the scope of their membership and the persons to whom and the purposes for which loans may be given. If only people are induced to pool their resources of credit for utilising them, natural affinities such as caste, profession, locality and mutual trust will work themselves out and the co-operative credit societies will take the forms suited to their genius, like and requirements. The helping hand of the Department of Co-operation will be available so far and only so far as to set the machinery in working order. The business of the co-operative credit society as a popular Banking agency can be carried on by managers trained in the methods of the Commercial Banks. No methods need be resorted to for attracting deposits to the society either from members or outsiders and no hard and fast rules need be laid down for regulating the persons to whom and the purposes for which loans may be given. The society will not need nor will it suffer any supervision from outside other than that provided by the ordinary law. The co-operative credit society will be an independent self-sufficing unit and will constitute a factor in educating the people to conduct business concerns on up-to-date lines. Co-operative credit societies may for purposes of their own combine to form unions and federal Banks. Such combinations being free from the cramping influence of centralised red tapism present national financial organisations which count in the administration of the country.

Yours,

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I foresee a great & glorious future for the agricultural interests of the country"—
His Majesty's Reply to the Delhi Municipal Address, 13th December, 1911.—

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MARCH 1921

[No. 9.]

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Office of the

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Royapettah, MADRAS.

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THE
Madras Bulletin of Co-operation.

VOL. XII].

MARCH 1921

[No. 9

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NOTES AND NEWS

The Budget for 1921-22 which has just been introduced in the Legislative Council and over which, we hope there will be keen discussion has provided for a large increase of expenditure on the Co-operative Department. In the financial year 1919-20 about Rs. 2.75 lakhs was spent on the Department and we have often protested in these pages that the Madras Government was incurring much more expenditure than its sister provinces. The revised estimate for 1920-21 comes up to Rs. 4.70 lakhs and the estimate for 1921-22 is no less than Rs. 7.58 lakhs. This vast increase of 100 per cent in 1920-21 over the expenditure of the previous year and the provision for a like increase in the coming year are due to the policy of expansion which was adapted in March last year. That policy has been so severely criticised by earnest co-operators all over the province and the difficulty of carrying it out for want both of money and suitable men in the country has been so clearly demonstrated, that we are very much surprised that the Budget for the next year contemplates its continuance. We have at present no less than 17 Assistant Registrars and during the current year 5 more are proposed to be added. There will be a due increase in inspectors and clerks. We expect our councillors to examine these proposals with the care they deserve. The

great need of the movement at present is not expansion so much as improvement in efficiency. The results expected of the co-operative movement, moral and material, have not been conspicuous though the number of societies has increased to over five thousand. Perhaps at present it is six thousand, if not more. To the official mind the only solution that suggests itself is increase of staff. Lord Willingdon's Government has been so agreeable to the proposals of the official mind that we have out-distanced every other province in the matter of staff and expenditure. In official circles the belief prevails that efficiency has been increasing and that it is due to increased departmental staff. In our opinion real efficiency is that which is not due to official pressure. We dare say that a well paid official staff can manage a rural society better than a voluntary panchayat. But such management, however efficient, would not train the society in self-government and no society could be really efficient unless it is so in governing itself. We do hope that our councillors, whose first duty is to prevent waste in any department, will oppose the unreasonable, nay harmful, increase in staff and expenditure that is now taking place—leaving aside party or personal considerations.

We cannot congratulate the Government of Mysore on the rate at which the work of its Committee on Co-operation is progressing. It was hoped that it would be able to submit its report in about two months after its appointment. The choosing of the personnel itself took a long time and after meeting for a few days, it has suspended its work perhaps to suit the convenience of its President who is a member of the Council of State. If the Committee was expected to work expeditiously, the Government should have chosen members who could give all their time for the work of the Committee. Moreover, the number of members on the Committee is so large that it will be difficult to secure the attendance of all of them for any length of time. The resources of Mysore are not exactly those of the Government of India, nor the magnitude of the problems that confront it. The Committee appointed by the Government of India in 1914 consisted only of eight members and they were considered equal to the task of examining the state of the co-operative movement all over India. For the comparatively small State of Mysore it is ridiculous that the number of members on the Committee should be nine. The President, moreover, is one who cannot speak to witnesses in the vernacular. The evidence in Mysore is largely to be collected in the vernacular. We are told that some of the searching questions which the President put to witnesses were too high or complicated for their understanding and not, knowing the ways of the people and

The Mysore
Committee on
Co-operation.

their language, he was not able to draw out the rural witnesses. A small committee of two or three people who could speak in the vernacular and who would have given all their time for the work of the Committee would have been prompt and efficient. Another unsatisfactory feature of this Committee is that the Registrar is one of its members. When a criticism of the present administration has to be made the Registrar's presence is most damping. The witnesses who are in many ways subject to the control of the Registrar cannot be expected to frankly open their minds to the Committee in his presence. The State should have already spent a lot of money on this Committee and we dare say that it will gladly spend much more. But it is very doubtful whether the result will be worth the cost. At this stage, perhaps the only possible reform in the personnel of the Committee is to instruct the Registrar not to go with the Committee and we hope the Government of Mysore will consider the suggestion seriously.

Famine unfortunately has made its appearance in this presidency and thousands of people are attending the relief works that have been opened in the districts of Bellary, Anantapur and Ganjam. The best protection against famine has long been recognised to be irrigation, whether by canals or wells. Well irrigation is perhaps the more reliable one. Government are ready to advance Takavi loans for well-sinking and we hope co-operative societies in the famine-affected districts will recognise the great scope that exists for educating the villagers for financing the members and for supervising the boring of wells. At the last Provincial Co-operative Conference a resolution was passed suggesting to Government the advisability of utilising co-operative societies as an agency for distributing agricultural loans. While it was being discussed Mr. Hemingway told the Conference that the Government had called for his opinion in the matter and that he had expressed himself in favour of the proposal. We hope practical effect will be given to the proposal now and that not only the members of societies but all villagers will be benefited thereby. A bulletin of the Publicity Bureau tells us that in Ganjam district the subsoil water is found at a depth of only 15 feet and that the cost of sinking a well which would irrigate about 10 acres would be only Rs. 300. We do not know whether in Anantapur and Bellary, well-boring could be so easily achieved. But whatever it is co-operative societies will do well to interest themselves in the matter, consult their respective Assistant Registrars and push on vigorously the sinking of wells. Some years ago certain selected co-operative societies were entrusted with the execution of some village sanitary works and

Co-operation
and Famine Re-
lief.

they acquitted themselves with the greatest credit. There is no reason why they should not carry out well-sinking with equal success, if only opportunities, facilities and encouragement are judiciously given.

An illustrious example in selfhelp has been set by the University Students of Prague. They were very seriously affected by the unsatisfactory housing situation in the city, many students being unable to find any accommodation. Instead of agitating that others should build hostels for them, they set about the business themselves. A plot of ground was bought and students began to work on it under the direction of a professor of the Technical Institute aided by two engineers. Providing themselves with the necessary tools, they dug the ground, carted the sand, broke stones and helped the bricklayers. Eleven hostels were built, ten of which were meant for dwelling purposes, while the other contained kitchen, reading room, bath, etc. The rooms are 5 yards by 4 yards each and the hostels can accommodate 720 students. As a mark of the enthusiasm that prevailed among the students it may be pointed out that they came to work even on Saturday afternoons and on Sundays. By building these hostels by their own labour the students learnt much more than from all their books together. Will our students follow their example?

"Co-operation, scientific methods, and discipline", says a correspondent to the London *Times*, "have made the dairying industry in New Zealand not only one of the chief sources of wealth but also a very important factor in the economic development of the community. No other agricultural pursuit has had more beneficial results so widely distributed, for where the dairy factories have been established there may be found closer settlement leading to more intensive cultivation, more equal distribution of wealth, better schools within easy reach of pupils, and generally a higher standard of life among the rural population." What a sad contrast our country presents to New Zealand in this particular respect. The industry that has transformed the social life of the farmer in New Zealand is consigned in our country to the care of the farmer's wife whose legitimate perquisite it is considered to be. The farmer has thought it beneath his dignity to practise dairying and consequently it has never been attempted on a commercial scale. The Indian farmer has generally neglected the subsidiary industries of agriculture which in every part of the world go to improve his financial position. And he

Co-operative
Dairying in New
Zealand.

will continue to do so till his eyes are opened. To return to New Zealand, it is said, "the co-operative system has been responsible for the great development of the industry." As against 159 butter factories and 388 cheese factories, managed co-operatively only 18 of each kind were privately owned. And these dairy factories alone were responsible in 1918-19 for an export trade of £ 8½ millions. By forming a limited liability society the farmers have obtained what only a capitalistic concern could command. By means of their associations they have been able to obtain the best machinery and an expert manager, thus ensuring uniform quality and successful working. In a particular district famous for its dairy products the farmers themselves have erected works for the necessary freezing and cold storage of their produce before being shipped. They have bought up large areas of forest land, erected timber mills and thus ensured a supply of the odourless whitepine timber for manufacturing butter boxes and cheese crates. The excellent organisation itself may be explained with profit. A factory with its skimming stations which may be as many as fifteen in the case of larger factories, caters for its suppliers over an area with a radius of thirty miles or more. The supplying farmer delivers his milk at the nearest skimming station. Railways, motors and wagons convey the cream, separated in the morning, to the central factory and by the following morning it is ready for churning. From the factory the butter is conveyed to cool stores in the ports by special trucks. The butter next comes into the hands of the Government grader who after examining the quality issues a certificate. It is necessary in New Zealand, as in Denmark in the case of eggs and butter, that every package of butter be marked with the date of the manufacture and the churning number, or in the case of cheese with the vat number. This enables the tracing up of any deficiency and make immediate correction. And in cases where water is detected to be more than 16 per cent the Government grader rectifies it at the cost of the producer. Thus has been built up one of the chief industries of New Zealand. Co-operation supplied the excellent and effective organisation with the other concomitant good results of employing costly machinery and expert management. Science gave the process of freezing and cold storage which opened up the British markets. And last but not the least came the discipline of grading and scrutiny supplied by the Government. The industry owes a great deal to the Government. In a way they started the Co-operative organisation of the industry by offering a bonus of £ 500 for the first 50 tons of butter manufactured by a factory organised on co-operative system. Since then whenever expert advice was necessary they have supplied it. It is said, "when a new co-operative factory is formed an officer of the Agricultural Department is in full attendance with regard to the procedure"

We congratulate the Government of Bombay on instituting a Diploma in Co-operative Accountancy. The course prescribed consists of all the subjects prescribed for the Diploma in Accountancy with an additional study of co-operative law and the theory and practice of co-operation. The minimum education qualification required for undergoing training for the course is that of Matriculation in any Indian University. The Bombay Government have passed a rule that no person shall ordinarily be eligible for appointment as a permanent auditor under the Co-operative Department, unless he holds the Diploma in Co-operative Accountancy. We are sure this will lead to an improvement in the efficiency of audit and also to the attractiveness of the course. In our presidency most of the auditing is done by Inspectors who have not received any special training. In the case of small rural societies their audit may pass muster, but for the audit of non-credit societies and of non-agricultural societies a better trained agency is certainly necessary. In a number of cases audit orders have now and then had to be revised, after incorrect figures were published. Owing to lack of expert assistance the audit of non-credit societies is crude and conducted on unscientific lines. The Local Government will do well to follow the example of Bombay and employ Diploma Holders or certified Accountants in the Co-operative Department for the audit of central banks, the more important urban banks and non-credit societies. The Bombay examination is open to persons from all parts of India. We hope the Diploma will be recognised by our Local Government and departmental and other auditors encouraged to appear for the examination. In the Government Commercial College also co-operative subjects may be required to be taught, so that candidates from our presidency may have no difficulty in sitting for the examination. It will be quite easy to provide here for practical training and instruction in co-operative subjects.

The report on the working of co-operative societies in Ceylon in the year 1919-20 has some very interesting things to say about the part co-operation is playing in improving agriculture. As in India the societies in Ceylon are mostly agricultural credit only 4 out of a total of 136 being non-agricultural. No society was designed particularly for carrying on any agricultural pursuit. But much non-credit agricultural work was done as a subsidiary activity to credit operations. Almost all the societies undertook the purchase and distribution of manures, seeds and agricultural implements. But the activity of the societies in this direction was very badly checked by the lack of supply and the high prices that

Diploma in Co-operative Accountancy.

reigned in the market. In spite of these handicaps the societies distributed 197 tons of manure valued at Rs. 27,500, which is not inconsiderable in view of the number of societies. There are paddy banks or paddy stores appended to some of the societies and we understand, a Central Paddy Agricultural Bank is in the process of formation in the Eastern Province. Some societies have taken lease of waste lands, one of them being responsible for bringing 600 acres under cultivation. The better societies take a deep interest in village economies. New fertilisers and other minor agricultural innovations were tried by some. One society ran a successful village show and a number of societies took part in Agricultural shows. One society organised a Sunday market which has met with success. Another society succeeded in bringing down ferry charges in the village. In all Ceylon there is only one co-operative store and it was organised only recently by some Government servants.

We draw the attention of our readers to His Excellency Lord Ronaldshay's opening address at the Bengal Co-operative Conference in which he gave a captivating account of the excellent work which the Naogaon ganja-growers co-operative society is doing for the agriculturists of the village. It has introduced a new variety of sugarcane, improved methods of tobacco curing and better varieties of tobacco, the cultivation of potato which was unknown in the district, is starting a model farm and an agricultural school, has helped schools and hospitals, improved the appearance and sanitation of the town of Naogaon, helped weavers and done much other good. Bengal could justly be proud of such a noble society. Our appreciation of it would have been even greater if we could have believed that all this work was done by the members themselves on their own initiative and responsibility. For what we know the society is practically a department of Government. Much credit is certainly due to the officers for demonstrating what a society could achieve and for conferring benefits on the population. But permanent benefit to the community can come only from a development of capacity in the average member of the society. All the same we heartily congratulate Bengal on possessing such a beneficial society.

The rural credit movement in the Philippines began with the enactment of Act 2508 in February 1915 but was not put in operation until Mr. A. W. Prantch was appointed in September 1916. The first work he did was to prepare by-laws, forms of vouchers, notes, share certificates and all other necessary explanatory pamphlets. Then the real field work

Co-operation in Ceylon.

began and before the end of 1916 eight associations were incorporated. These increased to 82 at the end of 1917, and to 242 at the end of 1918. At the end of 1919 there were 418 associations and on Dec. 31, 1920 they numbered 528. The agents increased from one in 1916 to twenty in 1920 and the capital from nothing to two million loaned out among the members, who now number over 822,000. An important feature of Philippine Co-operation is the organisation of women's clubs by women-agents of the Department of which there seem to be two now. The response made by Philippine women is really encouraging.

"The Plymouth Co-operative Society does not advertise, but it would be impossible for the most casual visitor to the town to be ^{Some Society} unaware of its existence. Almost every street contains one or more of the Society's shops. It is scarcely an exaggeration to say that every fifth business vehicle that one meets bears the name of the society. Its activities are multifarious. Its membership is 69,000, out of a population of 250,000; its turnover is practically £ 3,000,000 per annum. The business divides itself into thirty-three departments. There are a huge bakery, preserving works, a laundry, restaurants and dining-rooms, farms, boot factories, dairies and milk-distributing depots, a sausage factory, a butchery, as well as innumerable shops for the sale of groceries, meat, bread and confectionery, coals, drapery, greengrocery, boots, ironmongery, oil, china, fish, poultry, eggs, and almost every other commodity required. It also runs tailoring and furnishing establishments, a fleet of char-a-bancs, and a Provident Club. The preparation of its balance-sheet and half-yearly report, which runs into twenty large pages of printed matter, is a huge task. It has 123 retail shops!"

The Irish Homestead.

The membership of the London Co-operative Society says the *Co-operative News* is 90,000 against 87,000 of Leeds, and an interesting rivalry between them for a few months should bring both up to 100,000. The society owns a farm of 645 acres from which 30,000 gallons of milk are distributed, weekly. Their laundry employs 220 people and works department build from vans to factories.

The Erode Urban Bank made all round progress during the last co-operative year. Its membership increased from 524 to 558, share capital from Rs. 21,222 to Rs. 29,408 and deposits from Rs. 64,641 to Rs. 89,343. It is noteworthy that out of deposits amounting to Rs. 89,343, a sum of not less than Rs. 86,607 belonged to the members. The total amount lent during the year was Rs. 1,27,928 but of this about Rs. 2,700 was outstanding at the end of the year under principal and interest. The bank earned a net profit of Rs. 2,700. We congratulate the bank on its efficiency and success.

CO-OPERATIVE DEBENTURES IN THE CENTRAL PROVINCES.

BY MR. F. R. HEMINGWAY I. C. S.

The scheme of the Central Provinces, as far as I can gather is as follows:—

A primary society wants to borrow Rs. 1,000 to pay off the prior debts of its members. It takes mortgages on sufficient unencumbered immoveable property from the members in accordance with which the bank agrees to lend each his share of the Rs. 1,000 on condition that each consents to repay the money received in 16 annual instalments with interest at 9 per cent per annum. The society makes those mortgage bonds over to its Central Bank and this again makes them over to the Provincial Bank which again makes them over to a trustee who issues debentures for Rs. 1,000 at 7 per cent to the public. The condition of the debentures is that they shall be redeemable in 16 years, though it is considered necessary to stipulate that they or some of them shall be redeemable earlier (with notice) in the event of any of the society members paying off and so redeeming their mortgages ahead of scheduled time. It is not considered necessary to take any special steps to guard against belated payments as the Central Bank and the Provincial Bank are prepared to take the risk of having to make good any defaults, either out of their own resources (if they are willing to "give time") or by selling up the defaulter, or both. In consideration of the risk each of these banks receives 1 per cent per annum on the amount of the debentures issued. In view of this commission the banks will, it seems, also meet the contingent expenses of the debenture issue.

2. The debenture sums are passed on to the members of the Primary society (through the Provincial Bank and the Central Bank presumably). Each year the members have to pay Rs. 152—8—0 (*viz.*, Rs. 90 interest plus Rs. 62—8—0 principal). This will be dealt with as follows:—

	Rs.	A.	P.
Interest on debentures	...	70	0 0
Interest to Provincial Bank	...	10	0 0
Interest to Central Bank	...	10	0 0
Amortization fund	...	62	8 0
		34	
Total Rs.	...	152	8 0
		72,50,669	

The amortization fund will be deposited in any bank approved by the Registrar of Co-operative Societies and will accumulate with interest. At the expiry of the period the debentures will be paid off out of the amortization fund and any surplus will be added to the reserve fund of the primary society concerned.

3. The system is likely to prove more attractive to the public than ordinary deposits in a co-operative bank secured only on its share capital and collateral securities, and provides a more suitable basis for long term loans. The question naturally arises as to whether this system is applicable and advantageous in this Presidency.

4. Long term loans (generally for ten years) to members of primary rural societies are common in this presidency, generally for the payment of prior debts. This is particularly common in the Tamil country. These loans are derived by the societies from Central Banks out of the money deposited in those banks (generally for periods of one or two years). It is probably desirable that debentures would be a more suitable source from which to meet these demands than deposits.

5. Secondly a considerable increase in the demand for money by our primary societies is likely to occur soon, in view of the policy of rapid expansion now accepted by the Government. It seems desirable to supplement the resources available to our banks by way of deposits by additional sums raised by way of debentures.

6. Thirdly, we have the great advantage that in this Presidency the greater amount of the land is held under the ryotwari system *i.e.*, with a saleable occupancy ownership right residing in the cultivator. Hence the cultivators have a right of mortgage and in fact all the long term loans to members of our primary societies are secured by mortgages of unencumbered immoveable property. Hence it would seem that the scheme of mortgages outlined above would be both a desirable and a possible addition to our co-operative system in this presidency.

7. It suggests itself that perhaps some modifications might be possible.

8. In the first place our primary societies have been encouraged to create their own share capital and to pay dividends and to look for profits. (In the Central Provinces all profits of primary societies go to the reserve fund and there is no share capital). And to this end societies have been taught to expect a certain profit on each transaction. It will perhaps be desirable to endeavour to give primary societies a definite

profit every year out of the debenture operations, as is given to the Central Bank and Provincial Bank. Furthermore "supervision" (*i.e.*, the unofficial supervising staff) is paid for in our province by a levy of $\frac{1}{4}$ per cent on all the working capital of the primary societies (which is not the case in the Central Provinces where supervision is paid for by a *per capita* levy on all members). It is suggested that it is probably necessary to take a contribution for "supervision" out of the debentures. If the answers to these questions is in the affirmative, we are faced with the question of dividing the margin between the borrowing (*i.e.*, debenture) rate and the lending (*i.e.*, members) rate between the primary society, the Central Bank, the Provincial Bank and the supervision fund. The members will almost certainly expect to borrow at our traditional rate of $9\frac{3}{8}$ per cent per annum ($1\frac{1}{2}$ anna per rupee per annum); and it will be difficult to alter this. The debentures ought to be floatable at less than 7 per cent since rates are normally higher in the Central Provinces than in this Presidency. If we can raise them at $6\frac{1}{4}$ or $6\frac{1}{2}$ there will be a margin of $3\frac{1}{8}$ or $2\frac{1}{8}$ which could be divided, say as follows:—

(1) $\frac{3}{8}$, $\frac{3}{8}$, $\frac{1}{8}$ and $\frac{3}{8}$ per cent or (2) in the alternative (if the debentures are raised at $6\frac{1}{2}$ per cent *i.e.*,) $\frac{1}{2}$, $\frac{1}{2}$, $\frac{3}{8}$ and $\frac{3}{8}$ per cent. I don't know if this would be good business. Similarly the profits at the end of each transaction (*i.e.*, the surplus of the amortization fund over and above the amount required for the payment of debentures) could be divided in similar proportions and among the Central Bank, and the society and perhaps the supervision fund.

9. Secondly it suggests itself that it might be both possible and desirable to organise not a single set of debentures for each society, or each central bank but a set for the whole Presidency; and perhaps a set or sets not terminable with any particular number of mortgages but more or less independent of any particular mortgages. This raises several questions. But the facts are as follows:—In our primary societies every year we issue a lot of long term loans on mortgages, which are ordinarily for ten years. The amount of money issued on such mortgages during the last five years amounts to:—

			Rs.
1913—14	...	...	12,24,772
1914—15	...	...	10,63,941
1915—16	...	...	13,33,681
1916—17	...	...	17,62,641
1917—18	...	...	18,65,634
Total	...	...	72,50,669

of the loans made with its money to the individual society or member? With what qualifications can the scheme of debentures be made more general in area and in time?

13. Several alternative solutions suggest themselves. But enough has been said perhaps to indicate the difficulties and to enable an experienced business man to place his finger on the right solution.

14. It will be noticed from the enclosure that the Central Provinces also propose to issue a limited number of debentures redeemable by the holders at six months' notice. These may be of use in this Presidency also to meet emergencies; but they seem too insecure to be much relied on.

TRADING UNIONS.

BY MR. C. P. SUNDARA RAO, B.A., B.L.

A Co-operative Trading Union is an institution composed mainly of the important agricultural credit societies in a certain area on a limited liability basis. The business is generally conducted on the "Indent" system where every society forecasts its needs and has it satisfied through the Union. The institution is chiefly financed by the advances placed at its disposal by the constituent societies by means of bonds drawn up in favour of the central bank and deposited with it. Direct credit to the extent of five times the paid-up share capital and advances on the "Go-down" System by which about seventy-five per cent of the value of goods stored and assigned is made available on this pledge, further augment its resources.

By insisting on the "Indent" and by imposing Cash dealings some of the more obvious dangers that have led many Stores to grief are averted and many of these trading Unions are doing useful work for the co-operator and occasionally for the general consumer also.

Besides the joint purchase and joint sale of articles to secure wholesome articles at wholesale prices and secure the best advantages for the produce of members the Trading Union may strive.

1. To secure a high grade quality of such produce by supplying properly seasoned seed grain of the best sort in all the staple crops in the locality.

2. To place at the disposal of members in order to stimulate increased production, labour-saving appliances and efficient agricultural implements, by letting on hire at a reasonable rent such suitable machinery approved after actual use

3. To enable members to conserve the produce to their best advantage by making it easy for them to replace their surpluses by their wants by a system of grain exchange whereby profitable industrial crops may be given over and the necessary good grains secured or the lower sort may be had in lieu of the higher sort without recourse to the general market and the double loss consequent thereto.

4. To encourage cottage industries by purchasing in bulk the raw materials and undertaking the sale of the finished product, e.g., slippers, kumbles, baskets and mats.

5. To stimulate production for use and not for profit by educative propaganda and judicious encouragement of the former. And

6. To keep the poor labourer and artisan out of the tyranny of the petty merchant, influencing mahajan, or the rack-renting landlord or the profiteering contractor by well repeated and co-ordinated action in conjunction with credit societies.

All these advantages are sought to be brought about by:—

1. Recourse to the best market
2. Holding over for best season.
3. Eliminating intermediaries, and
4. Efficient and economic management.

The first is done by tapping of suitable areas for joint purchase and supplying the best market for joint sale. The transactions are generally on "Cash basis" and are mostly governed by Indents collected in advance. Careful anticipation based on local knowledge and past experience some times guides the business.

The second is attained when holding over of produce is made possible by a system of judicious advances on standing crops either directly or through the constituent societies. They bind the cultivator to deliver

- (a) Goods of approved quality,
- (b) Within a fortnight of local harvest,
- (c) At current prices,
- (d) With interest on advance at, say, Rs. 8 per cent.

The produce thus bulked and stored may be sold (1) on indent on advance received to the value of half the cost (2) at best season, in which case, a very fair proportion of net profits will accrue to the member-producer as bonus.

The third is accomplished by dealing directly with Producer and Consumer and in the case of "grain-bank" business by bringing them directly together in the institution.

The fourth advantage is secured by enlisting the intelligent interest of honorary and voluntary workers, by personal attention and management by the Directors and by calling in the aid of the Honorary Assistant Registrars and the Department who have shown themselves willing to place their services at the disposal of such institutions.

The Chief drawbacks geneally felt in this work are:—

1. Inadequate finance.
2. Unwieldly area of operation.
3. Unsatisfactory supervision.
4. Inefficient assistance of Supervising Union.
5. Inaccurate book-keeping.
6. Insufficient security.
7. Lack of confidence owing to gross lapses.
8. Want of appreciation.

Our experience in the matter would make us press for greater facilities by way of enlarged direct and indirect credit and a special short term Trade Advance Loan at $7\frac{1}{2}$ per cent to be repaid before 30th April, the advance being made on 1st January. The idea is familiar to every bank financing trades and industries and would not throw any great strain, if the varying needs of agricultural operations and trade transactions are properly balanced.

The area of operations of a trading union ought never to be too large. The societies should all be within a radius of seven miles within easy access of each other and the central society should never be more than ten miles from the railway or the motor transport.

A special Supervisor must be entertained jointly by the Trading and Supervising Unions so that he may devote his full time to the preliminary work of securing indents, loan orders etc. and to the subsequent work of distribution and collection.

The next drawback is inaccurate book-keeping which can be remedied only by training our clerks more and by efficiently educating our general body of members fully on the rights and responsibilities. Moreover the present system of accounts meant for "Stores" does not suit the "Trading Union" at once exceeding and falling short of its requirements. The Department will be well advised in advising and insisting on a proper set of accounts.

The Security does not seem sufficient in case of advances and uncertain in the case of machinery. The latter is obviated by allowing for a 10 per cent Depreciation and 10 per cent Revivals besides contingencies, and budgeting on a strict basis for a surplus after a 10 per cent interest on outlay. In case of advances we believe we can assume it to be fairly safe when made on specific standing crops. If we take care to deal only with members either direct or indirect, the risk is kept at a minimum. All-round security and efficiency may be attained if the Department is instructed, for the first few years to send an Inspector every month to audit and take stock every quarter. Better confidence will be inspired and better appreciation secured if the Union does its work of propaganda and education efficiently.

The Department would be well advised in progressing slowly and surely. The shadow of the unfortunate stores has been heavy on co-operative trade in spite of the better example of T.U.C.S.—which also seems to be now under a cloud. The lesson of Bombay is not encouraging—and we have not in this paper urged anything that we have not actually tried and found possible though in a small sphere. Our experience in this work makes no doubt if there is as yet a real Consumers' movement but we are equally convinced that there is a great need for cautious and wise expansion of the activities of such institutions.

With constituent societies in better condition, with local unions more active, with an intelligent and practical clientele quite alive and wide-awake, with financial facilities fully and freely afforded by a sympathetic central bank, with a well organised propaganda and accurate investigation of local conditions and possibilities by the District Council and with a Department responsive to non-official effort, the Trading Union may hope to influence a larger volume of trade by larger production, economic consumption, fair exchange and equitable distribution in the interests of producer and consumer alike.

AN AGRICULTURAL DEMONSTRATION TOUR IN CHINGLEPUT DISTRICT.

BY ONE OF THE PARTY.

INTRODUCTORY.

The staff and students of the Agricultural Department of the National University at Adyar intended to tour in the Chingleput District in order to bring before the farmers certain aspects of agriculture which might benefit them. It was only on the 10th of January 1921 their idea was realised.

The party that left Madras consisted of three members of the staff, eight students and two additional European gentlemen, one, Mr. Wedd, an agricultural visitor from England : and the other Mr. Pickworth, the engineer in charge of the Fordson tractor of the Russa Engineering company.

The places visited were six in number, Madurantakam, Nelvaye, Uttiramerur, Singaperumalkoil, Puliur, (Kodambakam) and Nasrapettah (Poonamallee) all within fifty miles of Madras, and reached in a few cases by train but mostly by bullock carts.

The exhibits we took with us were daintily arranged at all places we visited on stalls of which there were seven—one was devoted to implements lent to us by the Madras Engineering Company. These included axes, cultivators, harrow, sprayers, billhooks, pruning knives, saws, mummities etc. etc. Another stall contained in neat tins, rows upon rows of manures kindly lent by Messrs. Parry and Co. The first rows contained single manures of vegetable, animal, or mineral origin—the other rows contained mixtures for special crops such as sugar cane, paddy, fruit trees, maize, cholam, kambu, coffee, tenai etc. The next stall contained a large collection of oils expressed from various seeds or fruits such as almond, gignjelly, groundnut, sandal, castor, cocoanut, etc. (about 30 in all) also some of the soaps which contain such oils. These soaps were kindly lent by the Kerala Soap Institute at Calicut. Another stall exhibited in pretty tins a large collection of the various seeds grown in the Presidency—there were twenty varieties of paddy, also pulses, seeds of green manure crops, vegetables, grain etc. On another table were shown forty-two samples of timber grown in the Presidency, with tabulated statement showing their qualities and uses. The various useful agricultural, health and other pamphlets published by the Publicity Bureau

in Tamil, Telugu, and English, filled another table, these were for free distribution. Lastly came the stall with the manufactured articles of Swadeshi and indeed of village make—to show the advantages derived from seed selection, mixed farming etc. Then there were in one corner fine specimens of the varieties of sugarcane grown at the Agricultural College, Coimbatore—Red Mauritius, Striped, Seedling, Java Hebbal etc. In another part of the hall were hung the various fibrine extracted from plants grown in the Presidency banana suum, jute, sisal, plantain, agave etc. In yet another corner was to be found the indigenous Spineless Cactus grown at Adyar. These were our exhibits, and they themselves were attractive, but whenever possible we added to the beauty of the exhibition by flowers, plants, trailing creepers etc.

IN THE FIELDS.

Meetings were arranged, at which both our staff and the leading men of the district addressed. Mr. Huidekoper lectured on the Importance of Agriculture, the Necessity of Agricultural Schools in the Villages; the Advantages of mixed farming etc. : A local gentleman acted as interpreter. Mr. Visvanatham lectured in Tamil on similar subjects; Mr. Pickworth explained the advantages and uses of the Fordson tractor,

Besides these lectures there were magic lantern lectures, the slides including not only agricultural subjects (good breeds of cattle, the various processes in tobacco manufactures, various implements etc.) but sanitation and hygiene (slides on cholera, malaria, smallpox, kindly lent by the Health and Welfare Society, Madras,) and such slides of places of interest in India, such as Benares, Delhi, Jeypur etc., kindly lent by Mr. Schwarz of Olcott Gardens.

These slides were explained in Tamil and proved most attractive; the lantern lectures were given sometime in halls or schoolrooms, but sometimes in the open under tamarind or other large trees. On the latter occasions, the full moon sometimes proved a mixed blessing.

The most obviously attractive feature of our tour was the Fordson Tractor sent by the Russa Engineering Works of Mount Road, Madras. Mr. Pickworth was in charge of this and gave demonstrations at most, if not all, of the places visited, with a multiple plough and a disc-plough. He demonstrated on dry lands and also on wet lands; and not only did these demonstrations attract many people but as the tractor went from place to place it was accompanied by curious crowd, anxious to see more of its behaviour. The Fordson can plough five acres ordinary dry land in eight hours and several large landowners were convinced that this tractor would be most useful where labour was scarce.

Both our exhibition and our meetings were splendidly attended, in some cases two to three thousand attended the lantern lectures, and in some places fully nine hundred visited the exhibition. We had special hours for lady visitors and these hours were taken full advantage of, the ladies showing a keen interest in the exhibits. The visitors ranged in age from the grand-fathers to the school children and in standing, from the magistrates and other officials to the poorest raiyats. We set apart hours for Panchama visitors and these took full advantage of the opportunity afforded them of seeing the exhibits. In some places the exhibition was opened by our local hosts with prayers and song. Visitors poured into our exhibition as soon as it was opened and put most interesting and keen questions and in some cases we were able to explain away their doubts and difficulties. Many people were awe-struck when they saw the large collection of manures, being only accustomed to a few in their daily work.

When a giant tobacco plant was shown on the screen the people could scarcely believe their eyes and the opportunity was taken to explain the wonders that follow from careful seed selection and from cross-fertilisation.

A General subject of discussion was the single seedling planting of paddy, and we found that the few local men who were brave enough to come forward and address the meeting were very full of practical information.

The spineless cactus was much appreciated and its value as a fence instead of the usual thorny cactus was fully understood by the villagers who also realised its value as a fodder. We hope that this realisation of its blessing will result in its being grown in this district. It can be obtained by applying to the Superintendent, Theosophical Society Gardens, Adyar.

In one place we hung up a notice that whoever spoke best on the method of farming would receive a prize of five rupees. We had four competitors and a jury of judges. The prize was awarded to an Iyengar who showed not only theoretically but by his own actual practice that good returns could be had by using good implements and good seed. The prize winner later gave his five rupees as a first donation towards founding a local agricultural school. The debate on farming was very spirited and the whole evening most interesting and enjoyable.

In every place we filled in our time observing the neighbouring fields, vegetable and flower cultivation, and after three weeks of great activity, including much packing and unpacking, much giving and taking we returned on January 30th to Adyar.

It seems to me that this kind of tour, not only spreads education among the agricultural classes but also creates an interest in agriculture and will lead to agriculture being taken up as a profession with as much enthusiasm as any other.

As this kind of a tour has in America and elsewhere, done such splendid work, so we hope that here also educated agriculturists will take the idea up and try to hold similar exhibitions in their districts. Such work will do a thousand times more good than talking of free education and so on, on the platform. Moreover this kind of a tour gives a clear idea of the existing conditions and indicates easy methods of making valuable improvements.

OBSERVATIONS.

In all the places, we visited there were large and beautiful tanks containing water for as many as nine months of the year. Among them we may mention those at Madurantakam, Uttaramerur and Nasera-pettah, near Poonamalle. These tanks make a double crop of paddy possible. The condition of the paddy fields, however, in spite of this plentiful supply of water, was in many places poor, the plants being very small. This is a clear indication that the farmer must not rely on water only for his crops.

Paddy.—The paddy crops showed the need of manuring and we would strongly recommend to our friends of this district to go in for green manuring and other fertilisers. They will soon get a larger return from their fields. Here and there single planting has been done and the farmers are beginning to realise that this practice has great advantages.

One Crop System.—But another reason for the poorness of the paddy is that this area is a one crop area, no diversified farming exists and this one-crop system is very bad for the soil; the paddy takes continuously from the soil the same element and as the straw is not returned to it this leads to a sure exhaustion of the soil, decrease of crop and increased liability to paddy diseases or paddy pests.

The remedy against this is rotation of crops and the keeping of good cattle, valuable for their breed, their milk and other dairy products, and for their manure.

Paddy is a lazy man's crop, he only needs to plough a little, broadcast his seed (transplanting is often not practised) and then await for the time of reaping.

Diversified Farming.—The energetic farmer willing to throw himself into his work, but who has hitherto only gone in for paddy, would be surprised at the change in himself, his fields, his community, if diversified

farming were to become the general rule. The keeping of cattle yields daily products and manure for the fields; also for the keeping to be economical it means the growing of fodder crops for the cattle. Rotation of crops means growing sugar-cane, maize, cholam, pulses etc. etc; this means continuous work during the year, and we all know that idle hands never make for harmony and happiness in village life; it means independence from the results of failure in one crop, it means immunity from disease and pests and it means a soil, the texture and crop-capacity of which is constantly at its best. Moreover we found that the farmers with their eyes and thoughts only on paddy had neglected many an opportunity; for instance, their backyards near their houses were not put to any good use and could easily have been made into little vegetable gardens with gourds, beans, and many other useful vegetables providing the family with better food for many months of the year and making them independent of the markets, unless indeed they could dispose of their surplus to their less wideawake brethren.

Animals:—The condition of the animals is very bad—they are small and in poor condition; moreover branding is practised—a totally unnecessary cruel custom resulting in loss to the farmer as the hides are of comparatively little value. Poultry keeping is not practised, only ducks being found, and these being found in large numbers in nearly every village, the flocks being herded by men or boys.

Fruit Trees:—Another surprising feature in the villages was the few fruit trees we found, here and there a mango or cocoanut tree but otherwise scarcely anything, not even bananas, or jack-fruit trees, no pomegranates, guavas, or limes, or oranges or water melons. In the Polur taluq we saw what could be done in the way of vegetable gardens. Many gardens were well managed and brought their owners a net return of Rupees 400 an acre.

Sanitation:—The roads were on the whole in good condition except the one from Chingleput to Tiruvanaikcoil, which was in such a bad flooded condition that it was impossible for bullock carts to reach that place and we had to give up our plan of visiting it and had thus to disappoint our host and the many farmers to whom he had been kind enough to notify our projected visit. It is to be hoped that by next year the public authorities will have made the use of this road independent of weather conditions.

We found that in almost every place the sanitary conditions were poor: bathing, washing, cleaning of vessels was all done in one and the same pond and the water then used for drinking and other household

purposes. No wonder that cholera, small-pox and other infectious diseases claim so many victims and obtain such a foothold when once present. If each house had its own well for these purposes, then the spread of disease would be much minimised.

An interesting fact that we noticed was that in the villages where the farmers belong to the Brahmana community, the people were better educated and much cleaner, their houses, though small, were kept neat and the men were found to study their Vedas and other religious books.

Co-operative Societies:—On the whole, these seemed to be too much in the hands of the rich men, who found them an easy and sure way of making interest on their money. An exception was at Nelwaye where nearly everyone had a share in the society. Here without waiting for outside help, they have done great things for the village community, have strengthened the bund of the tank, have planted neem, palmyra and other trees and the people have been educated to the point of abstaining from stealing even things left carelessly about. Trespassing of cattle is unknown, and disputes are settled without recourse to the Courts. The panchayat decides all cases and either bring about a compromise or levies fines which go to the general fund of the Union and for general sanitation. The necessary village funds are raised from the large number of tamarind trees and from the grass of the tank bund.

It is a pleasure to end the account of our tour by a description of such a "sweet Auburn".

TURE CO-OPERATORS.

The following wise words are from *The Co-operative Herald* (American):—We have repeatedly stated and will state again that ten co-operators are better than one hundred members—men who understand the fundamentals, who have a vision, men who are unselfish and try to be of assistance to their fellow-men. This is the kind that will build up the co-operative institutions in this country. They are not watching out for bargain counters, but are building for the future, happy in the knowledge that by so doing the time will arrive when they will be participants of the fruits of their labour. And they know that if they will not live to see that day their children will. We are not living for ourselves alone.

"Others, we doubt not, if not we
The issues of our toil shall see,
And children gather as their own,
The harvest, that the dead have sown,
The dead, forgotten and unknown."

SOME CO-OPERATIVE PROBLEMS WITH SUGGESTIONS FOR THEIR SOLUTION.

BY MR. T. K. VENKATARAMIAH, HONORARY ASSISTANT
REGISTRAR OF CO-OPERATIVE SOCIETIES, TINDIVANAM.

[Continued from last issue.]

Remedies Suggested:—Now that the movement has become popular and the value of co-operation is well known even to those living in out of the way villages, I think that stage has come when the old method of organisation may be abandoned and new societies may be allowed to come into existence on the lines indicated in scheme appended hereto (Appendix A.) Therein I have recommended the formation of societies from village to village as far as possible till it is spread over an entire taluq. By adopting this method we will only help new societies to spring up in the very neighbourhood of already existing societies which are scattered from one another and allow the movement to spread over the intervening space between one society and another, thus gradually covering the entire Taluq and Sub Division. Many villagers are anxious to have societies and I would have organised a large number during the last summer, had I been free to do so. The suggestion made above is in conformity with the spirit of the Government of India Resolution No. 12,287—1 Simla dated 17-6-14 para 23 which observes; “A society cannot attain its full measure of usefulness until it is federated with and assisted in some central agency. In India, the structure has been built upwards from below and for this reason it has been found advisable to discourage the formation of scattered societies at long distances from one another, and to concentrate the movement allowing it as much as possible to expand from centres in which it has found a congenial soil already.” The advantages that will be derived from the existence of societies very near one another and the facilities for the formation of unions at convenient centres of a taluq, each centre comprising 30 to 40 societies within a reasonable distance of the centre and also the formation of federated unions to carry out the functions of agencies, cannot be over-estimated. They are: i. Effective, close and convenient supervision and control. ii. Facilities for demonstration of the practical methods of improved agriculture and easy dissemination of knowledge thereof as well as of co-operative methods and matters. iii. Facilities for grouping societies under a network of trading unions and the latter to be grouped under a wholesale trading society or societies for joint efforts such as joint purchases, joint sales of their products and joint ownership of improved implements of husbandry for the common use of the societies which each society may not be able to do individually.

By adopting the scheme appended hereto which is worked out almost on the lines indicated in the circular of our Registrar dated 28th October 1919, “On joint purpose and sales” I hope the non-credit functions will be developed to a higher standard, at least to the extent anticipated therein. The majority of existing societies generally do only credit functions as stated above. Our attention should soon be seriously directed to the encouragement of non-credit functions. Unless the societies are encouraged to develop non-credit functions such as the joint sale of all their products through proper agencies at proper times and in markets and joint purchase of their necessities of domestic life such as seeds, manure and implements of husbandry, in an organised and business-like fashion without the intervention of the middlemen, and until they are encouraged to improve their methods of cultivation, to gather bumper crops and to make convenient arrangements in their union centres to husk paddy and decorticate groundnuts by means of an Engine and Machinery common to the societies affiliated to that union, the economic waste through the said channels cannot be prevented, the lot of the helpless agriculturists cannot be improved and above all the very object of Government to encourage thrift and self-help cannot be attained even at a distance of time. If it is considered premature now to organise an electricity society for each village or a group of villages such as is done in Germany or elsewhere to stimulate the farmers and to work the threshing machine, hoes, mills, centrifugal machines for pumping and other machinery, I think, a modest beginning can certainly be made by encouraging at the outset the installation of small engines which are called “Fools” machines, the use of tractors, the use of improved implements in all suitable union centres and even that, only wherever a genuinely spontaneous local demand is made arising from a desire to share the benefits enjoyed by the members in their neighbourhood like the Tindivanam Industrial and Agricultural Society which was begun to set an example. This society expects soon to possess a tractor to help the farmers, and a motor lorry for transporting products of agriculturists to and fro.

In fulness of time, when all the unions come to possess happily such sets of implements or machines to save labour and to improve the economic condition of the ryots, they may in due course think of further development and improvements to continue to improve their condition until they are in a position to profit by the movement to the fullest extent and themselves get on without any external help. The country would gladly welcome such step as would encourage agricultural development, as that would augment the country's wealth and at the same time improve the moral and economic condition of the ryots.

In a paper on the "History of Co-operation" written in Tamil and read by me at the last District conference of co-operators held at Villupuram on 25-7-20, I have explained among other things the chief desideratum for the development of non-credit functions in the direction of dealing with the stagnation of agriculturists.

Unless at the initial stage, more loans than one are granted where necessary for short and long terms to help the members to pay kist, to meet cultivation and domestic expenses and to pay off old debts as advised by our Registrar in his circular dated 29-10-1919 on "More Loans to Members" and unless members are liberated as far as possible from the clutches of Sowcars and encouraged to produce increased quantities, to bulk them, and to carry on joint sales of products, raw or refined, through proper agencies, so that this may bring to the ryots the utmost return for their labour, the artificial credit of loaning of money by banks, to help them out until the harvest season, though a temporary relief, does not seem to be sound in principle and cannot work long. Agriculture has got to be made to pay and to stand on its own feet. That can be helped only by co-operative methods.

Other advantages that may follow from the adoption of the scheme for bulking and joint sales are: (1) Holding up bulked things for the better market. (2) The standardizing and grading of products of members which is a great need. Both merchants and customers generally know what they purchase when they bring standardized goods and those who produce such goods are entitled to better prices than those who do not. The agriculturist is the principal loser in putting ungraded goods in the market. Placing second and third grade goods in the same bag with first grade ones means, that the cultivator will receive in up-to-date market less than the best price. The customer is entitled to know also what he is paying for. The scheme may in its course bring about the grading, testing and also working out of a uniform nomenclature of grains and other products of co-operators of the result of concerted action.

To work out efficiently the movement on the lines indicated, the co-operation of some of the departments, such as Agriculture, Industries and even Commerce is necessary. The MacLagan Committee in their report para 198 recognise the importance of developments in agricultural operations both in its relations with credit and also in its relation with the production and distribution of agricultural produce and suggest in para 199, the co-operation of the departments of Agriculture, Industries, Veterinary, Co-operation, and Fisheries, for the promotion of good to the agriculturists of India and the development of the co-operative movement.

If credit functions alone are allowed to expand, the demand for more money will continue to increase until it reaches the maximum ability of financing banks to meet it. The resources of the country for the supply of money to such banks by way of deposits cannot be expected to be perennial. The system of raising loans by overdrafts or debentures cannot or may not work to the extent of the demand for all time to come. There will then come a time when no more progress can be possible.

As the ultimate object of Government is to see the societies pick up self-help and thrift and to withdraw gradually the help and fostering care extended to them at the initial stage, I believe this can be achieved only by early steps for:—(1) Encouraging the organisation of societies in close vicinity of one another as described above, (2) Seriously taking up the up-to-date improved methods, (3) The expansion of non-credit functions among them as detailed above. (4) Thus encouraging thrift and economy, affording saving facilities in the manner indicated in para (5) of Appendix. A.

Experiments started simultaneously in several areas may no doubt cost much and that question and the question of financing new societies may again stand in the way of any rapid progress. Hence a limited area such as the Tindivanam Sub-division wherein I claim local influence and knowledge and which possess special advantages above, has been suggested for the experiment.

South Arcot is well known to produce the largest quantity of ground nuts and indigo for a long number of years and a considerable quantity of cotton during the last few years; and there are excellent facilities for the export of goods, as the main and branch railway lines traverse the whole area. Hence, further advantages may also be reasonably claimed.

Cost of organisation and supervision of societies in the Tindivanam Sub-division alone may not cost the Government much. At the most it may exceed a little more than that of maintaining an Assistant Registrar with full staff. To meet the next contingency of financing of financing societies a new type of central bank is suggested by me.

If for any reason, the Tindivanam Sub-division is deemed to be too big an area the movement may be concentrated and worked as an experimental measure within the Taluq area of Tindivanam or at least within a radius of 10 miles from the town of Tindivanam where there is, as already stated, the Industrial and Agricultural Society happily possessing an engine with 4 decorticators, a huller, 2 gins and 1 desintegrator, serving as a nucleus. It is the desire of the promoters of the said institution, of whom I am one and connected with it as its President, that the

full benefits of co-operation arising from its situation should soon be realised and that a good example be set to the rest of the country.

At any rate considering the advantages reasonably expected and the fair hopes of steady and sure realisation of the full benefits of co-operation I trust that all my brother co-operators will not hesitate to take up the subject and give the scheme with such modifications as they may deem necessary, the trial it deserves in all their centres.

REPORT OF THE JUNIOR SECRETARIES' TRAINING CLASS, SHOLAPUR.

HELD FROM 15TH NOVEMBER TO 23RD NOVEMBER 1920.

Origin of the idea:—Fifteen years have passed by since the passing of the first Co-operative Societies Act and many societies have come into being with varying degrees of success. Practically every one who is intimately acquainted with the working of these societies recognises that there is still much ground to cover in respect of education of members composing these societies in the theory and practice of the movement. Many of the mistakes that are committed arise through ignorance of the most simple rules and by-laws and it is a matter of paramount importance to the success of the movement that it should be placed on a sounder educational basis. Further, credit co-operation alone cannot cure all the economic ills to which the masses are subject and unless the movement as a whole be studied and discussed and put into practice, the day of creation of Co-operative Commonwealth welding all the contending factors of society into a homogeneous and harmonious whole would be as distant as ever. All this makes it essential that those who are required to attend to the every day routine of running the societies should be well versed in co-operative principles and practice.

Early attempts in Bombay towards Education:—The need of widespread education being thus felt, the Servants of India Society under the inspiration of its members Messrs. Devadhar and Joshi took a prominent lead in the matter and proposals for starting Training Classes for Secretaries and for the formation of Educational Unions were put up before the Bombay Provincial Conferences of 1914 and 1916 and experimental classes were the first offspring of their efforts in this direction. With the active assistance of the Co-operative Department their proposals soon took definite shape and the scheme of establishing a permanent Secretaries' Training Class Board in Bombay finally received the approval

of the Government of Bombay in 1917. Since then many Junior and Senior Training Classes have been held in many different centres like Dharwar, Kolhapur, Broach and Sholapur under the auspices of the Executive Committee of this Board presided over by the veteran leading co-operator of the Presidency Sir Vithaldas D. Thackersey. The Bombay Central Co-operative Institute, the fountain of all co-operative propagandist work in the Presidency was ushered into being in the year 1918 and the functions of organising Training Classes have been since then entrusted to one of its Special Committees. Under the auspices of the Institute, a Training Class Committee to work out and organise a Training Class at Sholapur for secretaries of Ahmednagar and Sholapur districts was appointed at the last District Co-operative Conference held at Pandharpur on the 27th and 28th February 1920.

The scheme of the Training Class consisted mainly of the following parts:—

- (1) Lectures on Co-operative Accountancy.
- (2) Lectures on general Co-operative topics.
- (3) Visits to places of general interest.

The Board was able through the courtesy of the Principal, to secure the Training School hostel buildings and school rooms for accommodating the secretaries.

Funds of the Class:—The necessary funds for the class were raised in the following ways:—

Rs. 5 as fees per student.

Rs. 10 as donation from big Banks and Societies.

Donations from individuals,

Donation from the Bombay Central Co-operative Institute.

Strength of the Class:—The Board determined the total strength of the class at 40—25 from Sholapur and 15 from Ahmednagar, the necessary qualification for admission being continuous work in the capacity of a Secretary for two years. The Class met on Monday the 15th of November 1920, and 31 Secretaries out of 36 that send up their fees presented themselves. Of these 31, one dropped in the middle owing to illness and the regular attendance on the roll was 30—21 from Sholapur and 9 from Ahmadnagar. The Class was opened on the 15th morning by Mr. J. A. Madan, I.C.S., who came specially for the purpose. The Secretaries were every evening taken round to see the working of local societies and also to the Cotton Mills and Tikekar's Handloom factory at Kumpta.

Only persons intending to live in the settlement may become members of the Society. Others interested may be accepted as "supporters," i.e., persons with the same financial duties as the members, but without their rights.

Both categories are bound to subscribe to at least one share of a hundred francs.

All speculation in the buildings or land is excluded. For the present the dwellings are only leased to the members. The lease, however, is unredeemable and terminates only with the discontinuance of membership, unless, of course, the member becomes guilty of gross neglect of his duties.

In case of the death of a member, the membership may be continued by the heir.

Out of the plans submitted the settlers unanimously chose that worked out by a young architect, Hannes Meyer, who was thereupon appointed superintending architect of the society.

On November 1st, 1919, the excavating work was commenced. At the end of 1920 about 100 houses were inhabited, and the remainder will be ready by 1st April, 1921.

The colony comprises 150 one-family houses of 4, 5 or 6 rooms, while at least 200 square metres of land belong to every house.

All buildings are constructed of brick; the cellars occupy the same square space as the upper floors. The basement consists of three subdivided rooms; the laundry, a room suitable to be turned into a workshop and the actual cellar. The Society fitted the laundry with a first-grade washing copper, a tray and a hot-water boiler with a ready supply of about 53 gallons of hot water for the use of the laundry, the kitchen and the bathroom. The water is heated by electricity at night-time, when cheaper rates for electric current are obtainable. The container is always filled with hot water. Cold water enters automatically as soon as hot has been used; also the electric current is connected and switched off automatically. Hot and cold water pipes supply the rooms on the floors above.

The floors of the bedrooms are made of oak, the bath-room floor of Terrazzo flooring, while the attics have floors made of pine wood.

All rooms in the house are lighted by electricity.

On the garden side of the houses a glass-covered projecting roof has been made which, at the same time, protects the kitchen and cellar stairs.

Most of the houses have gardens in front and at the back. All the roads of the colony are destined for its own traffic, the public road passing alongside the village and not through it.

The rent paid by the settlers is small in comparison to that which is paid at the present time for hired lodgings; it amounts to 850 francs for the smallest houses, 1,100—1,200 and 1,600 francs for the larger houses.

The inhabitants of "Friedorf" not only provide their housing needs, but they manage in common the provision of all necessities.

For this purpose a large building is constructed in the centre of the village, with shops for foodstuffs of all kinds, boots, manufactured goods, and haberdashery.

An elementary school, consisting of three classes, is installed in the building, also a restaurant and a library.

The members of the "Freidorf" collaborate actively in the administration. Seven committees have been appointed, of which the committee of education is the most important. Its programme, at present, is as follows:—

Installation of a library and of a reading-room, the organisation of lectures and courses regarding the co-operative system in general, health questions, exchange of goods, gardening, preserving of fruits and vegetables, and also the raising of a relief fund.

Beside the committee of education there is a Board of Health for the organisation of the care of the sick, the management of the household, and the arranging of lectures on these subjects: a Board of Management, whose duty is to consider all questions having to do with the supervision of all commonly owned properties of the colony, a Board of Construction, a Finance Committee, an Entertainment Committee for the furtherance of social life in the colony, a Board of Safety for the organisation of a fire brigade, cleaning of the roads, removal of rubbish and the maintenance of public safety.

Approximately 35 members serve on the committees of these various boards. It is planned, however, to get every member of the colony, as well as the grown-up members of his family, to co-operate whenever possible in the work of one of these boards.

The work done in this connection is, of course, voluntary, it being considered a duty for every member to place his special capabilities at the disposal of the whole community without demanding payment.

Thus the settlement society "Freidorf" returns to the venerable Rochdale principles of serving each other instead of working for payment. The rules require every member to procure his supplies from the Co-operative Stores, which will purchase all their goods from the Swiss Co-operative Wholesale Society.

An institution of considerable importance is the savings bank and benevolent fund of the co-operative colony, which is designed to encourage thrift amongst the members.

Each member of the colony undertakes to contribute to the fund a penny a day, the contributions being collected each week by children. The interest accruing to members on their contributions is not paid to them but remains in the bank, and is utilised for educational purposes.

If the 150 members pay their contributions regularly for 10 years each family will have saved a sum of 482 francs, and the entire community 72,325 francs. Thus in 30 years a sum of 382,000 francs will have accumulated.

The co-operative colony hopes that its example will be followed by other Co-operative Societies, and that in this way out of the smallest amounts saved without effort a considerable social capital may be raised.

We are confident that the settlement society "Freidorf" will have a beneficial effect on the whole Swiss Co-operative Movement. The living near each other of all grades of the staff of the Union will, no doubt, have a great influence on the spirit of the colony, but especially the strict application of co-operative principles and the active co-operation of the whole of the members will not fail to benefit the whole Movement.

May the expectations that are placed in this colony be fulfilled: then the "Freidorf" will soon hold a place of honour in the co-operative life of the world, and will be one of the chief attractions of the International Co-operative Congress that will be held this year at Basle.

THE ELEVENTH BENGAL CO-OPERATIVE CONFERENCE.

His Excellency opened the eleventh Provincial Co-operative Conference on March 2nd. A large number of gentlemen interested in the Co-operative Movement from the mofussil attended the conference. There were present the Hon. Sir Henry Wheeler, the Hon. Maharajadhiraj of Burdwan, the Hon. Nawab Ali Chaudhuri, the Hon. Mr. P. C. Mitter, Shibasekharewar Roy, Maharaja Sir Manindra Chandra Nandy, Sir R. N. Mukerjee.

Governor's Address.

His Excellency Lord Ronaldshay in the course of his opening address said:—

"Two years ago I held out promises of sympathy and help on the part of Government and I am now in a position to state the extent to which those promises have been made good. First and foremost the sanction of the Secretary of State to the permanent retention of the Co-operative Department has been obtained. Next a Deputy Registrar has been appointed and further to assist the Registrar provision has been made for superior officers in each of the five divisions of the presidency. Then we have deputed an officer for six months to study co-operation in Europe and in particular in France where the co-operative principle is being employed in the work of reconstruction in the devastated areas, in England where the establishment of a co-operative fleet of fishing trawlers is a striking development; and in Ireland where a valuable lesson is to be learned as to the disastrous effect which violent political movements have in practice upon the co-operative societies."

PROGRESS IN 1919-1920.

"The increase in the number of co-operative societies throughout the Presidency is encouraging. When I last addressed the Provincial Conference there were 3,643 societies with a membership of 163,000. On the 30th of June last there were 5,408 societies with a membership of over 217,000, and I am told that there are at this moment something like 6,200 Societies with a membership which probably approximates to a quarter of a million. The working capital of the societies is now over three crores of rupees; and of this sum the actual savings of the members are represented by the shares, deposits and reserve funds belonging by 25 per cent annually, a most significant feature of the movement. It is, perhaps, not inappropriate that I should point out that as these figures increase the necessity for care in the further development of the Movement increases also. A financial crisis, five years ago would have been a comparatively small affair; a financial crisis now still more in the future would be a calamity of alarming dimensions. I am sure that the Minister to whose guidance this great movement has now been committed is fully alive to this."

On previous occasions I have urged upon the zamindars of the province the importance of their fostering the movement. We all know the maxim that practice is better than precept, and I may be forgiven, therefore, if I inform you of what Government has done in its capacity as a landlord. In the Government estates in Kalimpong there is now no unit

without its society. The same can be said of its estates in the Sundarbans. Here the colonists who came to the place because they were landless and impoverished and without prospects elsewhere have in the course of a few years accumulated savings of their own amounting to half a lakh of rupees. They have established nearly 100 credit societies. They have their own store, their own boats running to Calcutta, their own co-operative granary and they have started veterinary aid on co-operative lines. More remarkable still, perhaps, whereas the common rate of interest five years ago was 100 per cent per annum, the complete abolition of interest in this neighbourhood is within sight."

POSSIBILITIES OF THE MOVEMENT.

"The most effective way perhaps of bringing home to the public the possibilities of the movement is to take a particular instance by way of illustration. I will take the case of Naogaon. Naogaon is a village in the district of Rajshahi. The co-operative movement took hold of the ganja growers of Naogaon three years ago. As a result they already see a much wider horizon than that of mere ganja growing opening out before them. Last year for example they purchased 20,000 cuttings of 'tanna' sugar cane which they distributed among fifty members of the societies on condition that each planted his cutting at one end of a patch of ordinary sugar cane, with the result that fifty demonstration plots came into existence in the midst of a population of thousands of cultivators. I am told that this demonstration amazed even the Director of Agriculture. The whole of the crop is being preserved for cuttings and it is estimated that next year "tanna" cane will have ousted the old variety and that the profits of the cultivators will be doubled. A short time ago I visited the Rangpur Tobacco Farm and saw the curing and preparation of the leaf being taught. Naogaon has introduced improved varieties of tobacco and has three young men there under instruction. Another crop hitherto practically unknown in the district, namely, the potato is now proving itself a source of income to the cultivators. Then again the society is acquiring and laying out as a model farm on the same lines as the Government farms 100 bighas of land and is approaching Government for the services of an officer to take charge of it. It proposes to establish a practical school in connection with the farm and it has already made itself responsible for the building, financing or subsidizing of something like a dozen other schools. It has also taken in hand the town of Naogaon and has converted a large area in the heart of it which used to be a hot bed of disease into a public park. It has recently completed the first of three dispensaries which it has planned for its members, together with residences for the doctor and the compounder. It has a store with 4,000 members and sales amounting at times to as much as Rs. 1,000 in a day. It has organised a colony of

Mahomedan Weavers whom it found in a state little removed from starvation. It has trained them to produce cloth of good quality which is now sold at the store faster than the weavers can make it. And along with the truly astonishing improvement which has been brought about in the material well-being of the people in the short space of three years, is to be noticed a powerful and ever growing influence for good in the moral sphere. Thrift is taking the place of extravagance; expenditure on useless ceremonial has already decreased by from 50 to 75 per cent. Both the consumption of 'ganja' and litigation have been reduced. This is a bald and very inadequate description of what has been achieved in three years in a typical Bengal district by co-operation. I have referred to it because it seems to me to possess a moral which is so obvious as scarcely to require pointing out, moreover, which is not likely to be lost upon any one who ponders upon it."

"I could, of course, give many other remarkable examples of what is being done by co-operation but I do not wish to take more of your time for you have a long and important programme of work in front of you. And I will conclude these opening remarks with an expression of my sincere good wishes for the success of your deliberations."

Minister's Speech.

The Hon Nawab Saivid Nawab Ail Chaudhuri, Minister in charge of the Department then addressed the Conference. He said:—

The control of the Department of Co-operative Societies has been handed over to the elected representatives of the people. It is for us now, the elected representatives of the people (and that means the people themselves) to make or mar them. The statement is doubly true for the Co-operative Societies themselves are in the hands of the members of the societies, and as the members do their share well or badly, so with the societies succeed or fail. On the other hand Government cannot stand aloof from a great popular economic movement of this kind and the policy of Government towards this movement must be influenced by the people themselves through their elected representatives. You have been assured by His Excellency of the sympathy of Government and as the first Minister is to be entrusted with this portfolio I too assure you that your interests will not be neglected. But I would be failing in my duty were I not to warn you that *more depends upon yourselves than upon Government*. Your societies are primarily societies for self-help and I am assured that those of them which have succeeded best are

precisely those which have kept this fact most constantly in view. They are also to some extent in the same position as private businesses and *you should not expect too much by way of concessions and favour and differential treatment.* When I say this I do not forget for one moment the differences that do exist between private businesses and co-operative societies, the differences which have won you concessions and favours in the past. But I do not want you to take an one-sided view. With the growth of Co-operative Stores, for instance, competing with ordinary traders there would soon be an outcry if Government carried its favours to the Stores too far. The societies must endeavour to stand on their own legs, just as private undertakings do, but realising the handicap under which their members have to work and the great asset on the side of law and order and education which the societies are to the administration, Government will not hesitate to help them in the future as in the past.

CORRESPONDENCE.

CO-OPERATIVE SERVICE.

A scheme of Co-operative Development as formulated in G. O. No. 135 Rev. Spl. dated 20th Jan. '20 has been started to fill up gaps in co-operative areas and to cover the whole of the presidency with a network of societies and unions. 13 Assistant Registrars and 177 Inspectors with an establishment have to be recruited and maintained for 5 years as a temporary measure. The recruitment for the Assistant Registrars was made entirely from among the Deputy Collectors and eight such officers were trained in the current official year and were placed in independent charge. While this scheme was before the Government a keen discussion was going on in the columns of the Madras Bulletin of Co-operation between July and November 1919. The Majority of the experienced and eminent co-operators who expressed their views therein, were against the recruitment of such heavily paid Assistant Registrars and particularly against the selection from the ranks of the Deputy Collectors. This matter was echoed even in the Provincial Co-operative Conference of 1919 but the Government paid no attention to it though the recruitment was made subsequently.

Before the remaining 5 Assistant Registrars are appointed during the year 1921—22 it is worthwhile examining the nature and extent of the work required to be done by them. The items of work according to the above G. O. are :—

I. *Credit.* (a) Organization of 4,500 Societies more and formation of a net work of unions all over the presidency.

(b) i. Inspection of all the bad societies at least once a year by the Assistant Registrars ii Inspection of all the new societies within 1 year after starting and iii Inspection of all the societies at least once in three years, preferably in 2 years.

II. *Non—Credit.* Development of co-operative trade and production by the organization of Trading Unions and Stores etc.

The organization and supervision of societies can mostly be done by the Honorary Organizers and Honorary Assistant Registrars with the co-operation of the Supervisors and Government Inspectors and the Assistant Registrars can very well devote their attention to non-credit work. But the Honorary Assistant Registrars should be appointed in larger numbers with better qualifications. So far there are only 43 and they have been selected from the representatives of the local Unions. Further recruitment may be made from school masters and pleaders who are connected with a co-operative society even as members provided they evince a desire to train themselves to do steady co-operative work. The persons selected should be men of character and ability with local knowledge and influence so that they can do propagandist work on the non-credit side and guide the societies the right lines on the credit side. Each taluq must have at least one Honorary Assistant Registrar with an Inspector to co-operate with him at every step. He must be paid his travelling charges ungrudgingly and he may even be encouraged to have a motor vehicle with the help of a Government Loan if required. When these Honorary Assistant Registrars gather sufficient experience they must be able to discharge many of the functions of the Assistant Registrars, thus paving the way for the disappearance of the additional Assistant Registrar, even before the sanctioned period.

THE INSPECTORATE AND THE SUB-ASSISTANT REGISTRAR.

"The position and prospects of the Inspector under the existing organization constitutes a serious blot. It prevents good men from entering the service; it tends to discourage the men who have entered. Such state of things must make for inefficiency in any department. But in the Co-operative Department "it will lead not merely to inefficiency but to disaster" says a Co-operator (Vide Bulletin for July 1920). This is really an ugly state of things. The total number of Inspectors in field service will, after full effect is given to the scheme, be 233 of whom 208 officers are paid Rs. 60—80, 24 men on Rs. 80—100 and only 1 officer is allowed to draw Rs. 100—150. These officers are mostly recruited from Revenue Clerks and Supervisors of Unions. It is therefore, not strange that the Registrar does not attach much weight to their audit and Supervision and insists on the Asst. Registrar's inspecting all the

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societies at least once in three years (Vide para II (i) and iii of the above G.O.

This extravagant ideal held up to the Assistant Registrars implies a deep distrust of the work of the Inspectorate and an exaggerated importance to the personal inspection by the Assistant Registrars. A more feasible and a less costly method of realising this ideal is certainly to increase the efficiency of the inspecting staff by recruiting better qualified persons on a higher salary.

The Government will therefore do well to stop recruiting any more Assistant Registrars. As it stands now, there can be 18 sections under Assistant Registrars. The cost of recruiting 5 more Assistant Registrars amounts approximately to Rs. 40,000 per annum including Travelling Allowance. The funds so relieved may be utilised for the recruitment of an additional staff of officers with the designation of Sub-Assistant Registrars on a salary of Rs. 150-10-250. If 20 such officers can be recruited each section will have an officer and he can serve very well as a Personal Assistant to the Assistant Registrars ready to discharge the delegated functions on behalf of the Assistant Registrar. A certain proportion of these posts must be filled up by promoting deserving Inspectors and the rest by fresh recruitment from young men of special abilities and educational attainments. In course of time these Sub Assistant Registrars should ordinarily be promoted to the post of Assistant Registrars. In order to attract better qualified persons to enter service as Inspectors at least 50 per cent of the posts should carry a salary of Rs. 80 to 150. Then alone there will be a fair field for selection of at least 50 per cent of the Sub-Assistant Registrars from the Inspectorate staff. The minimum salary for an Inspector should not be less than 50. and for a Chief Inspector should not be less than 80. The treatment accorded to Inspectors by the Assistant Registrar counts also much in attracting a better class of persons as Inspectors.

As the primary societies grow to be self-reliant institutions under the guidance of the Local Unions, the backbone of rural co-operation, as the Federation of Unions takes its place as the real brain centre of the developmental work in each district under the inspiration of the Central Co-operative Union and as the better equipped inspectorate maintains its dignity purely as a weeding institution, the dictating tone of the king-makers, who shed before them the lustre of past authority should no longer be heard.

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NOTES AND NEWS

The much looked for discussion on the budget demand for the Co-operative Department proved very disappointing on the whole. Many notices for reduction had been given, but except in a few cases, the proposers did not press their motions with any earnestness or adequate knowledge. It looked as though the majority of the members cared not so much for efficiency of administration or economy, but for the distribution of office among different communities. That being the motive, when the Minister offered crumbs to satisfy communal hunger, the motions were easily dropped. The discussion centered round the appointment of the Joint Registrar, the number of Assistant Registrars and recruitment to those posts. As a result of the discussion, the Minister announced that the post of the Joint Registrar would be abolished and a Personal Assistant would be given to the Registrar to help him. The post of the Joint Registrar was created only four months ago on the earnest representation of the Registrar. The post of the Personal Assistant to the Registrar was there, though for some months previously to the creation of the Joint Registrar's post it had been kept vacant. There are not many instances in which the Ministers have boldly altered the previous policy of Government and it is difficult to understand why the Joint Registrar's post was so easily abolished. It was ostensibly on the ground of economy; but the reduction effected was only Rs. 6000 from a demand of nearly Rs. 7½ lakhs. If economy was really meant the increase in Assistant Registrars and Inspectors

would not have been permitted. We are, therefore, obliged to conclude that the post of the Joint Registrar was abolished for other reasons and judging by the writings in *Justice* which ought to be taken as giving the Government view, the abolition seems to be due to the present Joint Registrar being a Brahmin. We are not at all particular that the post should be retained, but if it was created only five months ago and that for strong enough reasons, it should have been given a sufficiently long trial before being abolished.

One or two members really did protest that the Department was over-staffed and that the real interests of the movement were being sacrificed for numerical increase, but it was soon apparent that the main objection to the Assistant Registrars was the fact that most of the present officers are Brahmins. And when the Minister promised that in making the future appointments, care would be taken to see that all communities were represented, the motions for reduction were all withdrawn. It is no doubt desirable that the posts of the Assistant Registrars should not be monopolised by any one community; but in fairness to the Department we should say that neither the head of the Department, nor the Member of Government in charge of the portfolio is at all responsible for so many of the posts being held by Brahmins. We believe every effort was made to get non-Brahmin Deputy Collectors for the department, but either they could not be spared or they did not care. The criticisms that were made in the Council therefore, did less than justice to the Department, even taking only a communal view of public questions.

Regarding recruitment to the posts of Assistant Registrars, it was rightly pointed out that it was confined to Deputy Collectors and that consequently there was a paucity of young men among the officers of the department. It was therefore suggested that Tasildars should be chosen and also direct appointments made of young men who were taking interest in the economic and social welfare of the country. The Minister promised favourable consideration for both these suggestions. We should like to emphasise particularly the advisability of direct appointments from among non-official enthusiasts or workers. Another suggestion which we would like to put before the Minister is that men in the educational, accounts, agricultural, industries and other departments should also be thought of.

We have no doubt that the article on the position and function of Honorary Assistant Registrars published in this issue will be read with much interest. Owing to some peculiar circumstances the writer has preferred anonymity but a perusal of the suggestions made by him show unmistakably that he is a

Honorary Assistant Registrars.

person well versed in the subject whose opinions are entitled to great weight. They are full of practical interest and worthy of adoption. There is also much point in his criticism. We fully appreciate his indignation at the travelling allowance drawn by the individual Honorary Assistants being mentioned in the table while no such details are mentioned about the regular ones. If the latter also had been mentioned they would have shown what experienced adepts the departmental officers are in getting the maximum out of the Civil Service regulations. But we do not think the Registrar meant to draw any invidious inference to the disadvantage of the honoraries though we cannot satisfactorily account for the giving of these personal details. The writer of the article is also right in expressing disappointment at the report being practically silent on the work of the honoraries. If we may venture to guess the reason it was perhaps because there was not very much to report, except in the case of a few of them. At the end of the last calendar year when the question of their re-appointment was under consideration it was being said freely that the experiment had not proved a decided success and a circular addressed to them by the Registrar pointing out that they need not do ordinary inspection work like inspectors only strengthened that impression in our mind. The experiment should be considered useful only if its success will lead to a diminution of the official agency. Undoubtedly some honoraries have proved a success. They should be invested with greater powers and the area of their jurisdiction practically freed from the control of the regular Assistant Registrar. We can easily name some such areas.

On behalf of the Co-operators of this Presidency we offer grateful thanks to Mr. H. W. Wolff for his very encouraging remarks on the proceedings of our last Provincial Co-operative Conference. Some years ago Mr. Wolff used to favour us with a review of the Registrar's annual report which we should very much request him to renew. He has rightly given great prominence to labour societies, in which we have made a beginning and has commended the example of Italian societies. There is an immense potentiality for their working, provided their growth is not artificially stimulated. If labour societies are started without a proper study of local conditions and the quality of the material available for their working, failure is certain and it will have a damping influence on future efforts. We should similarly like the growth of stores to be slower than it has been during the last two years, as their working during the last co-operative year has shown that many of them were started prematurely. The Triplicane Stores is yet unable to undertake the functions of a wholesale society, mainly on account of the weakness of its organisation. When it will be an efficient

Mr. Wolff's Comments.

wholesale the store movement will undoubtedly gather strength. As to his suggestion that our co-operatively-made goods should be exhibited at the coming Crystal Palace Exhibition we are afraid it is not practicable as there is not time enough to arrange for the sending of suitable exhibits, even if the number of our industrial societies be deemed sufficient for a beginning. From the proceedings of our conference Mr. Wolff has formed the impression—and the Registrar's annual report will only deepen it—that we are neglecting the poor men in our movement. As a general statement we think it is erroneous. No doubt there are some societies in which it is the case but the desire to benefit the poor is, we think, generally present. Business considerations, however, impose a limitation, as the members of our societies have not yet developed to a sufficient degree habits of regularity and punctuality. Our societies have increased very rapidly, more rapidly than business or co-operative habits in the people. For the safety of the moneys therefore some property security has to be taken. But credit-worthy persons though poor do not find much difficulty in getting loans. The fact is we have not found many Raiffeisens and until a sufficient number of them are found we are bound to be far short of the ideal. But we are not neglecting the interests of the poor as such. Punctuality, regularity and other qualities being generally undeveloped in the members, those with some property naturally get loans more easily than others. And as a co-operative society is in the first place a business concern, we do not regret it—until more Raiffeisen is found.

The progress of co-operation has been very slow in the state of Travancore, though during the past two years there has been a marked improvement in its rate. The total number of societies during the last year rose from 101 to 177, of which one was a central bank, 143 were agricultural societies, and 33 non-agricultural societies. Of the agricultural societies, 27 are described as 'credit, production and sale' which means, perhaps, that they are village stores. Of the non-agricultural societies 11 may be described as stores. Thus a large proportion appear to be stores. The weakest point in Travancore co-operation seems to be its finance. There is a Central bank, but it is in a very inefficient condition. There are practically no deposits in the bank and it has a share capital of only about Rs. 16,000. The proportion of collection to demand is very low, the percentage of balance in principal due from societies to the Central bank being 70 percent. and from members to primary societies being 36 percent; while in the matter of interest the corresponding percentage were

43 and 50. How different the Travancore bank is from that at Calicut may be gathered from the fact that the percentage of balance of dues from societies to the Central bank in Malabar was 2.27 in the case of principal and 1.68 in case of interest, and 16.87 and 21.64 respectively in the case of dues from members to societies. There were 16 societies for the Depressed Classes among whom are included converts to Christianity from fisher folk. The present Dewan who, as Secretary to the Board of Revenue in Madras, had opportunities of closely acquainting himself with co-operation, is very much dissatisfied with the state of things in Travancore and may be trusted to take vigorous steps for strengthening the finances and putting life into the movement. In his address to the Sri Mulam Popular Assembly, he said as follows:—

"I have already made a passing reference to the activities of the Co-operative Department with reference to agriculture, and I must say now that this department has not yet exhibited much vitality nor has it made appreciable headway among the classes of the people whom it can most benefit. Its financial basis is not sound, and its operations, which are very limited, are practically confined to credit. The only central Society in the State, viz., the Trivandrum Co-operative Bank, has been very slack in recovering its loans and in building up an adequate reserve. The movement has not been conducted on approved lines, and it has so far had little more than a haphazard existence. A considerable amount of spade work is essential, and the lines of operation and development most suited to the country remain to be chalked out. If co-operation is to serve the best interests of the country, it should stimulate production, bring about the development of cottage industries, both agricultural and non-agricultural, and succeed in eliminating the middleman. These objects cannot be achieved without a thorough co-ordination of the activities of this department with those of agriculture and industries. The present Registrar of Co-operative Societies is handicapped by his lack of practical training in co-operative work, while the system of recruiting inspectors who form the backbone of the department, cannot be considered free from defect. The work that lies ahead for the department is difficult and complicated, and Government are giving their most careful consideration to the whole question."

The expenditure incurred by the State, was only .066 of the working capital of societies, whereas in Madras it was .785. Though the latter is excessive, the former is too low. Travancore will do well to pay adequately and get efficient officers.

The third North Arcot Co-operative Conference was held on the 6th and 7th instants at Kalavai which is far in the interior of the district. It was nevertheless a record gathering; almost every society in the district being represented and several thousands of people from the town and the surrounding villages having come to see the tamasha. The presence of several hundreds of women including many ladies was a pleasing feature. It was also a good idea to utilise the occasion for holding an agricultural and industrial demonstration. The Hon'ble Mr. K. V. Reddi Naidu Garu, Minister for Development departments, opened the conference and Mr. P. Sitaramayya Pantulu, Ag. Collector, presided over its deliberations. We are sorry to learn that the great gathering was much inconvenienced by the Minister arriving at the conference several hours later than the announced time. He excused himself from presiding over it on the ground that as a Member of Government he would have to pass orders on the resolutions of the conference, though strangely enough this objection did not occur to him until it was very late. But he need not have attached so much importance to this consideration, as successive Members of the Executive Council have presided over the Provincial Co-operative Conference in several years. He missed an opportunity of acquainting himself first hand with the problems engaging the attention of practical co-operators of a district which is in the van of progress. He also made use of the occasion to make a fighting speech against non-co-operation. In fact, he dealt more with non-co-operation than co-operation. Though we are aware that the best means of attaining *swaraj* is by the efficient working of co-operative institutions, we cannot approve of the Minister's utilisation of this occasion for political propaganda. Co-operators have been doing their best to keep controversial politics out of their institutions and conferences. The importance of following this policy became obvious when in a few instances the introduction of political feeling threatened to mar the harmonious working of societies. Among co-operators there are some—and their number is not inconsiderable in the North Arcot district which has a large and influential Mahomedan community—who give lip-sympathy to non-co-operation; but so long as they have no objection to invest their moneys in co-operative banks and take part in their working, we need not trouble ourselves with their sentiments. The Minister could very well have carried on the anti-non-co-operation propaganda outside the conference. There could be no objection to his pointing out how co-operation makes the speedy realization of *Swaraj* possible, but he should have stopped there.

In dealing with co-operation itself he emphasised the policy of expansion which has been accepted by Government and hoped that within the next twelve months the number of societies in the Presidency would

reach the figure 9,000 from about 5,600. If he had presided over the conference instead of opening it and then going away, he would have known the practical considerations that should go to modify that policy. He missed a good opportunity.

Lady Rajagopalachariar opened on the 14th of last month (March) a new building for the Kilacheri Agricultural Bank, the foundation stone of which was laid in 1917 by Sir P. Rajagopalachariar himself. Among those who attended the pleasant function were Sir P. Rajagopalachariar, the Hon. Dewan Bahadur A. Subbarayalu Reddiar, the Hon. Rao Bahadur K. V. Reddi Naidu Garu, Dewan Bahadur L. D. Swamikannu Pillai, Mr. A. Ramaswami Mudaliar, M.L.C., Mr. F. R. Heningway, Rao Bahadur A. Vedachela Aiyar, Mr. C. N. Subramania Aiyar and Mr. K. Devasikhamani Mudaliar. Rao Sahib C. Arulayya Naidu Garu, President of the bank requested in a suitable speech Lady Rajagopalachariar to open the building which had been built out of the savings of the Bank. Kilacheri is one of the best known places for co-operation in our presidency, thanks mainly to the zeal of Rao Sahib Arulayya Naidu Garu himself. It possesses a flourishing rural bank and an efficient Supervising Union to which are affiliated no less than forty societies. In a happy speech Sir Rajagopalachariar recalled the doubts and difficulties of the early days when as the first Registrar of Co-operative Societies he started the bank at Kilacheri with the help of Messrs. Arulayya Naidu and others. Just as co-operation had belied all pessimistic forebodings and proved successful beyond expectations he prophesied the Reformed Legislative Councils would succeed and confer full responsible Government after ten years. The Hon. Mr. Venkata Reddi Naidu and Mr. Ramaswami Mudaliar also spoke a few words. Before the pleasant function came to a close Sir Rajagopalachariar unveiled an oil painting of Mr. Devasikhamani Mudaliar who was the Secretary of the bank and joining afterwards the Co-operative Department as inspector has risen to be an Assistant Registrar.

In the February number of the *Bulletin*, we reproduced from the 'Bombay Co-operative Quarterly' an article on 'the Consumers Movement' by Mr. Otto Rothfeld, Registrar of Co-operative Societies, Bombay. That article said that in one province an enormous number of Inspectors was maintained by Government for the purpose of doing buying and transport for the Societies. The registrar of the Province referred to has corrected Mr. Otto Rothfeld's statement and it would appear that only one Inspector is thus employed who is in charge of a Co-operative Information Bureau and sometimes does buying and transport for the societies.

In the Year 1919-20 the jurisdiction of the Tenali Taluq Co-operative Union extended over 37 societies. One general and 20 committee meetings were actually held. Unfortunately owing to some bad societies the percentage of balance to demand under principal in the affiliated societies rose from 16.1 to 175. Otherwise the Union has done good work. The Assistant Registrar in the course of his audit order says:—The accounts were well-kept and the directors take adequate interest in the union's affairs. It is creditable that the union should become the pioneer in the section in the matter of conducting the non-credit transactions for the benefit of the affiliated societies and it is hoped that it will expand its activities still further to keep pace with the advanced unions in the southern districts. It will also do well to report to this office periodically its progress in the matter for any help that may have to be rendered in consultation with the Registrar or other officers. Food stuffs such as chillies and red-gram and agricultural requirements such as hempseed and fish guano were purchased this year at a cost of about Rs. 6,375 but the accounts relating to them require to be more accurately kept in the forms prescribed.

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The Madras Elementary Teachers Co-operative Society is obviously languishing. During the last year one general meeting and two committee meetings were held. Its membership fell from 52 to 47 and its share capital from Rs. 300 to Rs. 274. The society issued 3 loans during the year and brought up the number of outstanding loans to 11. Of these all except the loans issued during the year, were time-expired. There was also some overdue interest. We cannot understand why the Madras Elementary School Teachers Society should be in this miserable predicament when similar societies in the mofussil should be flourishing. It cannot be that the Madras elementary teacher is too well off to need the help of the co-operative society. It can only mean want of energy and earnestness.

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*A Correspondent writes:—*It is with pleasure we notice the announcement in the Fort St. George Gazette of the 15th February last of the election of Mr. E. Subrahmanya Pillai, B.A., as Vice President of the Hosur Taluk Board. We congratulate him on the election, and trust that his work on the Board will be quite as good as his work in the field of co-operation. A silent and unobtrusive worker, Mr. Pillai has done much towards the progress of the co-operative movement in Hosur both as Secretary of the Urban Bank, and as President of the co-operative stores. He is a regular visitor of the annual Madras conference of co-operators and has served on the Reception committee of these annual functions for over two years.

THE NINTH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

BY MR. H. W. WOLFF.

It was a great pleasure to me to read in your paper the report of the Ninth Madras Provincial Co-operative Conference. It does one good to see co-operation so active extending its realm and launching out into new forms, some of which certainly are greatly wanted.

Thus not to speak of the proposed Insurance branch and the Housing movement—both of which speak for themselves—those proposed labour societies for taking up scavenging and other contracts directly from public bodies and private individuals appear to me full of promise for India. I have watched societies of the same order in another country for which they appeared specially suited, that is Italy, grow up almost from their earliest beginning. They were feeble and measly bodies in those early days. They have become a beneficent power now bringing very substantial good to a class of country folk very comparable to the Indian ryots. No doubt after the first struggles when they were regarded with some suspicion they have been encouraged and favoured by the authorities. But the main work in their uprising has been their own, and they owe their success to good work done and a total absence of that bickering and quibbling that capitalist contractors in Italy are very much given to—trying (like the Germans over their “reparations”) to evade duties and clap on additional claims after the event. I have seen, to state one instance, Bologna cleared of a truly phenomenal fall of snow to the delight of the Mayor in the shortest possible time. And the prefect of Rome has praised to me the excellent execution of a great drainage scheme in the Italian capital by a labour society.

The scheme of grouping societies together for the development of a store movement is likewise pitched in the right key and deserving of all encouragement and support. It is only in this way that a store movement,—which if practicable would be a decided benefit to India—can be developed. Conditions among your people are not what they are in England where a large industrial population with plenty of money in its pockets is out for satisfying very large and under our aspect luxurious wants. An officer of the Manchester Co-operative Wholesale Society who had recently been out in India, the other day shook his head incredulously when I spoke to him of a country store movement in India. Things out there, he thought, were still too too small to warrant much promise. However, there was poor Toad Lane before there was Ballon Street. I hope Triplicane will do well and so serve as an example to the rest of India.

Once more, that scheme for forming more District Councils and providing for more competent supervision by men of greater experience and more intimate knowledge of co-operative banking, is excellent. If it can efficiently be carried out you will certainly soon see the results in the better working of the societies which will make for the greater extension of the movement and larger benefit to the population.

Your coupling the conference with an exhibition of co-operatively manufactured goods has made my mouth water. The goods appear to have been sold. And sale is what you want. But I really thought of our coming exhibition of articles made in co-operative or else co-partnership workshops, which is to take place in our Crystal Palace from the 24th May to the 9th July, in connection with a series of co-operative conferences—mostly on the productive and profit-sharing side and co-operators fites. All the world and his wife is likely to be there. If one could only have an Indian section in that show, however small it means, under the arrangements made by the Labour Co-partnership Association which directs the matter, giving a space and of course bringing the goods to London. Are there no lovers of their country who would undertake the expense for the good of their countrymen?

But there is one great blot on your conference proceedings which obscures almost all the light of the bright points. The admission is frankly made that the poor are neglected in the movement and that it is the wealthy who snatch up all the loans, leaving the poor—to whom above all other persons the movement was intended—in the cold. This is a damning confession. "Find Raiffeisen", was Sir Fredericks' admonition specifically for Madras. It is 'Raiffeissen' that I have preached to you as most likely to meet your wants. And Raiffeissen's main aim was to benefit the poor. It was for that that he eliminated shares. However, in all other co-operative banking systems likewise the interest of the poor are universally and bindingly placed foremost. Everywhere it is an accepted rule that if there is not enough money to satisfy all applicants it is the poor that have small wants who must be first considered and it is the wealthy who must be sent away empty. Your leaders will have to see that that is done in Madras Presidency likewise or the whole movement will fail of its object. Let us hope on this points next year will bring a more satisfactory report.

CO-OPERATIVE LIFE INSURANCE.

BY MR. G. S. MARATHEY, M.A., A.I.A., ACTUARY, POONA.

It is not a little strange that hardly any attention has been paid by co-operators to the subject of insurance as a part of the co-operative movement though the latter has made substantial progress in India in various other directions. That this subject has not received the prominence it deserves, appears to be due to the fact that this branch of co-operation requires more of expert technical knowledge than any other branch. This difficulty, however, is not really very serious, for apart from the references which might have to be made occasionally to an actuary, the routine work can be performed by any business-like person with a reasonable amount of experience and training. There should be no difficulty in the way of starting and conducting a co-operative insurance society, if once the benefits of insurance through co-operative agency are properly understood. It is proposed, therefore, to treat the subject in an elementary manner here, without going into details which will have to be dealt with separately in individual cases.

Insurance is undertaken for various purposes: insurance of human life, insurance against fire, accident, sickness, unemployment, insurance of cattle, horses etc. In Switzerland, where bee-hives are cultivated for the sake of honey, there is bee-hive insurance. In many countries in Europe societies have been started for insurance against hail-storms. Any kind of damage common to a locality may be insured against. If, for instance, in any particular district great damage is done by rats, pigs, birds, or insects a co-operative insurance society may be formed for affording protection against loss through such damage. Such a society not only offers protection to individuals against damage, but it stimulates the investigation and the removal of the causes of the damage. The formation of the bee-hive society, mentioned above, led to the investigation of epidemics among bees and the eradication and prevention of epidemics with the help of special legislation compelling bee-farmers to destroy affected bee-hives, partially indemnifying them against their loss.

Before proceeding further it will be better to state here briefly the advantages of insurance in general. The first advantage is the distribution of risk by means of which the shock of an unexpected loss is thrown on a large number instead of an individual and is borne easily and conveniently. Secondly, insurance enables a person to devote his full attention to his work as an individual and as a unit constituting society, without diverting any part of that attention to provision against sudden risk. Thirdly, insurance helps to augment the credit of an individual for the purpose of securing loans, and, fourthly, insurance business

creates large funds which form an important item of assets of a peculiar kind very useful for developing national resources on a large scale.

The introduction of the co-operative element makes insurance cheaper to the individual and greatly helpful to the items in the programme of co-operative work by doing away with one great drawback, arising out of the personal element, to the operation of credit. Insurance will find a ready made machinery in co-operative organizations which would be useful in various ways towards reducing the heavy expenses incurred by an ordinary insurance company for propaganda, supervision, and control.

First of all let us deal with life insurance. In this business, apart from mere scientific risk, the cost of insurance is due to (1) canvassers' commission, (2) charges for medical selection, (3) expenses of attracting business and organizing a large canvassing staff, (4) expenses of inspection, supervision, and control, and (5) working expenses of the office. (Items 3, 4 and 5 are not generally seen in such a specialised form as I have put them.) Besides, a margin is always kept for adverse fluctuations in the expected rate of mortality.

This margin may be left unused, and together with the surplus, if any, arising from interest, and from saving, if any, in the expenses of management provided for, goes to swell the accumulated amount arising from the special provision made for profits. The total surplus thus obtained, less any special reserve, is then refunded to the policy-holders. For the present we need not consider these special provisions, as the profits are all to be returned to the policy-holders. We have only to see how far co-operation affects the cost of insurance. Before doing this, however, it is necessary to see how far the mere scientific risk mentioned above is affected. The computation of this risk depends upon certain assumptions as regards mortality. It is assumed that mortality will occur among medically selected lives according to a certain law. It is quite possible to assume a mortality, when constructing the premium tables, either above or below the average. Supposing the actuary, when constructing the premium tables, has assumed heavier mortality (to be on the safe side) and the actual rate of mortality happens to be normal, then a smaller number of death claims will occur than provided for in the risk premium, and there will thus be a mortality profit which will go to increase the total surplus mentioned above. It is not desirable, however, to be too strict in the assumption of mortality as the premiums computed on this basis will be unnecessarily too high and business will suffer from competition.

We have to consider now how far the mortality rate among co-operators is likely to be different from the mortality among policy-holders of other insurance companies. We are here treading upon rather slippery ground. There are two conflicting considerations which confront us. It is an admitted fact that a rural population is more healthy and long-lived than an urban population, and as it is assumed that the policy-holders of the co-operative insurance society will come more from the rural classes, while the policy holders in the ordinary companies come more from urban citizens we may expect lighter mortality in the co-operative concern. On the other hand, the policies in the co-operative concern will be (after some time if not in the beginning) for small amounts, the policy-holders may be more needy (but they might be perhaps more frugal), ignorant, and unable to receive promptly efficient medical help. Also the medical selection of policy-holders is not likely to be so carefully and efficiently carried out as in the case of the ordinary insurance companies. If the local co-operative institution is entrusted with the work of certifying to the eligibility of the person to be insured, it may prove a good check on wrong selection, but not necessarily so. For, if a co-operative institution wishes one of its intending loan-holders to submit an insurance policy as a further security, local interests are likely to prove stronger in recommending the person than the general interests of the insurance society. With some safeguards, however, co-operative institutions may be of some help in the selection of lives for insurance.

Turning now to the expenses, we find the first item to be canvassers' remuneration. It will be possible to effect a considerable amount of saving on this by making use of co-operative institutions as canvassers. There will be enthusiastic co-operators to canvass on a small commission, and there will be found many members of co-operative societies who will help the insurance society by sending up proposals for insurance through the local society, for in this way the middleman's commission will accrue to the society directly and indirectly the members themselves will be benefited. Medical charges too can be reduced. If it is arranged to get a number of cases examined through a society, the medical men may be persuaded to grant a commission; for making a concession to a public institution is different from making a concession to individuals or to private companies. In the matter of advertising and propaganda, co-operative societies, journals, and organizers are likely to be of great use, and a small amount of expense would go a long way towards securing a large amount of business. It is not desirable to economise in regard to expenses of supervision and inspection, though we might expect co-operative societies to assist in the performance of these functions. The supervision

must be as efficient and perfect as possible, and for this purpose it is necessary that it should be quite independent of any other organization. We come lastly to office expenses. These are head office expenses, branch office expenses, and special allowances to agents for office expenses. We might expect a number of co-operative institutions to serve the purposes of branch offices, and if they act also as agents much saving might be effected.

Then there are some other advantages. There might be some saving in the matter of audit of accounts. The Government might be moved to forego the condition of keeping a minimum deposit. The actuary to the Government of India has stated that Government would be prepared at their discretion to grant exemption to mutual companies. If the company is registered under the Co-operative Societies Act instead of under the Joint Stock Companies Act there will be no registration fees to be paid, no revenue stamps will be required, and other initial expenses are also likely to be smaller.

After having considered the cost of insurance we shall now consider other benefits to members. One advantage is that there will be no share-holders to take away part of the profits which will go wholly to the policy-holders. Secondly, there will be a genuine desire on the part of the concern to keep up the policy and to give up putting vexatious restrictions. Surrender values may be more liberally paid. It will be possible to issue smaller and smaller policies as the company becomes more and more established. A co-operative insurance society has got greater facilities for making safer and more remunerative investments than an ordinary insurance company possesses. Investments can be made by lending to other co-operative concerns, the soundness of which can be satisfactorily ascertained with help of the co-operative machinery.

Having dealt so far with life insurance, we may turn to other kinds of insurance. Fire insurance and live-stock insurance appear to be the only two forms of insurance worth considering. There would also be insurance against failure or destruction of crops, sickness, and accident, for which we are not yet ripe. Fire insurance is feasible only when a very large fund is in existence, and hence schemes of co-operative insurance against fire will have to be postponed till we are successful with life insurance. The latter will also assist in setting up a canvassing machinery. Live-stock insurance means the insurance of horned cattle, horses, and other useful animals. Horses are not used for agricultural purposes in this country, and though the existence of other cattle is very precarious in the present state of the country, the risk is not so great as

to render their insurance impossible. A number of arguments in favour of co-operative life insurance apply here, but the question had better be tackled by some co-operator more acquainted with bovine statistics than is the present writer.

Life insurance among agricultural classes is mostly used for releasing land from mortgage. When an agriculturist takes a loan for improvement of land and when there is no question as to his honesty and industrious habits, the loan may be advanced on the security of the life insurance policy. In such cases, an insurance can be had for a much smaller premium by going in for the system of decreasing insurance, disappearing after the expiry of the loan instalment period. If a loan is for Rs. 5,000, repayable in 25 instalments of Rs. 200 per annum, the insurance will be for Rs. 5,000 in the first year, for Rs. 4,800 in the second year, and so on.

We may now examine some of the advantages to the co-operative movement from the inclusion of insurance in its programme. By the working of life insurance societies, a large fund is created, which assumes gigantic proportions as years roll on, and this fund is likely to be very helpful for vitalizing the co-operative movement. One peculiarity of this fund is that a large part of it can be utilized for long-term investments, for the claim liabilities fall due on an average after a number of years. Then a well-established insurance company can support a staff of canvassers and officers who will be helpful for other co-operative purposes also. A life insurance policy will serve as strong additional security for the purpose of granting loans, and sometimes a policy may enable a loan to be granted which otherwise could not have been obtained. This means a substantial augmentation of credit which is the very life of the co-operative movement.

After having dealt with the various theoretical considerations let us devise some practical working scheme for a co-operative insurance society. At the outset it may be stated that owing to the writer's want of intimate acquaintance with agricultural conditions, the figures to be given represent a very rough estimate and are subject to modification according to circumstances. If expectations are realised, the income from premium will be enough to meet the office expenses from the second year, and even if they are not fully realized, it will in all probability be enough from the third. It will thus be necessary to provide for office expenses for the first two years. Then there will be initial expenses like printing account books, policy forms, rules and bye laws, prospectus, leaflets &c. Assuming on a modest estimate that a sum of Rs. 4,000 to 8,000 will suffice, we may take the higher figure, Rs. 8,000. If it is

necessary to make the statutory deposit of Rs. 25,000 (which may be accepted in G. P. Notes), Rs. 15,000 will be required. Even if a deposit is not required, it will be desirable to be ready with this amount in cash or in credit, in order to be prepared for any unexpected claims occurring before the premium income is sufficient to pay out claims. That makes a total of Rs. 23,000. If it is desired to be more ambitious in organizing we may take the total to be Rs. 30,000. There is thus a range from Rs. 4,000 to Rs. 38,000. The question is how this is to be raised. As the society is to be a mutual society (in conformity with the co-operative principle) the foundation members must be policy-holders, for which purpose they must get themselves medically examined before joining. They should then advance the amount of the initial capital or some co-operative financial body like the Provincial Co-operative Bank or some individual co-operators should advance the amount to the insurance society as a redeemable loan. In this case the creditors, even though not policy-holders, will expect to have a voice in the management. As the accumulating income from premium will take a considerable time to meet the initial expenses and give an air of respectability to the society, every policy-holder should be required to make a deposit of Rs. 25 or so per every one thousand of the sum assured, which may bear interest and be returned along with the sum assured or on his ceasing to be a policy-holder. This deposit may, if so desired, be called a non-transferable share or subscription of membership. This will provide a cash amount of Rs. 2,500 for every lakh of business obtained.

There remains one important question to be discussed, namely the minimum sum of insurance for which a policy can be issued. Co-operation being meant chiefly for persons of small means, it is suggested by some that the sum assured may be small, even as low as Rs. 50, while others think that it would be risky to go down so far. In my opinion any kind of risk can be undertaken provided it is properly anticipated and provided for. It will not be possible for small policies to be issued on the same scale of premium as policies for Rs. 1,000, for the following reasons: (1) the medical fee for a full medical examination bears heavily on the small premium; (2) the expenses of premium collection and office work are heavy compared with premium; (3) the lives are likely to be subject to greater risk of death; (4) the rate of lapse of the policies is likely to be comparatively greater, involving a loss to the society. Either, therefore, the society should not accept in the beginning policies smaller than Rs. 500, or, if it does accept such policies, they should be kept as a distinct class with a distinct fund and distinct rules and tables of rates. If the premium income from such policies

is sufficiently large by itself, such small insurances may be undertaken. I should, however, prefer to start with policies of Rs. 1,000 and go down to Rs. 500, at the same premium rate if necessary. Before reducing the amounts of policies still further it will be desirable to achieve some degree of success with the larger policies:—*The Bombay Co-operative Quarterly*.

THE POSITION AND FUNCTIONS OF HONORARY ASSISTANT REGISTRARS.

BY ONE WHO THINKS HE KNOWS THEM.

"The Honorary Assistant Registrars of whom there were 43 in number, have been helpful in the work of supervision and in connexion with trade and other activities." This is all the reference that we find to the Honorary Assistant Registrars in the Report for 1919—20. The Government Order on the Report is totally silent on the results of the experiment inaugurated in the year. The Registrar's Report says that "many of these Honorary Assistant Registrars have been appointed after December 1919 and have been under training till the end of the year." This was perhaps the reason why the Registrar did not feel inclined to express any opinion about the results of the experiment. But the co-operative public cannot but feel rather disappointed at the attitude of the Registrar who had nothing more to say than merely that they "have been helpful." As a matter of fact we find from one of the statements appended to the Report that as many as 34 of the Honorary Assistant Registrars had been appointed in January 1920 itself and were therefore working for full five months during the year of the Report. Five months ought really to be time enough to gauge the results of any such experiment. Two of the Honorary Assistant Registrars appear to have been appointed at the beginning itself of the year of the Report, while one other was at least one full year and eight months old as Honorary Assistant Registrar on the date of the Report. The reason implicitly assigned by the Registrar for his comparative silence on the matter does not therefore seem to be adequate enough.

The fact, however, that Government have recently re-appointed the concerned gentlemen for another term upon the expiry of their original period of office, might serve to indicate that Government have not felt themselves disappointed at the results of the experiment and that they have found the Honorary Assistant Registrars really very "helpful." The co-operative public may therefore congratulate themselves upon the fact that the non-official co-operators selected for the offices of Honorary

Assistant Registrars have not failed to come up to the expectations formed about them. Attraction of more and more non-official workers into the movement, transfer of responsibilities on to the shoulders of patriotic public workers, decentralisation of official control over the movement, devolution of powers from the officials to the non-officials—these and similar ideas have been in the air for rather a long time, and we can very well say that the selection and appointment of some 40 or 50 non-officials in the Presidency as Honorary Assistant Registrars has been a step in the right direction. From the success that may be believed to have been attained, so far as may be gathered from the circumstances set forth above, we may therefore not inappropriately begin to consider what more might have to be done in the future to take the matter some further steps forward. This is just my purpose in contributing the present article. What I desire to do is to supply a basis for discussion and ask all interested in the question to direct their attention to the draft scheme here presented, in order that those concerned might be able finally to evolve a definite and constructive scheme for adoption by the authorities.

I may say one or two things at the very outset by way of an introduction. The very fact that the subject of Honorary Assistant Registrars appears to be suitable for discussion by co-operators might imply that all was not fully well with the existing system and that those concerned felt that something had to be done in order to make the system thoroughly useful. This had better be readily admitted, if on no other ground, at least on that of the way in which the "honorary" title has been tabulated in the Registrar's report for 1919-20. My remarks are particularly directed to the last column embodied in statement No. 1 appended to the report, giving a list of the Honorary Assistant Registrars. I wonder what particular point the Registrar intended to make out by publishing the amounts of travelling allowance drawn by each of the honorary folk. The dates of the Government Orders of appointment and the number of days which each of the gentlemen spent on tour in the course of the year under report must have been enough in all conscience to give the public an idea of the work turned out by them. If necessary, perhaps, the number of societies inspected by each might also have been given and the matter left there. We find from the same Report that this is about all the information that the Registrar has given in the Report about the work done by the regular official—I shall not say "paid"—Assistant Registrars. Why therefore the Registrar should have given the money worth, so to say, in the case of the Honorary Assistant Registrars alone, passes my comprehension, unless one can assume that he did it only or mainly to draw attention to the mercenary—to put it bluntly, of course—character of the hirelings recruited for carrying out the purposes in view. I know this is

rather a serious allegation to have to make against the presidency head of a department, but the difficulty is that it is not explicable on any other assumption whatsoever. If Government wanted to know the cost of the experiment, the Registrar could very well have shown it as an independent item instead of putting it in a foot-note when mentioning the "cost of working the Act" in paragraph 8 of the Report. If Government wanted to have the details relating to each of the honorary officers separately, good taste and a sense of fairness might have induced the Registrar to send up a separate statement for the information of Government alone, and the Registrar need not have laid bare before a not too discerning public the inner statistics of the experiment to learn which the public might not have been curious at all. However, what has been done cannot now be undone, and one can only close this part of the subject with a pious hope that the Registrar will have prudence enough not to repeat the same tale in his future Reports. Meanwhile the now official co-operators might very well exert themselves in thinking out the problem of how to make the status and position of the Honorary Assistant Registrars honourable also as it is honorary.

Another thing that I should like to state at the very outset is that I am neither an Honorary Assistant Registrar now nor am I going to be one in the immediate, near or even distant future. The suggestions made herein may therefore be taken to be purely impersonal, and not intended to cast any reflections either on the existing Honorary Assistant Registrars on the one hand (on the ground that they have shown themselves to be ready and willing to sacrifice their independence and self-respect for the mere colour of an honorary office), or on the regular official Assistant Registrars on the other hand (on the ground of any petty bureaucratic acts of tyranny that some individual holders of such offices might have exercised on the honorary species at any time). My sole desire is that the suggestions should be considered on their own merits, whatever they might be, and not with reference to the personality of the writer, to the feeling of the existing regular or Honorary Assistant Registrars, or to the existence of any particular or specific evils in the present system which they are intended to remove. This is one of the reasons which has influenced me in withholding my name from publication, though I am of course aware that some sort of want of moral courage is also likely to be attributed to me for my doing so.

Yet another idea that I would fain put in writing at the very beginning is that I should not be expected to state any reason for each and every suggestion that I have made below, as I am pretty certain that the reasons for every suggestion will become quite obvious as the suggestions are being read and thought over. I shall not say anything more on this aspect of the matter.

The last point that I think it necessary to make out before proceeding to the suggestions themselves is that it will be clear from a perusal of the draft scheme that the suggestions therein have all been made on one assumption, namely, that an Honorary Assistant Registrar is not to have either a clerk or an office provided for him at the cost of the state. The provision of a peon stands on quite a different consideration altogether, and need not be discussed here. But I cannot bring myself to imagine the contingency of any Honorary Assistant Registrar friend of mine coming to be burdened with an establishment and an office at any time of his life. Such paraphernalia seem to me to have invariably an insidious tendency of stimulating the bureaucratic instinct in mere human beings, which might sooner or later culminate in papers assuming a greater importance than persons, files appropriating a higher prominence than societies and disposals looming larger in the horizon than co-operative principles in the minds of the poor "honorary" tribe. I sincerely pray to God that I may not live to see that day. I know several of the Honorary Assistant Registrars are closely connected with supervising Unions throughout the presidency, and I know also that as a consequence of such connections they have of necessity to deal with supervisors, clerks and other employees as well as to handle a good deal of papers and files from time to time. I can only say at present that the halo, so to say, that might be said to surround private employees like clerks and supervisors and private files like those of Union papers is something entirely different from the glory which pertains to government papers and clerks and offices maintained at the cost of the state. It is perhaps fortunate that Government have not yet thought of giving any establishment to the Honorary Assistant Registrars, on the ground possibly of their not being able to know what to do with the concerned clerks should the honorary incumbents be unwilling to continue in their offices for any length of time should no suitable successors be available in the area in question. But even if Government should change their angle of vision at any time in the future and offer to give them any clerks and office accommodation at state expense, I would do my utmost to prevail upon the Honorary Assistant Registrars to decline the offer with thanks.

And now to the draft scheme. I have divided it under the six convenient headings under which can be classed the statutory duties and functions of the Government Department of Co-operation, viz, organisation, registration, inspection, audit, arbitration and liquidation.

Organisation. (1) Societies organised by Honorary Assistant Registrars should not be referred to Inspectors and should ordinarily be registered straightway. If the registering officer thinks it necessary to obtain

any additional information before registration, the information should be collected either by the registering officer himself or be asked for from the Honorary Assistant Registrar who has organised the society. In case the additional information collected by the registering officer himself happens to be such as to make him hesitate in registering the society, the Honorary Assistant Registrar should be given reasonable opportunity to have his say upon the matter in the right of the additional information collected. In actual practice, such matters will be capable of being easily managed with a certain amount of tact, good will and "give and take" on both sides.

(2) Papers relating to the organisation of societies by Inspectors need not necessarily be referred to the Honorary Assistant Registrars, but may, if the registering officer thinks it advisable be sent on to the Honorary Assistant Registrars for their opinion, after which, however, they will have to be treated as in the cases alluded to in (1) above.

Registration. (1) Registration of societies should be dealt with by the regular Assistant Registrars themselves, since otherwise the worries of an "office" may prove too much for the Honorary Assistant Registrars.

(2) Registration of amendments to byelaws should also be left in the hands of the regular Assistant Registrars themselves for the reason stated above, but questions of registering any new departures from existing models may with advantage be decided in consultation with the Honorary Assistant Registrar concerned; but the final decision must naturally rest with the regular Assistant Registrar himself.

Inspection. Inspection ought to be one of the main functions of Honorary Assistant Registrars, though strangely enough the orders issued hitherto appointing such officers refer only to arbitration and are singularly silent on this head.

(2) Honorary Assistant Registrars should not be fettered in their discretion to visit whichever societies they please within their jurisdiction. In other words, their programmes should be sent to the regular Assistant Registrars merely for the information of the latter, and such programmes should not be liable to be revised by the latter. Any changes that the latter might have to suggest to them in respect of their programmes should be communicated to them by D.O.'s or confidential letters, and if the worst came to the worst, cases of unreasonable Honorary Assistant Registrars might be reported to the Registrar to be dealt with by him as he thought fit.

(3) Honorary Assistant Registrars should send copies of their inspection reports to the regular Assistant Registrars, but the latter should merely file them, after sending copies thereof, if necessary, to the Central Bank and the Union concerned. This will be necessary only when the Honorary Assistant Registrar is not in any way connected with the Union. Orders, if any, that might have to be communicated to the concerned societies as arising out of the reports, should be left to be drafted by the Honorary Assistant Registrars themselves, and should only be fair-copied and despatched at the offices of the regular Assistant Registrars, as is now being done in the case of the decrees passed by Honorary Assistant Registrars.

(4) All necessary steps in connection with the facts brought to light through the inspection reports of Honorary Assistant Registrars should likewise be taken in their own name and under their own authority, the regular Assistant Registrar's office acting merely as a fair-copying and despatching medium. (*N.B.*—Questions arising out of the reports but involving registration of byelaws or organisation of fresh societies by splitting up a present society and such other matters should be dealt with as suggested under the heads of organisation and registration above.)

(5) Honorary Assistant Registrars should have liberty to indent for the services of Inspectors, but they should ask the regular Assistant Registrars for such assistance, which should ordinarily be granted to them. Cases of unreasonably frequent calls for assistance should form the subject-matter of D. O.'s or confidential letters while continued recurrences might be reported to the Registrar for such action as he might deem fit to take.

(6) Inspectors when thus lent to the Honorary Assistant Registrars should work as their subordinates, but all disciplinary measures should rest with the regular Assistant Registrars themselves. (*N.B.*—Chief Inspectors, and where such exist, Inspectors detailed off now for credit work might be allowed to work more as colleagues than as subordinates when Honorary Assistant Registrars happen to indent for their assistance. It is not necessary to define the status or position of such officers more clearly. Everything is best left to the good sense of those concerned.)

Audit.—Audit is supposed to be almost the sole justification for the regular Assistant Registrars. But as a matter of fact the actual audit of the accounts of societies has always been done by the Inspectors and latterly by the supervisors also. I daresay some at least of the regular Assistant Registrars do not quite know the different heads that go to make up a

Balance Sheet, while perhaps not by any means a small number of them may not be able to marshal the several figures so that the balance of the Profit and Loss Account tallied with the difference between the Assets and Liabilities. In practice it is found that the only function of the regular Assistant Registrar in this matter is to issue Audit Orders, but even here those who know are aware that the Audit Orders are actually being drafted by the Inspectors concerned and that the regular Assistant Registrar's real work lies practically in signing the office copies. I do not therefore see why the "responsibility" for issuing Audit Orders may not be transferred at once on to the shoulders of the Honorary Assistant Registrars. The auditing officers will send all their notes and reports to the regular Assistant Registrars themselves, and at the offices of the latter they will be compared with the audit notes and reports of the previous period, and checked and corrected wherever necessary. The final statements may then very well be sent on to the Honorary Assistant Registrars concerned who may be authorised to issue the Audit Orders in their own name the offices of the regular Assistant Registrars being made responsible only for the fair-copy and despatching work.

Arbitration. This is the work now ordinarily assigned to the Honorary Assistant Registrars and expressly mentioned in the orders of their appointment. But what is necessary is that *all* references received from societies within the jurisdiction assigned to an Honorary Assistant Registrar should *as a matter of course* be transferred to the latter leaving only such cases as those in which he may be believed to have a personal interest, as, for example, in the case of his being a member of the concerned society.

Liquidation. Liquidation is bound to be rather a tedious process, and Honorary Assistant Registrars, not being full time officers, are not likely to be able to spare all the time necessary therefor. So the existing practice may continue. It is also perhaps desirable that the same officers who have the powers of registration should also themselves have the power of liquidation and dissolution. Honorary Assistant Registrars may of course be consulted with advantage whenever necessary,

THE PUTTUR CO-OPERATIVE LABOUR UNION LTD.*

An examination of the statistics relating to the membership of co-operative societies in S. Kanara district will have disclosed the fact that the bulk of the members are agriculturists and even among these by far the larger number is composed of either tenants at will or day labourers. Except a limited few who resort to petty trade, the large majority of them have no subsidiary occupation at all and they have to make their living entirely by agriculture or purely by agricultural labour. It has been found by actual experience that the lot of the *chalgeni* (year to year) tenant of South Kanara is most deplorable and generally speaking, what little is left, if at all, after paying the landlord is not sufficient to keep up even one soul. Having ordinarily a family to maintain, the unfortunate tenant has either to borrow to pay off the landlord, or to put off paying the landlord in order to keep away from debt, or to starve himself and his family. The acceptance of the last of the alternatives is more or less forced on the poor man. After the introduction of the co-operative movement in the district many of these unfortunates sought relief from societies but the relief has been, as can be naturally expected, of a purely temporary kind. Beyond supplying facile credit, it did not in any way improve their economic condition. The necessity, therefore, came to be felt to strive to apply the principles of co-operation not merely to raise credit but to increase the earning capacity of the members of co-operative societies. It was observed that the interval between cultivation and harvest was a period of unemployment and distress when people had to go far and wide seeking employment. For want of a proper organisation, considerable time is wasted in finding labour and some are not able to find labour at all. Even when labour is found, the employers usually take advantage of the need of those who seek labour and succeed in capturing labour for nominal wages. Prominent among such employers are road contractors under the Local Boards who have often been exploiting labour rather unduly and withholding from the poor men their full dues on various pretexts. Instances have not been wanting of labourers who have felt (not without justification) that they have been cheated in accounts. Quite a number of them fall easy victims to the snares of the ubiquitous *kanganees* or labour recruiting agents of the planters who perhaps know but probably cannot prevent their agents from holding the poor men as bondslaves from year's end to year's end bound by agreements to labour in consideration for advances which do not always happen to have been paid in fact or in full. The problem was how to save these poor people from all these woes and if co-operation

*A paper read at the Second South Kanara Co-operative Conference, December 1920.

could not do it, there was surely no earthly means or power which could secure the the object. With this end in view and as an experimental measure preparatory to the starting of a special society, it was proposed to commence work in the Puttur Panchama Society, which being composed entirely of labourers, offered the best chances of success and to undertake labour connected with road maintenance and repair, which required labour in abundance just during the off time of agricultural labourers. Thanks to the active encouragement given by Mr. U. Sanjiva Rau, the District Board Engineer, a start was made in the co-operative year 1917—18 by the Puttur Panchama Society stepping in the place of the middleman—contractor and undertaking the maintenance of the Puttur town roads. This work enabled the society to find work for a number of their members but the scope for employment was found to be limited, and a considerable number of members had to be left, as before, to the tender mercies of the capitalistic market. The Panchama society was able to execute the work to the entire satisfaction of the Engineering Department. The members were paid their wages at the market rates and the profits of the contract with the exception of a small portion which was paid for supervision, were left to be appropriated by the society, to make up for the losses it was sustaining on the distributive side in working its store branch.

The success which attended this first experiment emboldened the Central Bank, which was mainly instrumental in starting this branch of activity in the Panchama Society, to undertake more work from the District Board, with the result that in the following year 1918—19, a section 10 miles long of the main ghaut road between Puttur and Madnur was taken off the contractors' hands and given over to the Bank for being maintained through its member societies. In addition to this, two other contracts, one for remetalling worn out portions of the main road between Puttur and Sullia (21 miles) and the other for improving 10 miles of the same road between Puttur and Madnur were entrusted to the Central Bank. All these contracts were distributed for working among four societies through the local limits of which the road passed—Puttur Panchama, Aryapu, Madnur and Sullia. The secretaries of these societies threw themselves heart and soul in getting the work executed in time and to the satisfaction of the authorities. One more contract was given but this time direct to a society, viz the Noltige society. All the contracts were carried out in 1918—19 and in the beginning of the following year with conspicuous satisfaction. The Central Bank undertook the responsibility for carrying out the work so far as the District Board was concerned and distributed the work among the concerned societies. These latter borrowed in the usual course from the Central Bank, the

money required to pay for labour at the current market rates. In addition to members and their dependants, it was found necessary to requisition outside labour also to finish the work in right time. Out of the resulting profits it was agreed that the secretaries who looked after supervision should get 25% and another 25% should be appropriated by the society in return for its investments on contracts and the balance should be distributed as bonus on labour. The District Board President M.R.Ry. Rao Bahadur N. Subba Rau Avl., was good enough to exempt the Central Bank from payment of the usual security deposit enforced in the case of the ordinary contractors and the District Board Engineer lent the departmental tools required for executing the work under all these favourable circumstances, the labour contract was carried out with results highly satisfactory to all concerned. The labourers, members and non-members, particularly appreciated the very prompt disbursement of the full wages—quite a new feature in their unfortunate experience. It was an agreeable change also to have had to labour under the wings of their own society either in the village itself or not far from it instead of being shunted from place to place in distant parts and foreign regions only to return home more dead than alive, thoroughly sick both physically and mentally. One more advantage which, I believe, was inwardly felt all round was, that the new employer—their own society was a ready paymaster but not a hard and exacting task master. The distribution of work among several secretaries naturally meant proportionate disbursements of the amounts realised from time to time from the Engineering Department and it introduced complications which the Central Bank felt that it ought not in strictness to put up with, even in the interests of its own constituent societies. In the mean-while a Supervising Union for the whole taluk came to be organised and that Union did much useful work by watching and assisting at different stages of the carrying out of the contracts. The Central Bank had to be relieved from this self-imposed and extraordinary responsibility and the Supervising Union could not by its very constitution take up the work. This naturally paved the way to the formation of a separate society for the purpose of carrying on these and allied activities.

The Puttur Co-operative Union lost no time in organising such a society and the Puttur Co-operative Labour Union Ltd., was registered on the 16th November 1919 with jurisdiction over the whole of the Uppinangady Taluk. The membership of the Union, it is needless to state, is open only to registered co-operative societies in the taluk, as the objects in view could only be secured by taboing all private capitalistic interests. The Union was started into working on 17th December 1919 and at the end of the co-operative year 1919—20 it was composed of 11

societies which had taken up 20 shares in all with a fully paid up share capital of Rs. 200. Excluding the security deposit of Rs. 100 of the Secretary, carrying interest at the ordinary deposit rates, the Union borrowed, Rs. 1317 in the course of the year out of which Rs. 774 were repaid leaving a balance of Rs. 543 due to the Central Bank at the end of the year. The Union discharged its obligations to the Bank within the appointed time. The liability of the Union is limited to the value of its share capital and the maximum borrowing permitted by the bylaws is limited to eight times its paid up share capital and the Reserve Fund. The following items of work undertaken by the Union will give some idea as to the nature and varied character of the work which the Union is called upon to do:—

- (i) Construction of the Kombettu footpath.
- (ii) Maintenance of the Puttur town roads including special repairs.
- (iii) Maintenance of Road No. 1 including special metalling (10 miles),
- (iv) Repairs to Narimogru School buildings owned by the Narimogru Society.
- (v) Special collection of metal on the Kabaka Vittal road.

Rs. 1296-6-3 were invested in these works in the course of the year. Only two of these were checkmeasured and paid for before the close of the co-operative year. The profit resulting from these two items alone has been taken into account in calculating the net profit of the year, the balance of the investment in works being taken at cost price. Never the less after setting apart Rs. 162—8—10 for interest, establishment, contingent charges and depreciation, the Union worked at a net profit of Rs. 67-4-4. If we take into consideration the fact that the Union had been working for only 6 months, that the share capital was only Rs. 200 and that the major portion of the investment had been valued at cost price, the net profit of Rs. 67-4-4 establishes beyond doubt the fact that there is a bright future before the Union and opens up immense possibilities before the co-operative organisation of labour. After making due provision for the creation of a Reserve Fund, a sinking fund to replace lost or worn out tools, and common good fund, the bylaws provide for the distribution of dividend on share capital at a rate not exceeding $6\frac{1}{2}\%$ per annum and the entire balance is made available for distribution as bonus on labour. Judging from last year's working of the Union we find that as much as 40% of the net profits so available for distribution among members to

whom it really comes as a windfall inasmuch as their only investment in the business is labour which one gets its return at the current market rates. In no other business organisation is such a result possible and it may therefore be well said that labour is thrice blessed by co-operation.

The only expert staff which the Union had in the year consisted of the Secretary who did the clerical work also of the Union and who started on Rs. 12 and was being paid at Rs. 15 per month later on, excluding a fixed travelling allowance of annas 8 a day while on tour beyond 5 miles of the headquarters. Expert management such as by a qualified overseer will, of course, increase the efficiency and usefulness of the Union and past experience has shown that there are fairly sufficient margins for the employment of such experts by the Union. The Union gives employment not only to labouring members of the affiliated societies but it opens up new fields of profitable employment to a considerable number of cartmen members, as carts are needed to convey metal and stones. By a natural and inevitable process of development, the Union will, no doubt, in course of time, be able to stimulate skilled labourers, such as masons, carpenters, etc. by opening up splendid opportunities for independent and profitable employment without being subservient to the grasping influence of capital. Artisans of all kinds, may also, in due course of time, find it to their advantage to seek the patronage of the Union through their respective societies. The repair and maintenance of roads, the construction and repair of dams, rivetments, water channels, bridges, buildings, and in fact the execution of all work, public or private involving the employment of labour, skilled and unskilled, will, in the fullness of time, come to be the exclusive monopoly of the union with its army of experienced and skilled workmen and artisans. This may look now to be but a vain dream but the vigour, virility and the inherent power of co-operation are immense and enormous, and co-operative dreams of yesterday have often come to be hard and tangible realisations of to-day. The dream, assuming it to be one, portrayed herein has already given indications of fructifying and it has besides the strong foundation of the possibilities demonstrated to the world by Italian co-operators. Knowing as we do the extraordinary endurance skill and devotion of the Indian labourer and workman, we need not despair of the great possibilities opened up to Indian labour if only they would follow the path sketched herein and tread on the royal road of co-operation.

WHERE FARMERS DO BIG BUSINESS.

One of the most instructive addresses to farmers we ever read was on Co-operative Marketing, and it was delivered by Mr. Aaron Sapiro, who is legal adviser to fourteen of the largest co-operative associations on the Pacific Coast, associations mainly of fruit-growers, whose transactions run into many millions of dollars. He was speaking to a meeting of representatives of big co-operative associations, farmers' unions, and the United States Department of Agriculture. He began by saying that the Rochdale plan of co-operation was no use to farmers as producers. That farmers who had been dazzled by the magnificent achievement of the British movement, and who thought that was the right line to go on, had better wipe all that memory out of their heads entirely, for it would not help them as producers one bit, and an entirely different co-operative policy must be adopted by farmers if they wanted to market properly. He spoke with authority, for the farmers on the Pacific coast are the biggest and most successful co-operative marketers in the world. He said farmers are essentially producers and not marketers. They must get expert advice about marketing, just as they get expert advice from a lawyer, and they must pay for that advice. He said the raisin growers in California did that and it was the cause of their success. They got the services of the best salesman money could buy. They paid him 17,500 dollars plus a bonus which in the first year brought his income up to 25,000 dollars and in the second year made it up to 30,000 dollars or about six thousand pounds. It paid them hand over fist to get big brains. Fruit growing which was not paying began to pay well. The basis of a marketing association, Sapiro says, is a contract with the grower under which he agrees to supply the association with the stuff to sell. The Raisin Growers' Association said it would not move one foot until it got from the grower a hard and fast contract to sell his raisins to the Association for a period of five years. The Association pooled all the raisins, graded and classified them very strictly. They controlled 75 per cent. of the raisins in California. Before the Association started growers used to get one and three-eighths cents per lb for raisins which were sold again for five or six cents. The buyers became millionaires, while the Californian fruit-growers mortgaged their farms or went out of business. The shopkeepers found that the farmers could not buy because they were too poor. The bankers discovered that taking mortgages was a poor business compared with prosperous men. It was living on decay. The newspapers found that farmers were too poor to buy papers and they all revolted against the middle dealers or speculators. The result was the co-operative association, which converted a sick industry into a prosperous industry. The year the Association began to market it raised the

price to growers from the low figure mentioned to three and one-half cents per lb. They increased production until last year they marketed 200,000 tons. The farmers send their children to universities. That came from employing big brains and paying for them. The Prune Growers' Association was another co-operative body which controls 83 per cent. of all the prunes produced in California. It handles no prunes except for members. It has 10,800 members, all under contract to supply their Association. It makes its own prices. At the last meeting the manager slapped down on the table a bundle of contracts made with the wholesalers throughout the United States. They covered 110,000,000 lbs. of prunes. No price was mentioned. Merchants took prunes at the price to be fixed by the Association. The Associations advertise their fruit, they increase the demand, they adventure abroad, have agents even in Japan and China, they succeed by strict honesty in grading business methods. The buyers know they can rely on the Association and the farmers support them and bind themselves to supply fruit for years on contract. That is the way to do big business. We recommend it to our Irish farmers to think over, they who are afraid of their lives to join a big scheme and are too timid to do business.

THE FUNDAMENTALS OF SUCCESSFUL MARKETING.

The Californian Poultry Producers' Associations handled last year 16,000,000 dozen of eggs. They ship them over the States and get three cents above the New York market price. Why? Because the eggs were all white, all candled and all graded. The buyer could rely on them. When we think of our dirty Irish eggs badly packed in musty straw with dubious freshness, we feel ashamed. The Californians say they imitated the Danes, who invented this plan, and it succeeded in California, as it would succeed here if our producers could lift their eyes beyond their own parish, if they were not so self-opinionated and ignorant. These associations think nothing of spending 220,000 dollars in a single year on advertising. That much has been spent in one year advertising prunes. There is no speculation. It is pure business. The secret of success is, first, *control of output contracts by members to supply for years*, second, *employment of marketing experts and payment for the very biggest brains which can be bought*; thirdly, *absolutely honest business, strict grading, so that the purchaser could rely on the product*. Until we do our co-operative marketing on the same basis we will always be poor second or third-raters in the market. We won't federate, we won't adopt the best technical methods, we won't grade, we are afraid of big business, and success and prosperity turns its back on the timid hearts and the petty minds. We cannot keep to agreements. We are so clever, we are always trying to beat our neighbours instead of working with them, and we are bested by the market. *The Irish Homestead*

THE REGISTRAR'S REPORT FOR 1919-20.

During the year 1919-20 the Co-operative movement in our Presidency expanded in all directions. The Government accepted a policy of expansion and granted large increase in staff and expenditure. We have often criticised that policy and have no desire to go over the same ground here. Suffice it to say, that the increase in numbers does not necessarily mean increase in the strength and vitality of the movement. In reviewing the report for 1918-19 the Secretary to Government constructed a very useful table indicating the progress of the movement in various directions during the previous 5 years. We are sorry to miss so useful a compilation in the report for the last co-operative year. We are therefore following it up below with a few alterations. Our table deals with the figures of only three years and a few items have been omitted.

Statement showing the progress of Co-operation in Madras during the years 1917-18 to 1919-20.

Particulars.	1917-18.	1918-19.	1919-20.
1. Total number of societies ...	2,718	3,676	5,027
Central banks including Provincial bank ...	20	26	30
Number of Agricultural Societies ...	2,292	3,082	4,218
" non-agricultural ...	332	465	641
" store ...	32	60	...
" trading union ...	...	21	58
" weavers' societies ...	7	12	21
" building societies ...	10	11	14
" primary societies brought under union control ...	2,415	2,826	3,540
" societies liquidated ...	13	12	14
" societies exclusively for scavengers or for municipal employees in which scavengers are admitted ...	31	38	42
" societies for fishermen ...	26	45	56
" societies exclusively composed of panchamas ...	43	118	293
2. Total number of members of all societies ...	191,041	244,297	3,29,886
Average number of members per society.	72	68	67
Number of Brahman ...	34,574	44,666	58,410
" Non-Brahman ...	117,443	150,248	1,98,624
" Christian ...	15,385	18,207	25,790
" Muhammadan ...	11,290	14,046	19,568
" Panchama ...	10,347	14,208	22,778
" Other members ...	2,002	2,922	4,716

Particulars.	1917-18.	1918-19.	1919-20.
3. Number of Assistant Registrars	8	9	18
" inspectors (including chief inspectors)	54	85	184
" unions	73	103	136
" supervisors employed by unions	76	112	127
4. Working capital of all societies in lakhs.	234.92	305.79	394.24
Paid up share capital of all societies in lakhs	26.13	34.69	50.25
Average paid-up share capital per society	961	944	999
Reserve fund of all societies in lakhs	11.18	14.65	17.42
5. Net profit of non-agriculture	1,52,974	1,62,698	1,78,128
Net profit of agricultural	47,134	16,652	44,659
6. Deposits locally obtained by non-agricultural	20,22,622	26,79,668	33,73,500
Deposits locally obtained by agricultural	9,00,690	10,76,558	13,09,818
7. Loans from Central Banks and other societies.	3,67,354	5,36,275	8,35,820
Non-agricultural.	76,14,076	95,60,777	123,30,362
Agricultural	12.27	14.16	10.60
8. Percentage of uncollected balances of principal (current and arrears) in	9.24	11.11	11.01
Non-agricultural.	24.46	24.50	23.78
Agricultural			
9. Percentage of uncollected balances of arrear interest in	16.69	13.75	13.36
Central Banks	34.39	39.67	39.34
Non-agricultural.	50.53	54.61	55.06
Agricultural			
10. Percentage of uncollected balances of current interest in	4.04	4.59	5.27
Central banks	10.60	11.02	9.93
Non-agricultural.	23.98	23.36	21.56
Agricultural			
11. Percentage of loans on mortgage of immoveable property in	22.16	20.16	19.12
Non-agricultural.	37.54	39.31	33.98
Agricultural			
12. Percentage of loans advanced on personal security.	63.41	71.43	70.49
Non agricultural.	61.52	59.63	64.76
Agricultural			
13. Percentage of loans advanced for productive purposes in	52.90	54.52	57.92
Non-agricultural.	59.90	61.70	66.70
Agricultural			
14. Percentage of loans advanced for non-productive purposes in	14.29	13.64	12.91
Non-agricultural.	2.13	1.73	2.26
Agricultural			
16. Percentage of loans advanced for paying off prior debts in	32.81	31.84	29.17
Non-agricultural.	37.97	36.57	31.04
Agricultural			

The expansion would have been considerably greater, but for the financial stringency that was experienced about this time last year. "There was a general rise in the rate of interest in the money market and the rural areas were most affected owing to scarcity of money. Primary co-operative societies, old as well as new, applied for loans in large numbers. In addition to this the central banks had to face withdrawals of large amounts of deposits which were withdrawn for investment elsewhere at more favourable rates of interest." The Bank of Madras generously came to the rescue and allowed a large overdraft to the central banks. Upto the end of June 1920, it had allowed Rs. 17.45 lakhs which has subsequently been raised to Rs. about 30 lakhs. As the Registrar rightly points out, "The help of the Bank of Madras was valuable and was very much appreciated by the central banks. This shows the confidence created by the movement in the money market especially with the Bank of Madras." This financial stringency had to be met by an increase of share capital in all central banks and by raising the rates of interest all round. "The central banks now offer 6 to 7 per cent on deposits and lend to the societies at $8\frac{1}{2}$ per cent. The provincial bank charges $7\frac{1}{2}$ per cent on its loans to central bank instead of 7 per cent as hitherto. The primary societies are to lend to their members at 10 $\frac{15}{16}$ per cent." These steps improved the available resources to a very great extent, but the demand for money was in excess of the supply, mainly due to the starting of an unprecedented number of societies. In consequence, a good many societies could not get the loans they applied for. Still the presidency has every reason to congratulate itself on being able to expand its resources to the extent that it did.

During the year under review important changes were made in the constitution of the Madras Central Urban Bank which have resulted in its conversion into a regular federation of all central banks, with the unfortunate exception of the Madras Christian Bank. The individual shareholders, to whom really belongs the credit of having built up this great financial institution, are there, but their number may not increase. They are guaranteed a dividend of 9 per cent and in the event of liquidation preference to capital. Primary societies have been eliminated and those which were already holding shares have been allowed to transfer them to their respective central banks. Each central bank has been allowed a seat on the directorate, provided it takes shares to the extent of 10 per cent of its paid up share capital. But the maximum value for which a central bank can take shares is limited to 25 per cent of its paid up share capital or Rs. 15,000 whichever is less. In this conversion the Department played a very prominent part. It is, however regrettable

that the individual shareholders, who still have a predominant voice in the general body, should have excluded the Madras Christian Central Bank on the ground that its jurisdiction is not confined to one or two districts. The Christian bank caters to the needs of a particular class of needy societies and we cannot appreciate the reasons which are advanced for its exclusion from the Provincial federal bank.

During the year 4 new central banks were registered bringing the total of financing banks to 30. Subsequently a district bank for Bellary has been started at Hospet, and the only districts that are now without a central bank are Nilgiris and Madras. The societies of Nilgiris are efficiently served by the Coimbatore district bank and prefer the present arrangement to having a district bank of their own. A bank to finance the societies of Madras is urgently needed and we hope that by the end of the current year some satisfactory progress will have been made in that direction. All the central banks have admitted societies to membership with the exception of the Trichinopoly district bank which has hitherto defied all the attempts of the Department and other co-operators to induce it to admit societies. We cannot help regretting its obstinate attitude.

The percentage of balance to demand from societies to the central banks was 10.30 in principal, 13.36 in arrear interest and 5.27 in current interest, as against 14.16, 13.75 and 4.50 respectively in the previous year. The societies of North Arcot kept a balance in principal of only 22 per cent, and in Malabar, Salem, Trichinopoly and Godavary it was less than 4 per cent. In the matter of interest the balance due by societies to the Trichinopoly, North Arcot and Coimbatore district banks was less than one per cent, while in the case of several banks which was less than 3 per cent. But in some districts the collections under principal and interest were very unsatisfactory. The uncollected balance of principal was very heavy in Kurnool (68.71 per cent), Madura 51.53, Bellary (48.27), Ramnad (42.82), Cuddappah (39.26), and Tanjore (34.28). The report explains that this heavy balance is due to a number of bad societies started in the early period of the movement and that arrangements are in progress to overhaul the working of such societies and to arrange for their effective supervision. We are also told that special efforts are being made to put on a better footing the Kallar Societies of Usilampatti in Madura district and the Panchama and other societies of Kaikalur and Gudivada taluks in Kisthna district. We hope that the report of the current year will show satisfactory improvement in these societies.

There was a considerable increase in the amount of paid-up share capital in agricultural societies. It rose from less than 10 lakhs to over 14 lakhs. Local deposits from individuals rose from 10.65 lakhs to 12.89 lakhs. The societies that worked successfully earned a profit of 2.09 lakhs, while the other societies worked at a loss of 1.70 lakhs, giving a net profit of about Rs. 40,000. This is an improvement over the previous year when the net profit was only about Rs. 14,000. The Registrar explains that societies which were started during the year were unable to recoupe their initial expenses and have thus increased the number of societies which worked at a loss. The previous report mentioned the number of societies that worked at a profit and also those that worked at a loss. We were sorry that the present report does not give those figures. We would suggest to the consideration of the Registrar and the Government that in future reports the number of societies that worked at a profit or at a loss should be given separately and under the heads new and old societies. The report also does not say how many societies were able to declare a dividend and what the average percentage so declared was. The expenses incurred by the primary agricultural societies appear to be disproportionate. Under establishment and contingencies the expenditure is mounting up, with the result that the contribution to the Reserve fund is materially cut down. We are departing more and more from the Raiffessen principle of honorary service and attention to moral aspects. In the earlier days it was hoped that by accumulating the reserve fund, the rate of interest would be brought down and the whole country thus benefitted. Not only have those hopes been unrealized, the very object of co-operation viz., thrift, seems to have been ignored and even defeated.

The collection of dues under principal was satisfactory in the districts of Chingleput, Tinnevely, and South Canara, where the uncollected balance was less than 10 per cent, the average for the presidency being 24 per cent. At the other end of the list come Ramnad, Kurnool, Madura, and Cuddappah, where the balance was over 43 per cent. In the collection of arrears of interest, Ganjam and Vizagpatam held a high place, Madura and Ramnad being the most unsatisfactory. In the matter of current interest societies in the districts of Trichinopoly, South Canara, North Arcot and Salem were the most vigilant, while those of Ramnad, Cuddappah, Madura, and Kurnool were the least satisfactory.

The trading unions and stores that were started in large numbers under Mr. Hemingway's enthusiastic direction, do not however seem to have fared very well. The transactions of the trading unions were not considerable having regard to the number of societies included in them.

The most important of stores in the presidency, the T.U.C.S., worked at very little profit owing to bad purchase of rice, ghee and gingelly oil. Only the Madura and Kodaikanal Stores seem to have worked satisfactorily. Want of capacity in management and loyalty on the part of members are of course the powerful reasons that have been operating against stores. The results of last year go to justify the cautious policy followed by Mr. Hemingway's predecessors. The joint purchase informally conducted by credit societies on behalf of their members was more satisfactory than the operations of the trading unions. We are told that nearly 400 societies conducted such trade which in the aggregate amounted over Rs. 6 lakhs. Burma rice was the main item, accounting for about 60 per cent of the volume. Joint sale of goods—agricultural or industrial—by members of societies was not considerable except in the case of lungi cloths in Chingleput valued at Rs. 37,800 and of fish guano in South Canara valued at Rs. 34,400. There were several societies of other kinds—other than credit and purchase and sale—some of which worked quite well. The short paragraphs relating to them are quite interesting but we cannot refer to them all here. One large society in South Canara, viz, the Garden Planters' Wholesale Society, came to much grief owing to the misappropriation of a sum Rs. 25,000 by its managing director. The Puttur Labour Union worked very satisfactorily and earned a profit of Rs. 1296. At Ponnani a hostel for students was started by their parents and guardians who formed themselves into a co-operative society for the purpose. At Overtonpet in Chingleput District the members of a Panchama settlement cultivated jointly some 60 acres of land belonging to the United Free Church Mission and raised paddy, ragi and chillies and sold them jointly. Much activity was witnessed in starting societies for Panchamas and other backward communities, no less than 175 societies being started exclusively for the Panchamas. The special officer in Tanjore district was responsible for 41 societies while the officer in Godavari started 45. "Six societies for field labourers obtained from the Revenue Department Godavari *lanka* lands on leases for periods varying from 5 to 20 years." Several gentlemen took part in promoting these societies and the work of the Y.M.C.A. was specially commendable. Seavengers' societies numbered 42 at the end of the period under review and they all worked very well owing to the friendly offices of the municipal chairmen. Many of these societies arranged for the joint supply of food grains, cloth and other requirements. The Kumbakonam society is maintaining a school out of the dividend on its share capital while the Salem society undertook to supply on contract buffaloes for night soil carts and obtained a profit of Rs. 745.

In reviewing the Registrar's report the Secretary to Government has pointed out that the report is unduly long and that the number of

statements can very well be reduced. As he says the detailed information which was necessary some years ago is only cumbersome now. But in trying to economise there is just the danger of doing it the wrong way. All the information necessary for purposes of comparison with previous years should be kept available. To us the most satisfactory feature of the last year's working is that it got over the financial crisis without a breakdown and we congratulate Mr. Vedachala Aiyar on being able to extricate the societies from their difficult position.

THE THIRD NORTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE.

(FROM A CORRESPONDENT.)

The Third N. Arcot District Co-operative Conference was held at Kalavai on the 6th and 7th instants. It was the biggest Co-operative Conference that has ever been witnessed in this presidency. Almost every society in the district was represented, the total number of delegates exceeding 250. Besides the regular delegates there was a very large attendance of visitors. The conference pandal which could hold about 1,000 persons was packed to overflowing, and the crowd that had gathered to greet the Minister who opened the Conference might be estimated at about 2,500. A distinguishing feature of the Conference was the Industrial and Agricultural Exhibition. The officers of the concerned departments had come there in advance. The agricultural department had prepared two or three model cattle sheds and had grown in pots two or three varieties of green manure. Sugar canes of four or five sorts were exhibited. Messrs. Parry & Co. had a stall of their scientific manures. The Industrial Department, which was represented at the conference by Mr. A. E. Jardon, Assistant Director of Industries and his assistants demonstrated well boring and pumping operations. This kind of co-operation between the various Development departments will certainly promote the country's welfare than their unconnected working will do.

The Conference was to have begun at 1 P.M. on the 6th instant, but as the Hon'ble Mr. K. V. Reddi, Minister for Development, came late the proceedings began only at 3.30 P.M. Mr. M. Singaravelu Mudaliar, the Chairman of the Reception Committee, in welcoming the Minister and the delegates, expatiated on the special kinds of co-operative activities undertaken in the district, the chief among them being the running of Trading Unions for the joint purchase of members' requirements and joint sale of the members' produce, the non-official supervision of the societies and the system of short term loans for agricultural purposes. He also spoke at length on the necessity of the Government recognising

the principle of subsidising the non-official agencies started for the due performance of organization and supervision of societies ; small industrial and agricultural institutions and the societies started for the uplift of the weavers and other backward classes. In conclusion he hoped the Hon'ble Minister of Developments who is taking immense interest to spread the movement would administer the allotment for co-operation in such a way as to provide subsidies for the strengthening of the movement.

Minister's Speech.

The Hon'ble Minister in opening the conference thanked the organisers for the kind reception accorded to him, and said that he was only going to open the conference and not preside over it as he would have to pass orders on the resolutions passed at the conference. However, he promised to give his sympathetic consideration to the resolutions. He next touched upon the policy of expansion accepted by the Government, and hoped that by the end of June next year the increased staff of Assistant Registrars and Inspectors would be able to spread a regular network of co-operative societies throughout the presidency and bring their number up to 9,000. It was too late in the day to talk of the benefits of co-operation. Ours was an agricultural country, and the joint family system and the rules of succession that obtained led to minute sub-division of holdings which made it quite impossible to introduce modern methods and machinery. Co-operation alone could do that, and bring the same benefits that it had brought to the ryots in Italy, France and Germany. The speaker, then, to the great regret of all co-operators present, tactlessly imported politics into the discussion (hitherto the movement has been kept free from politics) and discussed with great warmth and eloquence the Non-co-operation movement. With the dialectic skill of a parliamentarian he constructed a syllogism to pit against non-co-operation : co-operation means increased production, increased production means army and navy, army and navy means swaraj. Coming back to 'Co-operation' he discussed the relation of Government to the movement and official aid.

"In all civilised countries co-operation has always been treated as a matter for the people and not for the Government. The Government in this country, no doubt, has undertaken to spread a network of co-operative societies and for this purpose several lakhs of rupees have been provided in the Budget, even against the wishes of some of the representatives of the people, who thought that we are spending too much on this department. That was, as I told you, due to the fact that Government had realised that the co-operative movement is beset with great possibilities in this country and that it is for the good of the people generally. A day

will soon come when people will realise that co-operation is essentially a matter for the people and all expenses connected with this department will have to be borne by the people themselves, that is, by the societies and by their unions.

"The Chairman of your Reception Committee also referred to official aid by Government to these societies. Government realise the need for financing the societies. As at present situated Government finds it difficult to lend money themselves to these societies. Those of you who have followed the proceedings of the Legislative Council must have noticed how hard it was for the Government to make two ends meet. Again, it will also be remembered that the financing of these co-operative societies should always be considered as a question for the societies themselves as one of the elementary principles of co-operation of self-help and of mutual assistance. I do not, for a moment, mean to say that State aid is not given to those societies in various countries or that this Government will not give that State aid to these societies as funds permit. At present Government are spending a good deal of money on the department of co-operation and are incurring expenditure which as I told you ought to be borne by the societies themselves. When the non-official agency takes the place of the present officials and when the resources of the Government are more developed and more money is available, certainly Government will do their best to advance as much as possible."

Mr. Sitaramiah Pantulu, the Collector, was proposed to the chair and then the Conference adjourned for lunch. After attending a small tea party, the Hon. Minister visited the agricultural and industrial exhibitions arranged at the Conference and left for Ranipet in motor at 5-30 P.M. Then the Conference re-assembled under the presidency of the Collector and a small co-operative drama was enacted by the students of the Victoria Hindu School, Tiruvannamalai. The subjects committee met in the night and lively discussions were entered into in determining the resolution to be placed before the Conference. The Conference re-assembled at 1 P.M. next day. A paper on the improved methods of agriculture was read by Mr. Srinivasa Iyengar, agricultural demonstrator of Walaja, and discussion was invited. The Resolutions were then taken up.

The President in his concluding remarks said that in the course of discussions on the resolutions, much had been said in detail about the necessary procedure to be adopted for the movement. Wealthy men should be approached to spare some deposits. The agricultural and industrial departments should work hand in hand with the co-operative department and improve the earnings of the agriculturists and the labourers. The Registrar advised in detail about the various aspects of the movement to be followed by all the co-operators and wished success to co-operation in the district. The Conference, after thanking the chairman and those present, dispersed.

Resolutions.

The resolutions passed at the conference were of varied interest. The first resolution thanked the Government for placing the Co-operative Department under popular control. The next dealt with the amendment of the Trust Act while the third gave support to the Registrar's Debenture Scheme. The fourth resolution is of great importance to co-operators. Under the new Municipalities and District boards Acts Co-operative societies are liable to taxation as companies. The conference resolved that the term 'profit' in a co-operative society was a misnomer, and any contribution made by members over and above the cost price for meeting expenses, and refund of the surplus was no profit, and as such co-operative societies should be exempt from income or professional taxes. Co-operative sale next engaged the attention of the co-operators assembled, and they came to the conclusion that in view of the difficulties to be faced, monetary and business experience, Government should subsidise organisations for joint sale of produce on proof being shown that they were working satisfactorily. The conference was of opinion that in view of the importance of the weaving industry both the Co-operative and Industries Departments should interest themselves in the organisation of weavers on co-operative principles and Government should render as much help at least as those of other provinces were giving to such organisations. The conference wanted the Agricultural Loans Act to be administered through the District Banks. It was of opinion that government should give co-operative Industrial organisations free expert advice whenever necessary. It further solicited subsidy from government to the extent of Rs 1,000 to the district council for co-operative education in the district. Formation of labour societies and giving of short term loans were advocated. A resolution requested Government help in the form of grants for maintenance of clerical staff or of initial loans if necessary to societies to be formed for the benefit of the Malayalee planters of Javadher hills who are at present under the thumb of the Sowcars. The importance of the Supervising Union taking greater interest in the collection of overdue loans and the giving of new loans to societies was emphasised by a resolution. The resolution went further and asked the Governing body members of unions to undertake the personal supervision of a certain number of affiliated societies by each member.

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NOTES AND NEWS

Rao Bahadur Vedachala Aiyar's carefully prepared note on the Joint

Joint Sale.

Sale of Produce by co-operators will, we have no doubt, be read with the interest that it deserves. It is based on his experience of Vellore district where joint sale has been practised on a more general scale than in any other district, and where also, thanks to the enthusiasm of honorary workers like Rao Sahib M. S. Seshachala Aiyer, Mr. Singaravela Mudaliar and others, the experiment was conducted under very favourable conditions. We should, however, like to emphasise the importance of proceeding cautiously, lest mistakes due to haste or want of care should make the villagers doubly shy. In the April number of the *Bulletin* we reproduced an article from the *Irish Homestead* which contained a summary of a series of instructive addresses to farmers by Mr. Sapiro of California. His main contention is that farmers should confine themselves to production, that marketing is a matter of expert knowledge, for which they should be glad to pay proper remuneration and get the services of an expert, and that there should be absolute honesty and strict grading in the sale of the produce. There is a general tendency among us to grudge paying proper remuneration for expert knowledge. We depend too much on honorary work and expect too much from honorary workers. If joint sale for the matter of that, any other form of co-operative business should succeed and stand on its own

legs, proper persons should be found and they should be properly remunerated. Special attention will also have to be paid to grading. Not much of a serious attempt has yet been made in the grading of produce by our agriculturists. Yet success in any competitive or co-operative market depends on the attention paid to grading. It is by careful grading coupled with incessant research that Denmark has been able to capture the British market for eggs, pork and other farm produce, gaining the advantage over English and even Irish produce. We earnestly suggest that those who will attempt the organisation of joint sale should refuse to be tempted by the desire to show big figures and quick results. Institutions that grow up quickly can have only strength of mushrooms. The need for caution is all the greater as during the last two or three years a number of stores and trading Unions have been started without sufficient care and they have not proved as great a success as one would desire.

We warmly support Mr. Shah's plea for the organisation of small scale industries. He has set out very well in his article the advantages of small scale industries over those organised on a large scale. It may not be that all industries lend themselves for organisation on a small scale; but there are certainly a number of them which could be so organised and when there is a choice in organising any particular industry between small scale and large scale, we do not think that any one who has the good of the community at heart will choose the large scale organisation. In Japan and other countries cottage industries have been well organised and pushed on by intelligent State and private effort. No doubt our masses are ignorant and illiterate compared with the western countries or Japan; but the co-operative spirit is more natural to our people than perhaps to the people of any other country. The difficulties in the way of organising small domestic industries would, therefore, not be insurmountable. The Bengal Home Industries Association has been doing very good and successful work. A similar attempt is also being made in our presidency by the local Cottage Industries Association though it has not yet received as much influential support as it merits or shown as much energy as is desirable. Still it is an effort in the right direction and we are hopeful that in course of time it will succeed in organising and developing on co-operative lines wherever possible some of our dying home industries. In this matter also we should advocate slow and sure progress. We are not eager for quick results or show of figures. The

Small Scale Industries.

management of industries even on small scale requires business qualities which are not abundant in enthusiastic propagandists. Sir Frederick Nicholson summarised his monumental Report in the two words 'find Raiffeisen.' If it is necessary to 'find Raiffeisen' for the success of credit societies, it is many times more necessary for the success of industrial societies. The few co-operative industrial societies that have been started in our presidency (and for the matter of that in other provinces also) have not yet proved themselves to be undoubted successes. Their history impresses indelibly the lesson that at least one or two earnest and intelligent workers are required for every such society. They should be started only to the extent to which such workers are available. What we most fear is the starting of such institutions without proper consideration of the material available for their working, under departmental or other outside stimulus.

In this connection the following passage from Mr. H. W. Wolff's review of Gwalior Registrar's annual report on how far numbers indicate progress, will be read with interest:—

"It is a mistake to measure the success of a co-operative movement in the early stages by numbers. That is a misleading test. The chase after 'results' measurable by figures and large transactions involves a danger—which has wrecked more than one co-operative movement. I could quote cases which convey a serious warning. It is this chase after 'results' which leads authorities and kind hearted people to supply for 'co-operators' the funds that they should—however much more slowly—raise themselves. The backbone of co-operation, the foundation on which it can surely be built up is self reliance. Much better toil during years for the obtainment of funds by your own efforts than become a mere spoon-fed parasite. Money is only one of the benefits that co-operation is to secure for those who practise it. Character, self-reliance, resourcefulness in business, count for more among the prizes that co-operation has to distribute and there is really under this aspect no better example to quote than that set by the Government of India. That Government has been wisely, I should say generously chary of giving money support. Such support was indispensable in the beginning; but it has now been nearly worked off, and the movement is the stronger and healthier for this. An organiser should, especially in early stages and where co-operation is insufficiently understood, form good banks, however few in early years. Such may be relied on to do their own canvassing and propaganda. The number of institutions will in the end be all the larger, and the quality will be trustworthy."

South Canara has set a useful example by convening a business conference of departmental officials, representatives of supervising unions and supervisors working under them. A perusal of the proceedings of the second conference which we have published in this issue of the *Bulletin* will show the variety of useful subjects that were considered thereat. We have omitted only those subjects that are entirely of local interest. We are glad to know that the supervisors of South Canara are enjoying the benefits of a Provident Fund and that they are also given a bonus by the unions. As it is a matter of great interest to co-operators we should like to be favoured with more light on the subject. The conference recommended a tour by the representatives of the unions and the central bank to various union centres for inspection and propaganda. This is a very good idea and we heartily recommend it to co-operators in other districts. It is one of the best ways of spending a vacation. The conference considered the question of repayment in kind, but we are not told what its decision was. If any experiment has been conducted in South Canara of receiving repayments in kind, we should be glad to know the results of such experiments. At any rate with our present information, we cannot recommend the adoption of this practice. The conference approved the Joint-Registrar's scheme for Joint sale of produce rather cautiously and recommended its trial in a few selected areas. The conference is making laudable arrangements for the publication of co-operative literature in kanarese and has instituted two prizes for essays on some cooperative subject.

What is a matter of special admiration to us is that the secretary of the Central Bank, Mr. M. Ananta Rao, has not been drawing the honorarium to which he is entitled, but spending it all for the benefit of the co-operative movement in the district. We understand that a building has been constructed out of his honorarium for the Puttur Panchama Society in which a night school also is being conducted and that he has also conferred other benefits on the co-operators of the town. For the publication of co-operative literature in kanarese, recommended by the present business Conference, he has made available all his honorarium for the last co-operative year. In fact, we believe that the traditions of South Canara has hitherto been that the Secretary's honorarium has not been used at all for his personal benefit. When it is remembered that during the last co-operative year it amounted to nearly Rs. 1400, Mr. Ananta Rao's generosity and self-sacrifice will be duly appreciated. We commend the glorious example of South Canara's public spirit to the other districts.

In the district of North Arcot and Salem, and possibly elsewhere, a system of credit prevails which is known as *Kanthu*. Its main feature is that the loans are repayable in 10 monthly equal instalments. It is largely availed of by petty traders, artisans, and others who are not agriculturists. The societies of North Arcot and Salem have introduced this system and found it useful and popular. The Registrar has, therefore, issued a circular to Unions, Inspectors and others to consider the advisability of introducing it in other districts where the *kanthu* system may be in vogue. A new class of shares is created for those who avail themselves of this system, the value of each share being one rupee. An entrance fee of annas two is levied per share and no member is allowed to hold more than four shares. Within a year after admission into this class no member may withdraw. Maximum amount which a person can borrow under this system is Rs. 200, at the rate of Rs. 50 per share. Interest is charged at the rate of $1\frac{1}{2}$ pies per rupee on the entire amount of the loan for the whole period of 10 months, and no rebate is allowed on the instalments of principal already paid. When there is delay in repayment of principal or interest a penal interest of $\frac{1}{4}$ pie per rupee per mensem is levied on the amount due in that month. It will be seen that this arrangement differs from the ordinary transactions of an urban bank, in as much as no rebate is allowed in interest on principal repaid. Therefore, the interest really comes to $3\frac{1}{2}$ pies per rupee though nominally it is $1\frac{1}{2}$ pies. Perhaps in urban societies those who are intelligent enough to see this difference will prefer the ordinary loans to the *kanthu* loans. In rural societies where repayment of loans are regulated so as to suit the agricultural seasons, the *kanthu* system will be found useful for petty traders and others who transact business in weekly markets or shandies. The enhanced rate of interest is justifiable in their case, because the society will have to arrange for the collection of instalments and for the keeping of accounts. The traders and others who are accustomed to borrow from private money lenders on the *kanthu* system will get straight dealing at the hands of the society, and appreciate that as a great advantage. They will not consider the rate of interest as prohibitive for they are used to it and their turn-out is quick. The system may be tried where people are used to it, but if experience should show that the rate of interest is high, we hope a rebate will be given on the instalments paid.

We understand that Mr. M. C. Raja, M.L.C., has been appointed an Honorary Assistant Registrar of Co-operative Societies in the City of Madras, holding office like others till the end of 1921. We heartily welcome this appointment as Mr. Raja is among the most prominent leaders of the Panchama community and the only instance of a Legislative Council Member having accepted the appointment. His services should prove very helpful in setting right the Panchama societies of Madras, some of which are in a really deplorable condition. It should be easy for him to awaken the panchayats of those societies to a greater sense of public duty and show them the way of enlightened self-interest. Many activities for the uplift of his community and the work of the Legislative Council claim Mr. Raja's time and attention; but we hope that co-operation will not be given the last place among them. For economic, moral and even political up-lift of the masses no movement is so potent as co-operation. The scope that it affords for useful work among the Panchamas is unlimited and such as to satisfy the longings of the most ambitious heart. Though the appointment order of Honorary Assistant Registrar mentions only the powers of arbitration in case of disputes covered by the rules, a more onerous and important duty than arbitration is the careful inspection and guidance of bad societies. We wish Mr. Raja a useful career in his new office.

People outside Bombay Presidency usually envy its co-operative housing societies. But H. E. Sir George Lloyd is not at all satisfied with them. Speaking recently at a dinner arranged in his honour by the Bombay Corporation on the development of Bombay, he made the following reference to co-operative housing societies and pointed out the need for their being managed by qualified businessmen without which they would not gain the confidence of the public. He said:—

"Before I pass on to other matters, I should like just to refer to a question which concerns very nearly the future development of your city—the question of co-operative housing. For a very long time, as you know, great hopes were entertained by those who were trying to solve the housing problem here that private enterprise of one kind or another would render very material assistance, and in particular the co-operative housing societies were expected to solve a number of difficulties. But, from the information which has been put before me, it appears that these societies are meeting with considerable difficulties of which the main ones are the supply of land, the supply of building materials and the problem of securing really businesslike management. Against the first

difficulty, we have been able to give them material assistance by enabling them to apply for acquisition under the Land Acquisition Act. But of course the possession of land is of little use if the lay-out has not been decided upon or if building material is not available. And as a result of this I am afraid that a large number of these societies have not made much headway. Take Salsette, for instance, where as yet only one society, the Catholic Housing Society at Willingdon, has any results to show. Take even Bombay, where out of nineteen societies registered (there should be many more) only two have so far managed to achieve any actual building. This is not a satisfactory result. I intend to do all I can to go into the question and see what further assistance we can give these co-operative societies, but I would urge upon all those interested in this movement—and I think the movement is vital to our scheme or very important to it—if they want to make progress they must see that the societies are managed by qualified businessmen who can gain confidence and get the movement on the basis necessary to achievement."

The Balliguda Co-operative Purchase and Sale Society in Ganjam Agency was started informally in December 1917 and registered under the Co-operative Societies Act in April 1919. At the time of its registration it had 899 members with a paid up share capital of Rs. 1603. The main business of the society is to purchase cloths and other necessities of life and sell them to its members and also to work a credit branch. During the period of its informal working it purchased goods to the value of over of Rs. 7000 and sold articles worth of Rs. 6200. It earned during that period a net profit of about Rs. 1030. This sum has been utilised for the construction of a building which was opened early in February this year. At the end of January 1921 the society had 1444 members with a share capital of Rs. 2865. It is the most important society in the Ganjam Agency, and may be considered a model for other Agency societies. More than half of the members belong to the hill tribes. In opening the building Mr. L. T. Harris, I.C.S., Agency Commissioner, expressed satisfaction at the progress which co-operation had made in the Balliguda division which some years ago was considered a very backward place.

Mr. C. G. B. Stevens, I.C.S., Deputy Registrar of Co-operative Societies, Bengal, points out, in the course of an article in the *Bengal Co-operative Journal*, the difficulties met with in organising thrift associations for factory hands. He roughly calculates the indebtedness of a mill hand at Rs. 150. Generally the millhand is addicted to drink and gambling. Mr. Stevens says the chief difficulty in organising co-operative societies for him and his fellows is the absence of personal relations and mutual trust. The manager of the factory is the only man trusted by them but it is impossible for him to get acquainted with the thousands

of men employed under him. Moreover, the manager has scarcely time to attend to such work. The second important difficulty is the insecurity of the worker in his job; and when he is not sure of his job he is not likely to risk any of his money in society. This kind of insecurity of job is due to the appointment and dismissal being in the hands of dishonest maistris and clerks. It is essential that labour boards should take the place of these dishonest men. When a co-operative society has been started, Mr. Stevens would first direct its energies to the reduction of the indebtedness of its members and it is only after this has been completely wiped off, he would pay attention to the promotion of thrift.

Sometime ago we published a short account of the Tindivanam Division Co-operative Agricultural and Industrial Society. At that time its membership was 2 Societies and 18 individuals and it had not purchased the necessary machinery. Since then 38 societies and 60 individuals have joined it and Rs. 10,365 paid towards shares. With a loan of Rs. 20,000 in addition to the share money the necessary machinery has been purchased and buildings put up. Work was started on 20th July last and cotton ginning and disintegrating ground nut has been going on since then. The society sustained a loss of Rs. 1,275 in the last co-operative year which need not come as a surprise to any. The whole of last year it practically did no work, and incurred much capital expenditure. What is wanted in societies like this is long vision and patient work. Profits should not be expected for the first few years. As the society gains in strength it is bound to make good the past.

We have been favoured with a copy of the annual report of the Southern Mahratta Urban Co-operative Society, Dharwar—one of the biggest urban banks in Bombay presidency—for the year ending with March 1921. The bank had a membership of 2,105 on the roll out of which 164 were women share holders—a unique distinction. Its share capital amounts to Rs. 86,221 and working capital to Rs. 3.35 lakhs. The society attracted considerable deposits during the year requiring it to invest the surplus elsewhere. The fixed deposits alone amounted to Rs. 1.70 lakhs while savings bank deposits stood at Rs. 47,752. Loans were advanced to the extent of nearly Rs. 3.0 lakhs, of which about Rs. 2.0 lakhs were issued on personal security with sureties. The society earned a net profit of Rs. 11,515. It has instituted Medical relief and Education funds. We congratulate the society on its having added one more successful year to its record.

The office of the Registrar of Co-operative Societies has been removed from Marshall's Road, Egmore, to 8, Lawder's Gate Street, Vepery. It is a great pity that it is so frequently shifted and from what we understand it may be shifted again in six or seven months. Is its connection with credit banks the reason for its wandering all over the City like a hunted Jew?

AN ENGLISH CO-OPERATIVE SOCIETY.

BY DR GILBERT SLATER.

By the same post that brought me a letter from the Editor asking for an article, I also received from England the 104th half yearly balance sheet of the Royal Arsenal Co-operative Society, Woolwich, London. It occurred to me that readers of the *Madrass Bulletin* might take some interest in a great English Society on the Rochdale plan.

The society was founded in 1868 with only fourteen members, and so feeble was its early growth that at the end of 1869 its members numbered only 47, and its capital only £27. A year later its membership reached 55, two years later 58. At the end of 1920 it had 85,062 members, its share capital amounted to £1,108,696, loan capital to £81,653, reserves to £124,125. In that year goods were sold to members to the value of £3,569,708, and a profit of £217,000 was realised, about three quarters of which went to members as dividend on purchases, the remainder being interest on shares, bonus to employees, and grants to educational and charitable purposes. Its original home was in Woolwich, but more particularly since the outbreak of the war it has extended its operations over a great part of South London, and in so doing has doubled its membership. It has 55 branches where it does business, a typical branch being a store for the sale of provisions of all sorts and clothing. It has great bakeries which produce about 100,000lb (say 50,000 seers) of bread per day; it owns land and builds and sells houses; it has its own engineering department; it celebrated its Jubilee by the purchase of the country house with a big compound for purposes of education and recreation; it has a whole fleet of motor vehicles.

Until the last month or two the management of all this business was in the hands of a General Committee and an Educational Committee, each consisting of men and women of the manual labour class, the Educational Committee was unpaid, the members of the General Committee received a small fee (about half a day's wage) for attendance at each committee meeting, these occupying on an average three evenings per week. To what extent Co-operation in Britain is a movement of the women is indicated by the fact that out of 20 members of the two committees holding office in 1920, there were 11 men and 9 women. The society still endeavours to conduct its most important business by general meetings of the members; how difficult this has become is indicated by the fact that a half yearly meeting is held in five separate halls, at which identical proposals are put to the vote, and all the votes are added together. But the members have recently come to the conclusion that it is no longer

possible for the business to be managed properly by a committee that sits in the evenings, and have decided that committee members shall receive salaries and shall be required to give their full time to the service of the society. For it is realised that the society is still in its infancy. It is not likely as things are, to extend the geographical area over which it works, but it can add enormously to the completeness and efficiency of the services which it renders to its members, particularly in the new territory in which it has most recently established itself.

Mention has been made of its Educational Committee. This administers a small fund, "the Education Grant," only one-fortieth ($2\frac{1}{2}$ per cent.) of the net profits, hence relatively much smaller than the Common Good Fund of an Indian Co-operative Society. This is made to go further by association with the Workers Educational Association and the London County Council. It maintains seven lending libraries, which also sell books to members. It has associated with it fifty-five "Co-operative Guilds," each of which is a small local association of men or women—mostly women—who meet weekly for purpose of discussion and education. There are also a number of "Junior Guilds" among whom some curious experiments in education are being tried. From these again a number of musical choirs are recruited and trained, so that as among the ancient Greeks, choral music occupies an important place in the Co-operative education of the budding British workman. Reports are also given of an Orchestral Society, a Dramatic Society, a Horticultural Society and a Travel Guild. Adult and a Junior Summer Schools are to be held in the months of July and August.

And the whole of this varied and very living organisation began, fifty two years ago, by a group of fourteen artisans sending one of their members up to London to fetch back a chest of tea on his shoulders, and retailing it among themselves. But they did it in faith, and with a clearly understood purpose. They saw that by co-operating in the purchase of tea they could acquire the power of co-operating in any other industrial operation, in commerce, in manufacture, in agriculture, and in the attainment of culture. And they never deviated from the fundamental principle of Co-operation on the Rochdale plan, the principle that whatever advantages they won for themselves they offered on exactly the same terms to everybody else. Should any reader of this *Bulletin* ever become a resident in South London and desires to become a member, he has but to pay 6d for a copy of the rules and a share-book, and deposit 1s as a first instalment towards his shares, and he is immediately entitled to all the privileges of membership.

Amid all the political storms, and the fierce conflicts between labour and capital which are the melancholy but inevitable aftermath of the war, the quiet, steady growth of co-operation continues. Trade Unionism fights capitalism, but hitherto at least, attacks have only resulted in a more firmly knit organisation of the forces of capital. Co-operation replaces capitalism, it supersedes it, by performing the same function in a manner and on principles which appeal to the human craving for comradeship and justice.

In India co-operation begins, not by buying tea, but by forming credit societies. That does not matter, if Indian co-operators also have the clear vision possessed by Alexander McLeod and John Arnold and George Bishop and their eleven colleagues who founded the Royal Arsenal Co-operative Society. In India too the potential field of co-operation is not banking only, or buying and selling only, but all commerce, industry and finance; and in India also the fundamental principle of co-operation must be the open door welcoming all who will come in into the movement to share in its advantages and responsibilities equally with those who have toiled as pioneers.

ORGANISATION OF JOINT SALE OF PRODUCE.

By RAO BAHADUR A. VEDACHELA AIYAR, JOINT REGISTRAR C. S. MADRAS.

The agriculturist usually buys in a retail market which is a dear one and he generally sells his produce in a cheap market. As a producer, he does not gain the full advantage of good prices unless the sale is co-operatively organized. Owing to the absence of combination among the producers, the producer pays heavily for transporting the produce to the market. He is not acquainted with the standardisation of produce. He has no adequate knowledge of the wholesale market and its fluctuations. His habits are generally conservative. These difficulties have to be reckoned with when a co-operative society is organized for the joint sale of the produce of co-operators who are agriculturists.

2. The agriculturists generally sell their produce when they have to meet cash obligations, such as payment of kist, repayment of debt, purchase of necessities of life and meeting expenditure in regard to ceremonies and festivities.

3. The produce of the agriculturists may be classed as below:—

(1) Produce for consumption in local markets either in its raw condition or after conversion in a marketable form.

(2) Produce exported to foreign markets.

4. The system under which the producers sell their produce for consumption in local markets will be described below.

Sales of such produce are usually effected in small dribbles by the agriculturists to small traders who attend weekly shandies or go about the country and purchase the produce in small quantities. The small traders sell the produce so collected to bigger traders in towns in the vicinity and the latter again send it on to the wholesale merchants in important towns and in the Presidency town. On some occasions, the wholesale merchants send out their agents to buy the produce in shandies soon after harvest or from the smaller traders in important villages.

It is a fact known to all co-operators who are agricultural producers that such produce passes through 4 or 5 small middlemen before it reaches the wholesale merchants. These middlemen expect to pocket a certain amount of commission or profit and consequently offer low prices to the producers. The producers thus get much lower rates than what the wholesale merchants would give for the producers. Co-operators should therefore seriously think of the present disadvantageous system of disposal of the agricultural produce. The first duty of every co-operator and of every one interested in rural co-operation is to convince the producers of the loss arising from the sale of the produce to small traders and to induce them to secure instead a satisfactory arrangement under which the producer can sell the produce direct to the wholesale merchants or to other institutions and thereby procure better price. No new arrangement has any chance of success unless the producer, convinced of the unsatisfactory system practised by him, makes up his mind to free himself from the present system at any cost. The only arrangement which is likely to be successful is a co-operative organization suitably organized and carefully conducted on business lines. The producer has also to be warned not to be tempted by a petty show of advantage which the retail traders will naturally offer to the producer with the real object of breaking up the co-operative organization. It is therefore incumbent on everybody interested in advancing this kind of co-operation to preach to the producers in season and out of season the evil effects of the present system and how a co-operative organization alone is competent to combat such evils. The work of educating the co-operators is thus a necessary preliminary to the floatation of a co-operative organization for the purpose. The organization has to depend for its success mainly on the loyalty of its members. Even the sale of produce in bulk may not at times, give favourable prices but the producers have to understand that even traders incur loss in some years in spite of their practising adulteration, under-weighment or under-measurement and that the

traders eventually make up their loss when they sell the produce at very favourable rates. In the long run the traders do generally gain provided due caution and care are exercised in the trade. The producers who join a co-operative organization must have patience to bear up losses when they occur, as, like traders, the loss will eventually be recouped when better prices prevail. At any rate when the producers combine and pool their produce in a co-operative organization there is no reason why they should be placed in a worse position than the middlemen.

The sale of produce in the wholesale market cannot be secured by each individual producer. It is therefore incumbent on the producers to become members of co-operative organizations which will be competent to handle the produce and sell it in the wholesale market advantageously.

A co-operative organization has to pay attention to the following points when undertaking the sale of agricultural produce :—

- (1) Produce of uniform quality should be secured.
- (2) The producers should be made to supply the produce without practising adulteration.
- (3) The produce should be graded according to quality.
- (4) The produce should be carefully stocked and preserved in a good condition.
- (5) Adequate arrangements should be made to be in close touch with the prices prevailing in the wholesale market.
- (6) The organization must select the market for the disposal of each kind of produce.
- (7) Suitable arrangements must be made to stock the collected produce in suitable places to be put on the wholesale market when the prices are favourable.
- (8) Responsible men with sufficient knowledge have to be secured to decide the time when the produce should be sold in the wholesale market.

A combination of co-operators for the sale of produce can be secured in any of the following ways :—

- (1) The members of a co-operative credit society may pool their produce in the society and it may undertake as agent to sell such produce when prices are favourable in the wholesale market.
- (2) As the transactions under the first method are likely to be small, a union of credit societies will be useful to bulk the produce and secure large quantities for being put on the wholesale market. In some parts of the Presidency, such a union of credit societies is already in existence and is

known as a trading union. It is a limited liability concern to which all the producers may get affiliated through the co-operative credit societies. The trading union in existence now confines its operations:—

(1) To the purchase of agricultural requisites for co-operators such as seed grain, ploughing instruments, machinery, manures, etc.,

(2) The purchase of domestic requirements such as the necessities of life (food grains, cloths, kerosene oil, salt, etc.,)

(3) Any other requirements such as tools for artisans, raw materials for weavers, etc.,

A trading union may also be suitably fitted to undertake the operation of the sale of produce of the co-operators in the wholesale market.

(3) A third method will be to start a separate co-operative organization to specialise in and to undertake the sale of produce. This can be done where the trading union in existence is unable to cope with the work connected with the activities in the purchase of requirements and in the sale of produce. It may also be preferable to start a separate organization for the sale of produce where it is found necessary to bring under a union credit co-operative societies and persons who, though not members of credit societies, may be willing to join this activity alone and where the advent of such persons is likely to strengthen the union.

It is known to co-operators that a producer of agricultural produce cannot be expected to pool his produce and to wait for its value after it is sold. The produce being generally his cash, he parts with his produce only when he is in need of money. It is therefore a clear necessity in running a co-operative organization for the sale of his produce to give the producer the money he wants for his immediate use and to effect the necessary adjustment after the produce is sold.

The procedure to be adopted when a co-operative credit society undertakes this as an agent of its members is given below:—

The members of credit societies who have to pay their dues may be asked to pay such dues as soon as they get crops in the shape of produce such as food grains, pulses, groundnut, etc. The society will credit them with the value which can be had locally from the retail purchasers. The society will take charge of such articles after examining the articles handed over which should be in clean state and well dried. If any member wishes to hand over the produce, over and above what he has to give to meet his dues to society, he is welcome to do so and he will be paid the value as per retail purchase rate. The produce thus collected will be

kept in each society and the quantity of article secured and the value paid will be reported to the trading union which will in its turn report the same to the Assistant Registrar. A good market will be found for the sale with the help of any of these agencies, as produce when bulked gives a much better price than the retail rate. After the bulked produce is sold, the value realised will be distributed to the several societies which bulked the produce and the members will be credited with any extra profit realised. Should, however, there be any loss, it will be similarly debited in proportion to the members from whom the produce was obtained. As far as practicable the produce of each village will be kept separate and disposal will also be made similarly. In the case of articles which will get better prices by withholding them for some time, especially the food grains and the pulses, the agency deputed for the sale will sell at the favourable opportunity.

The credit society will advance the amount to the member on the security of the produce delivered by him to the society, the member drawing a trade bill for the amount. The amount of the bill when paid by the society will be passed in the accounts of the society as a deposit from the member and debited against him as a loan on the security of the produce. If the society be short of funds, the bill will be countersigned by the society office-bearers and the required credit will be raised on the strength of these bills from the financing banks. The society which countersigns the bills will do so only when it has the required credit in the central bank in the shape of a short term loan previously actioned. The central bank which accepts the bill will debit the amount against the society and pay the amount to the producer direct or through the society. The bills so negotiated will eventually be cleared by the society concerned either by the repayment of the amount in cash or by a short term loan obtained from the central bank.

The bills negotiated will give full particulars about the kind of produce, the quantity and the estimated value of the produce in the possession of the society and the society accepting such bills is responsible to see that these particulars are correctly given before acceptance and before negotiating them with the central bank.

The central bank may negotiate similarly these bills with the Madras Bank or the Madras Central Urban Bank when it falls short of funds. These bills will form collateral security and will serve as proof to show that these bills will be cleared in less than three months.

A similar procedure will have to be followed by a trading union or a special union of credit societies for the sale of produce. Each society affiliated to a union (trading union or sale union) will apply and get

the sanction of the central bank for loan of a sum of Rs. 250, Rs. 500 or Rs. 1,000 to be used for such trading purposes. The sum so sanctioned will be placed at the disposal of the union by the central bank on a requisition obtained from each society to that effect and after execution of the necessary bonds. Arrangements should be made to secure this credit in each union before the period when such transactions usually begin. The union will not draw the funds thus placed at its disposal except when there is a necessity. As soon as a society which buys the produce intimates to the union the amount for which it has collected produce and gives particulars of remittances to be made to the central bank on account of its dues, the union will remit the amount involved to the central bank to be credited towards the dues to the central bank by an adjustment out of the credit placed at its disposal. If any society wants more money on account of purchase of produce for joint sale, the union will remit the amount required out of the credit placed at its disposal by that society.

The unions will draw from the central bank out of the amount placed at its disposal by the affiliated societies after re-endorsing the bills of the producers endorsed by the societies and pledging them with the central bank as collateral security. The endorsement of the bills by the union is made to serve as proof of its responsibility to recover the amount of the bills from the credit societies concerned.

The central bank will get the bills cleared by the union after the sale is effected and the union will take similar action through the societies concerned.

Where the producers who are not members of co-operative societies join a trading union or the special sale union, they will be accommodated similarly by the union concerned with the required credit to the extent of 75 per cent of the local market price provided the men who get such credit are held by the Directors to be solvent or furnish suitable security.

Finding a market.—The sale of produce other than those exported to foreign markets can be effected in any of the following ways:—

(1) By securing orders beforehand from concerns which are co-operative or commercial such as co-operative stores, trading unions, hospitals, jails, industrial concerns, such as gold field, planting industry at Colombo, Wynaad and the Nilgris. The quantity of articles required and the prices at which they are to be supplied can be ascertained by a contract with such institutions. The union may also agree to serve as agent for a small commission for the collection of the articles at prices notified by such concerns.

(2) By getting orders from the wholesale merchants at important trade centres for a definite quantity of produce and at prices settled

beforehand with such merchants or by the union serving as an agent to such merchants.

(3) By stocking the articles in a suitable market centre to be sold when prices become favourable. This method can be adopted only when suitable financing arrangements for larger amounts are available.

Distribution of profits.—The distribution of profits will be made in proportion to the quantity of produce supplied and will be made in cash or by credit towards share capital of the institution. A portion of the profits may advisedly be kept as reserve in the union societies, to meet the losses in the transaction at any time in the future. If such a system is worked for a period of say, five years continuously the losses in any year will be adjusted by profits of other years.

Exportable articles.—As regards articles of produce that are exported outside India, the system of purchase by traders from producers now in practice is a little different and more complicated. The exporting firms alone have got facilities to gauge the foreign market. The suppliers to such exporters are at present wholesale or retail traders and they enter into a forward contract with such exporters to supply a certain quantity of a specified article at a certain price and within the stipulated date agreeing to indemnify the firms in the event of breach of such a contract. The suppliers enter into a similar contract with small traders. They also finance the small traders suitably should they be found solvent. The small traders get their supply partly by advancing money ostensibly without interest and in some cases with interest to the producer before harvest and even before cultivation of the crop getting an agreement from him to hand over a certain quantity of the produce at a fixed price which generally is very low. The producers being pressed for money enter into such contract with the result that all the advantages arising from a rise of prices in the market goes to the small traders. The small traders also buy the article in small quantities from the producers who have not entered into such contracts but offer prices much below the rate at which they have agreed to give their suppliers. The producers not being in touch with the market deliver the produce at low rates to such small traders, apparently the result of urgency for money.

This system of trade is carried on by a large number of traders. The chain of middlemen is longer than in the case of the trade of other articles owing to absence of knowledge of the conditions of the foreign market. This complicated system cannot be easily broken up at present by a co-operative organisation but a beginning may, however, be made.

The co-operative producers have first to be shown clearly that they lose a great deal under the present arrangement. The producer should also be made to realise that they must make special efforts to combine themselves and secure a co-operative organisation to work up its way against the system conducted by experienced traders backed up by strong financial arrangements. Unless the producers combine themselves with a strong determination to work up their organisation at any cost there is no chance of success. They must be prepared to face loss at the outset as the result of the capitalist competing with them and under-selling them; the organisation may have to entertain a highly paid establishment to run the business on sound lines. But these difficulties will disappear and they will ultimately succeed. The real success consists in securing a co-operative organisation to combat the evils of the present system under which the traders exploit the producers.

The first step to be taken is to prevent the producers obtaining advances on their crop from the small traders who are suppliers to the exporters. Such an accommodation should be secured only from co-operative organisations or special co-operative trading unions for the sale of produce.

The second step to be taken is to collect the produce of a uniform quality properly graded and absolutely free from adulteration from the producers through these organisations.

The third step to be taken is to hold the collected produce in some suitable locality, prepare it for the market on the approved lines with the aid of co-operative machinery or hired private machinery and to offer large quantities in the market of suppliers or to the exporting firms. The suppliers generally offer higher prices for the article when they fail to keep up to their contract. The exporting firms also offer better prices when the forward contractors fail to keep up their engagement. The exporting firms do not go in for small quantities but generally offer very favourable rates for articles of uniform good quality when offered in large quantities. A really competent and honest man must be secured, who should watch the wholesale market and sell the produce at the proper time. If the co-operative organisation gets stronger and the loyalty of its members is assured, we may then enter into a forward contract with the exporting firms.

Finance.—Co-operators need not be scared away from the suggested scheme on the ground that there will be difficulties in securing the required credit from the financing banks. The co-operative financing arrangements are sufficiently strong to meet the scheme and can be made still stronger when required. Central banks need not at all feel nervous in taking up these responsibilities as financing trade operations of the

kind suggested are not in any way risky. Credit operations are carried on fairly satisfactorily by the central banks. The trade operations proposed merely involve the liberation of credit for shorter periods on the security of produce (which after all is ready cash). If the trade operations are well organized the procuring of the necessary credit is a matter of no difficulty.

Success in trade operations is dependent upon the following :—

(1) the education of the producers to make them realize the disastrous system under which they at present sell their produce at low rates to the traders,

(2) an intense desire accompanied by strength of will to end the existing system of sale and to organise a co-operative combination for the sale of their produce advantageously,

(3) incessant energy on the part of the co-operators, in working the co-operative organisation by practising steadfast loyalty to it at any cost,

(4) the gradual strengthening of the co-operative organisation by eliminating the middlemen at each step taken.

It therefore, behoves all the co-operators, co-operative organisations and all interested in the advancement of the co-operative movement official and non-official to bestow sustained and strenuous attention to this subject if the co-operative movement is to carry on trade operations to combat the highly organised capitalistic arrangement which is in possession of the trade operations of the country.

INDEPENDENCE FOR ALL.

The practice of judicious saving is one of the prime essentials to success. Economy, like intelligent and uniform work, is constructive and no one can hope to enjoy real independence who does not keep his expenditures well within the limits of his income.

The reckless spending of money quickly becomes a habit, and those who allow themselves to be enslaved by extravagance are burdened under the triple load of past, present and future obligations without sufficient funds to meet them.

There is just pride and pleasure in knowing that there is going to be a surplus left when the weekly bills are paid—much greater pleasure than the temporary enjoyment of things we cannot afford.

Put your systematic savings, however small, in the Rural Credit Association in your town to be loaned out to struggling farmers to free them from Usury. You will thus become a capitalist by your money working for you and earning 6 per cent a year. Write to the Director of Agriculture, Manila, for more particulars :—*Manila Times*.

*SMALL-SCALE INDUSTRIES.

What co-operation can do for them.

BY MR. D. A. SHAH, M. A., LL. B.

Educated Indians as a class have always evinced an ardent desire for the industrial regeneration of the motherland. But how small indeed is the number of those who have thought out the question in all its aspects? The present is the time to pause and consider whether we are setting out on the right path. It is clear that, in the past, we have only adopted the industrial organization of the West, and it would hardly be a matter for surprise, if we did so in the future. It is natural that the opulence of Western countries and the comparative poverty of India should lead us so long for the industrial organization of Western countries which made them rich. Yet, we cannot for a moment afford to forget that the Western large-scale organization of industry brings in its train evils—serious evils—which are not fully realised in this country, but which have been pressing more and more insistently to the notice of the Western peoples. The large-scale organization turns the small artisan into a mere wage-earner—the master into a servant, often a semi-slave. It causes the industrial population of a country to be drawn to a few centres, entailing the exodus from the village to the town. The industrial population lives in slums in each of which are huddled together a number of persons—males and females. The conditions of life in factories are often such as can hardly be tolerated. Then again, the devil has many snares in towns. The factory-workers, deprived of sufficiency of air and light and even privacy, and being nothing more than average human beings, fall easy victims to the devil's snares. A marked physical and moral deterioration is the inevitable result. The Western organization of industry also causes wealth to be concentrated into a few hands, producing great inequalities of wealth. It adds to the class of the idle rich, and creates a new sub-merged class. On the one hand rise mansions and villas, some of them with luxuries for which there can be neither justification nor excuse, and on the other, come into existence slums unfit for human habitation. This ultimately leads to the strife between capital and labour which, if not properly attended to, endangers the whole body politic. *Ceteris paribus* the small scale or domestic organization of industry in which the worker is his own master and works at home, is preferable to the large-scale organization of industry, from the stand-point of all-round national well-being. It is arguable that the conditions of life and work under the large-scale organization can be improved; but so also can the condition under the small-scale organization be improved on the positive side, by adding to the amenities of the artisan's life.

* With acknowledgments to the *Hindustan Review*.

The above considerations which are common to the whole world, should alone make us ask ourselves whether it is not possible for us to develop our industries without demolishing the small-scale organization. But we have special reasons of our own which add immensely to the value of an organization under which we can have industries run on a small-scale. Agricultural holdings in India are small, some of them being uneconomic. Most of the Indian cultivators eke out a bare living. But most of them have leisure for certain months of the year which, if usefully utilised, might supplement their small incomes. That is why the need for what are called secondary industries is very widely felt in India. Secondary industries must, as a rule, be small-scale industries. Far from new secondary industries having been provided to the cultivators, even the industries which they used to carry on formerly, have mostly been killed by the stress of competition. To take only one instance, the cultivator and his family found partial occupation in the ginning and spinning of cotton, and even in hand-loom weaving. Ginning, spinning and weaving factories have mostly deprived them of this partial occupation of theirs, which was either an extra source of income or a means of avoiding some expenditure. This is one of the explanations of the apparent paradox observed in some parts of the country, that the economic condition of the cultivators has grown worse in spite of the activities of the Co-operative and Agricultural Departments.

Moreover, Indian agriculture being still a gamble in rains, famines are not of rare occurrence. Diversity of industry is, therefore, urged as one of the preventives of famine and scarcity by famine commissions and men entitled to speak on the subject. But this diversity cannot be attained so much by large-scale as by small-scale industries. The practice of some other industry besides agriculture would also raise the general intelligence of the agriculturists.

Speaking from the industrial stand-point, India has been, and still is a land of small-scale industrial organization. In the West, it is a matter of surprise how so many artisans, weavers, carpenters, smiths, potters, oil-pressers, shoe-makers are even to-day carrying on their industries in their own homes in India. Anyhow, the fact remains that these industries have wholly or partially survived the first shock of the Western large-scale organization. But now as we are likely to organize our industries on Western lines, competition will grow more severe, and the small-scale industries will have to put in a very hard fight for their very existence. Not only the weaver, but the oil-presser, the shoe-maker &c., the familiar features of the Indian economy, may vanish in course of time. It becomes our clear duty, therefore, to spare no pains to strengthen the position of the existing small-scale industries, and for the reasons mentioned above, to create as many primary or secondary small-scale industries as possible.

In emphasizing the need for small-scale industries, it is not suggested that we should be content with small-scale industries even though they depend for their existence on the protection given either by the people through "Swadeshi", or by the State through fiscal preferential treatment. The industries must be established on such a sound basis that they can stand competition of industries organized on a large-scale. It becomes necessary, therefore, to examine the forces which worked and are likely to work against the small-scale industries, and to see whether they cannot be overcome.

Firstly, the artisan suffers from want of knowledge. As a rule, he is not educated. He cannot keep himself acquainted with the latest improvements in the methods and implements of his trade, nor can he, like the head of a large industrial concern afford to make experiments for his own purposes. Secondly, want of capital does not allow him to adopt new methods or implements or even buying his raw materials in the cheapest market or sell his finished product in the dearest market. Thirdly, he hardly ever knows the business side of his industry. Even when there is no difficulty about capital, he hardly ever knows how and where to purchase his raw materials or to dispose of his finished product. The idea of advertising his goods never crosses his brain. But even if he knows the business side of his industry, he cannot, on account of his isolated position, achieve as good results as an industrialist doing his work on a large scale.

To begin with the last two forces, co-operation seems to be the most appropriate and effective—perhaps the only remedy. If artisans of a particular area or trade organize themselves into a co-operative society, they might, on their collective credit, be able to command an amount of capital sufficient for the purposes of their industry i. e., for buying raw materials or improved implements or machinery. They can also collectively purchase raw materials and even implements in the cheapest market and sell their goods in the dearest market. This would enable them to keep the whole profit of their industry to themselves, part of which formerly went to the money-lender or some other middleman. But co-operative organization not only transfers the profit from the money-lender or the middleman to the artisan, but by making him independent, changes the very outlook of his life. Once the artisan gets himself entangled in the debts of a money-lender, he practically ceases to be his own master. He carries on his trade almost for the money-lender who supplies him with raw materials, and buys up the finished goods at a price he chooses to fix. There is no incentive for the artisan to work hard as he feels that he cannot reap the legitimate fruits of his labour. By making him independent, we make him more industrious and cheerful. In addition to the industrial co-operative societies which would confine their operation to

particular industries or villages, there would be at least one central Industrial Society and one Industrial Co-operative Bank in each province located in its business centre. The former would not only serve as a link connecting the small industrial societies with the central market, but may, at times, place independent orders with them, and also do the advertising on their behalf. The latter would undertake the work of financing the primary industrial societies, the present Co-operative Bank being unsuited for the purpose.

As regards the first force, changed times and ideas are working in favour of the small-scale industries. Research, experimentations, educational facilities, technical and scientific advice, and commercial and industrial intelligence are some of the forms of State assistance to industries now recognised by Government. On account of the great national importance of small-scale industries, Government should undertake to keep the artisans informed of the latest methods and implements, and wherever necessary, provide them with facilities for training. Even much of this work can be done by a central body created and maintained by industrial co-operative societies themselves after co-operative organization of industries has worked success for some years, and taken sufficiently deep root.

It must be remembered that though the large industrial concern has, as we saw, some advantages over the small industrial establishment of an artisan it suffers from some disadvantages also. A certain percentage of the annual profit, sometimes no less than 20 or 25 p c., goes towards the payment of taxes like super-tax or income-tax &c. The expenses incurred for management and supervision are very heavy, and there is always room for corruption. In industrial centres or areas, living is much dearer than elsewhere, and wages have, therefore, to be correspondingly high; initial and recurring expenditure for the accommodation of the concern is heavy, on account of the high prices of building materials, and of land available for building purposes.

It is not a natural law that large-scale production should supersede small-scale production. On the other hand, as Gide believes, motive power like electricity which involves little waste and can be supplied to the artisans in their homes, would permit new forms of industrial enterprise capable of resisting the encroachments of large-scale industry. Thus not only can we strengthen the existing small-scale industries, but we can turn even some of the present large-scale industries into small-scale ones. It should not be impossible, for instance, to replace the present ginning or even spinning and weaving factories by colonies of independent artisans organised into co-operative societies, and working in their own homes at their own machines driven by electricity. Probably it would be sufficiently

remunerative for persons who have received fair English education, either literary or technical or both, to be engaged in such small-scale industries. Apart from the question of motive power, industries like twine-ball-making, tape-making, hosiery-making and button-making seem to be unnecessarily run on a large-scale though they are capable of being equally successfully carried on on a small-scale. Again, the difference between the prices of artistic articles of value like embroidery and lacquer work at places of production and places where there is market for them, is often enormous. The producers of such articles can hope to get their full reward only if they take advantage of co-operative organization and maintain touch with markets where their goods are in demand.

Co-operatively organized small-scale industries seem to be the only means of avoiding industrial stagnation on the one hand, and capitalism or socialism on the other. Efforts are therefore, necessary to put the existing small-scale industries on a sound basis, and to increase their number by replacing some of the present large-scale industries by small-scale ones, and by establishing suitable secondary industries. Then every village or group of villages should require a co-operative industrial society for industries—primary or secondary, artistic or ordinary. There should be one or more central co-operative industrial banks of the nature already described. Good results have been obtained from the organization of agricultural and even non-agricultural credit on co-operative lines. Attention is being paid to the organization of co-operative distribution, but little is accomplished in the sphere of co-operative production, and hardly any special efforts in that direction are in sight. On the contrary, in the enthusiasm for the industrial development of the country, it is possible that the claims of small-scale industries may be ignored by the Industries and Co-operative Departments as well as by the people. Popular opinion should be educated on the subject, and Government should be urged to pay special attention to it when they launch the new industrial policy for which they are now preparing. Moreover, if, as it seems probable now, industries and co-operation become transferred subjects, the mandates from electors should show a decided preference for small-scale industries. We may, by all means, go in for large-scale industries wherever economically sound small scale industries are impossible. But the oft-repeated statement that the days of small-scale industries are past, and that the large scale production has come to stay is only an indication of unimaginative mind which cannot rise above the present and look into the possibilities of the future. How few could have believed in the wonderful co-operative organization of agricultural Denmark if it were not an accomplished fact? In spite of the constant talk of the Indian point of view in economics what special efforts have we made to develop our industries on lines which could suit the traditions and the genius of our race? As the writer puts this last question he cannot hear a voice of despair in reply, for, the words of Carlyle are ringing in his ears: "The hour having struck, let us not say impossible; it will have to be possible. The way to do it is to try to do it, knowing we die if it be not done." The hour has struck.

THE SECOND S. KANARA CO-OPERATIVE BUSINESS CONFERENCE.

The Second S. Kanara Co-operative Business Conference was held at Mangalore on the 19th and 20th of March 1921. The conference was attended by the Assistant Registrar of the section, the Assistant and sub-assistant Director of Fisheries, representatives of the District Central Bank, representatives of the Supervising Unions in the District, Inspectors of co-operative societies working in the section and the supervisors working under the unions. The following items of business were transacted.

I. New Supervising Unions :—The conference came to the conclusion that three more supervising unions may be registered before the close of the current co-operative year at three different centres of the district.

II. Supervision contributions from Fishermen's Societies.—The conference was of opinion that Fishermen's Societies needed supervision and it was equitable that they should pay the supervision cost. But in view of their backward character the scale might be fixed at 4 annas for every Rs. 10-15-0 earned as interest.

III. Supervisors for unions without supervisors :—The question of the Unions at Coondapoor and Karkul being allowed to employ supervisors was deferred till the next Business Conference. A supervisor has to be selected for immediate training for the Union at Bantval.

IV. Bonus to be added to supervisors' staff Provident—Fund contributions :—The Conference is of opinion the bonus to be added to the staff Provident Funds of supervisors should be paid in the Central Bank by the respective unions from their own funds.

V. The next Business Conference and Union General Meetings :—The Conference is of opinion that the next Business Conference should be held in the first half of September next and that the ordinary annual general meetings of unions should be held after the publication of the proceedings thereof.

VI. Tour through the District :—The Conference thinks that it is desirable for a group of Central Bank and Union representatives to visit all the different union centres in the ensuing midsummer recess of courts and schools and invites the undermentioned gentlemen to constitute such a group (names omitted) :—

General meetings of the concerned unions will be arranged by the respective persons at the different centres. The Assistant Registrar is requested to direct the Chief Inspector and the Inspector detailed for non-credit work to join the party.

The authorities are here by requested to give the necessary sanction to enable the two Honorary Assistant Registrars to tour outside their respective jurisdictions for the purpose.

The expenses necessary for the touring of the others will be met for the present from the Supervision Insurance Fund in the Central Bank.

VII. The last two District Co-operative Conference :—Read the statement of accounts of the last two District Conferences.

Resolved that the surplus remaining with the Mangalore Union out of the collections of the second conference be appropriated towards liquidating the deficit of the First Conference, and that the Central Bank be requested to make up the balance of the deficit by means of the necessary grant from the amount at the disposal of the Central Bank out of the secretary's honorarium for 1919—20.

VIII. The Property Statement Register :—The Progress shown by societies in maintaining the Property Statement Register as reported by the Inspectors and supervisors was laid before the conference. The general sense of the conference was that the progress so far attained was not quite adequate. The conference was of opinion that the panchayat of each society might be advised to insist upon every member supplying his and his sureties' figures for the Registrar before any share or loan application would be received from him. Inspectors and supervisors should make at least a few entries in the Register personally at each of their visits to societies and report to that effect on every such occasion. In the case of new societies, the officers who start them into work should make the entries in the Register as part of their legitimate work and send copies of such entries together with their reports of starting.

IX. Societies and Central Bank shares :—The question of introducing a compulsory byelaw in the Central Bank for the investment of societies' paid-up share capital in Central Bank shares might be deferred for the present. The question of financing societies which do not invest all their share capital in Central Bank shares might for the present be left to the discretion of the authorities of the Central Bank.

X. Repayments in kind and joint sale of Produce :—The question of societies accepting repayments in kind instead of insisting upon cash on all occasions was considered. The scheme outlined by the Joint Registrar for the sale of produce thus collected was also explained to those present. The conference approved generally of the Joint Registrar's scheme, but thought it desirable under existing circumstances that the scheme should for the present and for sometime to come be inaugurated only in societies to be specially selected for the purpose.

XI. Classification of Societies at audit :—The conference learns that societies are being actually classified as good, bad and indifferent, as soon as the annual audit is over. The conference thinks that it is desirable to inform each society of the class under which it has been included according to that system. Lists of societies thus classified might with advantage be sent also to the respective unions and the Central Bank.

XII. Government Agricultural Loans :—The question of loans under the Agriculturists' Loans Act and the Land Improvement Loans Act being granted by Government through central banks and primary societies instead of to private persons direct was considered. The copy of the Registrar's letter to Government and Memorandum No. 1552—III/20—I, dated 28—10—20. on the subject were also read out and explained. The conference considered the points definitely raised in the Government Memorandum, and came to the following conclusions :—

(1) The sums to be advanced should not be based on the sums which have been advanced in the past to individuals, but should be based on definite forecasts prepared for the purpose.

(2) Advances should be made direct to the societies and not through the Provincial or Central Banks. Since it is desirable to make the loans available at the lowest possible rates of interest, the conference considers that the intervention of the Provincial and Central Banks is unnecessary. Applications might be sent by the societies through the concerned Unions to the Assistant Registrar who may, after scrutiny, send them to the Collector. The bonds obtained from the members should contain a stipulation for charging the maximum penal rate of interest allowed in the byelaws of the societies in default of timely payment. This seems to be necessary for enabling societies to borrow from central banks as usual in order to repay the Government loans in spite of defaults on the part of members.

(3) The loans should be made available to societies at the same rates of interest as are at present levied from individuals when loans are granted direct to individuals. The societies should pass the moneys on to individuals at $\frac{1}{4}$ per cent margin.

(4) Loans to be granted by Government should also be made to come within the maximum borrowing power of societies, but the limit of the maximum borrowing power might have to be increased to $\frac{1}{4}$ instead of being allowed to remain at $\frac{1}{8}$ of the net assets of the members as at present; and out of the said one-fourth, one-half would have to be reserved exclusively for transactions under this head, the other half alone being utilised by the societies for their ordinary transactions.

(5) The societies might have to be given the loans for periods of 20 years, the periods to be granted to members being allowed to be adjusted by the societies within the maximum period of 20 years according to the merits of each individual case. Societies should pass on all collections to Government direct and should not re-loan such moneys without obtaining previous sanction from the necessary authorities.

(6) The conference generally agrees with the views expressed in para 2 of the memorandum, subject to the modifications suggested above.

XIII. Kanarese Co-operative Literature:—The conference agrees that it is necessary to make early arrangements for the publication of as much Kanarese Co-operative Literature as possible in addition to the Kanarese Co-operative Journal which has already been started. The conference thinks that it is desirable to form the nucleus of a *Publicity Fund* for meeting the expenses connected with such publications and would therefore suggest to the authorities of the Central Bank that the amount available out of the secretary's honorarium in respect of the co-operative year 1919-20 might be utilised therefor.

XIV. Distribution of Prizes:—The conference is in favour of continuing the system of distributing prizes for essays to be written on co-operative topics, but suggests that the competitions should in future be thrown open to school boys also.

The subjects to be chosen for prizes in the next co-operative year may be the following:—

(1) "Students' Stationery societies and their uses and possibilities."

This subject is to be open to school boys only. Only one prize of Rs. 10 need be awarded.

(2) "Evils in co-operative societies and how to remedy them."

This subject is to be open to members of co-operative societies, Inspectors and supervisors. A first prize of Rs. 15 and a second prize of Rs. 8 may be awarded.

XV. Transfers of societies from one union to another...

XVI. Societies to be split up...

XVII. Areas for new organisations...

XVIII. Societies to be liquidated...

XIX. Prize awarded.—Announcements were made of the prizes awarded to the persons who were judged to be the winners in the essay competitions instituted at the last Business Conference. The prizes were distributed as follows by the Assistant Registrar:—

Subject.

Investment of primary societies' share capital in Central Bank shares.

I. Prize of Rs. 15 to Mr. Khambadakone Nagappamerta, President of the Khanbadakone Co-operative Society.

II. Prize of Rs. 8 to Mr. P. Kannan Nair, Supervisor of Co-operative Societies, Sullia.

Repayment of Central Bank loans in full by primary societies without re-lending collections and asking for extension of the original period.

I. Prize of Rs. 15—not awarded.
II. Prize of Rs. 8 to Mr. R. Ramanaatha, Supervisor of Co-operative Societies, Kasaragod.

XX. Producers' societies—the Pallikere Tobacco Growers' C.W.S.—After ascertaining the state of affairs in the Pallikere Tobacco Growers' C.W.S., Ltd., the conference came to the conclusion that the society might be permitted, at least as an experiment, to go in for outright purchases of produce from the members, provided that the produce thus purchased would be passed on regularly to the wholesalers at Mangalore as whose purchasing agent the society might act for the time being, charging the usual commission for the same. These transactions have, however, to be watched carefully by those concerned, and for this purpose bi-weekly reports might be arranged to be sent from the Society to the Assistant Registrar who will send copies to the union and the Central Bank.

XXI. Fishermen's Societies and their conference:—The question of the proposal to transfer Fishermen's Societies from the control of the Co-operative Department to that of the Fisheries Department was taken up for re-consideration in view of the correspondence published in the *Kannada Sahakari*. The correspondence was read before the conference. The opinions expressed at the conference seemed to be all in favour of the proposal. It was ultimately agreed that the conference might defer expressing any opinion either way again until the proposal had been left to be considered by the fisherfolk themselves at a conference of the Fishermen's Societies in the district which might be suitably convened in May next.

XXII. Co-operative Stores:—The conference, after a full and detailed discussion of the state of affairs in the different stores and trading unions in the District, came unanimously to the following conclusions:—

(1) It is necessary to provide for credit sales in all the stores and trading unions in the district.

(2) The sale prices have to be fixed at the market rates themselves, a small discount being allowed on cash purchases.

(3) Borrowings from the Central bank should be resorted to only in exceptional cases, ordinary transactions being carried on under the usual system of trade credit allowed by wholesalers.

(4) Quick turnover should be aimed at, the ideal being a complete turnover once at least in two months normally.

These conclusions have to be discussed at an early date with the Registrar so that Government may be moved to allow credit sales in all the stores and trading unions in the district. The conference welcomes the idea of the Malabar Co-operators to convene a conference of stores workers of Malabar, Coimbatore, South Kanara and the Cochin State.

XXIII. Skeleton form for supervisors' reports.—The conference thinks it necessary to provide a definite and uniform skeleton form for supervisors' reports of inspection of societies in place of the different systems prevailing in the different unions in the district at present. In modification of the resolutions passed about this subject at previous Business Conferences, the conference is at present of opinion that the originally designed supervision note-book as revised at the conference may itself be adopted for the purpose. The note-books will be preserved in the union offices, but observations, if any, on the defects revealed in the note-books will, after consideration in their Governing Body meetings, be communicated to the concerned societies, and copies thereof will also be sent to the Central Bank through the Assistant Registrar.

XXIV....

XXV. Forecasts.—The system of forecasts as outlined at the last Business Conference has to be introduced so as to be brought into effect in the next co-operative year itself. Inspectors and supervisors should devote the months of April, May and June next to this object more than to anything else. It is advisable to prepare the final forecasts after open discussion at general meetings themselves. The forecasts have then to be sent through the unions to the Assistant Registrar from whom they will ultimately arrive at the Central Bank office. Copies of the resolutions in the Central Bank will be sent to the Assistant Registrar as well as the unions. The forms drawn up for the forecast applications as well as the disbursement slips are approved. The slips will be sent to the Central Bank through the concerned union offices, where, however, they will be ordinarily dealt with only by the union secretaries without express reference to the Governing Bodies. The resolution passed by the Board of Management of the Central Bank about the procedure of certification is approved.

XXVI. New rules proposed by the Joint Registrar under the Act.—The conference is of opinion that it is both desirable and necessary for Government to frame the new rules under the Act as proposed by the Joint Registrar, empowering the Registrar to reduce the maximum borrowing power of societies without consulting the general bodies of the societies and to hold special general meetings of societies, and empowering the general body of society to appoint any member to take any action on its behalf whenever necessary.

XXVII ...

XXVIII. Rules for the preservation and destruction of records.—The conference invites the attention of the Registrar of Co-operative Societies in the Madras Presidency to frame suitable rules for the preservation and destruction of records in Co-operative Societies in the Madras Presidency similar to the rules existing in the Bombay Presidency.

XXIX. Loans for the Depressed classes from the Labour Commissioner.—This conference exhorts the co-operative societies in the district to interest themselves in helping the landless members of the Depressed classes to provide themselves with houses of their own, by admitting deserving members of such communities as members of societies, getting them suitable plots of ground under the special darkhast rules and giving them the necessary loans by obtaining the required money from the Labour Commissioner of the Madras Presidency.

XXX. Pay and allowances of supervisors.—On the matter of the joint application from the supervisors in the district for increase on pay and allowances, this conference recommends to the concerned unions that in lieu of the existing daily allowance of eight annas, supervisors of a pay of Rs. 20 per month may in future be paid a fixed allowance not exceeding Rs. 15 per month. As regards increase in pay, the matter will be dealt with as laid down in Resolution No. II of the second Business Conference of 1919-20.

XXXI. The permanent Registrar.—The conference records its keen sense of loss sustained by the co-operative movement in the Madras Presidency by the departure again of Mr. F R. Hemingway on leave, but hopes that it will be possible for him to return to the field of his labours with renewed health and vigour to carry on the noble work which he has done in the past.

THE SALEM TOWN SCAVENGERS AND SWEEPERS' CO-OPERATIVE SOCIETY, SALEM.

The Salem Town Scavengers and Sweepers' Co-operative Society, No. 987, perhaps first of its kind in India, was registered on 22th Oct. 1912 and started its work from 10th Jan. 1913. Number of members on the day of starting was 256 with paid up share capital of Rs. 256. The then Assistant Registrar of Co-operative Societies, M. R. Ry. Rao Bahadur A. Vedachellam Ayyar Avl., did much towards the expansion of the Society, with the help of M. R. Ry., Rao Sahib K. D. Subramania Ayyar Avl., Municipal Secretary and M. R. Ry. Rao Bahadur V. S. Ramaswamy Ayyar Avl., B.A., B.L., Chairman. After the abolition of the place of the Municipal Secretaryship, there was no help from the Municipality and the Co-operative Department was conducting the affair of the Society by deputing one of its own Inspectors for a period of one and a half years. In 1917, after a series of correspondence between the Assistant Registrar and the Municipal Council, the Council deputed a councillor as Honorary Secretary to look after the business. M. R. Ry. T. C. Sethumathava Ayyar Avl., B.A., B.L., than a Municipal Councillor was in charge of the Society for one year. He increased the usefulness of the Society in various ways. For the last 2½ years, M. R. Ry., V. Seetharama Chettiar Avl., has been looking after the business as Honorary Secretary and he too has been evincing considerable interest in the conduct of the Society.

For the first 3 years, during Pongal, cloth was distributed to members purchased out of Cloth-Fund deposit collected from them at 4 As per head per mensem. At Salem, Mariammen festival is the most important one for them and so it was found necessary by experience to shift the purchase and distribution of cloths to Mariamman festival. For the last 4 years, cloth is being got wholesale from merchants and distributed to the members during that festival. Now owing to the high prices, cloth could not be purchased out of the Cloth-Fund collected from them and has had therefore to be supplemented by loans issued to members along with the Cloth-Fund Deposits. Every year, cloth worth Rs. 800 to 1000 is being supplied. In the year 1919, owing to the scarcity of food grains, arrangements were made with the Local Stores for the wholesale supply of food-grains etc., to members. This was done by giving credit slips to members to get the required food-stuffs from the Stores. Subsequently when Government began to control the price of rice, difficulty was experienced in procuring articles from the stores and the Municipality came to our rescue by selling to the members rice worth about Rs. 350 to Rs. 400 per mensem.

Financial Condition.

A loan of Rs. 1,850 from the District Bank was first got in 1919 and was repaid within 2 years as there was a regular monthly collection from members. The District Bank allowed an Overdraft for Rs. 1,000. In 1919, this was increased to Rs. 1,500. The transaction with the District Bank per annum amounts to Rs. 5,000. Members also pay annually Re. one towards their share amount which on the 30th June last, amounted to Rs. 817, and the Society's Reserve Fund amounts to Rs. 1,416-15-0. The Society's liability to the Salem District Urban Bank at the end of the co-operative year was Rs. 1,420, while the amount due outstanding to it from members was Rs. 1,660.

Other activities.

In April 1919, the Society undertook, under the kind and sympathetic guidance of M.R. Ry. Rao Bahadur A. Vedachellam Ayyar Avl., the contract with the Salem Town Municipality of supplying bull for night soil carts at Rs. 10 per animal per mensem. The Society borrowed Rs. 1,000 from the District Bank and purchased 24 bulls for Rs. 650 and the balance was spent in erecting a shed, storing fodder and giving advances to the night soil cart drivers. The Society was able to complete the contract for the year to the entire satisfaction of the Council. During that year, the loan of Rs. 1,000 obtained from the District Bank was repaid in full and at the end of the contract, the net profit was Rs. 531-5-10. The Society was again given the contract for another year at Rs. 9-8-0 per animal per mensem and the profits for these 8 months comes to about Rs. 400 besides the 22 bulls which have become their own property. The contract is now working without any outside help. The Society would have earned more profit but for the fact that the Municipal council reduced the rate from Rs. 220 to Rs. 199-8-0 per mensem. Another noteworthy feature is the building by the Society of a Mariamman temple in their own quarters out of the dividend earned by them, year after year.

The Society is doing good work in helping the poor scavengers. The working of the Society even attracted the attention of the Council of Social Service League, Madras, in January last and got a donation of Rs. 20 from Mrs. Whitehead of Madras.

The Society in conclusion, wishes once again to place on record its deep sense of gratitude to its founder M. R. Ry. Rao Bahadur A. Vedachellam Ayyar Avl., but for whose earnest endeavours, the Society would never have become a success, and to the hearty co-operation during his service of the Municipal Secretary, M. R. Ry. Rao Sahib K. D. Subramania Ayyar Avl.

THE FIRST TINNEVELLY SECTION CO-OPERATIVE CONFERENCE.

The First Tinnevelly Section Co-operative Conference took place on the 30th April '21 at the Hindu College, Tinnevelly. M. R. Ry., Rao Bahadur T. N. Sivagnanam Pillai Ayl., presided. About 100 delegates attended the Conference. Among those present were Messrs. N. A. V. Somasundaram Pillai, M.L.C., S. T. Shanmugam Pillai M.L.C., K. S. Ponnuswami Pillai B.A. B.L., G. Srinivasa Aiyar, Principal-in-charge, Hindu College, Rao Bahadur S. Kumaraswami Reddiar, Rao Bahadur A. Vedachela Aiyar, Registrar of Co-operative Societies, Mr. N. Ramanuja Chariar, Assistant Registrar of Co-operative Societies, the Deputy Director of Agriculture and the Supervisor of Industries. The mornings of the 30th April and the 1st May, the dates on which the conference was held, were devoted to informal discussions with the departmental officials. Mr. N. A. V. Somasundaram Pillai welcomed the delegates on behalf of the organisers and proposed Rao Bahadur T. N. Sivagnanam Pillai to the chair. The president opened the proceedings with a short history of the movement in Tinnevelly District. He invited the assembly to consider the advisability of starting communal societies. He said, there was a large body of weavers in the taluqs of Ambasamudram, Tinnevelly, Tenkasi and Sriviliputtur who suffered a good deal at the hands of the middlemen brokers who sold the raw materials to them on credit and took the finished goods in return. Co-operation would solve their difficulty. Jaggery industry and Palmyra fibre industry were the other two that would greatly benefit by co-operation. The president also pleaded for the organisation of special societies for the fisher folk and panchamas. In conclusion he said the potentialities of co-operation for the moral and material uplift of the rural population were large and hoped that both the Government and the people would lose no time in spreading the movement. After his address reports of important societies in the section, and some papers on co-operative and other topics were read.

Resolutions.

Among the important resolutions passed at the conference was one calling upon all co-operators in the District to strengthen the District Bank by taking shares and placing deposits with it. A resolution emphasised the necessity for greater energy and effort in spreading the movement in the section. A third resolution recommended the starting of special societies and the organisation of a co-operative purchase agency for the weavers of the district. Government was requested to depute a

special officer for that purpose. A Committee was appointed by a resolution to go into the question of starting societies for Palmyra climbers who were without work for half the year. Relaxation in the case of Panchama societies of the rule which limits the extent of loans to one-eighth of the assets of such societies was asked for. A resolution of some interest to co-operators in the presidency, that led to a great deal of heated discussion and was defeated in the end, ran as follows:—

"This Conference is of opinion that for the purpose of impressing upon the members of co-operative institutions, the real principles and objects underlying them and the duties that are expected of them as co-operators, provision must be made at the time of admission of such members, for getting a declaration from them or for making them undergo a formal ceremony."

Registrar's Speech.

At the close of the conference the Acting Registrar addressed a few words of advice to the co-operators of Tinnevelly. Referring to the resolution about a co-operative creed that was defeated he said that certain virtues such as honesty and mutuality were expected of all co-operators and the acceptance of a creed might impress their importance to a greater extent than was the case at present. Dealing with co-operation in general Mr. Vedachela Aiyar was of opinion that co-operation was not imported from the west. It was an indigenous plant. There was no use in starting co-operative societies of a uniform pattern. The nature of the societies ought to differ with local conditions but the essential principles of co-operation should always be there. Though the Department was prepared to do their best, it was the co-operators that should take the initiative and start new societies. It was not good for them to depend on departmental supervision for a efficient management of societies. It was the directorate that ought to be efficient. With regard to recovery of loans it was advisable to exert all possible local influence before legal action was taken. Local management and local supervision should be organised and improved. In India where banking facilities were very little co-operative credit had come to the rescue. It offered credit which was unknown before in India, to the agriculturist and cottage industrialist, and connected them with the money market. The middleman trader was an important element in society and played a useful part. Where he was reasonable in making profits co-operation need not interfere. So also in the case of co-operative banking. As a general rule selfhelp was the best maxim to be adopted. Government should never be approached for small favours. That was the right policy of the district banks and the Provincial Union. They had not taken a

application of the collector or the Revenue Divisional Officer shall cause an enquiry to be made into the truth of the statements made in the application and if he is satisfied that the defaulter may be lawfully arrested he should take the necessary actions provided in sections 48 and 49 of the Revenue Recovery Act. The expenses connected with the proceedings should be recovered from the applicant in advance.

4. The Assistant Registrar should verify the application received by him with the records of the arbitration proceedings and transmit it to the Registrar after countersigning the application in proof of its correctness with a letter in form "C" and with a recommendation that Act II of 1864 may be applied. If the Registrar accepts the recommendation he will forward the papers to the Collector of the district.

5. On receipt of an application as aforesaid by the Collector of the district from the Registrar for execution award of arbitrators or the decision of the Assistant Registrar he will take action in the same manner as if the sum involved is an arrear of land revenue.

6. Proceedings under Act II of 1864 for the sale of the defaulter's property should be applied under the order of the Collector of the district by the office empowered by the Collector, generally the Tahsildar of the taluk, to take such action. The Tahsildar will take the necessary action through the village munsiff or the process server if any appointed if the application is for the attachment of moveables. If it is a case of bringing to sale the immoveable property covered by the award of the arbitrator or the decision of the Assistant Registrar or owned by the defaulter, he will take action under section 25 to 40 of the Act II of 1864. Sections 8 to 24 shall be applied for the sale of moveable property.

7. In conducting the sale of immoveable property in execution of awards or decisions under arbitration proceedings, the sale has to be conducted subject to prior encumbrances. A copy of the notice of sale should be served on the society which started the proceedings. The society will have the chance of bidding at such sales. The whole of the immoveable property mortgaged may be sold, plot by plot till the arrears due are recovered and there will be no necessity to make any sub-division on the ground that smaller plot will suffice to extinguish the arrears.

8. The charges incurred in bringing the property to sale shall be deducted from the sale proceeds and the balance made available to the society which initiated the proceedings.

9. The sale proceeds shall be kept in deposit till the sale is confirmed.

Circular.

BY THE ASSISTANT REGISTRAR OF CO-OPERATIVE SOCIETIES, ANANTAPUR

Daily labourers, weavers and petty traders when taking loans from co-operative societies, will find it convenient to repay their loans in easy weekly instalments rather than in monthly, quarterly, half yearly or annual instalments. Very often daily labourers get their wages once a week, generally on the shandi day. Weavers and other artisans dispose of the bulk of their articles at the nearest weekly market. It is within the knowledge of everybody that petty traders dealing in vegetables etc., borrow small sums from usurers at exorbitant rates of interests on condition of repaying their principal and interests on the evening of the shandi day interest ranging from three pies to one anna per rupee per week or 75 to 300 per cent per annum. If such people are afforded facilities of borrowing small sums of money from the co-operative credit society and repaying them in small weekly instalments they will in the course of a year or so be able to repay the loan and also own a decent capital with the help of which they can carry on their business without resorting to the money lender. It will be a still greater advantage to such borrowers, if the weekly instalments they have to pay in discharge of principal and interest happens to be a certain fixed amount every week instead of varying from week to week according to the amount of principal outstanding. The ignorant borrower will appreciate the system as it dispenses with a fresh calculation of interest every time he pays his instalment.

This system was found to work successfully in the Kalyandrug Sir Frederick Nicholson Co-operative Credit Society and may with advantage be introduced in other societies where it is likely to become popular. Under this system the loan has to be Rs. 10 or a multiple of Rs. 10 repayable in a fixed number of weeks according to the convenience of the borrower. The weekly instalment of principal is arrived at by dividing the amount of loan by the No. of weeks in which it is repayable. The interest calculated at $5\frac{15}{32}$ per cent (Rs. 5-7-6) per annum or $\frac{1}{4}$ pie per rupee per month, that is half of the usual rate of $10\frac{15}{16}$ (Rs. 10-15-0) per cent. This $\frac{7}{8}$ pie per rupee of loan represents the average interest payable under the ordinary method and it has been found by a careful examination of the figures that the aggregate amount of interest paid under this system does not generally differ except by a few pies from the aggregate amount calculated according to the ordinary method of repayment.

Co-operators will do well to introduce this system in such of the societies as have to deal with the members drawn from the classes mentioned in the first sentence of this circular, chiefly in towns and large villages.

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THE
Madras Bulletin of Co-operation.

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JUNE 1921

[No. 12

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NOTES AND NEWS

Recently several correspondents have written in the columns of *Some Critics*. Justice regarding the Co-operative Department and one or two letters have dealt with our criticism of the speech and action of the Development Minister when he opened the North Arcot District Co-operative Conference held not long ago at Kalavai. We do not propose to concern ourselves here with the correspondent's criticism of the Department as it is made mainly from the communal point of view. To us it is of little importance whether the Assistant Registrars and Inspectors are Brahmmins, non-Brahmmins or others; what is of importance to us is whether they are good co-operators and whether they are a source of strength to the co-operative movement. We have no preconceived notions about the members of a particular caste being specially good or bad in those directions. Regarding the criticism of our views we very much wish the critics had shown us the ordinary courtesy of writing to us; instead of expecting us to gather such criticism from their writings in other journals. We promise them every courtesy and assure them that we are not of the kind of editors who decline to publish all communications that do not echo their own opinions. Mr. R. G. N. Pillai of Srivilliputtur whom we are glad to recognise as an earnest social worker and co-operator, objects to our disapproval of the

Development Minister utilising the Kalavai Co-operative Conference for propaganda against Non-Co-operation on the ground of his introducing controversial politics. He reminds us that the President of the Eighth Provincial Co-operative Conference made a grateful reference in his address to the Reform Act and offered welcome to the Prince of Wales whose visit to India had been announced, both of which had been the subject of keen political controversy. We do not think the Prince of Wales' visit was a political question though some people treated it as one for their own purpose. To welcome him was only an act of personal courtesy to the Heir to the Throne. The Reforms are undoubtedly a purely political topic and Mr. Pillai is justified in reminding us of our approval of reference to them by the president of the Provincial Co-operative Conference. But Mr. Pillai will kindly remember that we made a specific exception in their case on account of their extra-ordinary importance and that otherwise we have always opposed the introduction of controversial politics into co-operative discussion. We have frequently held up the example of Irish co-operators who include all shades of opinion from Ulsterites to Sinn Feiners and who would have broken each other's heads if they had not strictly excluded controversial politics from their societies. Mr. Pillai, however, is not content with having made this criticism. He must suppose that we approved of the reference to the Reforms because it was made by a Brahmin and that we disapproved of the propaganda against Non-Co-operation at the Kalavai Conference because it was undertaken by a non-Brahmin Minister! We are sorry that Mr. Pillai could see things only through communal glasses. He imagines us as being annoyed at a non-Brahmin usurping the function of a Brahmin and trying to give a lead to the country! We may inform Mr. Pillai that our ideas of Brahmins and non-Brahmins are very different from what he has supposed them to be and that we consider both in the case of either as a mere accident and of no consequence whatever. More recently another but anonymous correspondent in the same journal (*Justice*) has dealt with our views at much greater length than Mr. Pillai. Though we are prepared to overlook his anonymity, his tone and temper are so bad that we do not wish to take any further notice of him.

* * *

We have published in this issue of the Bulletin the tentative conclusions of Government on the question of utilising co-operative societies as an agency for the distribution of takkavi loans. These conclusions are based largely on the report of the Registrar of Co-operative Societies to whom the question was

referred, which report also we have much pleasure in publishing. Government have referred these conclusions to the Board of Revenue and the Registrar of C. S. for detailed examination; and though public criticism has not been specifically called for, nor the Memorandum of Government sent to us for publication, we are sure Government will welcome any considered opinion from co-operators. Moreover, the subject is of very great importance to them and has been discussed at several co-operative conferences, at some of which the Registrar himself has spoken on the subject. Nor is there anything of a confidential nature either in the Memorandum or in the Registrar's report. Copies of these papers have been supplied to secretaries of district banks and others concerned with the finances of the movement. We have, therefore, not felt the least hesitation in making them available to a larger public or in commenting on the tentative conclusions of Government.

The question of utilising cooperative societies for disbursing takkavi loans may be looked at from three points of view: that of Government, of the agriculturists and of co-operative societies. Government have considered it fully enough from their point of view but do not appear to have done so from the other standpoints. They seem to have argued somewhat like this: The loans under the Agricultural Acts are not very popular owing to the employment of the Revenue Agency. The substitution of cooperative societies seems to be desirable. The points to be considered are—are enquires to be made by Revenue or Co-operative Department? how are loans to be given in places which have no societies? should the amount needed for the loans be given directly to societies, or through a district bank? and what should be the rate of interest and so on. They do not seem to have asked themselves are co-operators likely to welcome this scheme? will the would-be borrowers care for the loans under the proposed conditions? These, we think, are very vital questions. Government rightly hold, on the representation of the Registrar of C.S., that the rate of interest charged on these loans by societies should be the same as for other purposes. But they must also consider whether any honest agriculturist would care to borrow large sums at the enhanced rate of interest now prevailing in co-operative societies and also whether by using it for a productive purpose we can obtain a return which will suffice to cover the interest and a percentage of the principal and leave a small margin as an incentive to labour. That means the return must be at least 20 per cent. It is only practical agriculturists who can say whether such a return is obtainable. At any rate we should like would-be borrowers to say whether they will have loans at 6½ percent direct from Government or nearly 11 percent through cooperative

societies. Government, we think, should not make up their mind before hearing what the would-be borrower has to say as far as co-operative societies are concerned. Mr. Hemingway has pointed out that both central banks and primary societies would fight shy of incurring liabilities which would extend over periods of twenty years and more. The efficiency of societies, particularly of primary societies is subject to change. Therefore, responsibility of making collections, of examining works etc. will ultimately fall on the Co-operative Department, so that all that will be gained by the proposed change of agency will be to shift the burden from General Revenue Department to a particular branch. At the recent Nellore District Co-operative Conference this question was fully discussed. The tentative conclusions of Government were placed before the representatives of societies. The latter spoke of the heaviness of the responsibility that the scheme would throw on the panchayats of societies and dwelt at length on the difficulty of making collections and the abuses prevailing in societies. When the draft proposition giving support to the idea of utilising the agency of co-operative societies was put to the vote, literally not one supported it. After all, who is keen on these proposals? Neither the agriculturist nor the co-operator, so far as we know. No doubt agricultural loans for productive purposes ought to be made more popular and co-operative societies appear to be an attractive agency. But their utilisation will create insuperable practical difficulties which will only spoil the working of societies without benefitting the agriculturists. In conclusion we should request the Government to ascertain the views of the would-be borrowers regarding the rate of interest at which the loans would be acceptable to them and of the central banks and primary societies whether they are prepared to accept the proposals and work them.

* *

The Central Bank of India Ltd., Bombay, is a purely Indian concern. It is managed worked and controlled by Indians. Beginning with a central office in Bombay and staff of 30 hands it has now three local and six up-country branches giving work to 600 people of which 400 alone are in Bombay. The two striking original features of the bank besides the usual departments of banking are the Ladies' Department and the Home Savings Safe Account. With the true eye of bankers the management found that it is the lady in house that controls the purse and has offered special facilities for her to put money in the bank and withdraw it. In the Ladies' Department female customers are attended to by lady assistants only. The bank has

An example in Enterprise.

employed for this purpose, three lady graduates, who are being trained in the banking line and will attend to lady customers only. This arrangement has been very much appreciated by the increasing number of lady customers. The Home Savings Safe Account is a new innovation in savings bank account. In the ordinary Savings Bank though the Account is opened for a small sum the depositor does not take his savings to the Bank till it amounts to a decent sum. The result is that the few rupees saved here and there is very often spent away and there is hardly any saving effected. According to the Central Bank of India's arrangement, a box would be supplied to every customer in which he can put money but cannot take out. The depositor gathers his savings in it from time to time and when the box is half or whole filled he takes it to the bank which alone can open it. Every member of a family can open such Home Savings Safe Account separately. When the 'Home Savings Account' of a depositor amounts to Rs. 100 and over, according to the arrangement of the bank, it is transferred automatically to a fixed deposit account for twelve months at 6 per cent. But if the customer chooses it may remain in the Savings Bank account bearing 4 per cent interest per year. The depositor is also allowed the facility of getting a loan on his deposits at $7\frac{1}{2}$ per cent per annum from his fixed deposit account running for twelve months. We commend this notable example to all the co-operative banks in the presidency. The 'Home Savings Safe Account' if opened in co-operative banks it will not only prove a boon to many a poor man but also a fruitful source of money to them. We hope that some of the successful Town and Central Banks will try this system.

* * *

New York has vindicated that it is possible to organise business on a large scale on co-operative lines. It has proved to the world that it is possible to organise the weak for strength and place them on a footing of equality, nay, even of advantage, over the strong. Owing to concentration of railway traffic in one place, Manhattan, the small merchants and manufacturers were very greatly handicapped in their business. They had to pay heavy cartage charges and incur considerable loss of time, and could not compete with advantage with the great retail merchants. It also led to further results that were adverse to the small manufactures and merchants. Land in Manhattan sold at such enormous cost that no mean trader could aspire to have his business and residential quarters there. To add to these, the small industrialist and trader was unorganised, each one trading for himself and competing with everyone of his brothers in the trade. Mr. Irving T. Bush who believes that the cottage industrialist and small trader is the back-bone of the country set out to solve the problem.

Large scale business and Co-operation.

He recognised that good railway facilities were essential to their prosperity, that small manufacturing must be decentralised while being organised for strength and business. A co-operative scheme was prepared by Mr. Bush which has since then been joined by about four thousand of these small business men. He arranged for the opening of a new Terminal to receive the small shipments of these business men and the whole small traffic was consolidated. The opening of the Terminal not only placed these men on a par with the "massive retail traders" but also relived their congestion at Manhattam. The next thing that remained to be done was the organisation of these small producers for marketing purposes. While the large producer had his show rooms and agents to push on sales the small businessman had neither the means nor the organisation to represent him in the city. Here it was that co-operation supplied the necessary link. A magnificent "Sales Building," of thirty stories high costing three million dollars, came into existence. The goods of members are classified, each department being in charge of an expert manager, and one floor being devoted to each kind of goods. Thus co-operation has come to the rescue of the small manufacturer and trader. He has been given transport facilities at a very low cost. He has been put in a position to compete on an equal footing with the biggest shop in the city. To finish up the picture, steps are being taken to organise his buying power also. There is vast scope for such co-operative organisations in our cities like Madras, Bombay and Calcutta. The cottage industries will be revived, thus avoiding all the evils of the factory system, congestion will be relieved and a self-respecting artisan class fostered.

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During the co-operative year 1919-20 the Guntur District Banking Union made striking progress in all directions. Its membership increased from 47 individuals and 79 societies to 79 individuals and 117 societies. The paid up share capital rose from Rs. 27,729 to Rs. 40,111 which is creditable. The number of shares taken up by individuals and societies up to the last day of the year were 129 and 691 as against 256 and 759 allotted respectively by the byelaws. The transactions of the bank developed considerably. It is highly creditable of the bank to have attracted very large deposits. Members' deposits rose from Rs. 6,254 to Rs. 18,588 while those from non-members rose from Rs. 31,947 to Rs. 49,867. The Loans to the extent of Rs. 2 lakhs and odd were issued during the year. The collections were better than last year. The Bank earned a net profit of Rs. 4,385 enabling it to declare once again a dividend of 9 per cent. We congratulate the bank on the successful year it had.

The Tanjore District Co-operative Manure Society has added another year of usefulness to its record. Membership in the society increased from 71 individuals and 13 societies to 73 individuals and 17 societies in 19-20. The activities of the society increased in volume and covered a wider field. As against 10 tons of bones purchased for crushing in 18-19 it crushed 19 tons this year. Nine and a half tons of bone meal manufactured at the society's works were sold for Rs. 870 as against 10 tons of previous year sold for Rs. 450. While the price of bone meal was ranging in the market between Rs. 70 and Rs. 120 a ton the society was able to sell to its members at Rs. 65 the same price as last year. Besides bone meal manufactured by the society itself it purchased and sold to its members manures of various kinds such as fish guano, prawn shell, concentrated manure and castor cake to the value of Rs. 3,225. Though the declared object of the society was to procure the manurial requirements of its members yet it had to undertake the purchase of seeds, cattlefood and other non-credit activities essential to agriculturists. It purchased and distributed 35 kalams of paddy seeds, 100 cocoanut seedlings and 462 bags of cotton seeds for cattlefood all costing about Rs. 3125. The net profits of the society were Rs. 490 as against Rs. 280 last year. We are glad to note that self-help organisations of this type are gaining in popularity and growing in number as evidenced by starting of similar societies in S. Arcot and elsewhere. The last Provincial Conference also recommended the organising of such societies. Manure societies have got a career of great usefulness before them. Where credit co-operation has taken strong hold co-operators may direct their attention to organising such societies with profit to themselves and the country.

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We are glad to learn that the Trichinopoly District Bank which for a long time refused to admit societies to membership has at last agreed to do so and that the changed by-laws will come into operation from the next co-operative year. Our congratulations to the authorities of the Bank and the Acting Registrar.

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At the close of the year 1919 the co-operative societies in Ireland were 1028 with a membership of 135,369 persons with a paid-up share capital of 0.43 million and with a turnover of £11.0 millions. Of the 1028 societies 439 were dairy societies commanding a turnover of 7 millions out of the £11 millions for the whole of Ireland. The Agricultural

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societies numbered 350, credit banks 138, poultry keepers' societies 13, flax societies 31, bacon-curing and other home industries 55. Our readers will note what proportion the credit societies are to the productive agricultural societies.

Speaking recently at Sunderland on commercialism and co-operation, Mr. George Bernard Shaw is reported to have said: The man who bought goods at a profiteer's shop when he could go to a co-operative shop was an idiot. He was sorry to say such a thing, but the man was an idiot, and ought not to be trusted with money. That was why many men's wives did not trust their husbands with their money. (Laughter.) Financiers and business men were not aware of the great ramifications of the movement, the whole fabric of which existed "without any of your finance at all." Nobody ever saw a co-operative bill of exchange, and the movement was not known on the Stock Exchange.

The Woman's Outlook recently conducted a prize competition in which the competitors were asked to write on a post card, "Why I am glad to be a Co-operator." The winner of the first prize wrote as follows:

"1901 to 1911—Ten year's dealing with a private trader; cash with order. Result—Dealer declined to send my order two miles once a week and no resulting savings. 1911 to 1921—Ten years a co-operator dealing at a Co-operative Store. Result—service right, goods right, prospects good, £ 50 in my pass-book, lots of friends in the movement and the co-operative press and a wider outlook on life." A very telling summary and contrast.

The southern section of the Co-operative Union is organising a Co-operative Exhibition at the Crystal Palace London. It will commence on the 2nd of July next and close on the 16th of the same month. We wish steps had been taken by the various provincial Registrars to exhibit Indian goods there.

In Germany there is a Co-operative Society for every 2192 inhabitants and for every 2050 acres or about cultivated.

TUKKAVI LOANS AND CO-OPERATIVE SOCIETIES.

(GOVERNMENT OF MADRAS REVENUE SPECIAL DEPARTMENT.)

Memorandum.

No. 1552—111/20—7 dated 28th October 1920.

The Government had had under consideration the question whether co-operative societies may be utilised as an agency for the distribution of tukkavi and if so to what extent. This course was suggested to the Government by Mr. Chidambaranatha Mudaliyar in the course of the budget debate in 1919 and his suggestion was referred to the Registrar of Co-operative Societies, who dealt with the subject in detail in his letter No. Gt 103/19, dated 21st November 1910.* The tentative conclusions arrived at by the Government are described below and are largely based on this report. These conclusions are now referred to the Board of Revenue and the Registrar of Co-operative Societies for detailed examination and discussion regarding their practical application.

2. The Government are at present of opinion,

(i) that in villages where there already exist co-operative societies which advance loans to agriculturists for the purposes covered by the Land Improvement and Agriculturists' Loans Acts, it is unnecessary for the Government to advance loans to agriculturists direct through the agency of the Tahsildar. This work might be undertaken by the society on the system described below in paragraph 3;

(ii) that the present method of advancing loans under the two Acts might possibly be abandoned or much reduced in scope in districts where the co-operative movement is well advanced, even in villages where no societies at present exist, the idea being that in villages in which there is any great demand for loans the applicants might be induced to form such societies in order to obtain loans;

(iii) that the application of this system even to districts where the co-operative movement is backward might in a few years time result in a sufficient number of societies being formed to eliminate the necessity of direct advances by Government to individuals under the two Acts.

(iv) It is perhaps necessary to add that the loans made to co-operative societies would not be made in future under the Loans Acts and that none of the terms of these Acts would require to be enforced.

3. The scheme which in the Government's opinion has most prospects of success is briefly outlined as follows:—

(i) Government will be prepared to advance to the central bank of any district in the form of long term loans a reasonable sum based on the

*See below—Ed.

sums which have been advanced in the past to individuals in that district under the Land Improvement and Agriculturists' Loans Acts.

(ii) Advances will be made to such banks at the rates of interest ordinarily charged at the time to central banks by the Provincial Bank. The alternative of advances by the Government to the Provincial Bank is possible and is referred to again in para 6 (4). Central banks will be responsible to the Government for the payment of interest and repayment of capital on conditions to be prescribed by the Government. These conditions may vary in the case of individual central banks, should the Registrar so advise, but are not likely to be more onerous than the conditions at present imposed by the Provincial Bank.

(iii) The central banks will be permitted to treat such loans as part of their assets in the same way as they now treat, for example, advances by the Provincial Bank and will lend out the funds supplied by such loans, to primary societies on the ordinary terms provided in their rules.

Primary societies may lend out funds thus obtained to their members on the same conditions as at present, subject to the total amount advanced by them for Land Improvement purposes being not less than the amount received from Government for such purposes.

(iv) Except as above, no unusual conditions will be imposed on the banks or primary societies as regards the rate of interest, security offered by the borrower or the term of the loans advanced. The Government funds advanced to these bodies will not on these points be subject to any differentiation in treatment as compared with the other funds obtained by them.

A condition may possibly be inserted as regards preference made to be given to new societies formed. This point is discussed in paragraph 6 (2) below.

4. As applied to the simplest case, *i.e.*, advances made by Government to the central banks and by central banks to primary societies already existing the Government are of opinion that no valid objection is likely to be raised to the change proposed. The advantages anticipated are that the loans would be distributed by an agency which is in a better position than are the officers of Government to assess the credit of the borrower and to secure recovery and that the Tahsildar's office would be relieved of such complicated work. The only objection which is likely to be urged in respect of these particular villages is that it will be impossible for ryots who are not members of a society to obtain Government loans except by joining such a society. The Government are inclined to think that a ryot who desires to obtain a loan might well be expected to join a primary society where one already exists.

5. The question remains as to what should be done in villages where there are at present no such societies:

(a) in districts where the co-operative movement is so far advanced that the formation of such societies in the near future is likely; and

(b) in districts where it is so backward as there is no such probability.

In cases (a) the proper solution, at least in cases where there are several applications in the same village, is probably to induce the ryots to form a primary society in consultation with the central bank, which will, it is hoped, be more ready than ever to extend its help in consideration of the capital obtained from Government. Cases, however, will still remain to be dealt with under class (a) of isolated applications for loans in villages which have no society, and a larger number will arise under class (b) of cases where a demand for loans exists but where a society cannot be formed.

The question has to be settled whether such application should be dealt with at all by the Assistant Registrars and Inspectors of the Co-operative Department, or whether they should as at present be enquired into by the Tahsildar and Revenue Inspector. It has been suggested that in all cases where a loan application is received from a resident of a village where no primary society exists the Tahsildar might send it to the Assistant Registrar who will in the ordinary course pass it on to the Inspector and that the latter should, in cases where the formation of a society is impossible, examine the application and report to the Tahsildar on the security offered and recommend the approval or refusal of the grant. The enquiry might probably be combined with a great deal of propaganda work having for its object the extension of the co-operative movement. In such cases the loan would of course be granted by the Tahsildar as at present and would not concern any member of the Department of Co-operation after the stage of report on the application had passed, nor should the Tahsildar be empowered to insist on any additional report by a subordinate of the Co-operative Department. If he desired further information he should get it from his Revenue subordinates.

Such an arrangement is only intended to cover an intermediate stage in the development of the movement; the Government hope that it may be possible in a few years' time for all loan applications to be dealt with by some society.

6. The Board of Revenue and the Registrar of Co-operative Societies are requested to report their opinion on the points raised in paragraph

5. The Registrar is also requested to discuss the question of whether the staff, as increased in G. O. No. 135 dated 20th January 1920, is sufficient to deal with those extra duties in addition to their ordinary work.

It is possible that the system outlined in paragraph 5 may be suitable for introduction in some districts only, and that in others it may be necessary to adhere to the ordinary method of enquiry by Revenue subordinates.

7. In addition to the above the following points require examination:

(1) Should the advance made by Government to individual central banks bear any definite relation to the total amount of loans advanced by Government in that district in recent years?

(2) Should any definite proportion be deducted for the use of villages in which there are at present no societies (vide para 5 above.)

(3) Is it desirable to insist that central banks should give preference to newly formed primary societies?

(4) What should be the rate of interest to be charged by Government? Presumably to avoid introducing any competition the rate should be the same as that charged by the Provincial Bank;

(5) Should Government lend to the Provincial Bank or direct to the central (district) banks?

8. It will be understood that these proposals are not intended to cover the case of takkavi advanced by Government in periods of famine or exceptional scarcity. The extent to which co-operative societies can assist Government during these calamities has still to be proved by experience but it is probable that on their occurrence it would be necessary for Government to withhold the advance that would otherwise have been made to co-operative societies and concentrate the money available on the districts affected. These loans would probably have to be advanced by the ordinary Revenue agency as at present.

(By order.)

K. NAGESWARA RAO,
Under Secretary to Government.

Registrar's Report.

Copy of letter Gt. No. 37/20, dated 21st November 1919, from the Registrar of Co-operative Societies, Madras, to the Secretary to Government of Madras, Revenue (Special) Department, Madras.

I have the honour to report generally on the question referred to me in Government Memorandum No. 636-111/10-1, dated 14th May 1919, on the desirability of co-operative societies assisting in the distribution of Government loans under the Agriculturists and Land Improvement Loans Act. There are mentioned in the Government Memorandum two main directions in which societies might conceivably be used to assist the matter of agricultural loans. They might, that is to say, be used as an organisation for investigating the resources, solvency etc., of a would-be borrower; or they might be entrusted with the money available and be left to make loans under the Acts themselves.

I have listened to a good many discussions on this question and notice there is some little confusion as to what exactly is desired and why it is desired. The main difficulty seems to be that all Revenue Officers find that loans under these Acts, however favourable the terms, (and they are indeed very favourable), are, as a rule, not particularly popular. And many people turn to the magic word "co-operation" as a means to make them more so. I fancy that the reason why ryots do not use the available channels is not so much that they have to make petty tips or submit to petty (and perhaps some time considerable) extortion from the lower subordinate officers entrusted with the management of this work, as that they are exposed to considerable delay, vexation and loss of self-respect during the various formalities that have got to be observed. At each stage the applicant has to obtain the favour of some Government subordinate and there are many such stages. The most troublesome stage, I suppose, is that of obtaining measurement of work after the first instalment has been worked out. Here delay is often a matter of very great inconvenience. Again as anybody who has done this kind of work knows, the measurement itself cannot often be done with absolute accuracy and good sense and good will are necessary if both parties are to be satisfied. No doubt too, the petty extortions are troublesome but the rate of interest initially is so low that I doubt if this in itself could deter people from taking a loan. Indeed 25 per cent of the money is spent in illegal gratifications, and this, I should imagine is a high estimate. The rate actually payable on the remainder would only amount to 8-1/32. A good many people seem to think that if all the operations done by the Revenue subordinate officers were carried out by the society, there would be much greater popularity of these loans. And many people think that this could satisfactorily be secured by the Government using the society merely as a

reporting, recommending and certifying agency and without its accepting any responsibility at all.

The other main trend of opinion is that the ordinary co-operative banks cannot meet the requirements of the villagers for land improvement and that the Government should find them the money to do so. Of course it is true that at present our banks cannot lend the money for land improvement at such cheap rates and for such longer periods as the Government lends. The rates at which banks obtain their deposits and the period depends to some extent on the fact that the money is mainly derived from deposits for comparatively short terms. Some people think therefore, that this money should be passed either through the society or through the bank and the society, to the members at exceptionally low rates and for lengthy periods. Some people on the other hand, think that it is sufficient if the loan is passed on to the society and to the member not at any favourable rate but only for an extended period.

I doubt very much if it is at all desirable that any ordinary society should be used as mere substitute for the Government sub-ordinate Revenue agency. I have no doubt that the substitution would make agricultural loans much more popular. But the Government would have to consider whether a society which undertakes itself no responsibility could be trusted to make proper enquiries and give reliable report. Anybody who has done work with Land Improvement Loans, knows that it involves a good deal of trouble. A well, say, has to be dug several miles from the village and there is no road to get there. It is difficult business to go and inspect. Will a society which takes no responsibility really undertake the trouble? Some few good ones may: but I am not prepared to say that the ordinary level of our societies is so high, that they could be trusted. It must be remembered too that when loans from Government are made available on the society's recommendation at such extremely favourable terms, the temptation to put in bogus applications and misapply the loans would be very great. And here again I am not prepared to say that our societies could generally be trusted to prevent this kind of thing. Of course it may be said that the reports and certificates to societies could be checked by Revenue Department officers; but if this means that the Karnam or the Revenue Inspector is going to do over again the work of society and report on their recommendations and certificates, I think a very unpleasant situation would be created and that most of the prospective benefits would be lost. And I may add that it appears from what Mr. Ewbank said at the Registrar's Co-operative Conference at Simla that an experiment of this kind was made in Bombay but that no Collector was prepared to trust the society's recommendation or, in his words, to take the responsibility of allowing societies to give out

the money with the Collectors had the task of collecting it. I may add that the feeling at the Registrars' Conference was wholly against this proposal.

This objection will of course not hold good if the loans are given not direct to the individual but through the society or through the bank and the society on their responsibility; and the fact that if a loan is misapplied, the society will be held responsible, would serve very largely as a guarantee that the societies would prevent misapplication. And it was felt at that conference that if any such loans were given through co-operative societies, it would have to be on the responsibility of a society. It is clear too that the position would be still further strengthened if responsibility for the loan was accepted not merely by the society but by the central bank also. And there would be additional advantage that the actual financial operations of paying and of recovering the money would be simpler. Furthermore a society is more ephemeral than a central bank. We liquidate a good many societies but we have not yet liquidated a central bank. Furthermore, if the money is passed through the central Bank and not direct from Government to the society, such pauperising influence as Government finance of this kind might exercise will be very much reduced. And I may add that the Conference of Registrars at Simla was in favour of any Government assistance of this kind passing through the bank and through the society and being secured on the responsibility of both. Of course the disadvantage of this in the eyes of some is that it would raise the minimum rate of interest at which the money could reach the member since, if the bank and the society accept risk, they must also be given a margin of profit. Some people moreover fear that the banks might not push this business since they might be afraid of accepting liability for such a long period as, say 20 years, and that if the intervention of the bank was insisted on the business might not be possible. A similar argument is that the banks might be unwilling to accept Government money for this class of work instead of using their own money since a good many banks at present find at times a difficulty in obtaining an outlet. My own feeling is that the rate of interest payable by the member would in any case probably have to be the same as that payable by him for the co-operative loans. And secondly, that the ordinary central bank is not likely to be inconsiderate or wanting in courage in dealing with primary societies. And I may add here that it is by no means certain that primary societies will be more willing or less afraid to accept responsibility for a period like 20 years than a central bank, and it is possible that any attempt in these directions may be to some extent hampered by the unwillingness of the societies or the banks to accept liability for so long a period. And I doubt whether banks will find that the use of Government money for loans of this character will interfere with their own legitimate work.

In the first place, banks do not lend for 20 years and for many improvements of this kind a loan for such a period is really necessary. Of course banks do lend considerable sums for land improvement and societies might prefer to take such loans for 20 years if money was available and this might be held to jeopardize the field for utilisation of a bank's funds for such loans for shorter periods. But on the whole my belief is that with the rapid increase of societies, there would be less and less danger of banks not being able to find an outlet for their funds. The maximum borrowing powers of societies are at present much too low and they lend too little to their members. I believe co-operative opinion generally is coming round to that point of view; and if banks and societies are convinced of this, there would be very much greater demand for money in the future than there has been in the past, quite apart from the expected increase in societies. Moreover banks may find it convenient to borrow money from Government which they can repay at any time and this would probably be an attraction. For all these reasons, I am inclined to think that the decision come to at Simla is a wise one and if this kind of business is undertaken at all the money *should be passed through the central banks and the societies at the ordinary co-operative rates.*

It is probably on the question of rates that there would be the greatest difference of opinion. Most people who discussed the question assume that the money must reach the member at a cheaper rate than an ordinary co-operative loan. At the same time there are two grave difficulties in making money available at any other rate. In the first place it would be very difficult to avoid jealousy and friction arising in a society if one man gets a loan at a cheaper rate than another. Suspicion would be easily aroused and might easily end in friction. It might indeed be a different matter if it could always be guaranteed that for all loans of a certain class, say for example, for land improvement generally or for sinking wells in particular, money could as a matter of certainty be obtained from the Government at differential rates. The difference on the rate of interest would not then depend on the discretion or the favour of the panchayat but would depend on the nature of the application which would lie with the individual member himself. But I doubt very much if the Government would ever be in a position to promise to provide without fail all the money that was necessary to satisfy the needs of co-operators for any specific purpose or purposes; nor indeed am I sure that even if this was possible the granting of these loans at differential rates would be desirable because, and this is the second reason, the temptation to bogus application and to misapplication would be so strong. I do not deny that in the best societies and indeed in many of the societies there would not be much danger of this. But the bulk of opinion

among those who are best qualified to judge is that, speaking generally, the temptation would be far too strong for some of our village societies if not for the majority. Nor as a matter of fact need it be thought that apart from differential rates such a concession would be valueless, because it is not only the rate as is even more the period of the loan which matters. And I know that many societies would be prepared to borrow and lend such money at their ordinary rates and many members would be prepared to take it at the ordinary rate if it could be had for so long as 20 years; and for these reasons I think that the rate should be an ordinary one.

At the same time it would of course be possible to pass the money through the banks and through the societies at differential rates. I do not think this would be satisfactory, partly for the reason given above and partly because the societies and the banks deserve their margin not less but more, for undertaking a risk of such magnitude, and that the ordinary deductions ought just as necessarily to be made for the supervision fund in the case of this money as in the case of a bank's ordinary money.

While, however, I think that the ordinary method of using such a concession, if it can be used at all, should be as described above, I would not personally have any objection to making experiments on a small scale, in firstly lending direct to societies and secondly lending at differential rates through central banks. The greater part of what I have written above is and must necessarily be, only guess work and in such matters one is always liable to err. It might be, too, that the Government or the Collector might think it worthwhile to make experiments in using specially good societies without responsibility, for making recommendations, reports and giving certificates instead of the ordinary Government staff, without the society's accepting any responsibility. Such experiments might perhaps be considered invidious but in the case of some of our better societies they might otherwise be unobjectionable.

Of course it may be possible that banks may in time be able with the assistance of Government, to provide their societies with loans on as favourable terms and for as longer periods as are suggested above. As the Government is aware, I have recently proposed a system of debentures which if popularised might give us a lot of money on comparatively easy terms and for longer periods. But this will not be practical politics for some little time.

The Government Memorandum speaks about the possibility of the pauperising of societies and banks if Government money is used for co-operative finance. Theoretically there is a great danger of this. And of course, it has, generally speaking, been found, I believe in most provinces that

if banks and societies are left to themselves they can generally get all the money they want. But this is after all an assistance of a special kind for a particular purpose, and under the present circumstances banks cannot I think lend for the required period if such improvements are to be undertaken on a large scale. And honestly, I do not think there is much fear of pauperising banks and societies who as a rule already felt a very strong degree of self-respect. Moreover what pauperising effect, if any, the use of Government money would involve would be considerably diluted before it reached the member if their money was passed through the financial bank. For these reasons I do not think that in practice there would be any demeritisation to speak of.

A certain number of minor points were considered at the Registrars' Conference at Simla. I might briefly refer to these. Firstly it was questioned whether members of societies which obtained loans from the Government should be permitted to take loans direct from the Government. The fear seemed to be that a man might endanger his society by taking a large loan from outside. For that reason a resolution was passed that the sanction of the society should be necessary before a member was permitted to borrow direct from the Government. Personally I am not in agreement with this view. I do not think a society ought to be allowed to stand between a member and an outside sowcar. It is true of course that the mortgage of the land to Government would to some extent weaken the general security of the society's unlimited liability, but the margin is a very large one; and as Mr. Calvert pointed out at the conference, the security for the Government loan is not so much the land itself as the value of the improvement which is going to be put into it.

The conference again decided that in the case of loans for land improvement separate accounts would have to be maintained for the money given by the Government. I really do not see why this should be necessary. But it is after all a question of detail. The conference seemed to consider that loans from Government would be chiefly desired by societies for ordinary takkavi or short term purposes. That I think would not be the case in this province and I do not believe there would be any demand for Government money except for long term improvement loans. It might of course be the case that in a period of exceptional scarcity, the societies might not be able to find the money for ordinary short term takkavi purpose. If so, as a special case, no doubt Government would be prepared to find the money. That would be entirely exceptional in this province. The question was also considered as to how the Finance Department should be satisfied that the work can be properly executed and that the money had not been drawn upon from

the Government treasury before it was wanted for its legitimate purpose. A resolution was passed on the latter point that a certificate from the Registrar would be sufficient. I do not expect any difficulty about giving such a certificate if I had proper reports from my Assistant who would be in touch with the unions. As to what certificate of completion should be accepted, no resolution had been pressed, there again it would have been resolved that a Registrar's certificate was sufficient; and this of course would mean a certificate given by an Assistant Registrar based on information supplied him by the union or the inspector. This might seem a little unsatisfactory but I doubt if it is of much less value than an ordinary sort of certificate that we act on at present; and in any case the Collector or the Divisional Officer could always check for himself if he desired. But I think it would always be a pity that subordinates should interfere in such a matter and I think that in no case should summary recovery be decided on without the Registrar himself being consulted.

EXTRACT FROM A LATER NOTE.

III. A few additional points need examining.

(1) My impression is that these loans are (e.g. in Coimbatore) individually rather large. Rs. 1,000 or 2,000 for a well are not uncommon. *Will not this conflict with the Maximum Borrowing Power of both members and societies? I'm afraid so.* In other words (a) can societies under their bylaws (b) will they in any case be willing, to borrow and lend such large sums?

(2) I take it we must have the loan for 20 years or so. (We must also for safety's sake have a margin in period, i.e., the society must lend for shorter periods than they borrow for). Can societies, and will they be willing, to lend for such long periods?

(3) N. B. It's a little unfortunate to have to organise a society on the basis of an application for these loans and this involves an initial long term loan of a particularly edious character.

(4) We should have to get estimates of requirements in pretty good time and also have power to transfer from one district to another.

MALAYALIS AND CO-OPERATION.

[BY M.R.RY. RAO SAHEB, M. S. SESHACHALA AIYAR AVL.]

HONY. ASSISTANT REGISTRAR, TIRUVANNAMALAI.

There are more than 150 villages in the Javadi Hills which form a big forest and run through the Tirupattur, Vellore, Polur and Tiruvannamalai Taluks in N. Arcot District and Kalla Kurichi Taluk in the South Arcot District. These villages are among the hills and inhabited by a hill-tribe called the Malayalis who number more than 20,000. A visit to these villages is ordinarily feared even by the Forest officials on account of the cold climate and malaria. The miseries of the Malayalis are untold and if anybody could be called backward and deserving of help from the public, it is they even in preference to the Panchamas. Between hills there are plains and these form the cultivating fields of the Malayalis. Almost all of them are dry fields, but occasionally we come across small bits of wet lands from 30 to 50 cents in extent in the shallow and marshy portions. Each village contains from 10 to 50 houses which are thatched huts of small dimensions. In every house you will find one or two persons down with malaria and the children you see in the villages are pot-bellied and thin-limbed like Japanese dolls. Good drinking water is found nowhere. Near the villages there are some ponds the water in which is icy cold even at midday and thick like a decoction on account of the decaying leaves of forest trees. Thanks to the Forest Department a few pipe-wells have been made in important places where there are the Forest officials and the people of those places are allowed the use of them. In those villages the ravages of malaria have appreciably decreased. The social organisation of the Malayalis is so excellent that even well-educated and civilised people in the plains may learn a good deal from it. All the Malayalis form one homogeneous community, one caste—and there are no artisans, barbers, and washermen in any village. One or two isolated Panchama houses serve two or three villages in common. Every village is controlled by an "Ooran" whose word is law and who has absolute powers in social matters. No marriage can take place without his consent and if he should disapprove of any match for any reason the marriage is abandoned. The Ooran's office is hereditary and when he leaves no heir, the people may elect any one from among themselves to his office, and his heirs will succeed him. A *moniagar* is appointed by the Revenue Department for a group of villages, but besides collecting the revenue, he takes no part in the affairs of the villages. It seems some years ago a dozen boys selected from these villages were sent to school in the plains with the aid of the discretionary grant given by the Collector of the district. They were fed and educated for about 3 years. This accounts

for some of the Malayalis being able to read and write; but now no such arrangements exist for education and there are no schools on the hills.

The chief occupation of the Malayalis is agriculture. A few persons in each village own lands from 20 to 100 acres each and the rest are either tenants under them or field labourers. The chief products are ragi, kambu, cholam, mustard, castor, and black gram. In some places wheat and coffee seeds are grown. Ragi and other food grains they do not sell unless the crop has been abundant; but they dispose of castor, mustard and black gram. Not being in touch with the market they do not know the prices and when they take the produce to the markets they hand it over to their financiers. When the harvest fails or there is want of money for purchasing the necessities of life or for paying kist, they raise small loans from the sowcars of the plains at exorbitant rates of interest, being Rs. 2 for every ten rupees (20 per cent). Further, they promise to deliver their disposable produce at the prevailing market rate; but the produce so delivered every year does not generally suffice to pay off even the interest. Their debt, therefore, perpetually increases. They are also victimised by the sowcar who does not credit all this payment in the accounts, uses false measures and fixes an unfair price in purchasing the produce. The agricultural tenant, unlike his brethren in the plains, gets one-fourth of the produce for tenancy and the field labourer even smaller proportion. Ploughing cattle, if owned by the landlord get a share in the produce as well as his shepherd. Thus their income is low, the interest paid by them on loans is exorbitant, their illiteracy is taken advantage of in accounting their transactions, they are denied proper prices for this produce and made to pay high prices for their requirements.

On the top of this is malaria. The combined result of all of which is that many land owners have become mere labourers. Formerly many of them had large herds of cattle and goats; but now, they have been sold away or given over to creditors owing to forest restrictions.

Thus the Malayalis of the Javadis are uncared for in every way and the Government will do well to help them by starting special co-operative societies from which they can obtain the small money advances required every year. The societies can also arrange for the joint sale of their produce and the joint purchase of their requirements and also create facilities for education, sanitation and the prevention of malaria. The difficulty existing at present in organising societies for them may be mentioned as follows:—

- (1) For fear of malaria, nobody is willing to go to those villages.
- (2) There are no good roads.

(3) Travelling expenses are heavy.

(4) The few well-to-do men which the community has are opposed to co-operation on account of their vested interests.

(5) Supervision of societies started in those villages will not be possible, unless a person is permanently stationed in their midst.

One or two examples may be mentioned here to illustrate their condition. A Malayali borrowed some 20 years ago from a Chetty at Alangayam Rs. 40 for the marriage of his son at 20 per cent. interest and he was giving every year all his available produce worth between Rs. 30, Rs. and 50 towards its repayment. Some two years ago the Chetty demanded Rs. 250 as due from the Malayali, who paid it fully by selling some of his cattle; but the bond was not returned to him, as he did not give one cow extra for returning it, as is usual there. Then recently on a certain day the creditor appeared with an amin of the court and attached all the properties of the Malayali against a decree for Rs. 300 and odd. How that decree was got, God only knows! but the Chetty took away eight of the Malayali's cattle. But as there were unaccustomed to the plains he returned six of them after a couple of days and kept only two. In another case a Malayali borrowed Rs. 20 some 40 years ago and every year he delivered produce of the value of Rs. 20 and even more, but recently i.e., after 40 years the money-lender came and made a demand for Rs. 530 and with the help of a Muhammadan who falsely impersonated an amin, took away all the cattle of the Malayali and even sold his land to another Malayali by oral order and got his debt satisfied. Neither the village people nor the debtor so much as questioned his action. A number of such atrocities are reported from every village so much so that one doubts one's own ears.

In conclusion I may be permitted to make a few suggestions :—

(1) The Forest Department being most interested in the welfare of these people should lend the services of one of its honest men for organising and running co-operative societies for them.

(2) Any contract for Forest produce in these hills should be given only to the co-operative societies started for these people.

(3) The District Forest Officer should also be the Revenue Divisional Officer, First-class Magistrate and Civil Judge, so far as the villages in other hills are concerned.

(4) A few hospitals should be maintained by the State at important centres.

(5) A general store of provisions and other requirements should be maintained under State management until a co-operative store is brought into being.

(6) Fruit cultivation should be encouraged by supplying plants to the Malayalis and arrangements should be made for the transportation and sale in the plains of the milk and fruits produced by them.

(7) In organising societies power should be given to issue a notice calling upon all the creditors to make their claims within a certain period after which no claims should be entertainable. If such methods are adopted the Malayalis on the Javadis will, in the course of 15 years supply the neighbouring market with their wheat and coffee seeds, oranges and apples, mustard and ragi and thus repay their brethren in the plains every help now rendered.

LIMITED AND UNLIMITED CO-OPERATIVE BANKS.

T. J. KUMARASWAMI.

A Co-operative Society is an association of persons who by a combined and concerted action work for the general well-being of themselves. Their object is to provide self-help by mutual aid and assistance. A typical form of such an association is a co-operative bank of an unlimited liability. A limited co-operative bank is only a quasi Co-operative Society. In a limited concern the liabilities of an individual member are limited to his share capital or to his guaranteed but unsubscribed capital if any. The members of such a society are not severally responsible for its debts. Real Co-operation can exist only where there is mutual trust and consequently where members stand ready to share liabilities to an unlimited extent. A member of an unlimited society is not allowed to be a member in more than one society nor is he allowed to encumber his property without information being given of the same to the knowledge of his co-members. Owing to the difficulty of ascertaining the exact legal liability of minors and women and their title to property they have been excluded from membership in an unlimited society. So far as regards the technical difference between the two kinds of banks.

The technical difference has a great effect upon the working of the two kinds of co-operative banks. A limited bank can attract deposits only from local people. It cannot get a good accommodation for loans from outside. Whereas an unlimited bank is favourably placed to a high degree in the matter of getting loans and deposits. But if an unlimited bank cannot show among its members anyone having an acceptable security, then it is problematic as to whether it can obtain any loan. As for instance, the case of fishermen in Tuticorin and many depressed classes in various places. Thus the technical difference has a marked effect upon their working.

A brief examination of the working of the two kinds of societies in India in the light of certain co-operative principles is necessary to get a clear view of the differences that exist between them.

First as regards the moral basis of the movement, it is better laid in an unlimited than in a limited society. The importance of insisting on moral rather than material assets led Raifeisen to choose unlimited liability in preference to share capital as the basis of credit. The unlimited liability of the very poor may not realise much on selling but they do not want to be sold up and the aversion to this is an added stimulus to honesty. An elasticity is visible in the moral atmosphere of the limited associations when one takes into consideration the cry raised by those societies to get into liquidation in order to get prorata the accumulated reserve which became bigger and bigger. Fortunately for the movement the Government frustrated such attempts by making the reserve an indivisible and separate thing which could not be caught hold of and used as the societies like. In this instance the morale has been affected by the thoughts of the rich shareholders that they can get big shares in the reserve. The unlimited liability banks had no such thoughts.

Secondly as regards the borrowers' interest in the welfare of the lending party or fellow borrower in the participation of profits or control over management, in a limited society the borrower has no such interest. A borrower if he wants money in a limited society is forced to take a share or shares. He pays survey fees etc. to the bank in order that directors may go over to his place and view his security. It is so because they have not the requisite knowledge about him. In an unlimited society every member has that requisite knowledge about every other member. The borrower states a certain purpose and uses for it the loan taken. In a limited society they grant the loan if his security is a good one and do not trouble themselves about what he does with the money so long as they get the monthly payment of interest and an instalment for the principal. A man may pick out a purpose for his loan from the byelaws of the bank for stating in the application form rather than state the real purpose if the latter cannot get him the required accommodation for a loan. A borrower in a limited has no care for the interest of the lender or fellow borrowers whom he may not know. Nor has he any real participation in the profits or control over the management in a limited bank. The profits are divided in such a manner that the rich shareholders get the lion's share in a limited bank. They get it in the form of dividends and as payments for their work. If supposing a bank has shares of a Rupee each, then in order to become a

secretary or one of a board of directors one must have 100 shares. Shareholders general election of officers is a farce. 100 share men become directors and thus a bureaucracy is formed. They absorb all the survey fees and a major portion of the profits in dividing which a certain number of shares in profits are assigned to their self-styled gratuitous co-operative work. The general body of shareholders who attend the meetings are very few. They know nothing about this movement of co operation other than the fact that they have got a loan from the bank and that the directors will drive them to the extremity and force them to pay off their dues if they went against their wishes. It is in the power of directors to extend the time limit for the paying off of the loan. But in an unlimited bank owing to the unlimited liability and the small area of operations of such banks, which ensures the mutual knowledge necessary for such undertakings, one cannot state a false purpose for the loan nor can he use the money obtained from the loan for a purpose other than what he has stated. In a limited bank shareholders who became such to get loans generally transfer or withdraw and get the share money back after they have paid off the loans or if end processes are cumbersome cease to think of their shares as anything. It is not so in an unlimited. The members are not birds of passage but almost permanent members in an unlimited society. They have an interest in the bank in their fellow borrowers, they participate in the profits, they control the management. The big profits in the limited banks to the rich shareholders together with the immunity from income tax have resulted in speculators and capitalists availing themselves of privileges not intended for them.

In a limited bank there are facilities for incurring debts if only one has a satisfactory security. Owing to the lack of that mutual knowledge co-operation in the form of limited liability bank is a means by which a man gets money for unproductive purposes at a comparatively low rate of interest. Because of such uses of money there has been no selfhelp on the part of the borrowers. After 5 years they translate what remains of their old loan to be a new loan. Their security is a satisfactory one, so they are allowed another 5 years by the Limited Bank. Such things can never happen in an unlimited bank owing to the close supervision exercised. Thus the principle that the loan is a pledge of its value becomes more often than not falsified in a limited bank. Checking and control by members are the fibres running through co-operation and they are not distinctly perceptible in the co-operative limited banks of to-day in India.

The republican constitution is seen only in the unlimited society. The unlimited is struggling for proper guidance. Though this land may

be wonderfully well adapted to welcome such institutions it is now well to understand what such institutions mean. The Villager does not know anything of unlimited liability. It is only slowly that he understands. Much propaganda and educational work have to be done before the masses can appreciate the talisman that this movement brings to cure their sufferings. For this a practical working together with proper guidance is necessary. That is what the Co-operative Department have undertaken to do. As they progress they will even more distinctly bring out the difference between the unlimited and limited banks. With proper checks over dividends and the purposes of the loan and the management a limited bank has also its advantages when the clientele is well to do, when the local conditions make it impossible to get the requisite mutual knowledge and when the share capital is adequate for the work undertaken. Generally a limited concern cares for the letter and unlimited for the spirit of co-operation.

But the purpose served by the movement in India in elevating the depressed classes and in lessening the indebtedness of the people, or in promoting agriculture or manufactures is only very little. But that little has been possible only in the unlimited rather than in the limited banks.

THE TRIPLICANE URBAN CO-OPERATIVE SOCIETY AND STORES Ltd.

BY MR. S. VAIDYANATHAN, B.A. (HONY.)

"The Distributive Society touches no man's fortune, it seeks no plunder; it causes no disturbance in society; it gives no trouble to statesmen; it enters into no secret associations; it envies no dignity, it subverts no order. *It means self help.*"—Holyoake.

In one of the recent reports *Vide Report 1912* of the Co-operative Department the Registrar of Co-operative Societies wrote:—The History of Distributive Co-operation in this Presidency, with the single exception of the Triplicane store, has been such that its results are far from encouraging, tend actually to discourage and prevent the rapid spread of distributive and productive work.....Whatever might be the causes of failure, it must be admitted that the stores are the weak point of co-operation in this Presidency.

This is a great tribute from the Government and it must certainly be of great interest to persons interested in the study of co operation to

know something in detail about the history and growth of the Triplicane store and its methods of work.

At the December 1919 session of the Indian Economic Conference Mr. T. K. Hanumantha Rao, Lecturer in Chemistry at the Kumbakonam College speaking on the Triplicane Urban Co-operative society said: "It may be mentioned here that among the preliminaries towards the formation of the Triplicane store were two lectures under the auspices of the Triplicane Literary Society, one on 'History of Rochdale Pioneers' by myself, and the other on 'Some Aspects of Co-operation' by Mr. S. Venkatramier!Our Triplicane store was also the outcome of the interest created in us by the soul stirring narrative of the poor flannel weavers of Rochdale by Mr. Holyoake."

This in a few words we may say gives the origin of the Triplicane Society. The Triplicane Literary Society now defunct was then the premier literary society in Triplicane and included among its members great men and true like the Hon'ble V. S. Srinivasa Sastri; Mr. K. B. Ramanathan and a host of others.

The society being more or less the only club in Triplicane for the evening talk of the educated Indian, we find these people slowly working the idea of a store, thus strictly limiting their idealism to the supply of their daily wants.

The society commenced business on April 4, 1904 with a membership of 14 and a share capital of Rs. 310, but with a small number of ardent idealists in the future of co-operative methods. The usual result followed—criticism and activity,—and slowly and steadily the society passed through its early infantile stage.

The Co-operative Credit Societies Act was passed in 1904, and the cautious members of the T. U. C. S. were anxious to have their young child baptized by the Government Registrar of Co-operative Societies. But the store, to the orthodox mind of the Departmental high priest was a thing which he could not conscientiously recognise, and the society had to add on 'a Credit Branch' to their society to go through the formality of Registration, and the society was registered on Sept. 20th, 1905.

The society closely follows the Rochdale model as much as it can:—The following are some of the outstanding features

1. Sales for cash only—purchases from merchants also being for ready money.
2. Sale at market retail price.
3. Distribution of net profits among members in proportion to purchases.

4. The use of a certain portion of the profits for local and educational purposes.

It will be interesting to know something of what is being done by the society for social and educational purposes. As Mr. Hanumantha Rao rightly points out in his lecture already referred to, co-operative tracts, journals and books were purchased for use by the members.

A more important improvement was the inauguration of what is called 'a Co-operators' Day' in 1908 when a social gathering is held of all the members, and papers are read by people who are interested in the spread of the movement. But at present, the visitor to the Co-operative Society finds only traces of the glorious things that were. The Library of the excellent tracts of the English Co-operative Union and other books on Co-operation is woefully neglected. Not one seems to take any interest in keeping up the Library. No one really studies the subject. The only service which as far as the casual observer has been able to see has been the supply of newspapers which really does not make for any great co-operation.

The Co-operators' Day has become an annual function but the spirit of it is all gone. A social gathering is indeed held and some money is spent but no really useful information is given to members to remind them of their responsibilities as co-operators.

The aims of the Triplicane Urban Co-operative Societies are:—

(a) the encouragement of thrift and self-help; the provision of credit for the members by means of co-operation; the enabling its members to have a safe place in which to deposit their savings and the securing for them of loans for useful purposes at reasonable rates of interest.

(b) The purchase of the necessities of life for retail sale to the members of the society; the carrying on in common for the benefit of the society, of the trade of general dealers both wholesale and retail and the establishment and conduct on co-operative principles of such other lines of work or departments of business as from time to time may be resolved upon by the General Body of Members.

(c) The dissemination of the knowledge of co-operative principles and their realisation as far as may be practicable and

(d) the doing of all such other things as are incidental or conducive to the attainment of the above object.

It will be our aim in the following pages to examine how far the society after 15 years of existence has realised the aims it set before itself when it started in the year 1904.

The value of a single share is 5 rupees only and wherever necessary can be paid in instalments.

The society has at present a number of branches scattered all over Madras and each Branch has a Board of 5 members—called the Local Panchayat, which is practically to be the Executive of the Branch.

The functions of the panchayat as defined in the bye-laws are (1) to investigate the complaints and grievances of local members and to make suitable recommendations to the Board of Directors (2) help to the Directors in finding employees, house etc. for the Branches they represent (3) to express their opinions on the securities or credentials of applicants for loans whenever called upon to do so by the Directors. (4) To suggest improvements in the administration of the organization of the Local Branches or of the society as a whole. (5) To inspect the branches and report to the Directors.

Apart from this each Branch sends one representative to the Advisory Board to sit along with the Directors and watch their proceedings at meetings. This advisory member is not necessarily connected with the local panchayat.

There is yet another Board called the Electoral Board which includes the members of the Advisory Board with an additional member for each Branch elected by the General Body of Members from each Branch.

The Directors 7 in number are elected by this Electoral Board and hold office for 2 years but are eligible for re-election.

As one who has had some experience of the society as a member of the Advisory Board of the Triplicane Panchayat I feel I am in a position to speak with first hand knowledge of the merits and defects of this tortuous system of elections for the executive of the society.

The Advisory Board Member who attends the meetings of the Directors is not generally able to offer useful or practical advice to the management because he is not in touch with the daily work of the Branch. The Panchayat representations do not generally find favour with the Directors because they are not well supported and the Panchayat as such is not able to take the Advising Member into its confidence. This matter requires very urgent attention by the General Body of Members.

The Electoral Board is a mere farce. They meet only to elect the Directors and have no other function. There seems to be no necessity for having a separate electorate for the form in which it is. The so called Electoral Board Member as now has neither a seat in the Panchayat nor anywhere else unless he happens to be an Advisory Board Member. The more useful method seems to be to make the Panchayats themselves the Electorate for the Election of the Directorate. This might have the advantage of making the Directorate more responsive—if not responsible—to the representations of the Panchayats and the

fiction that now exists may be minimised to some extent. What advantage there can be for this novel system of election for the Directorate is not quite clear.

It might be remembered, that one of the objects of the "society" was the establishment and conduct on co-operative principles of such other lines of work or departments of business as from time to time may be resolved upon by the General Body of members.

Evidently the idea underlying this object has not been realised and appreciated in full. The society has had ample opportunities of extending its sphere of work not only in the direction of increasing its quantity of work but also its quality. Over a year ago the Mambalam Co-operative Society which was producing a very good quality of gingelly oil and owned a number of oil mills offered to sell all their right to the Triplicane Society, but the Directors of the T.U.C.S. declined to take the additional responsibility and refused to move in the matter. Had they availed themselves of the splendid opportunity the society would have been able to supply gingelly oil of guaranteed purity to the members. Further the Mambalam oil had a reputation for purity in the market and fetched a very much higher price than the ordinary adulterated stuff called gingelly oil. The result was that the opportunity was lost and the property went into private hands.

Having lost this opportunity the Directors tried to ascertain whether it might not be possible to purchase a mill worked with electric power which might be used to supply the necessary quantity of oil for the society. A committee was appointed to inquire into this matter and the matter practically dropped owing to the fact that a second hand mill which was supposed to be available for sale was found not to be available and a new mill cost an abnormally high price. The society could not afford it. By its refusal to lend a helping hand to the Mambalam Society's oil, the T.U.C.S. was not only a party to the extinction of a sister co-operative society but also missed a golden opportunity of extending its sphere of work.

(To be continued.)

THE WORKING OF NON-CREDIT SOCIETIES IN 1919-20.

The following are extracts from the latest annual report of the Registrar of Co-operative Societies:—

Tanjore district.—One society was registered at Shiyali as an agricultural society with a paid-up share capital of Rs. 10,350 which expects to purchase an engine and boiler, a disintegrator and a rice huller. As it could not start work owing to the difficulty in the purchase of the machinery, it distributed fish guano to the co-operators. It also supplied rice to a Madras society.

The Nidamangalam Agricultural Manure Society continues to be growing in its activity and has been able to turn out 13 tons of bone meal and secure a profit of Rs. 264. It sold the manure at Rs. 65 a ton while the market price ranged from Rs. 70 to Rs. 120. It also distributed fish guano, concentrated manure cakes, daincha and kolinji seeds. It supplied 36 kalams of paddy seeds, 100 coconut seedlings and 461 bags of cotton seeds. The seedlings supplied were new varieties to the tract.

South Arcot.—The Tindivanam Agricultural and Industrial Society started last year with the object of preparing the raw produce of its members for the market, completed its building with an outlay of Rs. 30,705. Since the close of the year, it undertakes for hire the decortication of groundnut, hulling rice and ginning cotton. It will also eventually take up the preparation of bonemeal. In view of securing an assured use of the installation for the benefit of co-operators, it is intended to start a trading union and to arrange for the joint sale of groundnut and paddy from members.

The Kallakurichi Agricultural Society started two years previously forty society members with a paid-up share capital of Rs. 6,700. The society's gin is being worked with on hired engine and negotiations are in progress for the purchase of a gas engine for Rs. 13,000. It has purchased a stud bull for Rs 250 of the Kangayam pedigree.

South Kanara.—The South Kanara Garden Planters' Co-operative Wholesale Society at Vittal dealt in arecanut, pepper, cardamoms, rampatri to the value of Rs. 1,67,811. These were sold on a commission of Rs. 1,202 to the society. The society also made joint purchase of jaggery, horse gram, salt, etc., for Rs. 1,500. Two special points have to be noted in connection with this society. The one is that the Managing Director has misappropriated a sum of Rs. 25,000 by taking advances from the society on the security of goods alleged to have been deposited by him in the office at Mangalore but actually not so deposited. The other is that the price of arecanut went down and the members, some of them

traders in arecanut, had obtained large amount of advances on the quantity supplied. Some loss is expected under this item. The members of the society have, however, resolved to bear the loss and to carry on the transactions as the institution was felt by them in the previous year to be really advantageous.

The Mangalore Guano Factory Owners' Co-operative Society arranged for a joint sale of 324 tons of fish guano and 338½ tins of fish oil valued at Rs. 33,000 and Rs. 1,300 respectively. The saving was estimated to be Rs. 3,000 in the case of fish guano but in fish oil there was not much saving.

The Kallayi Coir Workers' Society started in February 1920 has a share capital of Rs. 102. It purchased coir for Rs. 770 and gained a profit of Rs. 55 by sale of finished ropes. It is a cottage industry for the poor class of women in this district.

North Arcot.—The Tiruvannamali Cobblers' Society composed of chucklers supplied 6,500 pairs of sandals to the Board of Revenue and 2,500 pairs to the Conservator of Forests. The society secured for the members as cooly two annas per pair more than the ordinary rate given locally. About 25 of the members undertook a forest coupe on contract and sold the cuttings in a depot at Tiruvannamalai and each member got a wage of one rupee daily. The total sales amounted to Rs. 7,000.

A society for the chucklers of Nattarampalli was started for the joint purchase of untanned leather and for the sale of it after tanning. There was a small gain of Rs. 40 in the transaction.

In the same Nattarampalli village, sugarcane seeds of different varieties supplied by the Agricultural Department were grown in the fields of two of the members of the Society under the supervision of agricultural officers. The experiment is said to be successful.

Kistna.—The credit society at Vemanda took on contract from the local fund board the village road and executed work to the value of Rs. 4,300.

A society was started in Salem for ladies. This society has as its main object the collection of small savings from the members. The society began its work almost at the end of the year.

The Ramachandrapuram society in the Godavari District intended for the benefit of 'Turpu' people emigrants from the Vizagapatam district built 32 cottages in the place of as many huts burnt down by accidental fire. The central bank lent Rs. 4,000 to the society with which it bought the materials required in bulk. The successful work of this society was

due to the able and sympathetic guidance of a local co-operator M.R.Ry. Sambasiva Rao Pantulu Garu who is also the President of the Local Co-operative Union.

Of the old societies, the society for the Othachekkars at Coimbatore completed the building operations begun in the previous year. Thirty six houses were built and handed to the owners who are members.

The Society at Bimilipatam, Vizagapatam district, intended for the scavengers was unable to work as the compensation amount due to the scavengers was paid into their hands and was spent by them.

Of the two societies for supply of labour, one was the old society for the Salt Loaders at Madras Salt Depot. The year under report was one of good business for the society. The labour charges received by the society amounted to Rs. 16,907 and the members had the benefit of higher wages.

The other society was the Puttur Co operative Labour Union for the purpose of undertaking labour contracts to provide work for members of co-operative societies. During the year the Union carried out work of the nature of levelling of roads, preparation of granite metals, repairing buildings, for which it earned a sum of Rs. 1,296.

The society for the management of a hostel for students at Ponnani was registered during the year. The parents and guardians of the students at Ponnani are members of the society and they manage the hostel intended for their children. It has not begun business before the close of the year. The building for the hostel is to be raised by public subscriptions.

A new society for the joint cultivation by members of a Panchama settlement at Overtonpet in the Chingleput district was started during the year with fourteen members on the rolls. It obtained from the United Free Church Mission at Chingleput about 60 acres of land on lease for an annual rent of Rs. 120. The members of the society raised jointly paddy, ragi and chillies and sold them to advantage.

CO-OPERATION ABROAD.

The Co-operative Printing Society

Was founded in 1869 in Manchester, and has extended its operations so that its Jubilee in 1919 was commemorated in works at Manchester, Newcastle and London. The society has issued a History of its fifty years' progress and achievements with Prof. F. Hall as the author. The book is an excellent example of what such a history should be and it is needless to say that it is printed in absolutely first class style. There are some three dozen illustrations which show to advantage on the paper chosen.

The first chapters deal with the Pioneers and early days, leading to the formation of the Newcastle Branch in 1872. When the society was started it did not seem possible to share profits with the purchasers and the rules provided for their distribution between capital and labour in equal amounts. In 1872 there was a revision of rules and a battle royal took place over the admission of customers to a share in profits, and during the discussion the question arose as to whether there should be any individual shareholders or only society members. Eventually a compromise was effected; capital was to get 7½% and the remainder was to be divided into three equal parts, one going to each of the three parties—capital, labour and consumer.

The *Co-operative News* was at first printed by the Co-operative Printing Society and very greatly helped in its early years, but when the *News* started its own printing works (1887) happily the society was able to develop other branches of its activities and its trade suffered very little setback.

In 1886 the London branch now in Tudor Street was opened at 6, Salisbury Court, off Fleet Street, and in 1890 the society held its coming-of-age celebrations. The share capital at that time was £16,119 and the trade for 1890 was £58,059 and the profit was £4,257, of which capital got interest at 7½ per cent taking £1,203, and the remainder was divided into three equal portions of £401 each; this brought the return on share capital up to 10 per cent, while the rates of dividend on wages and trade were considerably less than 2½ per cent. In 1891 the Committee carried a proposal that the remaining profit should be distributed no longer in equal amounts to capital, labour and customer, but at equal rates on shares, wages and purchases. This caused the distribution in 1892 to be capital £413, labour £492 and customers £891. After this year the interest on shares was reduced to 5 per cent.

It was in 1892 that the proposal was first mooted that the C. W. S. should start its own printing works. This came about in 1895, but once more the society was able to accommodate itself and obtain other new trade so that the loss of the C. W. S. trade is hardly noticeable on the annual sales.

Special chapters deal with the progress of the Branch works in London and Newcastle, which each has its Committee of Management though these are subordinate to the Central Committee at Manchester.

One very interesting chapter is devoted by Prof. Hall to "Labour Matters," in which he shows how the society has persistently tried to give its workers the best conditions. During the 50 years the workers have received £29,040 out of the total profits of £261,760 on a wages bill of £1,156,000. In 1871 the 54-hour week was adopted in order to give a half-day holiday, and in 1894 the hours were reduced to 48, and a reduction to 44 is now under consideration. From the first an attempt has been made to keep a little ahead of trade union rates of wages.

In 1911 a Benevolent Fund was started with a gift of £1,000 and 1d. in the £ on wages is added annually out of the profits. In 1914 a Thrift Fund was started under which the employees contribute the dividend on wages and the Society add a sum equal to half this amount. At the Jubilee the Society started a Pension Fund to which the Directors may contribute out of profits; £2000 was so assigned in 1920.

There is a full and interesting account of the Jubilee proceedings and the book ends with a number of appendices giving interesting documents, statistics, names of Directors and Managers and the Rules governing the Benevolent, Thrift and Pension Funds. There is also a capital chronological table and a very complete Index.

As will be seen the book is full of information and will form a valuable addition to any co-operative library.

—The Co-partnership.

The Ideal Wage.

What are the factors in the "ideal wage" if I may so speak of it? I think they are three. First the guaranteed minimum; second, a variable quantity according to the output of the individual; third, a variable addition according to the result of the undertaking—to put it shortly, *piece-work with a guaranteed minimum and a bonus on profits*. This, if realised, would secure the worker against falling below the poverty line, put a premium on his individual effort, and give him an interest in the results of his labour. It would follow logically from the last condition

that he should, like other interested persons, have some voice in the management of the concern and the distribution of its profits. And this would be the great steadying factor. It should enlist him on the side of just and peaceful settlements and the avoidance of strife which would be plainly injurious to the industry.

The first factor, the guaranteed minimum wage, is now generally recognised, and operative.

The second factor piece-work—the payment by results—is realised over a wide field, and is the accepted method in many industries.

We are only at the beginning of the third factor, the bonus on profits and it presents considerable difficulties.

—*The Co-partnership.*

CO-OPERATION IN INDIA.

Co-operative Anti-Malaria Societies in Bengal.

“About the Co-operative Anti-malaria Society, it is divided into two parts—the Central and the Rural Societies. The Central Society has got about 100 members. In the central society the members do not enjoy any benefit. To become a member a person will have to pay Rs. 6 in the beginning and will have to pay Rs. 6 yearly. Many of the members have paid sums averaging Rs. 500 to Rs. 1,000, these are gifts to the society. The society has got a Board of Directors consisting of 9 to 13 members. Among the Directors as well as among the members, there are a good proportion of medical men. Some of them have given an undertaking that they will give their services free of charge whenever it is required—for going out to the villages for propaganda works, etc. We have got also an arrangement by which the secretary or medical officer of the rural societies can be given a training in the scientific portion. The rural societies are the agencies by which anti-malaria is actually carried out. They are voluntary agencies. Each member has to pay monthly subscription rising from 4 as. to Re. 1. The society frames its own bye-laws a model of which is furnished by the central society and the society is guided by them. It keeps a regular account and proceedings book. The members at a meeting sanction sums of money for carrying on anti-malaria work, which consists in cutting jungles and filling cesspools and distributing quinine. The work is done under the supervision of the secretary. Each society tries to maintain a medical man on Subsidy system—the medical man attends the families of members free of charge. The Central Society pays a monthly contribution and has

also got the right to lend money to the societies to carry on bigger anti-malaria works. The societies will have to send every quarter a statement showing the cash balance and the work done by each society. As a rule, the societies are given as free a hand as possible—allowed to develop by propaganda work. It is a very interesting sight to see how from insignificant beginning, big societies are developing. I will illustrate my points by a concrete example—there is a small village named Nobogram in the the Burdwan District. It is extremely malarious. A few enthusiastic inhabitants of the village getting information of our society wanted to start an anti-malaria society there. They could gather any 10 men who were willing to pay 4 as. for starting a society—an application in proper form was sent to the Registrar—it was refused as the sum of Rs. 2-8 a month was an insignificant sum—a few days later, they have been able to contribute Rs. 30 a month. The society has been registered—a medical man (a sub-assistant surgeon) is going to be employed on a subsidy of Rs. 30. I do not think it necessary to go into any more details about these societies.”—*Bengal Co-operative Journal.*

Co-operation in Bengal.

The Co-operative movement has received a great impulse during 1920 and the number of societies has increased from about 4,700 to 6,000 with an increase of Rs. 60 lakhs in the capital invested. The total membership is now approaching 240,000. A special feature has been the organization of co-operative stores, which now number 74, all recently started. Many of them, however, have been organized by men with very little knowledge of the business which they have undertaken with the sole idea of underselling existing traders who were believed to be profiteering. Their buying arrangements are defective and they are too lax in the matter of allowing credit. It is feared, therefore, that there will be failures among them, but some societies will undoubtedly succeed and these may pave the way to an extension of the movement on sounder lines in the future. It is a fact worthy of notice that the largest and most successful stores have been founded among cultivators. There are two of these with membership of 3,000 and 4,000 respectively, which are developing most successfully, and the business acumen shown by their committees on management augurs well for the future of the movement. Co-operative credit societies have generally done well during the year under review, and there is no reason to think that the rapidity of their expansion is too great to be consistent with sound finance. The co-operative spirit is certainly abroad and has led to the opening of schools and to the combination of villagers for public purposes such as the provision of roads, wells and the like. A co-operative association has been founded during the year to

propagate societies for the improvement of sanitation, the chief object being to give financial assistance to organization for fighting malaria. The few societies of this kind which exist have not been particularly successful, but the stimulus and assistance of the larger association is expected to improve them.

The artisan societies have been comparatively successful, particularly in Bankura where from the most unpromising material among the weaver class a prosperous combination is rapidly developing. Nearly one lakh of the share capital of the Bankura Industrial Union, which had a turn over of about 2 lakhs in the year belongs of 400 or 500 weavers, who a few years ago were eking out a precarious existence on doles from Government during the famine. A wonderful spirit has been evoked in several of these societies and progressive ideas have dawned upon the horizon of what was hitherto the least enlightened class in Bengal. This does not mean that there have been no failures in Bankura; there are numerous cases of disloyalty to the societies, but the balance is well weighed down on the right side.

The colonists at Knepupara and the ganja cultivators at Naugaon vie with each other in co-operative development, and are the most conspicuous features in the movement in Bengal. In Naugaon the membership of the societies has doubled in a year and there have been most praiseworthy developments, of which a few deserve description here. It must be remembered that at first there was only one society: It succeeded, and there followed a central bank, about 100 credit societies, the largest co-operative stores in the province with its members reckoned in thousands and its annual turnover in lakhs, a printing press to meet the societies' own demands and from which it is intended shortly to issue a weekly local newspaper, the employment of a veterinary surgeon to collect cattle mortality statistics with a view to cattle insurance, the erection of a new dispensary and the extension of an old one, the erection of six schools, and the establishment of a farm on the lines of the farms of the Agricultural Department at headquarters of districts for the benefit of local cultivators. All of these schemes are of purely local origin supported by local finance and thoroughly co-operative.

An unfortunate feature of the year is the disaster that has overtaken the milk supply societies formed near Calcutta. Last March they were thriving and reached their zenith in June, when they delivered two tons of pure milk daily in Calcutta. No precautions were taken, however, to provide against the shortage which is ordinarily experienced in the rainy season and a serious epidemic of foot and mouth disease added to the troubles. Abuses crept in, discipline was relaxed, and by October the pre-eminence for purity which their produce had hitherto held had been changed to an unsavoury reputation for adulteration. A considerable improvement has since manifested itself, but it will take time and careful and honest management before the former position of the societies can be regained." :—*The Report on the Moral and Material Progress in Bengal for 1920.*

VILLAGE BANKS VS. CAPITALISTIC BANKS.

BY A. W. PRAUCH.

The idea of credit for farmers is not a purely financial matter. It is a purely co-operative matter which first of all aims to develop in the agriculturists the wise use of money, to make his business more prosperous and to use best agricultural methods possible. All banks are interested most in the sufficiency of the guarantee offered for loans and could, not if they would, superintend the investment of thousands of scattered small loans. Rural Credit is interested most in the moral character of the members and their efficiency as farmers. This moral aspect is the foundation of these associations and without further details or additional explanation disposes of the erroneous statement that finance is the most important matter. It is one of the important needs but not the most important.

The rural credit associations number 530 throughout the Philippines; each one of these is an independent corporation, managed entirely by its own members, through the board of five directors. They elect their accumulate funds by the sale of shares at dollars 2 each, receive deposits, and contract loans of outside capital. They begin with a small capital by their own effort and being jointly and severally responsible for all loans they secure from any outside source, they exercise care and vigilance over the loans they make to their members. As their operation is by law limited to the confines of one municipality, the character of each applicant is known, they know for what purpose the loan is requested and they are able to see that it is applied to that purpose. This would be impossible for any outside agency to exercise.

If the Department of Finance or any Manila Bank established 520 small banks in these same towns the most of them would fail. The reasons are many, but a few will suffice. The people would expect financial help from the outside instead of learning to help themselves; there would be considerable expense necessary for rents, salaries stationery, etc., while the business would be insignificant in all but a few large municipalities; (being co-operative the present associations have no expenses.) If the person in charge had plenty of funds to loan out and wanted to make a reasonable showing, he would make promiscuous loans. If these were safely made they would be only to the rich, who are the only ones able to furnish bankable security. Therefore, the plan would not reach the poor nor would it be long continued, and rural credit would have to begin again to do what the Department of Finance cannot possibly do, and which is being done by the Bureau of Agriculture which is more intimately connected with the needs—financial and otherwise—of the agriculturists. It has the machinery in each province adapted to solve the various problems affecting the farmer. It is in a position not only to supervise

the development of these co-operative agricultural loan associations, but also to get in closer touch with the people composing them than would be possible to any other agency and also to more sympathetically advise them to advance in capital would mean an advance in methods of cultivation, seed selection, improved implements, better breeds of pigs and cattle, and all other details, which certainly no agency is more able to render than the farm advisers scattered through every province. *Manila Times.*

PRICES.

Wholesale prices of the most important commodities in the different markets of Madras Presidency for the first fortnight in May 1921 were considerably lower than in the corresponding fortnight in 1920. The following prices are quoted for Madras City in the Board of Revenue return.

		Rupees per Maund.	
		May 1921.	May 1920
Cotton (cleaned) ...	...	32.89	43.89
Paddy ...	...	4.87	5.55
Rice ...	...	7.42	8.47
Bengal gram ...	...	6.94	7.93
Raw hides ...	...	13.89	15.63
Ghee ...	...	79.00	92.17
Gingelly seed ...	...	11.85	15.80
Tobacco leaf ...	...	20.57	26.33
Bran ...	...	5.29	7.05
Turmeric ...	...	7.89	10.29

Tanned hides and Salt are shown as unchanged in price, jaggery somewhat dearer (13.99 Rs. per maund in 1921, 13.17 Rs. in 1920) and Kerosine a good deal dearer.

The dry grains are not quoted for Madras City, but the average of mofussil quotations shows.

		Rupees per Maund.	
		May 1921.	May 1920.
Cholam ...	...	5.70	6.75
Cumbu ...	...	6.45	7.59
Ragi ...	...	4.51	3.03

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