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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 & glorious future for the agricultural interests of the country”—
His Majesty's Reply to the Delhi Municipal Address, 13th December, 1911.—

Vol. XIII.]

JULY 1921

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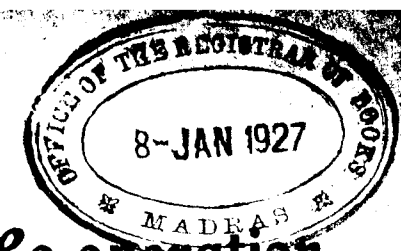
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THE Madras Bulletin of Co-operation.

VOL. XIII].

JULY 1921

[No. 1

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NOTES AND NEWS

Labour troubles in Madras. The peaceful residents of the City of Madras never witnessed such serious disorders as arose out of the labour disputes between the management and the employees of the Buckingham and Carnatic Mills. For a number of days absolute anarchy prevailed in the mill area. Huts and houses were burned on a large scale, property was looted, innocent people were assaulted with dangerous weapons, several people losing life or limb, all under the very nose of the police; so much so that H. E. the Governor and his Cabinet found it necessary to come over to Madras and assure themselves that adequate steps were taken to restore peace and order. It is not necessary for us to go into the causes of the strikes and the subsequent disorders, or to apportion the blame, but it is very regrettable that humanity and a spirit of reasonableness should have been conspicuously absent in the relations between the employers and the employed. Lawlessness, however, would not have broken out if ill-advised attempts had not been made in some responsible quarters to create a split in the ranks of labour. The chief office-bearers of the Perambur Labour Union happen to be non-co-operators and this fact seems to have led some people to believe that the labour organisations are being exploited by designing politicians and that therefore an attempt should be made to counteract their influence. In our present conditions it is impossible for

labour to organise itself without outside help and it may be admitted that on some occasions labour organisations are exploited for political purposes. But the proper remedy would be for politicians of a different complexion to get into touch with labour and see that its interests are not sacrificed for party ends. The anti-union political obsession in this case threw the Labour Department, the Police and the Audi-Dravidas too openly on the side of the employers and thus exasperated the feelings of strikers. The troubles very soon assumed a communal character—Audi-Dravidas against caste Hindus and Mahomedans. It is very much to be regretted that His Excellency who came down here specially from Ootacamund should have contented himself with putting before labour the terms offered by the employers and not attempted a settlement of the dispute. He was no doubt incensed by the lawlessness that had broken out, but he should have known that a settlement of the dispute would eradicate lawlessness more surely than military patrol or punitive police. As we write, unofficial attempts are being made to bring about a settlement and we wish them Godspeed with all our heart.

* * *

But if there should be lasting peace in the industrial world, co-operative ideas should come to prevail where competitive ideas are now ruling. In correction with the present strikes it is admitted by labour that the wages given and the other conveniences created by the Buckingham and Carnatic Mills for their employees are better than in many other mills but still the workmen are dissatisfied—not because of their innate cursedness but because man lives not by bread alone. The men feel keenly that they are looked upon not as partners in the business of production but only as tools and chattel, having nothing to do with the gains or losses of the concern but just required to do like machines as much work as the management is able to extract from them. They see that the shareholders and the management are getting a remuneration which is far in excess of their respective contribution to the success of the business and that they themselves are getting much less than their due, though what they here get may be more than what others get elsewhere. As democratic and socialistic ideas permeate in the society, labour strifes are bound to increase, decreasing the production of commodities and in some cases even leading to the destruction of wealth and human life, unless competitive ideals are abandoned and co-operative ideals are adopted. Capital, management, labour and customer all contribute—perhaps in an equal degree—to the success of a concern, and they should all get a share in the excess profits. At present capital appropriates to itself all the profits, which in some Indian mills is just now as high as 50 or 100 per cent., as if the other factors

The solution.

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have not contributed anything to it. Capital is welcome to have its usual remuneration, like direction or labour, in fixing which remuneration allowance should be made for the risks that it takes. But beyond that, it has no more right to profit than the other factors have. We would therefore advocate a limitation of dividends as is done by Government in the case of co-operative concerns, the compulsory building up of the reserve fund and the distribution of excess profits among labour and other factors which have contributed to the success of the business.

* *

We congratulate the Registrar of Co-operative Societies, Bombay, on his having framed a special set of bye-laws for The Spinning Wheel, organising hand-spinning co-operatively and making them available to the public in the form of a leaflet. It is creditable to him that he has not regarded hand-spinning only as a manifestation of the spirit of non-co-operation, nor considered it his duty to fight it. Though we do not think that the spinning wheel can stand competition with the spinning mill when ordinary conditions are restored, we recognise that at the present time the spinning wheel has an economic value and that it is worth the while of co-operators to take advantage of the strong sentiment which Mr. Gandhi has aroused in the country and organise co-operatively the production of hand-spun yarn. The present rates of yarn are so high that a person spinning with the wheel can earn ordinarily two to three annas in eight to ten hours. When the agricultural season is off many persons who do not find any employment can work the spinning wheel, and women and children who do not go out on remunerative labour can use it at all times, so that as a subsidiary occupation the spinning wheel should be heartily welcomed. It would be easy for co-operative societies to give special joint loans for the purchase of spinning wheels and cotton and to arrange for the sale of the yarn produced. The Congress organisations are now attempting it independently but co-operative organisations being far more numerous and also business institutions should be able to do the work very much better. We trust that local unions or district banks will take up this matter earnestly, whatever be their attitude towards non-co-operation or their faith in the capacity of the handspun yarn to compete successfully with mill-made yarn. The temporary advantage that co-operators can derive—we do not expect the prices of yarn to go down to the normal within couple of years—is quite sufficient for our purpose.

* *

In April 1920, there were 49 weavers' co-operative societies in the Punjab with a membership of 1020 and a share capital of nearly Rs. 10,000. During the co-operative year ending April 1920, the profits earned by the societies fell considerably on account of the sudden fluctuations in the price of yarn, so that yarn

purchased at a higher rate had to be sold at a lower rate. The difficulties experienced by the societies are described thus: "The yarn market was speculative and uncertain some counts of yarn were always unobtainable for months. Yarn purchased for societies was often undelivered for months owing to difficulties of railway transport. There was no adequate organisation for the sale of the weavers' cloth". The sales of raw materials to members and the purchases of finished products by the members amounted to Rs. 2½ lakhs. There were eight co-operative shops maintained by these societies in which yarn was supplied on credit to the members of the society and cash advances given to them on goods brought to the shops for sale. There were also three unions which acted as distributing and collecting agencies for their affiliated societies. These unions sometimes supplied implements to their members co-operatively and maintained shops for the supply of yarn and the receipt of finished products from their members. The forty nine societies were served by a Central Co-operative Stores which had a working capital of Rs. 75,000. In the co-operative year ending April 1920 it made advances in yarn to the extent of Rs. 1,58,000. The societies did a good deal of contract work for Government and the N.W. Railway Stores and these contracts were executed to the complete satisfaction of the authorities. The Deputy Registrar who was in charge of these societies, however, remarks that with their old fashioned methods, the weavers' societies cannot hope to compete with the mills which were able to offer lower tenders than was possible for the societies to do. In his opinion there is no hope for these societies without the introduction of improved implements. But Mr. Calvert, the Registrar, takes a different view and is hopeful of these societies gradually developing into small co-operative factories with mechanical power and that by these our weaving industry will escape all evils of congestion that form the subject of frequent complaint in Bombay. It is true that even under the best conditions the cottage weavers would not be able to produce cloth as cheaply as the mills, but in durability the hand-made cloth is so far superior to the mill-made cloth that it is really the cheaper. The small power factories which the Registrar hopes for will be possible only when electricity could be supplied to suburban and rural areas. It is certainly very desirable but we are not quite hopeful of such supply being available in the near future. Meanwhile we hope the societies will be greatly benefitted by the Swadesi spirit which Mr. Gandhi has roused in the country.

* *

We have much pleasure in publishing in this number Mr. E. V. Sundara Reddi's able article on the consolidation of agricultural holdings. They are becoming so small and scattered that some legislative action has become necessary not only for arresting further fragmentation but consolidating and enlarg-

Consolidation of
Agricultural hold-
ings.

ing the existing ones. But before legislative action can be possible the people have got to be educated on the evils of excessive fragmentation, and it is in this educative work, as Mr. Sundara Reddy points out, that co-operative societies can be of the greatest use. The Publicity Bureau has issued at least two useful leaflets on the subject, one of them being written by our Registrar of Co-operative Societies. Panchayatdars, supervisors and Inspectors will do well to get these leaflets and explain their contents to the members of primary agricultural societies. If by such educative work they should be able to induce some ryots to consolidate and re-allot their holdings, the panchayatdars can render further help by bringing about an equitable distribution of the land. Moreover, as has been pointed out by the Registrar in the Publicity leaflet, co-operative societies can give joint loans for the improvement of the consolidated holdings before they are re-allotted, and in some cases purchase encumbered estates, divide them into economic holdings and make them over to their members. These, however, are steps to be taken later. What has now got to be done is to show the wastefulness of scattered holdings and the inutility of too small holdings. But it will be no easy task to induce any villager, however small and uneconomical his holding, to give it up as the possession of land confers a status on him and as it also has a sentimental value for him.

* *

Writing under this heading, a "Co-operator" makes in all seriousness the very interesting suggestion in the *Kannada Sahakari* of Puttur, S. Canara, that co-operative societies should obtain from Government the management of toddy shops in villages and issue to their members—and non-members too, we suppose—limited quantities of toddy which should be fixed in each case according to the physical requirements and economic condition of the member. 'Just as the panchayat or the general body fixes beforehand the maximum credit that may be allowed to a member, similarly the minimum quantity of toddy necessary to keep a member in good physical condition should be fixed and not more than that should be issued to him'. He further suggests that the toddyshop should be used as the village co-operative hall, the centre of social life, where co-operative principles and many excellent things would be taught and the meetings of the general body could be held. He thinks that the cause of temperance is best served by thus reforming the toddy shop. The writer of the article contends, that while arrack and whisky are harmful in any quantity, toddy is a food and healthy potion if taken in moderate quantities and that it is necessary for the health of the field labourer who is exposed to the severity of the elements.

We are surprised that the suggestion is made quite seriously and that at a time when the picketting of liquor shops is going on vigorously in all parts of the country. It is the Government's avowed policy to make drink dear and thus reduce its consumption but it has only resulted in excise revenue being the most considerable, next to land revenue. The temptation of revenue would be as strong for the co-operative society as for government and there is no reason to believe that the panchayats would be a body of saints. Moreover, drink is absolutely and religiously prohibited to the higher caste Hindus and the Muhammadans and any attempt at making the toddy shop the co-operative hall of the village would be the surest means of bringing the co-operative movement into the greatest disrepute and killing it outright. In India, with the deep religious sentiment of the people against it, the grog-shop can never be made innocent or respectable, and co-operative principles preached there will no more be heeded than the Vedantic songs that are now sung there by drinking mendicants.

"An important part of my plan to help the farmers is 'Co-operation.'

I am firmly of the belief that the American people, through their government and otherwise, not only in behalf of the farmers but in behalf of their own welfare, and the pocketbooks of the consumers of America, will encourage, make lawful, and stimulate co-operation—co-operative buying, co-operative distribution, and co-operative selling of farm products.

All of the consumers of this country—the laborers, the business men, the teachers, the children, the rich and the poor, the young and the old, the men and the women, must act together to find the way closer and easier and cheaper to the sources of our food supply. And the farmers must work together to find their way, by better transportation, better marketing and organized co-operative effort, closer to the consumers of America.

If these two—producers and consumers of food—are not brought closer together by organization, by better railroad service, by the auxiliary of motor truck facilities, by better roads, by the removal of legal obstructions to organized effort, organized profiteering will squeeze in somewhere between the producer and consumer.

I am not indulging in a sentimental generality when I say that I hope I am thinking and saying something to help point the way, not only to a fair and just prosperity to American agriculture, which will tend to stop land speculation and the increase of the tenant-farmers, but will be one big, practical step taken against the high cost of living. It will be taken in the name of no class but in the name of the people of America."

Very frequently co-operative meetings fall through for want of a quorum, and it is taken quite lightly by the absenting members. The proud fact that a co-operator put in unbroken attendance for forty-seven years at co-operative meetings will therefore come as a most agreeable surprise to our readers. Mr. James Thompson has regularly attended the quarterly meetings of the Ashton-under-Lyne Society, England, since October 1871 and only during the last two years has he missed any meetings. During the last forty-nine years he has missed only three meetings! For over forty years he was the secretary of the said society. This is a record of which any co-operator may feel proud.

Co-operation in the West is a veritable social force—one of the principal agencies of social reform. It is this potentiality in the movement to bring within the reach of the poor the comforts and conveniences and culture that the rich enjoy that has led to the embracing of the movement by Labour in the West. What social and intellectual amenities are provided by co-operative institutions may be gathered from the example of a Belgian institute. The People's House in Brussels, which has been built at a cost of 1,200,000 francs (£50,000) is the heart of the social life of its members. It is a mighty institution with numerous branches scattered throughout the city. It contains a restaurant, a store, a theatre, and a moving picture hall. A large gymnasium and a library are also located in it. Its library is the central library for all co-operative societies' libraries in Belgium, and contains works of eminent foreign authors. We commend this example of self-help to our labour leaders.

No wonder that in Germany, the motherland of Raiffeisen, credit societies should predominate in agricultural co-operation. Such also is the case in India but there is no comparison between the two countries in the part played by non-credit societies. In 1918, the last year of the war which ruined Germany, there were 29,609 agricultural societies in Germany of which nearly 8000 were for non-credit purposes. Co-operative dairies and purchase and sale societies numbered about 3300 and the rest were for miscellaneous purposes such as the use of machinery, supply of electricity, irrigation, cattle-breeding &c. In January 1919 there were 667 societies for the use of the agricultural machinery, 698 for supplying electricity to their members, 250 for supplying water, 200 for live stock breeding, 100 for the sale of live-stock, 100 for common use of pasture land, 115 for vine-growers. There were also societies for the

removal of refuse, for motor service, for brick-laying, for supply of gas, for fruit-growing, distilling spirits &c. India may not yet think of societies for the supply of gas or electricity but there is surely scope for co-operative dairies, cattle breeding societies, manure societies, societies for the employment of machinery and other purposes. What is wanted is that educated men should turn their serious attention to the improvement of agriculture and in that they will find co-operative methods the most paying. A good deal of public spirit is now abroad and it is a pity that it has not been led in agricultural and co-operative channels.

We have already referred to the institution of chairs on Co-operation in the University of Berlin and in the College of France. Dr. August Muller, a former secretary of the German Co-operative Consumer's Societies was appointed to the Berlin Chair. Now comes the gladsome news of the appointment of the veteran French Prof. Charles Gide to the Co-operative Chair in the College of France. Prof. Gide's name is familiar to every student of economics and to every co-operator in this country who has kept himself in touch with the progress of the movement in Europe. He belongs to the great ethical school of political economists with whom moral and judicial considerations carry considerable weight. He sees in the Co-operative Movement, the end of all antagonisms—between labour and capital, debtor and creditor, consumer and producer and landlord and tenant. He is a firm believer in the co-operative civilisation and the transformation of society by evolutionary process. He is an optimist to the core. Prof. V. Totomianz of Russia calls him the "philosopher, prophet and poet of the Movement." The College of France could not have made a better selection.

"The Ryot is a small man but multiply him by 300 millions, organise his credit and his energy, provide him with a banking system and he becomes a giant able to move the world." What is wanted now is organisation—organisation of the rural population—organisation of their resources—organisation of their credit and organisation in the distribution of the produce. For otherwise what is a common cultivator worth?"

CONSOLIDATION OF AGRICULTURAL HOLDINGS.

BY MR. E. V. SUNDARA REDDI, M.A. B.L.

One of the difficulties which beset agricultural progress in this country is the way in which land is at present distributed. There are two evils connected with this: firstly, the minute subdivision and secondly, the excessive fragmentation of the holdings. Owing to the systems of inheritance which prevailed both among the Hindus and the Mahomedans and also to the increase in population, subdivision of holdings has gone on continuously with the result that the average area of holding has shown a constant diminishing tendency. At the present moment the average area of a holding is about 5 acres and in the case of the majority of Pattadars, whose holdings comprise mostly of dry lands, the average area is much smaller being about 3 acres. There were in the Presidency in Fasli 1310, 2,143,821 pattadars.

Statement showing the number and extent of agricultural holdings in the Presidency in faslis 1310 and 1325.

		Fasli 1310			Fasli 1325		
		Number of pattadars	Extent of the holdings in a.	Average extent of the share of each pattadar.	Number of pattadars	Extent of the holdings in a.	Average extent of the share of each pattadar.
One rupee and less	Single patta	308,788	254,933	0.83	405,779	276,367	0.68
	Joint patta	355,780	79,423	0.22	893,574	154,641	0.17
	Total	664,568	334,356	0.50	1,299,353	431,008	0.33
Ten rupees and less but over one rupee	Single patta	1,249,817	4,135,969	3.36	1,512,726	4,884,910	3.23
	Joint patta	1,756,666	2,199,062	1.34	2,462,670	2,907,132	1.18
	Total	3,006,483	6,334,971	2.18	3,975,396	7,792,042	1.96
Over Rs. 10.	Single patta	675,358	9,255,676	13.70	819,454	10,960,030	13.37
	Joint patta	1,468,473	6,468,605	4.40	1,678,599	6,464,735	3.85
Total		2,143,821	15,724,281	7.33	2,498,050	17,424,765	6.97

From the above figures it will be seen that while the average extent of a share of a Pattadar who paid one rupee and less was half an acre in 1310; in 1325 this became reduced to 0.22 acres. In the case of pattadars paying 10 rupees and less but over one rupee the average area of the pattadar was 2.13 acres in fasli 1310; in 1325 this became reduced to 1.96 and in the case of pattadars paying 10 rupees and above while the

average was 7.33 acres in 1316, in 1325 this became reduced to 6.97. It will also be seen from the figures quoted that the pattadars who pay ten rupees and less constitute about two-thirds of the total number of the pattadars. It will be readily recognised that the size of a holding should be larger. It should be expected to yield its full quota of income to the ryot but it is often too small a size to support a family. And under the present conditions where there are few or no occupations subsidiary to agriculture on which the ryot can be usefully employed, he is compelled to depend for his maintenance entirely on such a holding. It is, therefore, of considerable importance that this question of the minute subdivision of holdings should be raised and measures devised for preventing this process which will ultimately result in land being distributed in such a way as to render efficient cultivation altogether an impossibility. It is sometimes argued that the smallness of a holding might act as a stimulus to its intensive cultivation. In many parts of the country doubtless a system of intensive cultivation is already prevalent and such cultivation often implies an exhaustion of the soil, the replenishment of which would require an outlay on manures which the ryot of this class finds it very difficult indeed to afford. Even with intensive cultivation the area of such a holding cannot be regarded as satisfactory from an economic point of view. It is not for one moment suggested that we should have only land concentrated in the hands of a few landholders instead of being distributed among a large class of people. But its distribution among too large a number resulting in a gradual reduction of the area of a holding would lead to much quarrel and render the holding uneconomic with disastrous consequences to the progress of agriculture.

The second evil connected with the distribution of land is the excessive fragmentation of holdings. This is partly the consequence of our laws of inheritance and partly of our practices in regard to the division of immoveable property at the time of partition. It is often the case that when a holding, of, say 15 acres, is divided into five shares each shareholder is allotted a one-fifth share in each plot comprised in that holding. Assuming that the 15 acres comprised of 20 strips or parcels of land, each sharer will have one-fifth in each of these plots. Apparently such a course is adopted with a view to obtaining an absolute equality among the different co-sharers. In practice not only does this process diminish the value of the property itself but renders extremely difficult the adoption of improved methods of agriculture, besides resulting in wasteful cultivation and serious disputes in regard to questions like the settlement of boundaries and trespass of cattle. Whatever difference there might be as regards the reality of the evil of minute subdivision of holdings, I do not think any person will hesitate to

recognise the excessive fragmentation of holdings as a very serious evil retarding the growth of agriculture and a real menace to the adoption of agricultural improvements. **Our agricultural production might easily be increased by 50 per cent by consolidating our holdings and the cost of any such scheme if carried out over a sufficiently large area will not work out at more than rupees ten per acre.**

It must be added however, that measures affecting the rural conditions should be adopted simultaneously to secure something in the nature of permanency in the results achieved thereby. The efficiency of the agricultural labourer, for instance, is conditioned by the adoption of a system of compulsory education which would take into account the vocational needs of the ryot. Communications and roads will have to be improved so as to create greater transport facilities for carrying produce to markets and the question of irrigation and of laying down in each village fresh channels for that purpose should also be closely investigated so that we may have in effect created a new village with its capacity for production increased and the possibilities of co-operative effort developed.

These questions have been the subject of research and investigation for a considerable time. In European countries and in some of the far east countries where similar conditions had prevailed the legislature has intervened and effected the necessary changes with results very beneficial to the landholders. In our own country the matter has been sufficiently long before the public and I think the time has come for steps being taken by the state in the direction of reconstituting the present holdings and modifying our laws of inheritance and partition in such a way as to render unnecessary the minute subdivision of holdings.

As early as 1875 the Board of Revenue referred to this continued parcelling out of landed property into minute shares and the evil of such continued subdivision was recognised. The subject has also attracted the attention of the Press, as will be evident from the passages on this subject contained in the late Mr. G. Subramania Iyer's book on "Some Economic Aspects of the British Rule in India." In Mr. S. Srinivasa Raghava Iyengar's *Memorandum* submitted to the Madras Government "On the Progress of the Madras Presidency during the last forty years of the British Administration," the question is again gone into and it has been pointed out by him that at the time he wrote a little more than two-thirds of the ryots owned on an average less than 5 acres of agricultural land. According to his estimate at least 8 acres of such land were necessary for a family to provide for itself the cost of subsistence.

The subject attracted the attention of the Baroda State and they had a Committee appointed to make proposals on the consolidation of small

and scattered holdings in the Baroda State and the report of the Committee is of unusual interest to us. They have also suggested the lines on which legislation should be undertaken; and speaking for myself, I would say that the principle advocated therein of reconstituting the holdings on the basis of original ownership is a very sound one. Another satisfactory feature of their proposals is that under this plan of reconstitution each one would get a new whole piece of each kind of land viz. *Jarayat*, *Bagayat* and *Kayari*, approximately equal in extent to his previous small and scattered fields. They also suggested that in proceeding with the division of lands each person whose lands shall be included in reconstitution shall be allotted, as far as possible, other lands of the value, quality and extent equal to its original ownership and if in order to realise a serviceable plan of reconstitution, it is necessary to depart from this rule, the work of reconstitution may be proceeded with and the difference may be paid up in money. The principle which they advocated amounts to this that the lands allotted to a person should replace from every legal point of view those that he was in possession of before the reconstitution. Their suggestion was that a permissive act for the reconstitution of farm lands in Baroda State should be passed and whenever a majority of the *Khatodars* of a village holding more than half of a village land desire to have a farm reconstituted, a *Saba* (Tahsildar?) may obtain the sanction of the Government to have the Act applied to the village and the Government would appoint three of the Land Commissioners and a working committee consisting of six members, three of whom would be officials and three members elected by *Khatodars*. The Land Commissioners will constitute the chief Appellate Court for cases of dispute and references under the Act. The draft Law suggested by them is reproduced below as I think it is necessary that the people should be familiarised with the very valuable suggestions contained in that report. It admittedly follows the line of legislation adopted in Switzerland, Austria and other places and is based mainly on the suggested legislation for Holland.

In Bombay the Honourable Mr. Keatinge sought to introduce legislation of a permissive character enabling owners of estates to constitute them into impartible ones with the consent of the heirs and the declared object of his measure was to prevent any excessive subdivision of holdings. His proposal was to the effect that if a person registered his holding under the proposed law as an economic one, it shall remain impartible after such registration and after the death intestate of the registered owner in whom the property vested absolutely, it shall descend according to the line of lineal succession. And where there were two or more heirs in

equal degree the eldest was to succeed, and adoption was recognised whenever it would be recognised under the law of succession to which the parties were subject in cases governed by the Act. The statement of objects and reasons constitutes interesting reading, as it is evident therefrom that the evils of minute subdivision and fragmentation of lands require application of remedies of some drastic character. As he admits there, his real difficulty is in framing provisions to secure the integrity of the holding in spite of existing law and custom in favour of subdivision of land. Mr. Keatinge aims at effecting the object in view by giving the registered owner an exclusive and absolute interest in the holding at the outset; by preventing the subdivision of the holding by transfer *inter vivos* or by will or by operation of law; and by preventing subdivision in case of the owner's death intestate. The line of succession on death intestate suggested in his Bill was only a provisional one, intended only as an example, but it would be obvious that without excluding the operation of the Hindu Law, as it stands at present, it would be indeed difficult to secure any permanency to the results which Mr. Keatinge anticipated to flow from his scheme. The opposition, or more correctly, the indifference, was so great that Mr. Keatinge had practically to abandon his Bill.

When the Agricultural Conference met at Poona last time the subject came before them for discussion and they adopted a resolution recommending that steps should be taken by Local Governments to remedy existing conditions as regards the distribution of land. It was recognised by that body that the way in which land was distributed at the present moment acted as a hindrance to effective cultivation and to the adoption of improved methods of agriculture. As a result of this discussion the local Governments have taken some action in the matter. In the United Provinces an experiment was tried in the reconstitution of holdings on a voluntary basis with success in a few villages and this fact was referred to by Professor Jevons at the Indian Economic Conference held at Bombay in December 1918. Mr. Jevons himself has made a very valuable contribution to this subject, and his note deserves very careful study. The only proposal of his, with which I cannot see my way to agree, is that side by side with the consolidation of holdings, the enlargement of holdings should also be taken up. He would suggest certain measures for the disposal of the surplus population which would be thrown out of land by such a course. I am emphatically of opinion that any measures which tries to go beyond the principle of giving each ryot land as far as possible of equal extent and value to that held by him before reconstitution would be strenuously opposed by, and would also be obviously unjust to the ryot. There is also another suggestion of his,

that a system of officially recognised trustees should be possible with regard to the management of the reconstituted holdings, which is equally open to serious objection. I agree entirely with him when he lays stress on the necessity for a simultaneous application of the many measures urgently needed for the improvement of rural conditions as the course best calculated to achieve any appreciable progress.

In the Madras Presidency, as a result of the discussion of Mr. A. S. Krishna Rao's Resolution, the Government sent Mr. Keatinge's Bill and Dr. Slater's suggestion together with their own proposals for opinion to the Board of Revenue. The Board of Revenue referred these to certain District Collectors and officials connected with the Department of Agriculture and Land Records. The replies sent in by the persons consulted have been now published and they constitute an interesting contribution to the subject. The Board of Revenue did not see any useful purpose in undertaking legislation in regard to this matter on the lines suggested even in a permissive form by Mr. Keatinge, nor did they favour the idea that the darkhast rules should be so modified as to take into consideration the creation of economic holdings. They did not think that any remission in stamp duty in the case of voluntary transfers of land will act as any stimulus in that direction. They rightly also rejected the proposal that sub-division of lands below certain limits should not be recognised by the revenue officials as this would only have increased the difficulties as to settlement of disputes concerning the ownership and the boundaries of land. The Government of Madras, after a careful perusal of the correspondence passed an order in which they declared that they were not prepared to undertake legislation even in a permissive form on the lines of Mr. Keatinge's Bill at present. They, however, asked the officers dealing with darkhasts in the presidency, in making assignment of lands to take into consideration the desirability of creating economic holdings. The Board of Revenue was requested to consider the possibility of carrying out experiments in the re-arrangement of the holdings by consent in some villages in districts in which a special staff was engaged at Adangal division, prior to re-settlement.

It is a matter for regret that no action appears to have been taken in pursuance of this order nor has any explanation been forthcoming so far as to say this has not been done. Such an experiment, if it had been carried out, would have afforded most valuable assistance to those who were anxious that proper measures should be devised for the re-constitution of the holdings, even as a study in methods and it would doubtless have revealed the nature and extent of the obstacles one has to overcome in work of this kind. Experiments in other countries where similar work

was undertaken by the State have shown that they encountered opposition at the outset but after re-constitution the ryots appreciated the benefits that resulted therefrom and felt deeply grateful to the Government for their action. I am strongly inclined to think that though at the outset some opposition will have to be faced, action in this direction will be welcomed, if the ryots are made fully acquainted with the objects and the measures by which we seek the re-constitution of the holdings.

From the published replies referred to above one thing emerges distinctly, that is, the necessity for a more sustained and elaborated enquiry than has been possible within the short time allowed for reply to the persons consulted. Some of them have distinctly suggested such an enquiry. In view of the fact that for a considerable time the Government have been pressed, for more reasons than one, to make an investigation into the economic conditions in typical tracts and a resolution to this effect was actually carried in the old Council as against the Government it would be very desirable that the Government should appoint at the earliest opportunity a Committee for the investigation of this question and the terms of reference might include the economic position of the ryot himself, as this is closely allied to the size of the holding held by him.

At the last Provincial Co-operative Conference a resolution was adopted requesting co-operative societies to take steps to prevent the evils referred to above. At that time doubts were expressed as to the wisdom of expecting co-operative societies to concern themselves with matters like these. The only object of the resolution was that in the villages the co-operators were the leaders of the people and their enlightenment could be availed of for the purpose of impressing on their bretheren the evils resulting from the minute subdivision and excessive fragmentation of holdings which chiefly followed the practices as regards partition. For instance, if a family wished to divide its landed property the panchayat of the co-operative society might easily persuade its members not to press for an allotment of the shares in each plot of land comprised in the holding of that family—a course which was open to serious objections and make them consent to a division of their lands in convenient areas, so that as far as possible there might not be many scattered strips in the holdings of each member of the family. Their services might also be utilised for the purpose of negotiating and carrying out exchanges of lands between the ryots themselves so as to create as far as possible larger units of cultivation. It is as an educative agency that the co-operative societies would be of utmost usefulness in a matter of this kind and in the case of such societies which had obtained a position of leadership in villages we might easily look to them to employ their good offices for carrying the objects in view purely on a voluntary basis. One must recognise that, after all, even if the societies are successful in achieving any substantial results

in this direction, their permanency could not be secured unless modifications were introduced by legislation rendering further sub-division and fragmentation impossible. But these would serve as an object lesson and will create in the minds of the ryot population a desire for such modifications, once they perceive the beneficial results of such a course.

There is one thing that must be frankly recognised. In this Presidency land has been divided into certain broad classes, wet and dry and a third division may be recognised as well, as garden or seed bed. It would be obviously undesirable if a man held lands under these three groups, to compel him to hold them under one group only. The combination of these groups of land is often-times a necessity. I am inclined to think that the idea of a single consolidated holding is impossible of achievement. All that can be aimed at is that the lands comprised in holdings should as far as possible be compact. It would be impossible in a number of cases to reduce the strips comprised in a holding to a number less than three in view of the recognised divisions of land. But if you take into consideration the fact that, in the case of the majority of pattadars who pay ten rupees and less as assessment, their holdings chiefly consist of dry lands, their consolidation ought to be easier.

Once consolidation is effected it is necessary that measures should be devised for securing permanency to its results and I am afraid this cannot be done without a change in the laws governing the holding and descent of property both among the Hindus and Mahomedans. Legislation of a permissive character enabling impartible estates to be constituted with the consent of heirs in ryotwari tracts might be a first step in that direction. As I have already pointed out, the best method of effecting consolidation would be on the lines suggested by the Baroda Commission. [The draft law suggested by that body is appended to this.] Under the altered constitution it ought to be easier for us to carry out legislation on these lines and our first duty is to educate the electorate on this question and put to them as plainly and as frankly as we can the issues involved. The village has got to be re-modelled and the methods adopted should include not only consolidation but also the provision of metalled roads connecting the village with the neighbouring towns, the adoption of compulsory education, "the demonstration of improved methods of agriculture on the reconstituted holdings" and the development of subsidiary occupations. These methods should be adopted simultaneously to achieve the fruits of consolidation. Such a remodelled village will have developed great potentialities for agricultural productivity, considerably more than it possesses at present and its capacity for co-operative effort will be infinitely greater.

APPENDIX.

TEXT OF THE DRAFT BILL PROPOSED BY THE BARODA COMMISSION.

1. **Name**—This Act may be called "An Act for the Reconstitution of Farm lands in the Baroda State."

2. **Application**—It shall be applied by a notification published in the Adnyapatrika to such villages in which two-thirds of khatedars, holding more than half of the village lands, apply for its application.

3. **Re-constitution of lands**—By the term 'Re-constitution of Lands' shall be understood the re-union of previously separated parts and their re-arrangement according to original ownership.

4. **Lands to be excluded**—Reconstitution may not include—

- (a) village site,
- (b) Cemeteries, burial grounds and other lands set apart for public purposes, and
- (c) such other lands, as may be agreed upon by the people to exclude from it.

5. **Sanction of Government**—When the Suba is satisfied that the majority of the khatedars of a village as specified in section (2) desire to have their farms reconstituted, he may obtain the sanction of Government to have this Act applied to it.

6. **Committee**—Government will appoint three Land Commissioners and a Working Committee in which there will be at least 6 members as under:—

- (1) Naib Suba of Division (President).
- (2) Survey Kandar representing the Survey Department.
- (3) Vahivatdar of Taluka.
- (4-6) Three members elected by the khatedars; and The Land Commissioners will consist of the Sar Suba, the Survey and the Settlement Commissioner and the Director of Agriculture and will form the Chief Appellate Court for cases of disputes and references under the Act.

7. **Valuation**—The Committee will first prepare a valuation of khatedars' existing lands and trees, wells and buildings thereon. This will be published by a notification Chowra and if any one is dissatisfied with the valuation of his property he will have the right of appealing to the Land Commissioners whose decision will be final.

8. **Plan**—The next work to be done by the Committee will be to prepare a plan of re-constitution which must be approved by the Land Commissioners after hearing such objections as may be raised by the khatedars.

9. **Re-constitution on basis of original ownership**—The principle of original ownership being the basis of reconstitution no khatedar shall be deprived of his land. Each one will get a new whole piece of each kind of land, viz., Jarayat, Bagayat, Kyari, approximately equal in extent to his previous small and scattered fields.

10. **Road provision**—In effecting the re-constitution, care will be taken that each of the new lots touches at least one road, if possible.

11. **Cost of land required in roads**—The cost for land necessary for new roads and water courses to be made or to be diverted as well as of that to be devoted to uses of common or general interests, shall be borne by Government for the present.

12. **Lands of the same value and extent to be given in the redistribution**—In proceeding with the division of lands, each person, whose lands shall be included in the re-constitution, shall be allotted, as far as possible, other lands of the value, quality and extent equal to his original ownership. If in order to realise a serviceable plan of re-constitution, it shall be necessary to depart from this rule, the work of re-constitution may be proceeded with and the difference may be paid up in money.

13. **Local Boards to maintain roads**—The management and maintenance of roads and water courses with the works connected with them, shall be at the expense of the Local Boards.

14. **Exemption from charges**—Mutation in names under this organisation shall be exempt from all charges and taxes.

15. **Extension and transfer of servitudes**—Hereditary servitudes in so far as they shall not cease by the re-constitution shall remain to the charge or in favour of the proprietors previously burdened by or in enjoyment of them.

16. **New land to represent old**—The lands allotted to a person shall replace, from every legal point of view, those, that he was in possession before the re-constitution.

17. **Right of lessee**—When the lessee of lands, included in the re-constitution shall not desire that the lease be continued on the new lands allotted to the lessor, he may inform the lessor to that effect and the lease shall cease. In this case the lessee can claim no compensation for the loss occasioned to him by the termination of the lease. If he wants the lease to continue he will have land in the new holding equal in extent and value to that in his former lease.

18. **Mortgages**—Mortgage burdens on old lands are to be proportionately transferred to new lands allotted in the re-constitution.

19. **Barkhali lands**—The advantage enjoyed by Barkhali lands to continue on the new lands to the same extent and on the same terms as before.

20. **Assessment**—Assessments to be readjusted on the new lands. Existing rates of assessment to continue till a revision survey is made.

THE TRIPPLICANE URBAN CO-OPERATIVE SOCIETY AND STORES Ltd.

BY MR. S. VAIDYANATHAN B.A. (HONS) READER IN ECONOMICS,
UNIVERSITY OF MADRAS.

II

Purchase and Sale.—Purchase is generally done by the Purchasing Agent and his assistants who have been in the service of the society from the very outset. The secretary of the society is also expected to take some interest in the purchase of articles. Generally all articles purchased are subject to approval by a Testing Committee appointed by the Directorate to assist them in weeding out bad stuff. The Testing Committee consists of seven members of whom one is a lady of great practical experience. The one defect with this committee is that they do not sit as a committee and everyone acts for all. The committee is a misnomer and it is not possible for busy men to come at the same time for testing articles unless some better provision is made for that purpose.

The impression seems to be very strongly held that any quality of article will satisfy the members. Quite recently while as a member of the Testing Committee I said that the quality of a certain sort of ghee was not good I was plainly told that because there was a demand for ghee the thing might be *passed*. Evidently the persons in charge were quite unconcerned about the health of the members of the society and it was really an impossible task to convince them that they had a better mission in life.

The society generally does not even try to avoid the middle-man whose elimination is one of the first tasks of a co-operative society. In answer to one of my questions, the Managing Committee wrote to say that the articles generally purchased locally were cardamoms, camphor, cloves, chillies, pepper, asafoetida, coreander, vendiam and *English articles*. A statement which I prepared, of local purchases made from a local merchant shows clearly that all articles except the ones specified above have been purchased locally. The justification for such purchases I am yet not able to realise.

As far as one is able to see local purchases seem to be the rule and purchases from the moffusil the exception. When a local purchase is made, the Purchasing Agent practically settles the price and everything. The person from whom such articles are purchased is himself an ordinary merchant whose profits also the members have to pay. With a little more energy and ability this sort of paying middle-man's profits can to a large extent be minimised if not completely eradicated.

There is a provision that in emergency cases local purchases may be resorted to. What is done is, the Purchasing Agent and others sleep

directrates to undertake this work earnestly. Each society may make its collection and remit it to the Central Bank to which it is affiliated and the Central Bank will intimate the amount so remitted from time to time, to the Provincial Union. The last will arrange to entrust the contribution to the institution or institutions improvised by the public or the State for granting the desired relief. Contributions by co-operators may be in the form of ready cash, food, grain or clothing (in the case of Weavers' Societies). Dividends on share capital which are the property of co-operators may be given over to the relief fund in part or entirely, provided the members agree to such a course. Co-operative institutions might vote some amount from the common good fund of the year or from previous accumulation under this item. Bonus due to members of distributive societies might be diverted if the members are willing.

Here is a splendid opportunity for co-operators to show the usefulness of a movement with a net work of co-operative institutions. It is hoped that co-operators will not let slip this opportunity. The Provincial Union appeals to Honoray Assistant Registrars, to local unions and Government officials of the Department to render such help as will secure success to the suggested undertaking.

We must apologise to the readers of the Bulletin for the delay in bringing out this issue. The Editor of the Bulletin, Apology, Mr. V. Venkatasubbaya of the Servants of India Society, has had to leave Madras to take up more urgent work for his Society elsewhere. During the time that Mr. Venkatasubbaya was in charge of this magazine he brought to bear on his editorial work a degree of care and trouble and co-operative knowledge, for which he deserves the gratitude of our readers. It has not been possible to make definite arrangements till now for conducting the Bulletin in his absence. But we hope that before long we shall be able to announce to our readers the creation of a competent editorial board and sufficient executive assistance.

Since our last number appeared there have been some very important changes in the staff of the Co-operative Department. Co-operative Department. Mr. Hemingway, who had suddenly to leave for England on account of ill-health, was succeeded by Mr. Vedachalam Iyer as acting Registrar. The latter remained in charge of the Department till the end of August when he handed over charge to Mr. J. Gray. We are given to understand that neither Mr. Hemingway nor

Mr. Vedachalam Iyer will return to the Department and that Mr. Gray's appointment may be regarded as a permanent arrangement. Mr. Gray is one of the ablest of the younger members of the Indian Civil Service and has to his credit a record of successful and varied administrative work. He has been in succession Settlement Officer, Director of Civil Supplies and Deputy Commissioner of Labour; in addition to these he was Secretary of the Health and Welfare Association and for a time Mr. Knapp's assistant when the latter was Reforms Commissioner. We have every reason to hope that the progress of the Co-operative Movement in the Madras Presidency, will be safe in his charge.

Mr. Hemingway's departure means the loss to the Co-operative Department of an officer of enthusiasm and an unsparing worker. Mr. Hemingway's illness is mainly the result of the sustained and unremitting work which he did during the past three years for co-operation. No one who has seen Mr. Hemingway at work or has listened to him on co-operative problems could doubt that he was a born apostle of co-operation. We in this journal have often had occasion to criticize some of his measures especially the recent addition to the Department of a large staff of Assistant Registrars. We do not propose to revert to this controversy here. Now that Mr. Hemingway's period of service as Registrar is practically over we would only remind ourselves and our readers of the energy, zeal, vision, and enthusiasm with which he worked for the movement.

We are genuinely sorry at the termination of Mr. Vedachalam Iyer's connection with the Co-operative Department. There is no officer, Indian or European, now living, who can compare with him in knowledge of the methods and problems of co-operation in the Madras Presidency. He stands in this respect absolutely unequalled. While we regret that his services will no longer be available as an officer of the Department, we hope as a non-official he will find it possible to give the movement the benefit of his experience and knowledge. The great lack of our movement throughout India is the absence of a sufficient number of experienced non-official co-operators who could criticize with inside knowledge the proposals of the Government departments. We say this in no spirit of disparagement of the work done by the Co-operative Department but because we believe that the criticism of such men would be in the true interest of the departments themselves.

Mr. Vedachalam
Aiyar.

closed after 21 months but before the 42 months. Members having recurring deposits at the Society shall be entitled to a loan of 10/11ths of the amount to their credit in the Society at 6½ per cent interest per annum.

The current account in the society is similar to the Savings Bank account in the ordinary banks. But it will be seen that the co-operators had not good experience of Savings Bank outside the Post Office and hence they adopted in toto all the rules and regulations of the Government regarding the Savings Bank accounts. Even the paper acknowledging a deposit was cut in the exact Post Office fashion and despatched from the Head Office. The old system still continues though a good many members feel that the method is out of date. Recently the Secretary introduced a novel but wasteful method of acknowledging deposits. For every deposit a post card had to be sent by post to the address of the member acknowledging the amount. This is an unnecessary piece of work which with some little supervision of the Branches can well be avoided. If one wants to prove the hollowness of this method one has only to deposit one rupee at the society and withdraw and deposit the same rupee every day keeping of course, the minimum of one rupee to his account. He can thus make the society pay to the Government 8 annas for his one rupee.

One other important feature is the abnormally low rate of interest paid by the society on current deposits namely 3½ per cent on the amount at credit to a member between the 4th and last day of a month. This to say the least is imitation with a vengeance. The Indian Bank pays interest at 4½ per cent on daily balances and it cannot be expected that things being as they are the Society can at all expect its credit branch to be very popular. Unless the Society reforms its rules in the light of recent experience we cannot expect members to turn from the Joint Stock Bank to the co-operative society.

A word or two must be said about the chit fund system as practised in the co-operative society. Down in the moffusil the chit fund is on somewhat different lines. A number of villagers join together and appoint one among themselves as manager who takes up all the responsibility of collection, distribution and management. He may have to provide security for the amount that may be fixed upon by the members. Each member may agree to pay 250 rupees per half year and 10 persons may join together, and the first chit goes to the manager as a matter of course as a sort of reward for his abilities. The members meet every half year and the amount is pooled and auctioned. The person who bids for the highest rate of discount gets the money. Then he is eliminated from the bid at the next periodical auction. The others go on in the same way.

The amount that may ultimately remain is divided equally among the members of the chit.

But though the organisation of the chit fund is fundamentally the same even at the T. U. C. S., yet there are some differences. A number of members of the society join together and agree to make a monthly contribution of 5 rupees to the chit fund. All the ten meet on a particular date after paying the amount, and then in deciding who is to have the benefit of the chit, they must follow the following rules :—They must not bid for anything less 3 per cent discount, and not for more than 6 per cent. If more than one bids for 6 per cent discount then the matter is settled not by auction but by lot and the lucky man gets it. One small defect in this connection is that the rate of interest being very small generally the members bid for the highest rate of discount with the result that more often, the needy man is left unprovided for. The lot generally does not favour the man who is most anxious to have money at once at a reasonable rate of interest. An improvement seems to be called for in this direction and the Directors may well raise the rate of maximum discount to 8 or even 9 per cent.

The members applying for a chit fund are severally and jointly responsible for any loss arising by the members of the chit fund failing to fulfil their engagement and the society as a whole shall not be held responsible.

On the whole the Chit Fund has been a very useful adjunct to the working of the co-operative society and in course of time may become more popular. This is just the sort of saving that appeals to the ordinary man and if the rules are made known to more members the chit fund in the society has a good future before it for further development. The contributions to the chit fund when not made promptly are left to be paid by the member at his pleasure. The result has been that for months together one does not hear of the bonus after the chit has closed, and the prompt payer gets disgusted and never cares to join the co-operative chit again if he can avoid it. This explains the poor interest taken in its working. (Vide statement 39 out of 3,000 members availing themselves of the benefits of the fund.)

Grant of Loans:—I wish to say a few words about the grant of loans in the co-operative society.

Loans in the society are of 4 kinds :—

1. *Simple Loan:*—i.e. loan the amount of which is within the amount standing to the credit of the member in the account of the society.

2. *Mortgage Loans:*—granted on the security of Government promissory notes or immoveable property within Madras. Such loans should not exceed Rs. 5000 or 20 times the share.

3. *Special Loans*:—Loans granted on the security of approved Life Insurance policies.

4. The most important of the class of loans is the *Personal Security Loan* granted on the personal security of a member or on the suretyship of one or more members. The Loans on the personal security of a member under the rules ought not to exceed Rs. 750 or 3 times the share capital of the member which ever is less.

The rate of interest on simple and mortgage loans is 6½ % and in the case of special and personal security loans the rate is 7½ %.

The society certainly does a very great service to the members in the matter of giving loans and this is the department of the society which is specially active, so much so that we find persons becoming members in some cases with the specific idea of benefiting by a loan.

The application of a member for a loan is generally sent on by the Directors to the Branch Panchayat to which the member is attached and on the recommendation of the Panchayat the loan is granted or refused. Generally the Panchayat's opinion is worse than useless, for it is only very rarely that any attempt is made at identifying the member who applies for a loan. The result has in some cases been that the borrower has not at all been traced and the amounts have had to be written off. The Panchayat of every Branch must make it their business to scrutinise very carefully the character, solvency and social position of the applicant for loan and as far as possible attempts must be made to discourage the taking of loans from the society which in the opinion of the Panchayat and the Directorate are not necessary. In such cases by stern action, the society by refusing to give the loan will really be doing a service to the member who will in that case either not borrow or try to convince the Panchayat of the necessity for a loan.

It may not be superfluous to add that as things are at present the society does not very much care to maintain an accurate record of the addresses of persons who take out loans. Changes of address are not noted in many cases, and no attempt is made to find out the changes until the auditor or other responsible officer finds that the claim on the account is almost barred by limitation. Even now a number of cases are pending disposal in the society, and the society would do well to have a number of Bill Collectors, as also an able and intelligent loan clerk. This is an imperative necessity.

Further attempts are not at all made to call for the return of the loans on the expiry of the term of such loans with the result that we have now drifted into a position where some hundreds of rupees have to be written off as irrecoverable.

(To be continued.)

THE CO-OPERATIVE BUS.

BY RAO SARIK MR C KARUNAKARA MENON B.A.

The co-operative year is nearing completion. I wanted to wait for the audit report before making any mention in the newspapers about the working of the Perintalmanna Co-operative Conveyance Society Ltd. But the demand for news has become so insistent that I cannot put it off any longer.

When Mr. Hemingway I.C.S., the Registrar of Co-operative Societies, visited Perintalmanna in September 1919, he experienced how inaccessible our station was. The local co-operators discussed with him a scheme for running a motor service on co-operative lines. We were asked to place before him the draft bye-laws in consultation with Mr. M. Shiva Rao of Puthur, S. Kanara. I put myself in communication with Mr. Shiva Rao and in a fortnight the draft bye-laws were ready and a formal application was made for the registration of the Society. As a co-operative concern in the technical form, we cannot allow non-members to utilise the motor service. Special permission had therefore to be obtained from the Government for the registration of the society allowing non-members to utilise the service. The Government had also to be satisfied about the necessity of a society of this kind. This we did.

The main idea was to have a motor service between Perintalmanna and Calicut and between Perintalmanna and Palghat, the distance either way from Perintalmanna being 44 miles. Perintalmanna is the head quarters of the Walluwanad Taluk and is not directly served by railway, the nearest railway station being 15 miles away. The town has also much traffic with the outlying stations on the railway line. The adjoining Taluk of Ernad is also similarly situated. but both the Taluks have good road communications. Bullock carts were the only conveyance and the hire charged was prohibitive. There is considerable traffic on the roads. The local co-operators found that the general public would be much benefited by the introduction of the motor service for passengers as well as for the transport of the articles of consumption to the trading centres at Calicut and Palghat. But the main idea was to provide transport facilities for co-operators so as to encourage joint purchase and sale among them. There are at present 53 co-operative societies in the Walluwanad Taluk. The members are all agriculturists. Being away from the trading centres, these ryots were not getting a proper price for their agricultural produce, especially for perishable articles. Our scheme therefore contained a proposal to keep some motor lorries to carry the goods of co-operators, who were likely to deal in large quantities when joint purchase and joint sale developed.

It was not proposed to borrow any money from any financing bank. If local money was not forthcoming the scheme was not worth the energy and skill that was put upon it.

The Society was registered on 17th May, 1920 and authorised to commence work on 31st May, 1920. Now began our difficulties. The war was over and there was a great financial depression. Still we worked on with great vigour. The capital of the society is Rs. 1,00,000 made up of 20,000 shares of Rs. 5 each, the entire value to be paid on allotment. Every member should take one share and no member was allowed to take more than 200 shares. This portion has now been amended and the Government have now raised the maximum to be taken by one member to 500 shares. Every member should pay an entrance fee of 4 annas per share subject to a maximum limit of Rs. 5. The dividend payable to the members is limited to 9 per cent the maximum allowed under Act II of 1912 (India). The necessary capital for commencing the work has been obtained by share capital and local deposits. The deposits now total Rs. 5450. After the necessary working capital was secured we took expert opinion and resolved to purchase Ford busses for the service. After the busses were purchased there was considerable delay in securing the necessary road licenses. We have now five sections at work (1) Perintalmanna—Tirur (2) Perintalmanna—Mannarghat (3) Mannarghat—Olavakkode (4) Perintalmanna—Tootha and (5) Perintalmanna—Pulamanthole. We are running 168 miles a day. We have 4 busses of which 3 are working regularly and one is kept as reserve. Up to 1st June, 1921 we have run 7697 miles, and carried 6976 passengers and earned in all Rs. 4433-6-0 in the shape of passenger fares.

We are anxiously waiting for the audit results. Motor service is not as paying as people seem to think. Several causes have contributed to make our difficulties still more acute. The District Board has raised the toll from As. 8 to Rs. 2. We represented to the Board we are a Society and not a trading company; that we are idealists and not profiteers; that we are to strictly conform to rules; that we cannot supplement our income by over-loading; that our seating capacity was only 14 and that we would never allow this to be exceeded. Under these circumstances we asked for favourable terms. But as yet the District Board has not chosen to look to the altruistic side of our activities. The price of petrol has risen to Rs. 2-3-0 at Palghat, the place where we buy.

We know Co-operative India is looking to us to see how we prosper in this venture. We also fully realise our responsibility, in that, if this were not to turn out successful, the Madras Government may not sanction the registration of any more societies of this kind. The Directors of this

society and the officers of the Co-operative Department have this idea always before them. We hope the audit results will convince the people of the advantage of running concerns like this on co-operative lines. Our service is regular, our rates moderate, our servants are courteous, our accounts are accurate and our busses scrupulously clean. We have an efficient staff and a plentiful supply of petrol and lubricants. We keep an accurate account of petrol consumption. To prevent break down we have a large stock of accessories.

A MESSAGE TO GUNTUR CO-OPERATORS.

FROM RAO SAHEB MR. K. NAGESWARA RAO.

As one intimately connected for some appreciable length of the co-operative life of your district I make bold to make a few suggestions which I request may not be viewed as officious interference on my part but may be accepted for consideration in the spirit in which they are offered.

Fortunately for you, your district is in charge of a co-operative officer, who, in spite of his shortness of service in the Department, has already made a mark as a capable and sympathetic Assistant Registrar. I am sure that under his guidance the progress of the movement in your district will run on right lines and in increased magnitude.

It is a matter for congratulation that your District Banking Union has now recovered completely from the stagnation and stupor, which characterised it in the last decade. Its prospect was then so gloomy that very few were optimistic of its ever turning over a new leaf, but gave it up as a hopeless concern. The share capital would not increase and there were no deposits. The Bank was pronounced, by persons authorised to do so, to be a complete failure; and several causes, some of which were of the nature of arguments for a preconceived proposition and some more imaginary than real, were adduced for putting an end to its lingering existence or for removing it from its original environments. But fortunately for the Bank it had a band of workers who though small in number were earnest in purpose and were bent on making it a success; amongst them I would mention the Bank's present Secretary, who for the last half a decade was indefatigable in his exertions for the betterment of the condition of your Bank. It is now a gratifying feature that your Banking Union has a paid up share capital of half a lakh of rupees and local deposits for one lakh. What an amount of self-sacrificing labour is required to achieve this end under unfavourable conditions can be better imagined than described.

Yous is the premier Central Bank in the Andhra country and it behoves you to try to secure for it the first place among the similar institutions which sprang up subsequently. A Central Bank is a sine-qua-non for co-operative progress in any tract; a strong institution, serving as the focussing centre for attracting all the available spare money in the neighbourhood, will serve as an incentive for the spread of the movement and for the proper realisation of the benefits accruing therefrom. It must therefore be the studied aim of every co-operator, especially in villages, to strengthen the Central Bank by all means in his power. He must induce the capitalist in his village to resort to it to deposit his spare money. ~~By~~ this means the way will be paved for a most desirable reform in the country's monetary transactions. It is one of the objects of Co-operation to substitute a systematised and well-secured money-lending through institutions managed strictly on business lines and under efficient control, in place of dissipated lendings of money by each monied person with little or no experience in such transactions and consequent incidental litigation in its recovery. The secret of the wonderful system of banking in the West lies in this centralisation of the nations' individual activities in this direction.

A question that is naturally raised in this connection is as to why such deposits should be transferred to a Central Bank, but not utilised in the village society itself. This is a contentious question on which opinions are sharply divided and to enter into this controversy at this place may not be becoming on my part—one who has craved your indulgence more as a friend and well-wisher than as an integral part of your conference. But you must excuse me, however, if I place before you the results of my seven and half years service in Co-operative Department, for giving it as much value as you think it deserves.

(1) I would advise primary societies in villages as I had always done to canvass for the small savings of their members; a rupee saved by a member out of his hard labour and deposited in the society is worth more than a thousand rupees contributed by a monied man in the village—not with a view to help his co-villagers, but to derive a good interest with little or no chance of losing it, backed up as it is by the strong unlimited liability.

(2) My next advice to you is to develop fully the administration of societies by the local unions; on their efficiency lies the further success of the societies in your midst. These form the cradle for getting a training in self-help and self-reliance.

(3) Lastly, I should very much press that bad societies in your midst should be mended; to end them is fairly easy, but I do not advise you to

advocate this policy. My experience has convinced me that in this direction, the non-official co-operator can achieve a far superior success than any high-placed official in the Department. A word of advice emanating from a prominent man in the neighbourhood commanding good respect is sure to carry conviction with even the worst recalcitrant and make him change his attitude towards the society. I sincerely hope that the co-operative public assembled in this conference would seriously take into its best consideration this call for help which the co-operative movement expects from it.

After all it is for the good of the community that this co-operative movement has been started and is worked. Every worker in the field—of course excluding the paid officers—deserves the country's gratitude for this altruistic work.

REVIEW.

IMPRESSIONS OF THE CO-OPERATIVE MOVEMENT IN FRANCE AND ITALY.

OTTO ROTHFELD, I. C. S.,

We welcome this short pamphlet on the "Co-operative Movement in France and Italy" as a useful addition to the co-operative literature available in this country. India of all countries in the world stands in need of benefiting by the experience of other nations and in the field of co-operative development foreign experience would be found very suggestive.

It was unfortunate that Mr. Rothfeld could not devote more than six weeks for the study of the movement in the two countries, and he does not pretend to have made any thorough study of co-operative problems. Still Mr. Rothfeld kept before himself two objects. He was anxious to derive from the developments in France and Italy lessons for the actual guidance of the movement in India. Secondly he tried to arrive at general truths underlying co-operative legislation and administration. In his report Mr. Otto Rothfeld has devoted particular attention to the question of State aid to and State control of co-operative societies. The experience of the two latin countries forces Mr. Rothfeld to the conclusion that there is nothing wrong about the principle of giving aid to co-operative societies "I found," says Mr. Rothfeld, "that even in Italy, the most individualist and anarchic of countries the Government had in the end been compelled by the force of circumstances to confess the truth of that State aid which they had so long denied"

Mr. Rothfeld devotes considerable attention to the study of Consumers' societies and his description of the model bye-law about the object of the societies is worth noting:—

1. Firstly to sell to members and customers articles of consumption bought by the society or manufactured by it ... and secondly to distribute its profits among its members at a pro-rata of the consumption of each member or to apply the whole or a part of the profits to works of social benefit on conditions determined by the bye-laws.

According to Mr. Rothfeld the following are the lessons to be learnt from France by the consumers' societies in India:—

- (1) That membership should be as large as possible.
- (2) That the taking up of shares should be made as easy as possible and inducements held out to every customer to become a shareholder.
- (3) That sales should be made to the public at large.
- (4) That interest to share-holders should be limited within a low limit.
- (5) That excess profits should be devoted both to social work and to the payment of bonus to members and other customers.
- (6) That loans from banks or private persons should not be taken.

Mr. Rothfeld warns co-operators from rushing to start Co-operative stores in rural areas and emphasises the fact that consumers societies must begin in industrial centres and should only be gradually extended to rural areas.

Mr. Rothfeld is of opinion that there is not much to be learnt from the consumers' societies in Italy. The chief lessons are negative:—

- (1) Do not start too small societies.
- (2) Do not start societies in small villages.
- (3) Do not allow societies to be started or continued because some one wants to be chairman.
- (4) Do not allow loans to be taken to more than a very limited extent.
- (5) Do not allow societies to remain separate and isolated.

Mr. Rothfeld is convinced that the co-operative movement must shape itself largely according to the material with which it has to deal. 'In India', says he 'we stand on the threshold of the Co-operative edifice of the future.' In regard to agriculture very little has been achieved. Too little attention is paid to organizing the sister societies for providing the cultivator with the resource he needs in chemical manures, modern implements, good seed, and honest markets. France can offer a suggestion here, by the institution of agricultural syndicates.

In regard to State aid, Mr. Rothfeld says 'The problem of giving long term loans required for real land improvement without State aid has so far baffled students in all countries. Building societies again deserve and require loans from the State, and Producers' Societies will also certainly require State loans, and public money can hardly be used to better utility.'

Every Co-operator must bear in mind the closing words of Rothfeld's report:—

'In India the co-operative movement is at every turn hampered and its expansion prevented by illiteracy and insufficient education. As its easiest and humblest stage, rural credit, the difficulty of finding a literate and at the same time defensible secretary is often insurmountable, and credit societies can only too seldom be brought to the class that need them most on account of their illiteracy. At other stages, consumers' societies for instance, the general inadequacy of education is a constant stumbling block.

'I venture, therefore,' writes Mr. Rothfeld 'to emphasise that the experiences both of France and Italy show that if Co-operation is to succeed, it must work in a population that has first been rendered literate at least if not educated.'

Mr. Rothfeld's report is a very interesting document and though we do not agree with all the suggestions he has made we heartily commend this book to all Co-operators in this Presidency.

S. VAIDYANATHAN, M.A.

DISTRICT CONFERENCES.

Nellore

The third Nellore Co-operative Conference was held in the L. P. Hall, Nellore, on the 30th ultimo, at 4 P.M. There was a large gathering composed mainly of the representatives of rural societies. The conference began at 4-15 P.M. The Chairman of the Reception Committee, Mr. K. V. Ragavachariar B.A., B.L., Vakil and Secretary of the Nellore District Co-operative Banking Union Ltd., read his address in Telugu. He dealt with the causes that contributed to the high rate of interest prevailing in the district for the last two years. He said that the Imperial Bank should lend to individuals small sums, and that co-operative societies should be started in large numbers, if the ryots should escape from the usurious rates of interest prevailing among money lenders. He laid stress on the improvement of the quality of societies, rather than the number. Strict punctuality in repayment of loans was an essential factor, which should be insisted on by co-operative societies. It was necessary that the societies, should aim at teaching thrift, mutual trust and economy to the members and unless these were strictly enforced, the societies will not reap the real benefit of co-operation.

directrates to undertake this work earnestly. Each society may make its collection and remit it to the Central Bank to which it is affiliated and the Central Bank will intimate the amount so remitted from time to time, to the Provincial Union. The last will arrange to entrust the contribution to the institution or institutions improvised by the public or the State for granting the desired relief. Contributions by co-operators may be in the form of ready cash, food, grain or clothing (in the case of Weavers' Societies). Dividends on share capital which are the property of co-operators may be given over to the relief fund in part or entirely, provided the members agree to such a course. Co-operative institutions might vote some amount from the common good fund of the year or from previous accumulation under this item. Bonus due to members of distributive societies might be diverted if the members are willing.

Here is a splendid opportunity for co-operators to show the usefulness of a movement with a net work of co-operative institutions. It is hoped that co-operators will not let slip this opportunity. The Provincial Union appeals to Honoray Assistant Registrars, to local unions and Government officials of the Department to render such help as will secure success to the suggested undertaking.

We must apologise to the readers of the Bulletin for the delay in bringing out this issue. The Editor of the Bulletin, Apology, Mr. V. Venkatasubbaya of the Servants of India Society, has had to leave Madras to take up more urgent work for his Society elsewhere. During the time that Mr. Venkatasubbaya was in charge of this magazine he brought to bear on his editorial work a degree of care and trouble and co-operative knowledge, for which he deserves the gratitude of our readers. It has not been possible to make definite arrangements till now for conducting the Bulletin in his absence. But we hope that before long we shall be able to announce to our readers the creation of a competent editorial board and sufficient executive assistance.

Since our last number appeared there have been some very important changes in the staff of the Co-operative Department. Co-operative Department. Mr. Hemingway, who had suddenly to leave for England on account of ill-health, was succeeded by Mr. Vedachalam Iyer as acting Registrar. The latter remained in charge of the Department till the end of August when he handed over charge to Mr. J. Gray. We are given to understand that neither Mr. Hemingway nor

Mr. Vedachalam Iyer will return to the Department and that Mr. Gray's appointment may be regarded as a permanent arrangement. Mr. Gray is one of the ablest of the younger members of the Indian Civil Service and has to his credit a record of successful and varied administrative work. He has been in succession Settlement Officer, Director of Civil Supplies and Deputy Commissioner of Labour; in addition to these he was Secretary of the Health and Welfare Association and for a time Mr. Knapp's assistant when the latter was Reforms Commissioner. We have every reason to hope that the progress of the Co-operative Movement in the Madras Presidency, will be safe in his charge.

Mr. Hemingway's departure means the loss to the Co-operative Department of an officer of enthusiasm and an unsparing worker. Mr. Hemingway's illness is mainly the result of the sustained and unremitting work which he did during the past three years for co-operation. No one who has seen Mr. Hemingway at work or has listened to him on co-operative problems could doubt that he was a born apostle of co-operation. We in this journal have often had occasion to criticize some of his measures especially the recent addition to the Department of a large staff of Assistant Registrars. We do not propose to revert to this controversy here. Now that Mr. Hemingway's period of service as Registrar is practically over we would only remind ourselves and our readers of the energy, zeal, vision, and enthusiasm with which he worked for the movement.

We are genuinely sorry at the termination of Mr. Vedachalam Iyer's connection with the Co-operative Department. There is no officer, Indian or European, now living, who can compare with him in knowledge of the methods and problems of co-operation in the Madras Presidency. He stands in this respect absolutely unequalled. While we regret that his services will no longer be available as an officer of the Department, we hope as a non-official he will find it possible to give the movement the benefit of his experience and knowledge. The great lack of our movement throughout India is the absence of a sufficient number of experienced non-official co-operators who could criticize with inside knowledge the proposals of the Government departments. We say this in no spirit of disparagement of the work done by the Co-operative Department but because we believe that the criticism of such men would be in the true interest of the departments themselves.

Mr. Vedachalam
Aiyar.

was 5,73,000; their subscribed capital was Rs. 5,34,00,000. In the year 1919 they were 26,465; 1,050,000; and Rs. 14,50,000 respectively.

It would give satisfaction to Andhras to know that all the four central banks that were established in the year 1919-20 were located in the Telugu Districts i.e. at Rajamundry, Amalapuram, Ramachandrapuram and Parlakimidi. Speaking of the development of the movement in the Guntur district the President paid a good compliment to the operators in Tenali and three other Taluks. He was sorry to note that in the remaining five taluks the movement did not progress at a satisfactory rate. Referring to the loss of Rs. 346 incurred by all the agricultural societies in the district as mentioned by the latest report of the Assistant Registrar, he observed that the co-operative workers concerned should try not only to find out why this loss had arisen, but also to remove the causes therefor.

He condemned the policy of the Government in increasing the interest that was to be paid by the members of the primary societies on the loans granted to them by the same. This increment, he said, was sure to tell very badly upon the agricultural societies which, he considered to be the very foundation of the movement.

In western countries the movement had served wonderfully for the advancement of the poor labourers who found it very hard to withstand the organised exploitation of the capitalists. By the help of this movement comfortable houses were built for the homeless and wastelands were reclaimed for the poor agriculturists. The poor cultivator, who was always encumbered with heavy debts and thus became a prey to the village sowcar could get the utmost advantage by this movement only if he cared. It was sure and certain that these cruel and unkind sowcars perished as the movement gained strength day after day. So it was necessary in the interest of the masses and of the country that all should co-operate with government in advancing the cause of the co-operative movement. But in order to realise the full benefits of the movement, the present control of the Government over the same must yield place to the non-official agency. It seemed to him that the government did intend to give over the control of this movement to the non-official agency in course of time. They had made a beginning by appointing some of the efficient non-official co-operators as Honorary Assistant Registrars just a year or two back. He was very sorry to note that out of the 43 honorary Assistant Registrars appointed in the year 1919-20, only four were selected from the Telugu Districts. Since co-operative movement was considered as a boon to the country the people, even though they were denied the sympathy and help of the government, must try their best to keep it going on.

The President next dwelt upon the development of cottage industries, chiefly spinning and weaving. Speaking of Mahatma Gandhi's advocacy of the spinning wheel, he doubted very much whether the Government would stretch their helping hand if some people joined together and formed a co-operative society for improving this industry.

Referring to the cancellation of registration of 86 Societies during the last year Mr. Nagabushanam thought it was due either to the indifference or ignorance of the Panchayats. If the panchayatdars had only grasped or acted up to the suggestions given in the MacLagan Committee Report there would not have been so many failures. It had been said that attention was paid only to the credit side of the Movement. But it was very often forgotten that it was the natural outcome of the circumstances. Every ryot whether rich or poor wanted credit facilities especially in busy seasons. The organisation of purchase and sale, and production should follow suit. The President closed his speech with a moving appeal to the revival of cottage industries through the help of this movement.

RESOLUTIONS.

The conference passed about thirteen resolutions. The administration of Tukkavi loans through co-operative central banks which were to receive the money at 6½ per cent and advance them to primary societies at the same rate was advocated by the conference. The Conference requested the Government to reduce the rate of interest charged on advances to primary societies from Rs. 10-15-0 per cent to Rs. 10 per cent. It was of opinion that more housing societies should be organised, and facilities for lowly paid Government servants who felt the hardship of high house rent, to build houses should be offered by Government. In order to facilitate the collection of decree amounts from defaulters the conference wanted the Government to authorise the Assistant Registrar to forward applications directly to the Tahsildar. The other resolutions were of local importance such as advocating the organisation of Trading and Supervising Unions, Joint Sale etc.

CO-OPERATION ABROAD.

CO-OPERATIVE ACHIEVEMENT.

"To those who are inclined to deprecate co-operative principles in their application to industry and who say it is all very well to manage a little store or a country creamery, but when you come to big business requiring brains the system breaks down and therefore men with capital the trust or the big company are the only ones who can deliver the goods, to such people we recommend a study of the latest developments of democratic economics in a country not very far away from Ireland. In the year 1919 there were 4,182,019 members of the co-operative movement in Great Britain, a membership about equal to the entire population of Ireland. The share and loan capital totalled £98,801,231, the trade turnover of the movement, wholesale and retail, amounted to the combined import and export trade of Ireland, including our shipping, textile, agricultural exports, cattle trade, butter, poultry, cheese, and all our imports. This gigantic business was run on co-operative principles. The trading profits amounted to £21,809,565, and the wages and salaries paid came to £20,962,169. All that huge organisation, culminating in and connected by the great co-operative wholesales, was run by working men handicapped by the fact that they were working men and, presumably, without education, and on co-operative principles, which indicated that they had no brains or business ability. One might justifiably make these assumptions about education and brains from the scoffs made by the people who think that co-operation is a hole-in-the-corner proposition. Yet this co-operative organisation, run, of course, without brains and education by the democracy, controls and owns collieries, shipping, banks, insurance, building, engineering and printing. Co-operators are farmers, fruit growers, dairymen, wheat growers, margarine manufacturers, bacon curers, biscuit makers, bakers, tobacco manufacturers. They undertake all kinds of textile manufactures, under-clothing, furniture and hardwood products. They are tanners, millers, glass, pottery and motor manufacturers. They are tailors and clothiers, house furnishers, jewellers, drapers, grocers, coal merchants, boot and shoe makers. They own tea plantations in India and Ceylon and other parts of the world, covering 58,989 acres. They get palm oil in Africa from their own factories. And what we have said does not exhaust the list of co-operative enterprises. If we went into Russia, Germany, Italy or United States we could pile up evidence that the co-operative movement is full of vigour and is pushing its way up among the great industries of the world, able to hold its own and to compete with any other people want to plan out their future civilisation, fix its character and the kind of social order as any long-sighted people would do

they should consider long and seriously the idea of nation-planning Ireland as a co-operative State." *The Irish Homestead.*

THE HAPPY STATE

"The object of all statesmanship, of all economic organisation, should be to bring about the happy State where there shall be none neglected in the national household. In society as it is at present constituted there are only too many neglected, with no place by right in the economic sphere of things. There are too many taken up and dropped according to convenience, employed when trade is brisk, left to poverty when there is a trade slump. We do not believe a co-operative economic system would allow its units to drop out in this inhuman fashion. We are convinced that a co-operative State would find the means of utilising the national resources so that there should be employment for all. The unity of economic interest brought about by co-operative organisation would enable Ireland to evolve an economic policy suitable for the country. At present economic policy is purely a personal matter. A man may manufacture either for export or for the home market. He takes up one or other adventure as an individualist and there is no national council or policy to decide which is best in the interests of the nation. North-East Ulster manufactures largely for export, and the prosperity of its manufacturers depends on the consuming power of the British market rather than on the consuming power of the Irish market. If there is a trade slump or fall in consuming power in Great Britain it is felt in Belfast, and workers are hungry and on short time. Agricultural Ireland remains comparatively unaffected. It can always feed itself, and nobody on an economic holding need be hungry. Where a national economic solidarity had been brought about by the federation of co-operative societies the problems of manufacture for export or internal consumption could be tackled more readily. And the national will, acting through co-operative federations, would decide in the national interests what was best to be done and it would not be left to the individual so much as at present, though we hope we will never get so rigid an organisation that individual initiative and enterprise will not be encouraged in the nation." *The Irish Homestead.*

THE GENERAL DISTRIBUTIVE SOCIETY, BUDAPEST.

This Society, established in 1904, was the first Workingmen's Co-operative Society founded by the Hungarian Workers. For many years it had to contend with great difficulties, the industrial workers having only a slight knowledge of Co-operation. The difficulties in general connected with the foundation of every consumers' society were perhaps even greater in this instance. Little knowledge on the part of the members, small capital, the lack of experienced and trustworthy employees, all these factors were a hindrance to development. After

gaining experience and training the employees into industrious and conscientious workers, the initial difficulties were surmounted, and the foundations for a steady development laid. To-day the General Distributive Society is the largest consumers' society of Hungary, and the oppressed Hungarian workers can with pride look on the organisation built up by their arduous labours.

The General Distributive Society's Report for the past three years which has just appeared gives the membership on 31st December, 1920, as 156,783, comprising 700,000 consumers; the paid-up capital at 5,595,000 crowns, and the savings deposits at approximately 16 million crowns. With this capital the society did a trade in 1920 of 428,000,000 crowns. It owns extensive productive works, of these the most important being the butchery and smoked meat factories, having a turnover of 112 million crowns. Next in importance ranks the furniture factory, which produces equipment for the societies and furniture for the members. A medium-sized chemical factory produces household articles, such as boot polish, shoe cream, crystallised soda, alkaline salts, &c. In addition, liqueurs and other spirituous liquors, and non-alcoholic beverages are also manufactured. The latter is being produced in increasing quantities in place of alcoholic liquors, and good results have been obtained in this direction. To a lesser extent preserved fruits and vegetables are also manufactured. In the vicinity of Budapest the society owns a bakery, and on the central premises, which also comprise the warehouse, the society has its motors and horse-drawn vehicles. It has its own garage and various workshops to carry out the necessary repairs. To meet the members' requirements in fuel, there are six coal slides and saw-mills. For the purpose of eliminating the middleman the society exploits woods and forests. There is a laundry for washing the overalls, &c., of the employees, which the society provides free of charge, and a printing works for the manufacture of stationery, &c.

The society owns 102 shops in Budapest and neighbourhood, which sell groceries, colonial produce, meat, textile goods, and fuel. In order to discharge its task the society has at its disposal considerable plant and land. The central premises cover an area of 17,863 square yards. The warehouses and workshops are connected with the railway. The society has 17 establishments partly for the opening of new branches and partly for productive works. The total area of the land owned is 43,196 square yards.

For the erection of new buildings and for undertaking the necessary repairs, the society has its own architect and workmen, thus all the building operations are carried on under the society's supervision.

The number of employees is about 1,300.

The General Distributive Society is based on the principles of the Rochdale pioneers, and is directed by a Supervisory Council and Board of Management. We wish to make special mention of the Management, which is organised on the same lines as the Members' Committee of the "Produktion" at Hamburg. Every branch elects a Committee of three to five members, of whom at least one must be a woman. This Committee is the connecting link between the members and the Board of Management. With this organisation, which has been established for ten years, the experiences of the society have been very satisfactory, and it is the endeavour of the Board of Management to educate these Committees to the consciousness of their high obligations. For this purpose there exists a special department in the central establishment, under the direction of a member of the Board of Management, which concerns itself solely with propaganda.

To meet the financial requirements the next General Meeting will raise the value of shares from 50 crowns to 200 crowns.

The society does not consider the supply of goods to members as its sole duty, but wishes to be of assistance to them in other ways, and with this end in view a new department is to be established this year for the support of members in case of illness and other occurrences in family life. Each year a sum in proportion to the net surplus is to be allocated to this fund—for the current year one million crowns—so that members will not be required to make special contributions. Relief, however, will only be granted after payment under the National Insurance scheme ceases, or if after a lengthy illness the amount is insufficient. The society trusts in this way to further the idea of the co-operative family and to intensify the fidelity of the members to their society.

As already stated, the fidelity of the members to their society is a solid rock which guarantees the further development of the society in future:—*The International Co-operative Bulletin*.

CORRESPONDENCE.

Sir

I thank you very much for your kind note in the June "*Bulletin of Co-operation*" in reply to my letter that appeared in *Justice* of 19th May under the heading of 'The Madras Co-operative Bulletin and the Hon'ble Mr K. V. Reddi Naidu Garu', and also for your assurance to publish my further communications.

I agree with you in thinking that all controversial politics should be avoided in co-operative conferences but all the same I feel 'the specific exception that was made in the case of the president of the Eighth Provincial Co-operative Conference 'on account of the extra-ordinary importance of the Reform scheme', should have been generously extended to the Hon'ble Minister for Development also, as he is pledged to the successful working of that very scheme that evoked grateful references from the president and that is sought to be defeated by the Non-co-operators. I believe the scheme has not yet lost its 'extra-ordinary importance.'

You should have on the principle of that 'extraordinary importance' commented upon the speech of the Hon'ble Minister favourably. On the other hand you have condemned his speech strongly. You could have at least refrained from making any such comment. But now you accused me of 'seeing things only through communal glasses' for laying bare these things. The pity is that I cannot remain silent without exposing them, when people in responsible position 'see things only through communal glasses.'

You seem to have been a little upset by my use of the word 'Sudra,' but there is no use of disguising the fact that you are very much prejudiced against Non-Brahmins and especially those of the *Justice* party. You have made no secret of it in your Editorial Notes of the Bulletin.

To quote an instance, in a recent session of the Madras Legislative Council the motion for the abolition of the post of the Joint Registrar of Co-operative Societies was tabled not only by members of the *Justice* party but also by members of all shades of opinion, including some of the prominent Brahmin members of the Madras Liberal League. It was even suggested in the Council by Mr C. V. Venkataramana Iyengar, a veteran co-operator that 'the Department will suffer nothing by its immediate abolition.' The Hon. Minister desiring to meet the Council half-way promised to abolish it and replace it by an Assistant Registrar on Rs. 500; and yet you wrote in the *Bulletin* that the abolition seemed to be due to the present Joint Registrar being a Brahmin. The readers may very well now realise who sees through communal glasses—the Editor of the *Bulletin* or myself.

I have till now approached you as an Editor only once with a request to reprint in the *Bulletin* an interesting article on the Weavers' Co-operative Societies of the Punjab that appeared in a recent issue of the Bombay Co-operative Quarterly and that request has yet to be complied with. I feared my letter also will fare the same fate at your hands and set it to *Justice*. I am glad to learn of the hospitality promised and shall certainly make use of it hereafter.

Yours,

R. G. NALLAKUTTALAM PILLAI.

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Luz, Mylapore, }
Madras. }

V. C. RANGASWAMI,

Secretary.

THE LAW & PRINCIPLES

OF

CO-OPERATION

By H. CALVERT, I. C. S.

Registrar, Co-operative Societies, Punjab.

Second Edition.

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1921

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In this condition, all amendments to the Act suggested by local governments have been discussed. Much new matter embodying the opinions of all the chief writers has been added. Special chapters are included on "What is Co-operation?", "Co-operation and its Alternatives," "The Objects of a Co-operative Society," "Liability" and "Interest." The latter two subjects are treated historically, as well as practically. Full explanations and notes have been inserted so as to make this work the most complete handbook on the subject in the English language.

directrates to undertake this work earnestly. Each society may make its collection and remit it to the Central Bank to which it is affiliated and the Central Bank will intimate the amount so remitted from time to time, to the Provincial Union. The last will arrange to entrust the contribution to the institution or institutions improvised by the public or the State for granting the desired relief. Contributions by co-operators may be in the form of ready cash, food, grain or clothing (in the case of Weavers' Societies). Dividends on share capital which are the property of co-operators may be given over to the relief fund in part or entirely, provided the members agree to such a course. Co-operative institutions might vote some amount from the common good fund of the year or from previous accumulation under this item. Bonus due to members of distributive societies might be diverted if the members are willing.

Here is a splendid opportunity for co-operators to show the usefulness of a movement with a net work of co-operative institutions. It is hoped that co-operators will not let slip this opportunity. The Provincial Union appeals to Honoray Assistant Registrars, to local unions and Government officials of the Department to render such help as will secure success to the suggested undertaking.

We must apologise to the readers of the Bulletin for the delay in bringing out this issue. The Editor of the Bulletin, Apology, Mr. V. Venkatasubbaya of the Servants of India Society, has had to leave Madras to take up more urgent work for his Society elsewhere. During the time that Mr. Venkatasubbaya was in charge of this magazine he brought to bear on his editorial work a degree of care and trouble and co-operative knowledge, for which he deserves the gratitude of our readers. It has not been possible to make definite arrangements till now for conducting the Bulletin in his absence. But we hope that before long we shall be able to announce to our readers the creation of a competent editorial board and sufficient executive assistance.

Since our last number appeared there have been some very important changes in the staff of the Co-operative Department. Co-operative Department. Mr. Hemingway, who had suddenly to leave for England on account of ill-health, was succeeded by Mr. Vedachalam Iyer as acting Registrar. The latter remained in charge of the Department till the end of August when he handed over charge to Mr. J. Gray. We are given to understand that neither Mr. Hemingway nor

Mr. Vedachalam Iyer will return to the Department and that Mr. Gray's appointment may be regarded as a permanent arrangement. Mr. Gray is one of the ablest of the younger members of the Indian Civil Service and has to his credit a record of successful and varied administrative work. He has been in succession Settlement Officer, Director of Civil Supplies and Deputy Commissioner of Labour; in addition to these he was Secretary of the Health and Welfare Association and for a time Mr. Knapp's assistant when the latter was Reforms Commissioner. We have every reason to hope that the progress of the Co-operative Movement in the Madras Presidency, will be safe in his charge.

Mr. Hemingway's departure means the loss to the Co-operative Department of an officer of enthusiasm and an unsparing worker. Mr. Hemingway's illness is mainly the result of the sustained and unremitting work which he did during the past three years for co-operation. No one who has seen Mr. Hemingway at work or has listened to him on co-operative problems could doubt that he was a born apostle of co-operation. We in this journal have often had occasion to criticize some of his measures especially the recent addition to the Department of a large staff of Assistant Registrars. We do not propose to revert to this controversy here. Now that Mr. Hemingway's period of service as Registrar is practically over we would only remind ourselves and our readers of the energy, zeal, vision, and enthusiasm with which he worked for the movement.

We are genuinely sorry at the termination of Mr. Vedachalam Iyer's connection with the Co-operative Department. There is no officer, Indian or European, now living, who can compare with him in knowledge of the methods and problems of co-operation in the Madras Presidency. He stands in this respect absolutely unequalled. While we regret that his services will no longer be available as an officer of the Department, we hope as a non-official he will find it possible to give the movement the benefit of his experience and knowledge. The great lack of our movement throughout India is the absence of a sufficient number of experienced non-official co-operators who could criticize with inside knowledge the proposals of the Government departments. We say this in no spirit of disparagement of the work done by the Co-operative Department but because we believe that the criticism of such men would be in the true interest of the departments themselves.

Mr. Vedachalam
Aiyar.

We understand that among the recent appointments of Assistant Registrars are two gentlemen who have not seen service in the Revenue Department. We congratulate the Minister of Development on the change of principle which this implies. While we have nothing whatever to say against these two gentlemen personally, we think it necessary to point out that when appointments of outsiders are contemplated it stands to reason that the legitimate claims of those who are already in the subordinate ranks of the Co-operative Department should be given full consideration. There is excellent raw material for the higher ranks of the co-operative service among the young men who study in our colleges. But of course it is out of the question that direct appointments of raw graduates should be made to the superior staff of the Department. They would require the training and experience of Inspectors before they could be made Assistant Registrars. This implies however, that the whole service, both superior and subordinate, should be regarded as one and that approved service in the subordinate branch should be reckoned as a qualification for promotion to the superior. A regular co-operative service may appear distasteful to people who believe in the complete democratisation of the co-operative movement. We yield to none in our desire to see the movement democratised in the quickest possible time, but we think there are some duties that are discharged by the Department such as audit, which for a very long time to come could hardly be taken out of the hands of the Government without serious detriment to the progress of the movement. Even those therefore who are looking forward to a speedy democratisation of the movement may contemplate without serious scruples of conscience the creation of a definite co-operative service.

..

The Bombay Social Service League is the oldest and best organised institution for social service in the country. It is only natural that the credit of maintaining such an institution should belong to Bombay whose wealth and philanthropy are unapproached by any other city in India. It is also blessed with workers without whose steady and unostentatious enthusiasm its success would not have been possible. The League's activities are directed towards the moral and material improvement of the labouring classes, whatever their caste or religion. In this respect it is somewhat different from the Madras Social Service League which has laid special stress on the depressed classes. The Bombay League maintains and conducts travelling libraries, day schools and night schools, two hospitals

The Bombay Social Service League.

one of which is meant for women and children, a Police Court agent whose business is to take charge of first offenders and help them to lead an honest life, two 'settlements' of the Toynbee type, three workmen's institutes, two of which are attached to the mills of two great capitalist companies and one open to all workmen, different kinds of co-operative societies &c. Though the work done in each of these departments is highly useful and interesting, we can notice here only the work of the co-operative societies.

For two or three months after a labourer arrives in Bombay he is unable to draw any wages. In the meantime he has not only to support himself but has to pay the middle-man who secures a job for him. This he does by borrowing from usurers at a rate of interest which may be anything between 75 and 300 percent per annum. He thus starts life with heavy indebtedness from which he tries for a time to shake himself free, but the struggle being too great, he gives himself up to despair and becomes thoroughly demoralised. The object of the co-operative societies is to provide him money at a reasonable rate of interest and to inculcate in him the habit of thrift. On the 31st December 1920 the League had under its direct supervision no less than 68 credit societies of which 28 were working under the Tata Sons Workmen's Institute and 23 under the Currimbhoy Ebrahim Workmen's Institute and 17 under individual workers of the League. Their total membership was 3,300, share capital about Rs. 27,000 and deposits from members and non-members about Rs. 34,500. The League has started three co-operative stores in the three workmen's institutes. They held deposits from members and non-members amounting to Rs. 28,000, the bulk of which must have come from the capitalist companies for whose workmen the stores are intended. The sales amounted to nearly Rs. 60,000; nevertheless, the stores do not seem to have been a decided success, for one has to bear in mind the membership and the cost of living in Bombay. As the report of the League says, the workmen are in the habit of making purchases on credit and loyalty to the stores is wanting. It is so with all classes of urban population and hence the store movement has nowhere been a marked success yet. This experiment however is a very interesting one and if it has a chance of succeeding anywhere it is in Bombay.

The League has broken new ground in two directions: it has started a co-operative laundry and a co-operative club. During the greater part of last year the laundry did not work efficiently but we are told that latterly it had begun to show signs of success. We hope it is prospering now. Its success will undoubtedly lead to a number of co-operative

laundries being formed in Bombay and elsewhere. The main difficulty lies in getting honest dhobies. The co-operative club is meant for the boarding and lodging of middle class young men. The S. S. League has started it with a view to initiate them in social work. It is really like the university settlements of England where the undergraduates are given opportunities for mixing with the labouring classes and studying their conditions. The club may be justly expected to give valuable workers to the cause of co-operation. In other respects it is not different from a self-governing students' lodge or mess. We wish the League every success.

* *

To South Arcot belongs the honour of leading the other districts in organising on co-operative lines agricultural industries involving the erection of plant and machinery. The Kallakurichi and Tindivanam Co-operative Societies have been utilising the services of the Department of Industries for ordering and installing decorticators. They applied, and their application was strongly supported by the Assistant Registrar, for remission of the fee which the Department of Industries is authorised to levy for its services. The Director of Industries has refused to comply fully with the request of the societies, pointing out that societies which can afford to order for costly plant can also afford to bear the charges of installation, that the fee charged by the Department is only $2\frac{1}{2}$ per cent while commercial engineering firms charge much more and that if the Industries Department gave its services free to co-operative societies, private enterprise would have a legitimate cause for complaint. He was willing, however, to reduce the fee for co-operative societies from $2\frac{1}{2}$ to $1\frac{1}{2}$ per cent. We have never advocated a policy of undue favours and concessions by Government to co-operative societies. But we think in the early stages large concessions are necessary, though they may be withdrawn later. Much of our agricultural produce is exported in a crude form to foreign countries and if we could only utilise those new materials in the country and export finished goods, we should be getting much better prices than we are doing at present. Those are simple industries which are peculiarly well suited for being organised on co-operative lines. It should be the deliberate policy of Government to give all possible encouragement to such organisations. The point to be considered is not so much whether the particular societies are in need of the concession as whether by giving such concessions the organisation of similar societies will not be facilitated. The argument that private enterprise will have a legitimate complaint does not impress us much. The State in India is not committed to

the policy of *laissez faire*. Several important concessions have been given to co-operative societies without considering their effect on private enterprise. Though the reduction of the fee from $2\frac{1}{2}$ to $1\frac{1}{2}$ per cent is not much, we believe, however, that the fee of $1\frac{1}{2}$ per cent is a very light charge. But we should request the Registrar of Co-operative Societies and the Development Minister to examine whether this concession is sufficient to serve as a stimulus for the co-operative organisation of agricultural industries.

* *

Mr. A. Ranganatha Mudaliar asked in the Legislative Council if it was a fact that there was considerable dissatisfaction among the poor land-owners of the famine-affected taluks of the Bellary district, that their applications for loans under the Land Improvement Act and the Agricultural Loans Act were rejected for inadequate reasons or were disposed of after much delay. He further wanted to know the total amount disbursed under the two Acts in the famine-stricken areas of Bellary and Anantapur from October 1920 to the end of April 1921. The Government reply to the first question was that they had no reason to believe that loan applications were rejected for inadequate reasons or that there was any avoidable delay in disposing of them. We are afraid this is not a very satisfactory answer. Mr. Ranganatha Mudaliar has had considerable Revenue experience and it may be presumed that he would not have put the question unless there was sufficient ground for it. Whatever the answer, we trust Government have enquired into the matter and set it right. The reply to the second question (regarding the total amount of the loans given in the famine-area from October 1920 to April 1921) was that the information was not ready and that it would be communicated to the Honourable Member as soon as it was furnished by the Board of Revenue. We are surprised that the information could not be obtained in proper time. We should have expected that information, to be sent every month by the Collector's Office to the Board of Revenue and that in any event the information relating to April would be available in August.

* *

Mr. Otto Rothfeld, Registrar of Co-operative Societies, Bombay, gives in the latest issue of the *Bombay Co-operative Quarterly* the following summary of a new law on the subject of Co-operation passed by the new republic of Poland:

Every Co-operative Society classed whether as Producers' or Consumers' or agricultural credit (which we here call Resource Societies) is to be registered in the Court of the district. The liability of members is to be fixed by the bye-laws and may be either limited to the value of the shares or be entirely unlimited or may be limited to a fixed number of times the value of shares. Members may possess an unlimited number of shares if the bye-laws allow it but in no case whatsoever are they entitled to more than one vote. Dividends are not allowed to exceed the bank rate of the National Bank by more than 2 per cent. and 10 per cent. at least of the profits must be brought to the reserve. All Co-operative Societies are subject to biennial scrutiny by the Union for Revision or by a Commission nominated by the Co-operative Board of Government. This Board, composed of two-thirds representatives of the Co-operative Union and one-third representatives of the Government Co-operative Board, examines all proposals for legislation concerning co-operation and all rules and regulations issued under the law, and also collates all statistics of the Co-operative Movement and guides its development. For propaganda purposes, School Co-operative Societies are also being organized in Poland and a special committee is appointed to guide these school societies on which the Minister is also represented. There are four federations in Poland, one of which, the Union of Co-operative Societies of Consumption, was founded in 1911 and follows no definite political party. Another, the Union of Workmen's Co-operative Societies of Consumption was founded in 1919 and is socialist in politics. The Central Union of Railway Men's Co-operative Societies was founded in 1919. There is also the Union of Agricultural Syndicates. These four federations have lately created a joint board or commission for action in common.

It will be remembered that no Honorary Assistant Registrars had been appointed in the Ceded Districts and that the Department was criticised for it. Government have now appointed Mr. Seshachari and Rev. S. Nicholson for Cuddapah, Mr. D. Kopresa Rao for Bellary and Mr. N. Somasundaram Ayyer for Anantapur. We are told that no more appointments for Ceded Districts will be made this year. We are sorry to see not only Kurnool unrepresented but also to miss the names of some of the best known co-operators, from these districts.

In reply to a question by Mr. A. Ranganatha Mudaliar the Minister for Development replied that it was not proposed to allow a peon to each co-operative inspector on field duty nor any additional camp furniture.

HOW THE CO-OPERATIVE SOCIETY CAN HELP INDIAN AGRICULTURE.

BY MR. V. S. VISVANATH, LECTURER IN AGRICULTURE,
NATIONAL UNIVERSITY, ADYAR.

The Co-operative Movement, though of recent advent in this country, has done much good work in its own way. Several co-operative societies have been opened in various places, through the activities of private or public bodies or individuals; and almost all these societies have been doing till now, purely banking business. Some sell provisions, while others have gone a step further in storing and selling agricultural implements, seeds, manures etc., This is only a beginning of the great possibilities of co-operative societies. The whole subject of imparting agricultural education to the ryots and their children, with a view to improve their land and lot, can be included in the general work of these societies.

Before discussing the details of the kind, manner and other aspects of the education of this kind, let me briefly go through the present economic situation of India and other countries. The chief cause is that land is being divided and subdivided, owing to the provisions of the Hindu Law, when it passes from father to sons and later to grandsons. This division goes on indefinitely and ultimately a stage is reached when the land could be divided no further, and is sold away. The insufficiency of income from a small holding, forces many to seek other jobs and consequently their lands are neglected. The ignorant tenants, ill-cultivate these lands, without either manure or tillage, owing to uncertainty of tenure. Many landholders sell away their lands in search of costly English education, which is unproductive to the average Indian. The present civilisation, has increased people's wants and luxury and the landed migrate from village to town or city in search of them, allowing their lands to shift for themselves as best as they could or to be managed under unprincipled agents. The export of valuable manures, bone cake and fish to foreign countries, keep their prices highly inflated at home. Lastly, the ignorant, untaught, poor ryots are incapable of adopting the improvements, that might be suggested to them, partly due to pecuniary causes and partly due to their fear, though without any foundation, of the sudden attentions that is being given them of late, after generations of neglect. Such are the state of affairs from which the ryots and the other landed have to be weaned.

In other countries, in the meantime agriculture has made very rapid strides—lands have been consolidated, manures have been conserved, the use of power has been recognised and it is employed with advantage for

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(b) Cloths for men.

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TO LET

THE
Madras Bulletin of Co-operation.

VOL. XIII].

AUGUST 1921

[No 2

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NOTES AND NEWS

The Moplah rebellion in Malabar has brought in its train untold miseries to the peaceful inhabitants in parts of South An Urgent Appeal. Malabar, as the result of (1) the stoppage of agricultural and trade operations, (2) the destruction or looting of food grains etc. Many families have no clothing or food and depend for their support upon philanthropic and State organisations improvised for giving shelter, food and clothing. The State is doing its best to relieve the suffering and has called on the public to organise themselves so as to secure the wherewithal to relieve such sufferings. It is the duty of co-operators in other parts of the Presidency to form a Co-operators' Relief Fund and to enlist the services of the directorates of co-operative institutions to canvass for funds (either in cash, or clothing or in food grains) and to secure as much as possible from all people in each tract whether they are members of a co-operative society or not. Most of our co-operators are agriculturists and many of them are poor men. Still they will be glad to avail themselves of an opportunity to help the sufferers of Malabar and such help by poor men though it may appear trifling will amount to an appreciable figure when the contribution by all the co-operators of the Presidency is taken into account. Co-operative organisations which number about 6,000 in the Presidency will be useful agencies to collect such subscriptions. The Provincial Union therefore advises all co-operative institutions and their

and hence not popular. Of course the Society is attending to the wants of the chetty community, but I do not see why they should not be ambitious enough to capture the local market by means of the higher class of costly goods.

The State has lent money without interest or at a low rate to numerous societies. This might have been considered prudential in the early stages of the movement, though even then the State might have, like the Government of India, wisely allowed the Societies to stand on their own legs. The greatest danger in Native States is this sort of spoon-feeding of good movements, instead of initiating the movements and allowing to them to speed on their own way. Mr. Hemingway has rightly characterised this as "the pauperising influence of Government finance." We wish the Darbar would, now that the societies are kicking about vigorously, gradually withdraw their moneys. If they wanted to help, it must only be indirectly, as by helping the Central Bank.

From this, and from the easy way in which loans were granted the societies began even to presume that they were entitled to any amount of loans, whatever might be the nature of the work they did. It is to be hoped that the Central Bank will not grant loans easily but will try to insist on the societies working efficiently, and trying to attract deposits and thus dispense with outside help.

Hitherto the Government Staff of the Co-operative Department has done very heavy work in auditing the societies. Now that the Central Bank has started, the routine work has every chance of being lightened and more leisure available for propaganda and supervision in its higher aspects. Also, the non-official element must dispel the idea that the whole is a Government show.

THE TRIPLICANE URBAN CO-OPERATIVE SOCIETY AND STORES LTD.

BY MR. S. VAIDYANATHAN B.A. (HONS),

READER IN ECONOMICS, UNIVERSITY OF MADRAS.

III

The Branches at Work:—It will be a very interesting thing for a visitor to go about and see the Branches really at work and it is only then that a man can realise the advance which a co-operative shop has over the ordinary one. It is not generally that one sees Indian ladies going about the Branches for purchases as one reads so often about working women in the co-operative shops in England. When they do come the casual visitor sees only emaciated old women on the wrong side of 40 or 50 worn out by care and anxiety and showing evident signs of suffering. To a large extent the

purchase by women in the store is not at all popular owing to the social prejudices and the idea usually held by many about the ordinary type of women. Generally most of the buyers are men—most of whom are employed under Government or otherwise and who are generally not able to spare the time necessary for higgling in the market.

What is generally done in the store is this: If a man wants to buy any thing he cannot do it unless he is a member or through a member. He has a general number assigned to him in the Registers of the society and whenever any purchase has to be made the general number must be given as well as the name of the member in whose name the purchase is made. As one enters the premises of the store one can find the Accountant sitting at the entrance ready to oblige every buyer, but whose appearance belies his evident anxiety to please every member. The Accountant in stores the co-operative is generally a Brahmin—a failed matriculate at best and a discontented one as well—and though generally efficient at desk work is yet not the young man of enthusiasm which we generally associate with young blood.

The Buyer then has to give his name and number, ask for his articles and pay the required amount. He will in return be given a Sales chalan—which is in triplicate—which he must take on to the chief salesman. The salesman arranges to measure or weigh out the articles as may be necessary and signs the chit and returns the same to the purchaser. Then the act of purchase is complete and no complaint as to non-supply of articles will generally be entertained when once the member takes away the signed chalan home. One copy is kept in the Branch and the other sent to the Head Office for audit. At times, there are mistakes in totalling figures or in assigning prices and these will be brought to the notice of the Branch clerk by the Head Office as soon as possible and the clerk will be expected either to refund or recover any money as may be necessary. In practice this is not very promptly attended to.

Every member has the right to make a complaint about the quality or the non supply of articles and these complaints generally go to the Local Panchayat for inquiry and where necessary to the Directors. In practice we find that members do not generally take active interest in bringing mistakes to the attention of the authorities. They are generally content with murmurs here and there which generally never reach the bureaucratic ears of the authorities. The accountants also, in so far as they can see that many complaints are not made lest they should be suspected of setting up people against the authorities. To some extent this explains the fact of transfers of accountants without any reason or

rule, and the Managing Director is the only person who decides about these transfers. His will is law. The Panchayat as such has no hand in advising the Directors about appointment transfer, or dismissal of employees at the Branches.

There is in every Branch what is called a Personal Ledger and in this Book a page is assigned to every member and all purchases made by him are recorded in this Book, so that at a glance any one interested may know for how much he has purchased at the society for a definite period. Except in some Branches this work of posting up the Personal Ledger is very much in arrears. To fill up these entries every Branch Accountant is paid an allowance of 3 Rupees.

To assist the salesman there are in every Branch one or two chokras who are generally young boys trained for the work and who in time may be expected to come up to the salesmen. The great difficulty in training up these young fellows is in keeping them above temptation, some fall victims to it and begin to pilfer articles at the society, but where detected they are treated summarily. One or two cases came under my notice where I found that warning and kind words were able to keep the fellows all right.

Every member has to make his own arrangements for taking his articles home, and the store is at present not able to do any thing in the matter. A resolution to the effect that the society should arrange to deliver articles at the doors of the members was thrown out by a large majority as an impractical suggestion early in 1918. The Branches, however, keep one or two coolies at the premises whose services might if necessary be utilised by the members but these services must be paid for by the members.

The Society and its employees :—It will be interesting to study how the premier Society in the Presidency employs its servants and to compare the rate of wages with those prevailing outside.

The employees of the Co-operative Society may be classified under two heads broadly: those working at the Head Office of the Society and those working at the Branches. Classified according to the sort of work they have to perform they are called accountants, salesmen, and chokras, respectively according as they do clerical, measuring or miscellaneous work. The number of accountants employed is 48, salesmen 29, chokras 29, peons 2. Besides these, there is a Secretary, a Chief Accountant, a Manager, 2 purchasing agents and a clearing agent.

The hours of work at the Head Office are generally from 10-30 A.M. to 5-30 P.M., with half an hour's rest for lunch. At the Branches the employees have to work from 7 A.M. to 10-30 A.M., and from 3 to 7 P.M. On the average the employee in the Stores has to work 45½ hours per week Wednesday being a half holiday.

One outstanding feature in the working of the Stores from the time of its origin has been that the employees have generally grown grey in the service of the Society. This has been due to two reasons. One cause seems to be that the average employee of the Society has not generally been able to get a better job elsewhere owing to his poor ability and intelligence, the other being of course the easy-going life in the Society where supervision is at best a mockery. This position has its advantages as well as defects. To have men of experience of the working of the Society is a good thing, but when the employee begins to think that his directors know nothing and that he himself is the pillar of the co-operative organisation, and begins to defy the administration a very unpleasant situation is created, and this has more than once occurred in the Stores. Where we have inefficient hands the administration are generally very lenient towards old employees even though hopelessly inefficient, with the result that inefficiency spreads like wild fire among the staff of the Society. As at present, this is more or less the position we have drifted into in the Co-operative Society in our town.

The Balance Sheet which must generally be ready within a month after the period of the Balance sheet is never kept ready even after a year and the Directors never worry themselves about checking all these lapses from efficient working.

I should like to say a few words about the salaries paid to the staff.

The secretary is paid one hundred and fifty rupees with a carriage allowance of Rs. 30 per month. Now this errs at two points and proves conclusively that we have no definite idea of the work of the society. As at present the secretary has no definite idea of his work and the directors have not helped him out either. It is his duty to purchase and purchase well and promptly, then he must be provided with a decent conveyance and the society must defray the incidental charges. Any one who is even remotely acquainted with the amount of work which the society has got to transact will recognise that anything short of a Motor Bicycle or a Coach would be of little avail and would be a sheer waste of time and money. The Secretary has got to inspect the Branches of the Society, which are scattered all over big Madras and it is humanly impossible to expect the Secretary with a Rickshaw drawn by an emaciated Indian

cooly to perform this work efficiently or well. Further if we are to have *really* an efficient man with an eye to business I submit that this 150 Rupees is too small a sum for such a responsible post.

The second chief official is the Head Accountant. His salary is Rs. 75 as will be evident from the statement appended herewith. In speaking about this officer and his department I wish to urge that the accounts department should be entirely under the chief accountant, and, accountant himself must be an officer independent of the secretary in his powers even if not equivalent to him in status.

Then again there is the manager whose work is still more undefined. One is at a loss to know what exactly he is supposed to manage. In my opinion the name is a misnomer, and unless specific work is assigned to this official it is practically no use keeping on men who themselves have no idea of their work, and whose superiors have less.

But what is more important than all this is the salary the society pays to its purchasing agents. It will be seen from the appendix that these are from the Chetty caste, a class of men noted for their business talents for a very long time. But in this matter the society has bungled badly. They might have been quite good in those good old days when the society began with 300 Rs. and sold for 90 Rs. but at the present stage of development it is not possible for these people who had such small beginnings to tackle a trade of nearly 10 lakhs a year. It looks simply ridiculous to pay Rs. 25, and 20 to purchasing agents dealing in thousands every day. What I mean to suggest is that if the society is to improve its purchase, it should improve the quality of its agents which can only be done by keeping them decently paid. Defalcations and humbug must be sternly dealt with and a close watch kept on their work.

The other deplorable feature of the administration is the very low salary paid to accountants. They are paid 25 Rs. and their work is not worth half as much for the simplest of reasons that there is no supervision of their work, and they are not enthusiastic about their work, nor do they hope for better prospects in the service of the Society. They are there, because they cannot get anything better.

The salesmen who are generally adult males are paid from 10 to 20 Rupees which again is hopelessly out of date and bears very heavily on the poor fellows.

The chokras are paid anything between 5 and 9 Rupees which is not an unfair wage for boys between the ages of 9 and 15. But the pity is that fellows old enough to be men are appointed as chokras with the result that these fellows get discontented and in turn make the younger fellows follow suit.

The management quite recently (about April 1920) appointed a committee consisting of the Managing Director to revise the scale of salaries to the employees in view of the rise in the cost of living. The report of the Committee is with the Directors who have approved the recommendations of the committee and the new scale, though is a step forward it is still bound to be disappointing to a large number of the society's servants.*

Acting on the advice of the Committee, the Directors have appointed more or less the same Committee to go into the administration of the society with a view to suggest improvements. It is to be hoped that something may yet be done to restore efficiency.

It may be also fair to note that a bonus equivalent to one month's salary is paid to every employee of the Society provided his work and conduct have been sufficiently satisfactory.

The Society has also a Provident Fund for its members and contributes a quota to the members' subscription.

The Problem of the Wholesale :—By about the beginning of the year 1918 the T.U.C. S. had so enlarged its sphere of work that the management found it difficult to control and efficiently manage the detailed working of every Branch. It had by now 14 Branches, and since the bye-laws did not provide for anything other than a centralised top-heavy bureaucracy, the Panchayats could do little to help in the management. It was then that the idea of devolution of power to the Branches cropped up and was eagerly taken up by a few intelligent and enthusiastic persons. Thanks mainly to the efforts, and the indefatigable enthusiasm of Mr. T. S. Subramania Ayyar then a Professor of History at the Presidency College, Madras, who went about educating the members of every Branch. A general Body Meeting of the members was held on the 8th September 1918 to consider this question of 'devolution' otherwise called decentralisation.

At this historic meeting the general Body passed the following proposition and appointed a committee to draw up a scheme in consonance with the spirit of the Resolution.

The Resolution was as follows :—

'That in the best interests of the Society and to promote a healthy spirit of local responsibility, its branches be managed hereafter as *independent autonomous units* with the Local Panchayat as their Committee of Management and the Head Office serving as the Central Clearing House and Wholesale Purchasing Agency for them.'

That to work out the scheme of decentralisation immediately a Committee consisting of Messrs. T. R. Venkatrama Sastriar, Satyamurti Ayyar, C. N. Gangadara Sastriar, and T. S. Subramania Ayyar be appointed.'

The Committee submitted its report early in 1920, more than a year after its appointment, extracts from which are given below :—

They recommended that

1. The Head Quarter Office should be the sole purchasing Agency.
2. That funds should be allocated to Branches but provision should be made for its administration by the Head Office.
3. Cost of Head Office to be met by a levy of a percentage on cost price.
4. Price of articles to be fixed by the Head Office.
5. Officer with the Highest pay to make all purchases.
6. Auditor, two accountants and cashier to be appointed to keep the accounts of the Head Office in efficient condition.
7. Propaganda work to be done by the Head office.
8. Library to be improved and put under the charge of a Librarian preferably a graduate with taste and enthusiasm for Co-operative work.
9. Advisory Board to consist of 10 members elected by the Electoral Board from among those who have been Presidents for one term or Directors for 3 terms or Residents of Madras who have won distinction in Co-operation and are willing to become members or men specially recommended by the Advisory Board for special reasons. A common good fund will be placed at their disposal for Propaganda purposes and the Library and Librarian will be under their control. Their attendance at meetings of the Directorate will be obligatory.
10. Grant of loans up to a specified limit to be delegated to Branches.
11. Branches to indent for Goods and keep all their accounts.
12. Presidents of Panchayats to be in the Electoral Board.
13. Panchayats to manage the concerns of each Branch.

The Committee's report was placed before a Special General Body Meeting on the 22nd February 1920, but for one reason or another the meeting postponed the consideration of this question.

At this stage of the activities of the Society the Registrar of Co-operative Societies, Mr. Vedachala Ayyar, interested himself whole-heartedly in the matter. On the 7th March 1920 an informal meeting of the members of the Advisory, and Electoral Boards and the several Panchayats was held to consult with the Registrar, and at this meeting the Registrar explained his position and outlined his ideas in the form of definite propositions which are annexed to this section as appendix. A second meeting was held a few weeks later on the 11th April 1920 when the members discussed the propositions and as they could not agree on certain essential questions the whole matter had to be dropped. But the Directors

have asked for the opinion of the several Panchayats on this question of decentralisation and it might be possible to come to a decision in the very near future. But the general feeling as far as the writer has been able to gauge is against any such scheme of devolution at the present stage.

But the history of the Society would be incomplete without a mention of a very suitable step forward taken by the Directors on the suggestion of the Registrar of Co-operative Societies. A number of trading unions on a Co-operative basis in the Mufussil were anxious to get into touch with the T. U. C. S. Ltd., and on the request of Mr. Hemingway two re-presentatives from the Society had a conference with him and later as a result of deep and anxious consideration the Directors agreed to admit such trading unions as were anxious to do business with them as society members under certain conditions. The society has now undertaken to supply these trading unions with any articles that they may require on an indent being sent to them by the affiliated societies. The General Body at their meeting on the 13th April 1919 accepted the principle of this move, and directed the management to frame subsidiary rules. The Directors submitted their recommendation to the General Body at their meeting on the 22nd February 1920 and these recommendations have been accepted by them.

They are as under :—

1. Every Society member shall hold at least 10 shares and shall not ordinarily hold more than 100 shares. The entrance fee of a society applicant for membership shall be Rupee one and the share money may be allowed to be paid in instalments.
2. Goods shall be supplied to society members as in the case of ordinary members at such rates as the Board of Directors may fix from time to time with due regard to the circumstances of each case, to the requirements of the ordinary members of the society and to the stock in hand of such goods at the time. But these rates shall as far as possible be fixed so as to leave a nominal profit over the wholesale cost price of the article including all charges incurred in the purchase.
3. Society members shall not be entitled to a share in the profits and will be entitled to interest on their capital.

The Directors shall decide from time to time all questions arising in the case of society members which are not expressly provided for in the bye-laws of the society or in the subsidiary rules.

Note. It must also be mentioned that there was a strong body of opinion against even the admission, though they were in a minority.

Quite recently there was an attempt made in some quarters to convert the Directorate into a sort of Standing Committee of the Council of

Panchayats called the Branches Representative Assembly. The object of this reform was to check the directions and make them responsible to the representatives of the General Body in the matter of the Budget estimates and some other very important questions. The question has not been faced yet, and the General Body will have to choose some day between devolution and centralisation at the Head Office subject to the executive being made responsible to the Council of the Panchayats.

In the whole discussion with the Registrar of co-operative societies as also in the report of the Decentralisation Committee, one finds an undercurrent of distrust of the efficiency of the Panchayats as proper executive agents of Branches and almost everyone who had anything to do with the present management was of opinion that making the Branches 'Independent autonomous units' would be premature, if not futile and mischievous to the larger interests of the T.U.C.S. as a progressive institution. More than in any other direction propaganda work seems to be necessary in this case, and if the facts are explained to the members, it is likely that the day, when the T.U.C.S. may become the 'wholesale' for the Madras Presidency, may not be far off.

APPENDIX A.

PROPOSITION OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES.

1. Every member in a Branch Society ought to take a share or shares in the wholesale or every member's share capital collected in the Branch Society should be put into the wholesale.
2. Every Branch Society shall be credited with the share capital amount of its members and the amount of transactions which it can handle shall be regulated with reference to it.
3. All deposits obtained at the Branches shall be transmitted to the Head Office or entered in their accounts. The rate of interest offered in the Branch Society should be the same as that offered by the wholesale.
4. All loans should be passed by the Branch Society Panchayats and paid by them within the limit of the credit allowed to it by the wholesale.
5. All purchases by the Branch Society shall be made only from the wholesale when goods are available in the wholesale. The Panchayats of the Branch Society are at liberty to act as they please in regard to purchase of articles not available in the wholesale.

6. The wholesale to charge uniform commission for the articles to be supplied at a rate to be tentatively fixed for a year and to be altered later on. The loss in any year will be made up by the profits from Branch Societies.

7. The Branch Societies to regulate their profits with reference to their sales and to keep adequate reserve. Branches with small share capital can build up their reserve in the place of bonus.

8. One representative from each Branch or society to sit on the Wholesale Directorate.

9. The affairs are to be managed by an Executive Committee of 5 selected by the Directorate.

10. An auditor to audit the accounts of each Branch or Society and put in balance sheet and profit and loss account.

11. Societies and trading unions outside Madras affiliated to the wholesale are to send their fixed number of representatives to sit on the Directorate.

12. The wholesale to fix weekly market prices and to circulate it to the Branches. The Branches are at liberty to alter such rates knowing full well that the loss, if any, shall be borne by them.

13. Common good fund:—Old fund can be spent by the wholesale on general matters as propaganda etc.

Common good fund of each Branch to be spent as proposed by each Branch.

14. Accounting in each Branch to be independent and need not be incorporated in the wholesale.

Note. It will be seen from the above suggestions that the Registrar was prepared to go much farther than the Decentralization Committee in his recommendations. The Registrar was evidently for giving the greater, possible autonomy to the Branches consistent with efficiency of work at the wholesale, and suggested that the Directorate will consist of a Council of Representatives with a Standing Committee to look after routine Business. He did not carry the members with them, and even, his threat of starting a 'wholesale' on his own initiative proved of little avail. Everything must and will depend on the experience which the management are likely to derive in dealing with the newly admitted society members.

General Conclusion:—It may be mentioned here that all transactions of the society by way of purchases or sales shall be on the ready money system confined to members only. The Bye-laws of the society provide for

the net profits of the society in the Distribution and Credit Departments being declared separately every half year. But the net profits on the Credit Department are to be carried forward entirely to the reserve fund.

The Rules re: the distribution of the profits are very interesting and deserve quotation in full from the bye-laws:—

'Of the Profits of the Distribution Department one-fourth shall be carried forward to the Reserve Fund of the society, from the remainder interest on the subscribed capital shall be paid at 3 3/4 per cent per annum. After payment into the reserve and payment of interest on subscribed capital, two-thirds of the remaining profits shall be paid to the members proportionately to their purchases. The remaining one-third having devoted to such common good as may be determined upon at a general meeting of the members.

Now if we study the working of the above rule with reference to its practical working we find some very interesting information.

On 30th June 1919 we had paid-up capital to the extent of Rs. 54,566—12—9 a Reserve Fund of Rs. 51,555—3—8 and a Common Good Fund of Rs. 26,484—7—3.

Sales for the year ending 30th June 1919 amounted to Rs. 9,34,099—12—3.

Gross Profits for the Half-year ending,

	31st Dec. 1918	30th June 1919
Rs.	22,903—15—6½	32,372—10—9
Net Profits	9,633—5—3½	16,923—15—2

Of this big amount only about Rs. 3913—7—9. and 7491—1—3 were available for distribution to members in proportion to their purchases bringing a disgracefully low rate of dividend at the rate of 1½ to 3 pies in the Rupee. This state of things contributes in a very large degree to the apathy and indifference of the members towards the ordinary working of the society. It was indicated in a previous section that the machinery for the study of market rates in the society is very defective with the result that more often we find the society charging a higher rate for their goods when a member can get the same stuff for something less elsewhere. The result is that the small difference in rate and the immediate satisfaction which it gives to any ordinary man makes him purchase elsewhere.

It must be remembered that the Bye-laws were drafted at a time when the society was in its infant stage and when the store movement was itself looked down upon even by the Co-operative High Priests and it was therefore, then necessary to err, if at all, on the side of caution. But now the society has grown into an adult and the figures given above—vide latest report of the society—will indicate how absurdly unnecessary it is to transfer the same proportion of profits every year to the Reserve Fund and the Common Good Fund. Experience is the only safe test in

business, and the fact has been that the society has never suffered for want of money. The members list is always increasing and in ordinary times there is no fear of any serious loss. Some limit seems to be necessary to the accumulation of the Reserve Fund and the limit could safely be placed at between 50 to 75 per cent. of the paid up share capital.

It is also absolutely unnecessary to add on to the Common Good Fund in the same proportion in which it is being done. Some reduction must be made. But the most important point to be remembered is not that you must accumulate the Common Good fund, but you must spend it for the common good. The society must provide in many ways for the convenience of the members—e.g. in improving the Library and bringing it up to date, in arranging for periodical lectures and conferences on co-operative and allied subjects, in making the Co-operators' Day a really pleasant function, by instituting some scholarships for the study of co-operative questions to be competed for by members of the society or their children and in such other ways as may be decided upon by members. The very idea of spending on useful purposes seems to have been lost sight of. We have an accumulation of funds and nobody knows what to do with the money.

It has been urged in many quarters that the society must sometimes sell for credit and should also sell to non-members. Dr. Stater himself is an uncompromising advocate of the principle of selling to town-members. But this course is open to two objections: first it will unnecessarily increase the work at the society with no adequate profit, and second, it will not be able to give any inducement to non-members to become members in the shape of the dividend. Even the member's dividend is only about 2 or 3 pies in the rupee and in practice it has been found that 'this is not sufficiently encouraging, and it is extremely unlikely that the society will have anything to gain at the present stage by opening its doors to non-members as well. So far the practice has been that if any non-member wants to buy at the store he has to do it through another member, and if he is serious about buying at the store, he has only to apply for membership and pay one rupee as a first instalment of his subscription.

About the question of sale on credit to members it is rather difficult to enunciate any principle. But we have so far succeeded very well by sale for cash only and we have had no difficulty or complaint from members on this question.

If credit is allowed there will be an unnecessary and avoidable increase of work and the staff. Further there may be also the possibility of some amount not being recoverable at all. If the difficulty of members is only in bringing cash to the society at every time of purchase it is open

to them to deposit their money in the current account of the society and send on a note to the accountant for the withdrawal of the sum necessary for any purchase at any particular time. This seems to be the only way by which we can avoid loss and trouble and also give some facility to members.

But when every criticism has been made on its actual working it must be admitted that the T. U. C. S. is a monument of success to the co-operators in this presidency nay almost in all India in the direction of purchase and sale to members on co-operative lines. If the few pages written on the subject would create some active interest among at least a few readers of this booklet, and induce them to take an energetic interest in co-operative propaganda the work would not have been in vain.

To seek the noblest—its your only good.

Now you have seen it; for that higher vision.

Poisons all meaner *choice* for evermore.

(Concluded.)

"WHAT HAS BEEN DONE TO FERTILISE THE EXHAUSTED SOIL OF THE TANJORE DELTA?"

BY M R. RY. RAI SAHIB A. SETURAMA AYYAR AVL., NIDAMANGALAM.

Dr. Norris read a very interesting paper at the last Agricultural Conference on "Soil Exhaustion" based on the researches made from samples received from four districts of this Presidency. The reports of the four soil surveys in this Presidency have been published by Government and are now available. For the purpose of this paper, I take the Tanjore Delta with which alone I have been acquainted. From the analyses of the hundred and odd samples of soils taken at random from places five miles apart in the Tanjore Delta, it has been found that the Tanjore soils are in very great need of phosphates. In Tanjore, there are about a million acres under paddy cultivation. More than half of this extent is wanting in phosphates and nitrogen. To improve the delta paddy lands, about 50 lakhs worth of bone-meal or superphosphate is to be applied every year and if the degree of fertility is to be maintained, the same quantity should be applied every year.

To test the investigations of the Research Institute (Chemical Section) made some five years back, the Tanjore District Co-operative Manure Society was organised in 1916. For about 4 years, I had to educate the ryots regarding the necessity of such an organization. Practically public opinion had to be roused and kindled about the consequences of such soil exhaustion by means of addresses and appeals and the attention of the

A paper read at the last Agricultural Conference held at Coimbatore on 21st Dec. 1920.

Government forcibly drawn thereto, by a deputation to His Excellency, the Governor of Madras. The prayers of the deputation that waited on His Excellency in December 1915 were:—

(i) That the Government be pleased to grant subsidies to bone-crushing co-operative societies in the district,

(ii) That the Government be pleased to direct the Revenue Officers of the district to help the societies in the purchase of bones and in other things connected with their efforts,

(iii) That the privilege of collecting phosphatic nodules in the region of the Perambalur Taluk of the Trichinopoly District be given to a Co-operative concern in private enterprise, and,

(iv) That the Government be pleased to pass a legislative enactment prohibiting the export of bones from the Tanjore District.

After such a preparation, an application for the registration of such a society signed by sixteen mirasdars was sent to the Registrar of Co-operative Societies, Madras. The society commenced its operations on 1st Oct. 1916. It is now a little more than four years since it began work. Every year, on an average, about 50 tons of phosphatic manures, such as bone-meal, fish guano, flour phosphate, castor cake, groundnut cake etc., have been purchased by members and experimented on their fields. They were applied, either separately, or in a mixed state, such as bone-meal and fish guano and kolinji leaves, flour phosphate and groundnut cake, prawn shells and bone-meal etc.

By such means, only about 500 acres have been fertilised. The results are for Rs. ten worth of manure, you get Rs. 12½ worth of produce over and above what you get from the ordinary unmanured crop. In other words, for an investment of Rs. 100 in manures, you get a return of 25 per cent. A co-operative organization will care more for the benefit of its members than for its profits. The Tanjore District Co-operative Manure Society has manufactured bone-meal and flour phosphate and sold them at a cheaper rate than that which prevailed in the market, and has also purchased fish guano etc. wholesale and distributed to its members in retail. By such co-operative work, members have had indirectly a saving of Rs. 400 in the first year, Rs. 600 in the second year and Rs. 4000 in the third year and Rs. 4000 in the fourth year considering the rates that prevailed in the market in those years, in addition to 9 per cent dividend on their paid up share capital. The economic gain does not stop here. The increased crop should also be taken into account which means an increase of about Rs. 5000 for the last four years. If the Tanjore mirasdars want to improve economically by the application of phosphatic manures, they must have societies of this type in hundreds.

The Tanjore District Co-operative Manure Society (T. D. C. M. Society) has proved that if you apply 50 lakhs worth of phosphate manures every year in the Tanjore Delta, you will get 62½ lakhs of rupees worth of produce over what will be got from an ordinary unmanured crop.

Let us now see what the Government has done in this very important matter. Researches were made as to how best flour phosphate and bone-meal may be made readily available to the plants. It was found that flour phosphate and bone-meal will dissolve more easily in water, if they are applied with organic matter or castor cake. So Messrs. Ramasamy Sivan and H.C. Sampson prepared a mixture in 1918. 300 lbs. of this mixture made up of 100 lbs. bone meal, 75 lbs. flour phosphate, 75 lbs. fish guano and 50 lbs. castor cake, valued at Rs. 10 were applied for an acre. It contained 12 lbs. Nitrogen and 36 lbs. P 205 (Phosphoric acid). About Rs. 10,000 worth of this mixture was distributed gratis to ascertain the results in about 1,000 one-acre plots. If the season was favourable, such co-operative experiments would have been very valuable, as has been the case in America. Owing to bad season, such as want of water for irrigation, the Government was not able to know the results of this mixture. But those 1,000 acres ought to have given an increased crop in the next year. In 1919, the Agricultural Department prepared the following mixture for sale in the Tanjore Delta.

	lbs.
Bone meal	30
Fish guano	75
Castor cake	69.9
Bone char dust	65.1
Flour phosphate	30
Neem cake	30
	300 lbs.

About a lakh of rupees worth of this mixture was prepared and arrangements were made to sell this mixture in various depots in the district at Rs. 12 per 300 lbs. or two bags. The T.D.C.M. Society purchased 100 bags of this mixture and distributed it to its members. The results were good both to paddy as well as to cocoanuts (Rs. 100 worth of this mixture gave me an increase of 3,000 nuts for about 200 trees.) In that year, only about Rs. 25,000 worth of manure was sold i. e. about 2,000 acres have been fertilised. I don't know how much has been sold this year. There were demands this year in my society for nurseries and I purchased 34 bags. Probably, another 2,000 acres might have been fertilised this year. The experiments done so far conclusively prove that there will be increased crop if you apply phosphatic manures.

If the Tanjore ryots want to improve economically they must go in for more manures. A great deal of propaganda work is necessary to cover the remaining 4 lakhs and 96 thousand acres. The Co-operative Department is the best medium for doing such propagandist work.

The Agricultural Department complain that they are short of trained hands. They can utilise such well-known societies as the Tanjore District Co-operative Manure Society as their agencies and relieve the present demonstrators to do more useful work than buying manures and seeds and selling them. The work of collecting kolinji seeds may be left to non-official agencies such as the Tanjore District Co-operative Manure Society.

Every year, about 4000 bags of kolinji seeds i. e. Rs. 6000 worth of seeds are purchased in the Ayakkarambalam side of the Tiruthurai pundi Taluk in the Tanjore District. There is a Co-operative Society at Ayakkarambalam. That society can be used as an agency for procuring the wild indigo seeds. In the month of October, I toured in those parts to investigate whether a producers' society cannot be organized there. Ayakkarambalam is a village consisting of four hamlets two miles apart from each other. Wild indigo seeds can be procured from villages within a radius of 15 miles from this village. The best season for collecting seeds is from April to August. The lands there are sandy and rainfed. The farmers live in their own holdings. Particular attention is paid to manuring. They tie their cattle in their own lands. The lands are properly fenced by raised bunds and are well drained. After the harvest of paddy, wild indigo grows luxuriantly and comes up to maturity in the month of April-May. The pods are collected by women and the work of collection entails great labour. They sell at 6 pies to 0-1-6 per Madras measure. There is a market day, (Shandai day) once a week. On that day the seeds can be purchased at 0-1-6 per Madras measure. Well-to-do middlemen buy these seeds and store them. These men buy on an average at 0-1-0 per Madras measure and sell at annas 2 per M. M. This profit ought to go really to the poor gatherers of the pods. So I mean organising or converting the existing Co-operative Society into a Producers' society affiliate it to the Tanjore District Co-operative Manure Society and get all the seeds from them. In a producers' society these poor men will become members. They will get a good dividend and bonus. As soon as they realise the benefits of such a society, they will not leave it. If the Tanjore District Co-operative Manure Society undertakes to collect kolinji seeds, may I ask if the Agricultural Department will patronise such an attempt.

CREDIT SOCIETIES AND SALE OF PRODUCE OF MEMBERS.

Short term loans are mainly given to co-operators who are agriculturists to meet their current needs. Such loans are generally repaid at the time of harvest or soon after when the agricultural produce can be profitably sold. Invariably the agricultural co-operators cultivate some crop, the produce of which they usually sell to meet their money obligations such as payment of kist, repayment of old debts or interest on debts contracted and return of loans for current expenses. Such produce has generally a good commercial value and is sold whenever demand for payment arises for the agriculturists. They generally sell produce in small driblets to petty retail buyers and are thereby able to get only very low rates. The borrowing members of the co-operative society might hand over to the panchayat the produce which they intend to sell to meet the obligations to the society at the prevailing retail rate. The society will get the produce, credit it as a deposit by the member and issue a loan on the strength of such produce and credit the loan so raised towards the dues to the society under principal and interest. The produce so collected will be sold at a suitable time in consultation with the members concerned. The members of co-operative societies who are not indebted to the society but wish to dispose of their produce through the co-operative society might act similarly and receive advances on the deposit of their produce to be recouped or repaid as soon as the sale of such produce is over. Such members will get the required accommodation but have to make good the loss, if any, arising from the transaction.

2. This arrangement is a first step in the attempt of a co-operative credit society to sell the produce of co-operators on a limited scale. The credit society can be used as an organisation to dispose of the produce of the co-operators when the risk involved is proposed to be borne by the individual co-operators concerned. Should this arrangement prove successful, a trading union or a special society for the sale of produce can undertake such work on a larger scale. There are wide possibilities in this direction. It is hoped that the co-operators will take the first step this year in earnest and push on with the work. With a view to secure credit facilities to undertake this work, every society may send in an application of a short term loan of Rs. 500 or Rs. 1000 by the beginning of each year to the local union and through it to the Assistant Registrar and the central bank for necessary action. The loan may be sanctioned in advance by the central bank in case such society is found eligible to get this loan with reference to its borrowing power. The society may then get a bond form to be executed by the panchayatdars from the central bank and execute it. The society will then send in the registered bond to the central

An Address by the Ag. Registrar of Co-operative Societies given to the co-operators of the Unions of Kollipatti and Srivilliputtur.

bank with a letter of authority empowering the central bank to give the sum involved to the trading union or to a society specially designed for the sale of produce whenever such institutions exist or will intimate to the central bank the period when the credit society may want the money where it undertakes the work. The member in each society will also execute documents in advance for the short term credit allotted to him. He will also be called on to execute an agreement in favour of the society whenever produce is proposed to be deposited and loan is to be raised either for securing cash advance on the produce or for the repayment of the dues to the society under principal or interest. The forms in which such agreements may be drawn are appended. These forms are suggested as tentative ones and they may be suitably altered to suit local conditions.

For fuller particulars about the handling of credit, please see the Joint Registrar's circular about the joint sale of produce and also the Registrar's circular about trading unions and stores.

3. As soon as produce is collected from members for the dues of the society or after giving advance on produce deposited with the society, the credit society will draw out of the advance placed at its disposal or with the trading union or with the sale society the sum required and pay into the central bank towards the dues of the society to the central bank. This can be done as a boon transaction. The debit in the advance account will be cleared as soon as the produce is sold. Where, however, the amount so adjusted exceeds the advance amount sanctioned by the central bank, the credit society can raise the required additional loan by executing a bond for the sum required offering such agreements by members under which deposit of produce has been made as collateral securities. The offering of such collateral securities will convince the central bank as to how its original advance was utilised.

(1) Agreement to be executed by a member when produce is promised to be handed over to a society and a loan is raised.

I have this day borrowed a sum of Rupees.....(in words) from the co-operative society.....and I agree to pay this amount with interest at.....per cent per annum on or before.....of.....I further agree to hand over (here enter the name of produce) to the value of the amount of the principal and interest borrowed, the value of the amount of the principal and interest borrowed, the value being calculated at the retail rate at which the produce is sold and to allow the society to sell it when it thinks fit and to credit the sale proceeds when the produce is sold. The loss if any, arising from the transaction will be borne by me and I hold myself responsible for it. Any gain arising from the transaction will be credited towards my share capital amount. The society will debit against the account relating to the sale of produce the incidental charges of storing, transport etc. and will also get a commission of.....per cent. on the transactions.

directrates to undertake this work earnestly. Each society may make its collection and remit it to the Central Bank to which it is affiliated and the Central Bank will intimate the amount so remitted from time to time, to the Provincial Union. The last will arrange to entrust the contribution to the institution or institutions improvised by the public or the State for granting the desired relief. Contributions by co-operators may be in the form of ready cash, food, grain or clothing (in the case of Weavers' Societies). Dividends on share capital which are the property of co-operators may be given over to the relief fund in part or entirely, provided the members agree to such a course. Co-operative institutions might vote some amount from the common good fund of the year or from previous accumulation under this item. Bonus due to members of distributive societies might be diverted if the members are willing.

Here is a splendid opportunity for co-operators to show the usefulness of a movement with a net work of co-operative institutions. It is hoped that co-operators will not let slip this opportunity. The Provincial Union appeals to Honoray Assistant Registrars, to local unions and Government officials of the Department to render such help as will secure success to the suggested undertaking.

We must apologise to the readers of the Bulletin for the delay in bringing out this issue. The Editor of the Bulletin, Apology, Mr. V. Venkatasubbaya of the Servants of India Society, has had to leave Madras to take up more urgent work for his Society elsewhere. During the time that Mr. Venkatasubbaya was in charge of this magazine he brought to bear on his editorial work a degree of care and trouble and co-operative knowledge, for which he deserves the gratitude of our readers. It has not been possible to make definite arrangements till now for conducting the Bulletin in his absence. But we hope that before long we shall be able to announce to our readers the creation of a competent editorial board and sufficient executive assistance.

Since our last number appeared there have been some very important changes in the staff of the Co-operative Department. Co-operative Department. Mr. Hemingway, who had suddenly to leave for England on account of ill-health, was succeeded by Mr. Vedachalam Iyer as acting Registrar. The latter remained in charge of the Department till the end of August when he handed over charge to Mr. J. Gray. We are given to understand that neither Mr. Hemingway nor

Mr. Vedachalam Iyer will return to the Department and that Mr. Gray's appointment may be regarded as a permanent arrangement. Mr. Gray is one of the ablest of the younger members of the Indian Civil Service and has to his credit a record of successful and varied administrative work. He has been in succession Settlement Officer, Director of Civil Supplies and Deputy Commissioner of Labour; in addition to these he was Secretary of the Health and Welfare Association and for a time Mr. Knapp's assistant when the latter was Reforms Commissioner. We have every reason to hope that the progress of the Co-operative Movement in the Madras Presidency, will be safe in his charge.

Mr. Hemingway's departure means the loss to the Co-operative Department of an officer of enthusiasm and an unsparing worker. Mr. Hemingway's illness is mainly the result of the sustained and unremitting work which he did during the past three years for co-operation. No one who has seen Mr. Hemingway at work or has listened to him on co-operative problems could doubt that he was a born apostle of co-operation. We in this journal have often had occasion to criticize some of his measures especially the recent addition to the Department of a large staff of Assistant Registrars. We do not propose to revert to this controversy here. Now that Mr. Hemingway's period of service as Registrar is practically over we would only remind ourselves and our readers of the energy, zeal, vision, and enthusiasm with which he worked for the movement.

We are genuinely sorry at the termination of Mr. Vedachalam Iyer's connection with the Co-operative Department. There is no officer, Indian or European, now living, who can compare with him in knowledge of the methods and problems of co-operation in the Madras Presidency. He stands in this respect absolutely unequalled. While we regret that his services will no longer be available as an officer of the Department, we hope as a non-official he will find it possible to give the movement the benefit of his experience and knowledge. The great lack of our movement throughout India is the absence of a sufficient number of experienced non-official co-operators who could criticize with inside knowledge the proposals of the Government departments. We say this in no spirit of disparagement of the work done by the Co-operative Department but because we believe that the criticism of such men would be in the true interest of the departments themselves.

to buy for his own use but which a dozen neighbouring farmers may very well use jointly. It had a bank of its own, which will lend money on easy terms to peasants and farmers, thus delivering them from the usurer. Lastly, it is now acquiring big estates, and grouping landless labourers, and farmers' younger sons upon them, who work as a team, collectively, under scientific direction, and share the produce.

What Mutual Aid Has Done.

This is a dry and external account of what it has done. It is educating all the time, through books, pamphlets and lectures. It is organising knowledge and science for the benefit of the farmer. It keeps a library and an experimental farm. It sends students abroad periodically to Europe to learn what is being done there, that Ireland may copy it or improve upon it. With the spiritual and poetic yet very practical genius of "A.E." to guide it, it is raising the whole mental life of the Irish village, and substituting the spirit of mutual aid, for the narrow individualism natural to the lonely farmer. At the start the movement was not directly political, but it is warmly supported by Sinn Fein, and it has served its purpose of ending the economic exploitation of the Irish farmer by the English capitalist.

Its Justification.

To my thinking justification for this Irish movement lies not merely in its value as an instrument in the hands of Nationalism. It is valuable because it is positive, constructive, and productive. It found Irish agriculture on a low level. It has raised it to a very high level indeed. For a stupid, wasteful, and unsocial system it has substituted a scientific, economic and truly social system of production:—*New India*.

REGISTRAR'S CIRCULARS.

ANNUAL MEETINGS OF UNIONS.

Credit Societies. The panchayatdars of a primary society on unlimited liability basis are responsible for the maintenance of the accounts in the society and for the proper conduct of work as regards management. To see that the panchayatdars have done this work efficiently in each society is the work of the union with the assistance of the governing body members and the paid supervision staff maintained by it. This sort of watching is carried on throughout the year by the inspection staff, but the supervising union has also to review the work done by each society as soon as a year closes and bring to the notice of each society the directions in which improvements have to be secured. Such a review can usefully be conducted as soon as the final audit by the Government staff is over and the audited figures are available. A clear idea can then be formed

about the progress made by each society in the year which closed. Such a review can be made at the annual general body meeting of each union and may relate to the following essential points:—

(1) *Share capital.* Progress in the collection of share capital instalments recoverable from the members in each society.

(2) Progress made in the investment by a primary society of the paid-up share capital of each in the purchase of shares in the central bank to which it is affiliated.

(3) What arrangements should be made by each primary society to rectify the defects, if any, noticed in this direction.

(4) *Collection of dues by members.* How far have the panchayatdars of a primary society taken action on overdue cases of loans under principal and interest as exhibited in the liability statement prepared at the final audit? Whether the panchayatdars should be advised promptly to take action under the rules relating to arbitration. If so, in which cases? The number of such cases to be dealt with under arbitration rules as indicated by the resolution of the panchayatdars in each society will be tabulated for each union at the general body meeting. The union and the assistant registrar will decide on the course of action to be taken in each society by the appointment of arbitrators and by arranging for the work being done expeditiously. The union will also consider the desirability of granting extensions in deserving cases. The union will also scrutinize the work done in each society in the direction of taking action on arbitration decrees obtained.

(5) *Central Bank dues.* How far the obligations of each society to its creditor have been kept up and if any society failed to do so the causes will be inquired into at the general body meeting and the union will formulate the action required to be taken. This enquiry will relate to (1) Reserve Fund (2) Loan principal (3) Interest (4) Supervision Fund.

(6) *Inspection.* The defects noticed in the working of a society as the result of the inspection by the inspecting staff will be reviewed. The union and the assistant registrar will devise methods to secure the rectification of such defects and the avoidance of the repetition of such defects in the future.

(7) *Forecast of loans.* The panchayatdars will send in their applications in time to the union for—

(1) Short-term loans for general purposes.

(2) Short-term loans for trade, joint purchase and joint sale.

(3) Long-term loans required in the coming year.

These applications should be accompanied by resolutions of the panchayat or general body. They will be disposed of by the assistant

registrar. The sanctioned applications will be sent to the central bank to comply with the demand of each society when it makes one and when funds become available, giving preference to short-term loans. When long-term loans are applied for by a society, the application should be accompanied by a property statement showing the assets and liabilities of the members and this statement should be signed by all the panchayatdars. If the society has not sufficient borrowing power allowed in the by-laws a general body resolution to increase the borrowing power should also be sent by the society concerned. The union and the assistant registrar will decide the question. Enquiries will also be made about delays in the disposal of loan applications of primary societies to see whether they are pending in the union office or with the assistant registrar or the central bank.

(8) *Indent for stationery forms.* Each society will give its indent for the stationery, books, etc. These indents will be bulked by the union and the union will, later on, supply them.

(9) *Classification of societies.* The union will classify the societies as good fair, bad or indifferent and suggest measures to be taken to improve the bad societies or to liquidate them.

(10) *Activities other than credit.* Have the transactions connected with trade, such as joint purchase of agricultural and domestic requirements and joint sale of produce of co-operators been carefully conducted in each society and how far improvements can be suggested.

(ii) Have the inspection of such institutions been satisfactorily secured and whether the arrangements in force can be improved upon.

(iii) Whether any suitable arrangement can be devised for the purchase of articles in time and from a proper agency as cheap as possible, and whether a similar arrangement can be devised for the sale of the produce of the co-operators.

(iv) Whether the method of accounting followed in such work has been satisfactory and whether any improvements can be suggested.

(11) (i) *Miscellaneous.* Review of the establishment charges in each society and in the union and whether they can be curtailed without loss of efficiency.

(ii) Review of the contingent charges in each society and in the union.

(iii) Reconciliation between the liabilities to the central bank shown in the accounts of the primary society and the assets due from such society to the central bank. Whether the pass-book system between the central bank and a primary society as regards the transactions between them has been worked properly and whether any improvement may be suggested.

(iv) The union will put before the co-operators assembled the instructions issued by it and the advices given by Government officers during the year,

(v) Budget of the union.

(vi) Administration report of the union.

(vii) Arrangements for inspection of societies by governing body members. This is an important item of work which should be placed in the forefront.

(12) The panchayatdars of each society will be asked to be present at this meeting which may be held in July, August or September of each year and not merely the representatives of each society. The assistant registrar and the union will, after consultation, arrange for the meeting being held on a suitable date and the meeting will be held for two days or more to get through the work satisfactorily. The co-operators assembled will discuss the possibilities of introducing other kinds of activities and selecting the institutions which might attempt such work, taking into consideration the efficiency of the human material and the financial position of the society which is selected to undertake it. The co-operators may also formulate any scheme by which a number of co-operative societies may combine themselves and form trading or other organisations. The assistant registrar and the inspecting staff available at the time can be freely consulted.

(13) The acting Registrar feels that if the annual meeting is conducted as above described (and the assistant registrars are advised to educate the co-operators and the unions to do this work systematically) the union, the central bank and the assistant registrar can take stock of the defects noted in the working of the organisation in the preceding year and can formulate a scheme of work for the coming year. The primary societies will be better able to get credit accommodation when wanted and the central bank will be better prepared to secure the credit it requires and to set free credit facilities to the primary societies without delay. The central bank will also be able to find out what arrangements should be made by it to meet the demands of primary societies in all directions for credit and non-credit activities. The Co-operators will be better educated in co-operative principles and practices and the office-bearers will be made more efficient. These instructions are supplementary to the Registrar's circular describing the system adopted in North Arcot district.

AUDIT ORDER ON THE WORKING OF THE TINDIVANAM DIVISION CO-OPERATIVE AGRICULTURAL AND INDUSTRIAL SOCIETY FOR 1920-21.

1. The society was registered and started on the 11th May, 1919 with jurisdiction over the whole of the Tindivanam Revenue division comprising the taluks of Tindivanam, Villupuram and Gingee. It is open both to individual landholders and residents in the above-said area and co-operative societies. Its authorised share capital is one lakh, made up of 4,000 shares of Rs. 25 each, of which half is reserved for societies.

2. The objects of the society are (1) putting up of a factory to convert animal-bones into bonemeal for manure and the raw produce of the members into more finished forms and arranging for their joint sale (2) the purchase and distribution of seeds, manure and agricultural implements and (3) owning valuable implements and machinery for hire to members,

3. The society having been started almost at the close of the year 1918-19, the year under review is practically the second of its working. On the 30th June 1920, there were 78 individual and 40 society members who had taken 872 shares with a paid up share capital of Rs. 10,364. During the year under review, the number of individual and society members rose to 88 and 59 respectively. They have subscribed for 1,366 shares with a capital of Rs. 34,150 of which Rs. 13,144 has been paid up, individuals alone contributing as much as Rs. 9,342.

4. On the 1st July 1920, the portion of the factory in which the engine, 4 decorticators and the rice huller are installed had almost been completed at an outlay of Rs. 24,557. On the 25th July 1920, the decorticator and the huller were formally ready for work. During the year under review the construction of the remaining portions of the factory for putting up the $2\frac{1}{2}$ disintegrator, two gins and oil presses had been progressing side by side with the working of the decorticators and the huller. The cost of the substantial portion of the factory constructed up to the 30th June 1921 was Rs. 32,766 as detailed below:—

	Rs.	A.
1. Land (10.28 Acres) with a well	1,130	0
2. 36 B.H. Tangyis crude oil engine	7,810	0
3. Five decorticators	1,700	0
4. No 1 Rice huller	816	0
5. $2\frac{1}{2}$ disintegrator	1,520	0
6. Two double roller gins	2,400	0
7. Spare parts and accessories fitted to the machines	6,860	0
8. Masonry construction accommodating all these machines with additional room for oil presses	10,640	0
Total Rs...	32,766	0

The portion of the building to accommodate the gins and the oil presses is yet in progress and will be completed in a month or two.

5. Though the huller and the decorticators were ready for work as early as July 1920, owing to several causes, the chief of which was the want of suitable season, the factory had its full swing of work only from December 1920. After March 1921 there was again a paucity in groundnut decortication chiefly due to sudden fall in groundnut trade. Nevertheless during the year under review 16,897 Kalamas of paddy (a Kalam being equivalent to 36 M.M.) were hulled and 2,380 candies of groundnut were decorticated for a gross hire of Rs. 7034-15-8. The income from the sale of the groundnut husk was Rs. 664-8-0. Thus the gross income from the working of the factory in the year was Rs 7,699-7-8. Against this, the charges incurred directly for the working of the factory were Rs. 3,952-10-7 leaving a net profit of Rs. 3,846-13-1.

6. There was, besides, some petty miscellaneous receipts of Rs. 268-14-9. Adding this and deducting the interest of Rs. 2,002-12-4 paid and payable on borrowings and other miscellaneous charges of Rs. 647-6-2 there was a net profit of Rs. 1,465-9-4 for the society in the year. Again deducting Rs. 1,276-6-0 the net loss brought forward from the previous year being the cost of the office establishment and interest of borrowings incurred during the period of the construction of the factory the net profit up to the end of the year works out Rs. 189-3-4.

7. One fourth out of this sum viz. Rs. 47-4-10 has to be carried to reserve fund under bylaw 25 (1) of the society and the balance is available for distribution for dividend, bonus, etc. as laid down in the bylaw.

8. In September 1920, M.R.Ry. Rao Sahib C. S. Ramachandra Ayyar Avergal B.A. B.C.E, Assistant Director of Industries, kindly visited the factory. Commenting on the audit order of the previous year 1919-20 issued about the same time, he has made the following observations:

"Items (a) to (h) (substantial investments on land and machinery and construction) were closely examined by me and that only a sum of Rs. 24,556 13-9 was spent over these items is very remarkable. The Pucka building where the engine and the machinery are erected is about 3000 sq. feet in area. Its walls and roofing are very substantial and I can hardly believe that it can be constructed at anything less than Rs. 3-8-0 per sq. foot. But it is quite clear that the cheapness was due, in the main to the exertions of Messrs. Kuppuswamy Ayyah and Venkataramayyah whose local influence should have enabled this society to obtain raw materials at very low rates and engage the farm labourers of the locality with whom Mr. Kuppuswamy Ayyah is incredibly popular. The price paid for the land, can now be more than recovered by selling less than half the area but the society hopes to obtain a substantial revenue by leasing out the surplus land for cultivation. The items (b) to (g) refer to items of machinery installed by the society. The prices referred to against each item are no more possible and the present day prices will be at least 50 % extra for some of them."

"The achievement so far obtained would have been impossible in the hands of any others but the present Secretary and the President of the Society whose untiring energies, sincere devotion and willing co-operation, very largely contributed for the bringing into existence of this moderate sized factory."

Again on the 19th November 1920, his successor Mr. A. W. Jordan A. M. I. M. E., visited the factory and has recorded in his diary that "All the plant is good and suited for the purpose for which it has been obtained" and remarked about the existence of some technical defects in setting them up. The same officer again inspected the factory on the 18th June 1921 and has made the following further observation in his diary. "Since then (referring to his previous visit of the 19th November 1920) Mr. Kuppaswamy Ayyah has had all the defects remedied and the machinery is working satisfactorily" * * * * *

"I was very pleased at all I saw, during my visit and much credit is due to Mr. Kuppaswamy Ayyah, the energetic and enthusiastic Secretary for the way in which the work has been carried out. When all the machines are working and the several industries are ready to work this concern should be a profitable one."

10. The work of love done by the enthusiastic and selfless Secretary, Mr. T. V. Kuppaswamy Ayyah, is just beginning to bear fruit. Further progress is only impeded a bit by want of adequate share capital. The individual members have done their quota to a fair degree. Though more is yet expected of them, with such strong appreciation and commendatory observations of the high officials of the technical department, which had no hand at all in the construction of the factory, the co-operative societies all over the district, have no reason to delay further in their participating in the working of the society. They may subscribe liberally more shares and see that their members send all their marketable produce to the factory for more finish and joint sale. The function of the joint purchase and distribution of seeds, manure etc., will also be undertaken by the society too. Agricultural societies in the district should take advantage of the services and help of the factory at the very outset.

11. The Board of Directors are heartily congratulated on the success of their bold venture. Adequate words cannot be found to express the admiration felt for the devotion to this work of the Secretary, Mr. R. Ry. T. V. Kuppaswamy Ayyah Garu who has suspended his practice for the sake of this factory and has been managing such a heavy task and that with a very small establishment, all to make the venture a success. The ryots and co-operators of South Arcot district cannot be adequately grateful to him. It is earnestly hoped that in the current year it will be possible to pay not only a good dividend on share capital investments but also a suitable bonus for the business contributed to the factory and joint purchase and sale.

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Madras. }

V. C. RANGASWAMI,

Secretary.

THE LAW & PRINCIPLES. OF CO-OPERATION

By H. CALVERT, I. C. S.

Registrar, Co-operative Societies, Punjab.

Second Edition.

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1921

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TO LET

THE
Madras Bulletin of Co-operation.

VOL. XIII].

SEPTEMBER 1921

[No. 3

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NOTES AND NEWS

The rebel Moplahs are perpetrating unspeakable horrors on the peaceful Hindu population of Malabar. Rich and poor, Nambudiri, Nair and Cheruman, are all alike reduced to destitution. Many thousands have deserted their homes, sought refuge at Calicut, Palghat, Cochin, Travancore and other places, with little more than a loin cloth, after undergoing unbearable hardships. The sufferings of pregnant women, newly confined mothers and infants are particularly heartrending. The provision of food and shelter to these unfortunate victims of fanaticism is a task which is far beyond the capacity and resources of the people of the unaffected portions of the district. The energies of Government are sufficiently taxed in suppressing the rebellion, the mountainous nature of the district being exceedingly well suited to the guerilla tactics of the rebels. The rest of India, and particularly the people of this Presidency, should dip their hands deep in their pockets and take out whatever coins they can find for the relief fund. We co-operators should remind ourselves of our motto "Each for all and all for each." We hope that the urgent appeal which we published in our last issue for help from co-operative societies will be responded to in a manner worthy of co-operators. The dividends which individual members of primary societies get are very small but the aggregate for each society will be not inconsiderable. A portion of the common good fund, which on previous occasions has been spent on sanitation and other public objects can surely be voted for this urgent humanitarian work. Members

of distributive societies can give away their bonuses. Besides contributions from dividend and bonus, if any society desires to give out of other funds, it should be easy to get the permission of Government for doing so. We request the Provincial Bank, the district banks, unions and large urban societies to take up this matter with enthusiasm and establish a creditable record by promptly announcing their own contributions and inducing other societies under their influence to do likewise. In this connection we are glad to note that Mr. G. K. Devadhar, the well known co-operator of Bombay Presidency, has been to the disturbed area with a party of his colleagues in the Servants of India Society and is energetically helping the local relief committee in every possible way. To meet the requirements of those who were well to do landlords before the outbreak, Mr. Devadhar has suggested the granting of long term loans through co-operative societies, either existing or to be specially organised. This will undoubtedly be better than giving direct *takkavi* loans through the Revenue Department which loans have at no time been very popular. We understand the suggestion has been well received by the authorities but of course any effect can be given to it only after peace and order has been restored.

* * *

We invite the attention of our readers to the notes on an English Society made by Mr. Hemingway, our late Registrar, which are published elsewhere. It will be seen from them that the English Society does not keep a stock book or trouble itself with much accounting. It is satisfied with taking stock once a quarter, and, knowing the amount of sales and allowing an average rate of profit, calculates roughly how much stock there should be and if the actual stock found at the end of the quarter be seriously short of the quantity expected, then, the manager is got rid of unless a reasonable explanation is forthcoming. This system presupposes a certain amount of honesty and care in the manager and also the availability of a suitable manager when the unsatisfactory person is got rid of. We cannot say whether that system will work satisfactorily in this country, but it is a question which deserves investigation by our stores societies. Small stores, like the one at Sivaganga, which are working successfully may make experiments of keeping the accounts on the simplified English system and find out whether it works satisfactorily. If the experiment should prove successful it will be possible to reduce expenditure on staff to a very great extent and several stores which are now working at a loss may begin to work at a profit. We would be happy to publish the views of those who are in charge of stores societies. We would also invite the Department to investigate this matter so far as it lies in its power.

We have no doubt that Mr. Otto Rothfeld's lucid and interesting article on labour societies will be read with great care by the co-operators of this and other provinces. There is much scope for the organisation of industrial societies of the kind he has described to be existing in Italy. What is needed, and not so easily found however, is one or two earnest workers for each such society who will make it a success. Where such persons were forthcoming labour societies have been started, and in our presidency there are at least two of them working quite satisfactorily. Mr. Otto Rothfeld mentions the Labour Union of South Canara which is undertaking road repairs but he does not seem to be aware of the Salt Loaders' Society of Madras which was started by Mr. A. V. V. Acharya several years ago and which in spite of many difficulties is working very well. The Italian societies undertake road repairs, scavenging, construction of railways &c. It should be comparatively easy to organise in all districts labour societies like the one in South Canara and get contracts from Municipalities and local boards for road repairs, provided in each case we can get one or two enthusiastic workers to help the society. It should also be possible in the near future to entrust scavenging to societies of scavengers. At present we have quite a large number of credit societies for municipal scavengers and several of them also arrange for the co-operative supply of food grains and clothing. In Salem the supply of bullocks for municipal carts is given on contract to the employees' co-operative society with advantage both to the municipality and the members of the society. Municipal scavengers have now learnt the advantages of combination and with a continuance of the present sympathy of the municipal authorities it should be possible to entrust scavenging to these societies. We suggest that Salem or some other municipality should consider the feasibility of the proposal and make an experiment. Mr. Rothfeld believes that the Italian societies have been a success because the supply of labour in Italy is in excess of the demand for it. He doubts whether for instance in the city of Bombay the labourer in the building trade who is now making about Rs. 2 a day for very little hard work will care to work under the conditions of discipline which a co-operative society is bound to impose. We do not consider this a difficulty at all. For, what appeals to the labourer is that by combination he can save for himself and his fellows the profit which the middleman is now appropriating for himself. If a society be started for builders, it would easily get contract from private and public bodies. The real difficulty would be in finding satisfactory foremen and enforcing discipline. Even that may be easily exaggerated. Our artisans went to the jungles of East Africa and though

harassed by lions and other wild animals built the Uganda Railway. By tradition our workmen can combine more easily than their European brethren. Nor are we likely to experience any difficulty in the matter of finance for these societies. Between our central banks and Government we shall be able to fully meet their requirements. We may, however, not expect too much from these societies and should be prepared for failures; for co-operative as well as business character has yet to be built up in our labouring classes. We are not very hopeful of our small tenants pooling their holdings and cultivating them co-operatively. It may be more easy for agricultural labour societies to take lease of large tracts and cultivate them. But our ryatwari system makes it difficult to get the lease of large tracts. We should, therefore, think they have better scope in Zemindari lands. Burma is conducting interesting experiments in co-operative cultivation of this kind.

The proceedings of the Business Conference of South Canara are always instructive, as close attention is paid to the practical questions that crop up in the societies of the district. We recommend the periodical holding of similar conferences in other districts, which might now well replace the old demonstrative conferences. The co-operative movement has sufficiently extended in all districts and the message of co-operation carried to all corners to make the change desirable. What is now wanted is the intensive cultivation of the co-operative spirit and close attention to the business side of the societies in order to improve their average efficiency. We believe South Canara has in this respect set a standard which it should be the immediate endeavour of other districts to reach by adopting steps like the holding of a business conference. We observe that the South Canara Conference has approved of the formation of a separate Catholic central bank for financing the Catholic societies of the district. This is unintelligible in view of the fact that the existing central bank has a plethora of funds and is obliged to reduce its rates of interest on deposits. We are not told that there is any unwillingness on its part to finance adequately the Catholic societies. We can only hope that the demand for a new bank on communal lines is not the result of an unfortunate separatist tendency. We are sorry to note that the Sadananda Printing Press continues to work at a loss. As Puttur, where it is now located, is too small a place to maintain it, the conference has recommended its being removed to Mangalore. But we are not sure that the change will fulfil the expectation. In the first place the Press will lose the detailed attention which Messrs. M. Shiva Rao and M. Ananta Rao are giving it without being able to find others to take

their place at Mangalore. Secondly, Mangalore already possesses a number of efficient presses which are keenly competing for work and for all of which sufficient work is not forthcoming, while working expenses are bound to be heavier there than at Puttur. There may be some chance for success if arrangements be made for undertaking Malayalam work, in which case work from the neighbouring district also may be expected. We note with pleasure that the conference has recommended the experimental manufacture of palm jaggery in certain favourable villages. In recommending to selected societies the acceptance of repayment of loans in grain at current market rates, we hope it is made quite clear to the societies that the sale of such grain at a later date will be entirely at the risk of the members who have made repayment in grain and that the societies are not encouraged to indulge in speculation of any kind. The conference has wisely recommended greater elasticity to the central bank in granting loans on forecast applications and to producers' societies. We invite a discussion of the proceedings of this conference by co-operators in other districts.

There appears to be a closer association between Agricultural and Co-operative Departments in Burma than is the case in other provinces. One clear proof of this is that an annual Provincial Agricultural and Co-operative Conference is held in Burma, in lieu of the Co-operative Conferences of the other provinces. In the Madras Provincial Conference the Agricultural Department is usually not even represented. A conference of officials is no doubt held at Coimbatore at intervals but there the representatives of the Co-operative and Industries Departments occupy quite a subordinate place. The Lieutenant-Governor said in his opening speech that the Government staff was now practically confining itself to audit and inspection, leaving the organisation of new societies and other propagandist work in the hands of non-official co-operators. He was able to say that the expansion of the movement in recent years was mainly the work of members of societies. How we wish that a similar thing could be said of Madras! Another point of interest was mentioned by him: "In order to attract and maintain the service of capable and energetic officers in the Department, the staff has been amalgamated with the Burma Civil Service and the Subordinate Service, so as to allow for a suitable interchange of officers the improvement of the status of officers of the Department and the better extension of the knowledge of co-operative principles among the Revenue officers of the province, by which it is hoped to prevent any undue tendency towards departmentalism, in their ranks." This is a rather strange

policy. The tendency in other provinces has been to separate the co-operative department from general administration and complaints are made particularly in this province, that the recruitment of staff has been too exclusively from the Revenue Department. Instead of the knowledge of co-operation spreading among Revenue officials the co-operative department will come to be manned by ill-equipped persons and the interests of the cause will be sacrificed for the exigencies of the civil and subordinate services. It is undoubtedly a retrograde step. In the extract from His Honour's speech we draw the special attention of our readers to the part dealing with agricultural colonization on co-operative lines.

The stores section of the Madura Urban Co-operative Society and Stores worked during the last co-operative year at a slight loss of about Rs. 4 though the total sales amounted to Rs. 62,000 while the credit section worked at a net profit of about Rs. 4250. The Assistant Registrar points out that as much as Rs. 6669 is due on account of instalments of share capital but has remained uncollected. It would not have been the case if the by-law which prescribes a penalty for default had been enforced. He also points that too large (for urban banks) a proportion of loans are overdue and that steps should be taken to collect them. He disapproves of the practice of making all loans repayable at the end of six months or one year, the maximum periods allowed by the by-laws instead of fixing monthly instalments as other urban banks do. He makes the following general remarks:—

Judging from its vast membership and multiplicity of its transactions, the institution should be considered to have outgrown itself from a co-operative point of view. As observed by Mr. Ewbank, I. C. S., Registrar of Co-operative Societies, Bombay, Urban Banks, under such circumstances, "become an increasing source of uneasiness and the unwieldy body of members loses its coherence as it abandons the principles of mutual acquaintance and forfeits control over the Managing Committee." It is therefore a matter for the serious consideration of the general body to devise some early means by which the societies can be made to limit its membership and transactions so as to keep up to its ideals as a real co-operative concern and this can be done by (1) registering the stores as a separate institution with reference to new model by-laws as was suggested in the previous year's audit orders and (2) excluding from membership, such classes of persons as Government servants, postmen and members of Sourashtra community in the town, for whom separate societies have been registered, as also others for

whom societies may be registered from time to time. From an examination of statistics it is found, that, amongst the existing members on the rolls, there are 385 Government servants, 9 postmen and 10 Sourashtras, and instances are not wanting of persons among them who, without the knowledge of the societies concerned, have pledged their credit to more than one society, a state of things which may not be conducive to the interests either of the persons or of the societies concerned. In this connexion it may not be out of place to bring to the notice of the general body the following observations of Mr. Hemingway contained in his "Short Introduction to Co-operation in the Madras Presidency."

"*Size of banks.*—Another danger which threatens urban banks is that of growing too large. While recognizing that the same degree of mutual knowledge is not possible in an urban bank as is essential in a rural society, it is still fair to postulate a certain amount of mutual trust and mutual knowledge, or the moral basis of co-operation tends to be obscured or lost. And if a society grows beyond a certain size, the tendency is for the Managing Committee not to know the members and for the society to deteriorate into a common lending shop divorced from moral considerations. When such tendencies disclose themselves, it is wise to consider the desirability of splitting up the society into two or more smaller ones.

Though the Perinthalamanna Co-operative Conveyance Society technically started work on 30th June, 1920 it took several months to get together sufficient share capital and purchase motor buses. It was only on the 10th of April 1921 that two of them began to ply and a month later two more were purchased. Of these four one was kept at headquarters in reserve and the other three plied in the following main roads: Perinthalamanna—Tirur, Perinthalamanna—Mannarghat and Mannarghat—Olavakot. Thus before the end of the last co-operative year the society really worked for only about 2½ months but in that period it was able to make a net profit over Rs. 1200, which is very satisfactory. The society had outside borrowings to the extent of Rs. 5850 which, seeing that the paid up share capital was Rs. 16,750, cannot be considered undesirable though the Assistant Registrar thinks so. But we agree with his suggestion that the general travelling public should be encouraged to become members by taking small shares. Unfortunately the area served by this society is the centre of the Moplah rebellion. Its work must now be at a standstill and we can only fervently hope that its conveyances are not destroyed.

The Mantapam Camp Co-operative Stores which was started in May 1920 had a very successful year. There was a slight fall in membership and share capital, from 223 to 197 and Rs. 6014-8-0 to Rs. 5600 respectively. But the value of goods sold during the year was over Rs. 29,000 from which after deducting working expenses a net profit was earned of about Rs. 1075. The Assistant Registrar of the section advises the Society to take some shares in the Madura-Ramnad Central Co-operative Bank and to have a cash credit opened with it in order that remittances may be made by means of cheques drawn on that Bank. The Society is also advised to remit its cash balances which are apparently in excess of immediate requirements into the same central bank. A store society of such growing importance should be located, says the Assistant Registrar, in a more spacious and decent building. We congratulate Mr. Somer Singh, the energetic Secretary of the Society, on its successful working during the year.

We offer a hearty welcome to the English edition of the *Burmah Co-operative Journal* which is issued quarterly and the first number of which was published in July this year. It is managed by an influential Committee on which Burmans, Indians and Europeans are serving. The number before us contains articles on co-operation and nationality, co-operative education, the scope and aims of co-operation and other subjects. A distinctive feature is a small play the title of which rendered into English is "Miss Unity and Mr. Industry". We hope that it will soon come up to the level of the Bombay and Bengal quarterlies and contain accounts of Burmese societies and circulars issued by the Registrar which will enable co-operators outside Burma to understand the special features of Burmese co-operation and discuss them profitably. A vernacular journal was started the previous year and is being run by the same organisation successfully.

The Dindigul Lock and Safe Manufacturers' Co-operative Society has completed the third year of its existence. During the last co-operative year there was a fall in membership and paid up share capital but the transactions amounted to more than double the total of the previous year. The society earned a gross profit of nearly Rs. 600 but after deducting interest charges and establishment and contingencies, the net profit left was only about Rs. 82. For the transactions the establishment charges appear to be heavy. We recognise that there is a limit below which establishment charges cannot be lowered but in such cases success can be achieved only by increasing the business of the society. We trust that the report of the next year will show a greater net profit. Considering the difficulties of industrial societies, we congratulate the Society on its successful work.

WEAVERS AND CO-OPERATION.

By M.R.RY. RAO BAHADUR A. VEDACHALA AIYAR AVGL, B.A.

The handloom industry is a great economic factor and the strengthening of the industry by the application of co-operative principles seems to be a real necessity in the present economic condition of the country. It is no doubt true that the importation of mill-made cloths from outside and the production of mill cloths locally have affected to a large extent the persons engaged in the handloom industry but the handloom weaver will not be allowed to die with his art, so long as the mills are unable at present to manufacture certain fabrics such as silk and lace sades and cotton cloths in higher counts and so long as the custom of presenting hand-made cloths on marriage and festive occasions has not given place appreciably to the presentation of mill-made cloths, local or foreign.

The real question for consideration is what co-operative machinery can be invented for the purpose of ameliorating the condition of the handloom weavers. Efforts have been made to popularize the system of credit in co-operative societies for the benefit of the weavers.

The weavers, especially, the poorer among them, are at the mercy of their brother weavers or merchants who have capital at their back and who have evolved a system by which the finished products can be sold to the best advantage. A very small margin is now allowed by such capitalists to the actual producers and they make a large percentage of profit both by the sale of yarn and by the sale of finished products. Fluctuations in the market in regard to yarn are being adjusted by the profits accruing from the sale of finished products. The weavers who get yarn from these merchants and are obliged to hand over the finished products to them, do not generally produce cloth which is true to the sample given to them by the merchants. But the latter are in a position to dispose of even such products to the best advantage by passing them off as good ones. It is by such a process and by keeping a very wide margin over the cost price that the merchants are able to meet the loss arising from the stocking of goods for some time in the year when the market is dull. A co-operative concern cannot pass off the goods in the manner in which the capitalists successfully do. The weaver labourer has got at his disposal skilled labour of a special type but he has not got capital and facilities for the disposal of his products. If the co-operative movement can place him in possession of capital and make suitable arrangements for the disposal of the finished products with a certainty that the profit goes back to him in the shape of rebate or for the purpose of accumulating the capital required, the movement is bound to be successful in ameliorating the condition of the weavers.

The weavers should be induced to organize themselves into a co-operative society. The first step to be taken is to grant them cash advances

on easy terms and the society should take the place of the sowcar and give to members advances with which to buy yarn, out of their own capital for cash price. Then the society should think of purchasing yarn wholesale for being retailed to the members at the lowest possible rate. A few bundles should be ordered and the weavers asked to test the different brands, counts and colours of yarn. The yarn should be of a kind approved of by the weavers. The members must bind themselves to use the yarn when it arrives, and to accept advances in it instead of in cash. The society will charge the cost price of the yarn *plus* the expenses of transit and storage. It will make no profit on the sale of yarn but will be content with charging interest on the price of the yarn advanced from the date of the advance up to the date of payment.

The next step to be taken is to advance 60 or 70 per cent of the value of the manufactured product so as to enable the weaver-producer to get fresh supply of yarn and continue his manufacturing work. The finished products so kept will be sold by the weaver who deposited it or by the society with his consent and the sale-proceeds will be credited to the member's account. The loss or gain by the transaction will be that of the member and the society will be satisfied with a small commission for doing the work on behalf of the member. This work involves the investment of a large amount of capital especially during the months when the market is dull.

The next stage is the pooling of the products of a number of societies for weavers and disposing of such products in suitable markets and at proper time either by running a shop or by securing agents for the disposal of the products.

The co-operative society will also give credit accommodation to the weavers for other purposes than the purchase of yarn. The co-operative society can also purchase improved machinery to be sold or hired out to its members.

This is the method which has been attempted to be followed in the co-operative societies now working for the benefit of the weavers but considerable difficulties are felt owing to the tiny nature of the transaction for each society in the purchase of yarn and also in the small quantity of finished products which a society can handle.

Wholesale purchase of raw materials.—The system of getting indents from the weaver co-operators before the yarn required is purchased wholesale, does not work successfully owing to the fact that the transactions are small and there are violent fluctuations in the wholesale market. A better course seems to be to take up a larger area than a society preferably a co-operative union area, and to bulk the indents of the weavers in that area and purchase the yarn required from a wholesale trader or mill.

This can be done either by a trading union which now exists for the benefit of the agriculturists or by a special trading union being formed for the benefit of the weavers to which the societies of weavers in that area will get affiliated. The volume of trade is bound to be larger in a trading union area and in course of time the trading unions might federate and form a district or provincial federation which will be a wholesale and connect itself directly with the yarn producers, local or foreign.

A proposal favoured by some is to start a wholesale society for the Presidency which will stock the raw material required and take the risk of the transaction. This can be done only when capitalists are forthcoming who can be induced to take up shares in the wholesale concern with the idea of helping a movement for the benefit of the weavers and who will be satisfied with of a fixed dividend on the capital invested by them. This arrangement, however, involves working from the top and is not expected to be successful as in the case of credit where the movement began at the top and proceeded towards the bottom. The arrangement of starting societies, forming unions and federating the unions for a district or for the Presidency, appears to give a better hope of success as it is in consonance with the traditions of the past and as the struggle with the vested interests of yarn traders and cloth merchants can be successfully carried on by eliminating a few middlemen at a time.

Where a federation of societies or a federation of unions is attempted to secure the wholesale purchase of yarn or the sale of finished products, the question of securing the capital required is a difficult matter.

On the one hand, it is an ideal to secure capital from the weavers alone so as to shut out the capitalists. On the other hand, the transactions that have to be carried on both for the purchase of yarn and for the sale of the finished products, require a very large amount of share capital and adequate facilities for credit which it is not possible to secure by any combination of the weavers alone. The investment required for financing the operations is so large that there is no near prospect of any organization being floated with the funds that the weavers can place at the disposal of the institution. Though it may be an evil, it is proposed to throw open a large number of shares to attract outside capital so as to secure the required amount to run an institution of this kind. The outside capitalists will be called 'preference shareholders' who will get as a return for their investment a dividend guaranteed up to a certain rate percent suitable to each locality so as to attract the capital needed. We may try to get this capital by offering a guaranteed dividend at rates varying from 7 to 9 per cent. so as to be on a par with the rates offered by financing banks, with a small margin over and above the latter rate as a compensation for the risk which share capital necessarily takes in every concern. If by this method, the required amount of share capital is secured, the weaver labourers will be asked

to build up their share capital monthly by savings from their work at the rate of half a rupee or one rupee on their transactions with the society amounting to Rs. 50 and they may also be asked to convert into share capital all the profits that they would get at the end of each year or each quarter. By such process it is possible to accumulate enough share capital, if not within a period of three or four years, at least within a period of ten years. The individual shareholders will be repaid their share capital at the end of ten years or earlier when the ordinary shareholders can command the necessary share capital.

As regards the distribution of profits the usual reserve of 25 per cent will be the first charge upon the profits, the guaranteed dividend to the preference shareholders will be the next item and the balance will be divided among the labour share-holders making due provision of course for bonus, establishment and building.

In conducting an institution of the kind proposed, it will be well to bear in mind the following observations made by M.R.Ry. T. Muttuswami Ayyar, Manager of the Madura Sourashtra Co-operative Society, who has been doing the work for more than two years.

*“Standardization of goods :—*Standardization is fourfold, viz., (1) quality, (2) dimensions, (3) patterns, (4) prices.

*“Standardization of quality :—*The best quality of cloth can be produced only by using the best raw materials available in the market. Only the strongest yarn, the fastest dyes and the most durable gold thread ought to be employed by a co-operative society. Again, another important factor which contributes to quality is the *texture*. The more the number of threads in the warp and weft of a cloth the better will be the texture. The co-operative society should, after consulting with experts if necessary, fix the minimum number of threads to a quarter square inch of cloth woven in different counts. The most regrettable features of the present-day handloom weaving industry are (a) the growing tendency towards a very flimsy texture except for the first cubit or two displayed outside (b) the employment of the cheapest raw materials (c) the alarming dwindling in the dimensions. Such abuses and defects ought not to characterize the goods of a co-operative society.

*“Standardization of dimensions :—*This again includes two aspects, viz., the dimensions of the finished products and the unit of measurements.

“The weavers’ co-operative society should make it a rule to manufacture sades or dhoties or shirting cloths in standard lengths and breadths and should not leave the matter to the sweet will of its members. The minimum width of a sadee, for instance, should not go below 45 inches and the length should not be less than nine yards for the Tamil

districts and $7\frac{1}{2}$ yards for the Telugu districts. There are a thousand and one instances of handloom sades labelled to measure 18 cubits by $2\frac{1}{2}$ cubits, being not even eight yards long and 40 inches wide. An eight cubit dhoti of Salem, for example, will exactly measure six cubits so much so that the Salem face dimensions have always to be discounted by 25 per cent. Such standardization will obviate the necessity of the purchasers to measure the goods every time and will thus facilitate the sale of goods without inspection. The weavers’ co-operative societies would be doing a good deal of good to the public by calling a spade a spade, for in the long run honesty is sure to be rewarded with a standing custom and good will, whereas fraud and deceit are only temporary makeshifts.

“The second aspect of the standardizing of dimensions consists in the standardization of the unit of measurement. Ordinarily the cubit is looked upon as the conventional unit of measurement for handloom cloths. Whose cubit? Is it the cubit of the vendor or the vendee of the cloth or that of the man in the street? A difference of a fraction of an inch in the units will be sufficient to create a very glaring excess or deficit on the aggregate. Therefore co-operative societies should adopt the yard and inch to denote the lengths and breadths of their goods.

*“Standardization of patterns :—*This is a natural sequence of the standardization of dimensions. The mere number 1703 pre-supposes a mull piece manufactured in a certain factory in England 20 yards long and 54 inches broad of a uniform quality and finish and packing and the number 1703, it must be borne in mind, has been given permanently to this pattern ever since it was first manufactured so much so that even an unlettered rustic in the remotest hill tracts of India readily understands what the number signifies. Thus the standardization of cloths of identically the same quality, dimensions, etc., under one permanent pattern number will serve as a distinct mark of identification and will therefore help the customer and the producer in placing and executing orders with great facility, saving long descriptions. Another distinct advantage of assorting each variety in a particular pattern number lies in the maintenance of the stock ledger. Not all products of the handloom would lend themselves to classification under patterns. It is very hard to standardize patterns for women as the fair sex are so fastidious in their tastes that an extrastripe or dot will easily cause distempers. In South India, merchants have attempted to standardize patterns for sades by giving queer names as ‘Goat’s Eye,’ ‘High Court,’ ‘Public,’ ‘Tamarind seed’ and so on.

“Standardization of prices.”—In the fixing of the sale prices a reasonable profit should be added to the cost price, providing for interest on the capital, commission to be given to wholesale customers, etc. Nothing would be more welcome than the sale, if it could be arranged, of the finished products of the society for the same price whether at Madura or at Berhampur. Further, under normal conditions the society should be in a position to keep the prices steady for as long a period as possible. Small profits and quick returns should be the motto.

“In short the following, among others, will be the salient advantages, of the above standardization:—

- (1) The co-operative society's goods will be taken at the face value, face quality and face dimensions, and no other guarantee for purchasing without inspection is necessary.
- (2) It would be possible to print catalogues and issue sample books.
- (3) A large and steady custom is built up.

“Improved methods.”—The handloom weaver should have all the advantages of the present day improvements in looms, sizing, warping, etc., which are calculated to double or treble his outturn and thereby his income. But there is no use of forcing upon them any improvement which would cost an enormous outlay without a commensurate income or which would tend to throw a good many out of work. In the off season, the handloom weaver has little or no work, so much so that any radical improvement will only accentuate his indolence. The Department of Industries have been trying to introduce some salutary improvements but their efforts have not been repaid with any encouraging success.”

In working a co-operative society or a weavers' union it will be advisable to follow the method indicated below in collecting the finished products and in supervising the work of the weavers.

One of the weaver members will be selected as a maistri member for 20 or 25 labourers who will get the same remuneration or a little more than what he can get as ordinary weaver member. His duty will be to see that the weaver members under him are doing their duty honestly and as rapidly as possible, to work up to the model given by the society for production. He will have to watch the conduct of such weaver members and report to the society whenever notice has to be taken by it of the conduct of its members. Each weaver can work at his cloth in his own loom. The maistri will note the progress every day and will also be in a position to report to the society how far the materials have been properly

utilized. At first the society will undertake the sale of manufactured cloths of a particular pattern which in their opinion would find a ready market and which can find a sale in very large quantities. The particular kind or kinds selected should be manufactured in large quantities. But this does not preclude the society executing orders of a particular pattern on indents by individual or well recognized institutions, provided the liability of such people to buy the article after manufacture is secured. In most cases, it will be desirable to get advances from the persons who send in such indents so as to be free from the possibilities of loss arising from the indents being countermanded at a later stage.

The evils of factory life are avoided, the difficulties of conserving the raw materials under the factory system are minimised and when frauds are committed by the members the society composed of their brothers will necessarily be able to exercise good discipline to prevent such frauds.

In the sale of finished products the co-operative institutions, credit societies, trading unions, etc., will be utilized and the movement of weaver-producers will supply the consumer members of co-operative societies with their products and the latter will supply the former with what they want.

ROUGH NOTES ON AN ENGLISH CO-OPERATIVE SOCIETY.

BY F. R. HEMINGWAY, ESQ., I.C.S.

A retail society does not attempt to keep any stock books. The only actual record retained of the amount of various classes of goods the shop has received are the vouchers sent with the various supplies from the C.W.S. or elsewhere. No record whatever is kept of the amount of different classes of goods sold. The only written record prepared at the time a sale is made to a member is a check slip of the kind shown in the margin which shows (a) the number of the member, (b) the date, (c) the total amount of the purchase (without any details as to articles). (d) (for the benefit of the cashier) the total amount of the money tendered by the purchaser. This and the money tendered is handed over to the cashier who (a) files the slip and (b) sends back the change, but writes nothing. (The check slips are made out in triplicate—one for the cashier, one for the purchaser and one for the 'office').

2. The safety of the cash is ensured as described later on. As to the goods, the society is satisfied with a stock-taking once a quarter. They know what cash has been received during the period, and, knowing also

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Quarter ending October 1920.

the average rate of profit to be derived on sales. they know approximately what the stock now on hand ought to be. If it falls seriously short and no explanation is forthcoming, they are generally satisfied to get rid of the manager.

3. Two or three times a week the cashier sends to the office (a) the total amount of cash in his charge *minus* a certain recognized amount of 'change' which is always retained and (b) all the check slips in his charge.

4. Once a week the office compares the check slips with the cash. The cash should *always* agree with the total amount shown in the check slips. If not, the manager is asked to explain (vide form). (Mistakes may occur through giving purchasers the wrong change.)

5. At the same time the checks are divided according to the members and a total of the member's purchases posted. This is typed mechanically on a long slip which is kept in a long roll. No *book* is maintained. At the end of the quarter each member's purchases are ascertained by adding up the total of his weekly slips, and the amount is intimated to him and he is asked to verify it by his own copy of the check slip. (This is rarely done, I gather).

[Form referred to in paragraph 4 of the notes.]

BEZWICK CO-OPERATIVE SOCIETY, LTD.,
ROWSLEY STREET, BEZWICK,

Mr. _____ 192

DEAR SIR,

The Committee desire you to explain the discrepancy occurring in the statement given below.

Please return for the next meeting.

Yours truly,

A. E. WORSWICK,
Secretary.

Week ending _____
Checks issuing _____
Cash received £ _____
Over £ _____
Under £ _____

Explanation.

N.B.—A fixed sum for change retained.

Signature.

BEZWICK CO-OPERATIVE SOCIETY, LTD.,

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SHOPMEN'S CASH ACCOUNT.

Department.

No.	Name.	Coupons included.	Total sales.
1		£. s. d.	£. s. d.
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
Total ...			

Deposits
Clothing club
General club
Penny bank
Entrance fees
Other receipts

Total ...

Manager's signature _____

Secretary's or Cashier's signature _____

CO-OPERATIVE LABOUR SOCIETIES

BY MR. OTTO ROTHFELD, I.C.S., M.L.C.

Registrar of Co-operative Societies, Bombay.

With the extension given to the Co-operative Movement in India by the passing of the amended Act, there has gradually been growing up a spirit of experiment in forms of Co-operation other than that of Credit Co-operation, which in the beginning wholly monopolized the movement in this country. It cannot, however, be said that so far the experiments have either been very widely tried or very successful in their results. Even non-credit Agricultural Societies are sparse and absurdly disproportionate to the need for them. The problems of Industrial Co-operation have hardly yet been faced and the first beginnings of the

Consumers' Movement have met with many unexpected difficulties. It may also be doubted whether sufficient attention has been devoted to the consideration of the economic conditions inherent in various tracts and especially of the conditions touching industrial labour in India. It is probable that in the future co-operation may have to adopt many varying and perhaps original forms in order adequately to adapt itself to the social and economic needs of the different regions of this vast continent. One of the directions in which investigation seems to be most urgently required is towards the possibility of combining labourers and especially industrial operatives in such a way as to enable them jointly and for their joint profit to contract directly with the ultimate employer for labour in which at present they are individually engaged and paid by intermediate contractors. In industries the easiest beginning of such a conception of a new branch of the Co-operative Movement would probably be with reference to contracts for the Public Works Department, Local Boards, or Municipalities. The extension of the conception to agricultural labour, however, might lead in time to a beneficent and almost revolutionary change in the conditions of Indian agriculture. If small tenants and occupants could combine to pool their holdings or to lease land jointly on a large scale they would obviously be able to undertake improved and more economic methods both of production and of purchase and sale than are at present even conceivable in the vision of the ordinary cultivator.

The two countries in the world which have advanced furthest in these branches of co-operation, so novel and yet so fraught with promise for the future, are Italy and Roumania. Of Roumania unfortunately I have no personal knowledge, and what one reads about it is so scanty and the movement so little advertized, that it is impossible to grasp in any detail exactly what is being done and how it is being accomplished. Broadly one knows that the actual cultivating tenants in Roumania have to a very large extent combined to lease land on advantageous terms from the large land-lords of that country, to cultivate the land in common, and to market its produce for their common good. Apparently, however, the movement in Roumania has not extended, at least to any considerable extent, into the sphere of industrial operations. This is no doubt due to the fact that the country is in the main agricultural and has so far not devoted itself to the development of industry on any considerable scale.

In Italy, however, this branch of the Movement has extended itself both to agriculture and to industry and has achieved for itself striking and considerable effects in the realms of industry. It is from Italy that at the present moment Indian co-operators are likely to obtain the most useful suggestions for experiments in this direction. In Italy the type of

society in which labourers combine to use their labour to the best advantage in direct touch with the ultimate employer is that known as *Braccianti*. The first of such societies tried in that country was the *Co-operativa di Lavoro di Ravenna* which was founded in 1883. In the 37 years that have elapsed since its foundation the number of such societies has extended to about three hundred in all; and many of these societies are now extremely large and extremely important. They undertake repairs of roads, scavenging, construction of railways, and even construction of ports and in general there is no doubt that their work has been extremely satisfactory both in its results to the workers and in the outturn for the employers. I am not, however, concerned here so much with the success or extension of this movement. Figures of its growth and its finance are easily obtainable. What I desire rather here to emphasize is the manner in which such societies are conducted, with a view to stimulating enquiry whether a similar branch of co-operation could be undertaken in any part of India under existing conditions. The method by which such societies work is roughly as follows:—

The society itself is governed by three smaller bodies or committees. There is first of all a committee composed of workers only which is in sole charge of the policy of the society. There is secondly a small supervisory committee responsible to the General Meeting whose duty it is to audit accounts, see to book-keeping, and generally control the observance of all rules and regulations. Thirdly there is also a technical committee which usually consists of an expert engineer and a secretary with some legal training whose business it is to look after the actual contracts, the settlement of wages and salaries, and the distribution of work. Such being the governing bodies the next thing is how the work actually undertaken is to be distributed by them amongst the members of the society. But before this can be fully considered, another practical question very constantly arises. Societies are of course composed in most cases of members of one trade or one branch of a trade only. This is necessary in order to ensure solidarity, discipline, and compactness. But as a practical affair, it is obvious that nearly every contract implies the employment of labourers of various trades. A house, for instance, needs for its building not only brick-layers, but also masons, stone-cutters, carpenters and so on. A bigger contract like the construction of a port obviously would require a still larger number of specialized trades for the completion of the contract. Hence the next step to be taken by any society of this class is to combine with other similar societies of different but kindred trades. This difficulty has been grasped by combining such societies of allied trades into federations, and where a federation exists, it is the federation which tenders for the contract and then subdivides the

contract amongst the individual societies and not the individual societies themselves. This overcomes the second difficulty. Another difficulty remains. Employment is not always steady. It fluctuates in each trade in turn. At one moment it is possible that all the brick-layers in a given area may not be sufficient for the work required, while carpenters may be sitting at home without employment. A month later the reverse may take place. And it is not possible for a society to exclude from its membership willing and competent workers who wish to join. The society has therefore to face two possibilities: firstly the very probable result that its total membership may in general exceed the amount of work available at any moment, and secondly that at times even its whole membership may be insufficient to cope with a large contract. They have provided against the one possibility by allowing outside labour to be engaged when necessary. In that case the non-members who are employed obtain weekly wages but do not obtain any shares in the profits. The other case is met by a system of giving employment to members by rotation; so that even in the slackest times each member at least obtains some employment in his turn although he may have to seek outside employment when the society is no longer able to find sufficient work for him. The profits of the society are ultimately divided in proportion both to the capital subscribed by the member and to the number of days worked by him. It is perhaps doubtful whether in the present condition of Indian labour, especially in view of the illiteracy of most of the labourers and the consequent want of understanding of joint purpose and of self-sacrifice of the individual for the whole, it would be possible for such societies to combine effectively into federations or to introduce a rotation system without dispute and acrimony. Yet if such societies are to be founded, and their need is urgent especially in industrial centres like Bombay, these difficulties must be met by a slow but devoted and energetic educative propaganda.

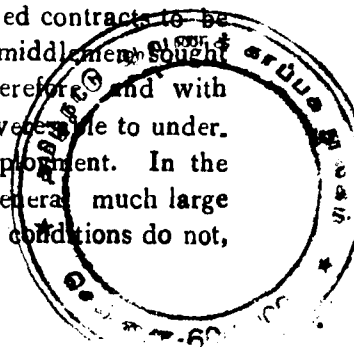
In Italy in the past, as will also be the case in India in the future, two main difficulties met these societies at the outset of their career. The one, superficially more important, was to supply them with capital. The other ultimately the greater was to supply them with discipline. The difficulty of capital was not solved in Italy until Government finally decided to abandon its policy of non-intervention and by progressing beyond old fashioned Liberal ideas, agreed to adopt the policy of rational and moderate State aid. Since that change of policy there has been no real difficulty in finding capital. Capital is provided partly by the *Istituto Nazionale di Credito*, a bank which is under very strict Government control and which is largely financed by Government assistance given partly by way of grant and partly by way of guarantee.

In addition direct Government grants are made to such societies. And not only advances are made by co-operative banks to such societies from time to time against certificates from the public bodies with which they are contracted. To those who know the Italian character, however, it might seem an even greater labour to overcome the other difficulty of discipline. No nation in the world can be more individualistic and hardly speaking less amenable to control or obedience. Yet the result is that discipline has been achieved in these societies. This has been largely done by one device. The workers are divided into sections of about twenty. At the head of each section is a foreman who is nominated by the Executive Committee subject to the approval of the General Meeting. This foreman is responsible for the supervision of the men and for the preparation, checking and payments of pay-sheets. This device coupled with the fact that expulsion is immediately resorted to in any case of quarrelling or slackness has proved sufficient to enforce that strict and rigid discipline which is necessary in a co-operative society of this type. Not only are members liable to immediate expulsion in every case of friction or disobedience, but the society itself is compelled to go into liquidation if its membership should at any time fall under twenty. It may be added that the foreman is paid by making each worker in the section pay each day one per cent. of his weekly wages to the foreman. In this way the workers feel that the foreman is their own man, while at the same time the foreman knows that he has the Executive Committee behind him and that he can at any moment get an insolent or lazy workman expelled from the society. In India the difficulty would be to find on the one hand a foreman sufficiently strong to control his section and on the other hand an even greater difficulty of getting an Executive Committee which could be counted on to support its foremen instead of yielding to the easy temptations of leniency and *meharbani*.

One note of warning must, however, be struck. These societies proved so successful and so prolific in Italy largely because the supply of labour exceeded the demand. No country in Europe perhaps had suffered equally with Italy from emigration. The labourer found no scope for his work within his country. The numbers of labourers were larger than the employment provided. The co-operative system enabled contracts to be completed at a considerably smaller cost than when middlemen sought fat-profits in the contracts. With the same money, therefore, and with equal or higher wages to each employee public bodies were able to undertake more work and therefore to provide more employment. In the Bombay Presidency, however, at any rate there is in general much larger demand for labour than there are labourers. The same conditions do not,

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therefore, prevail and it may be doubted whether there would be the same stimulus to labourers to combine. When the workman on a house is able, as he is at this very moment able to do in Bombay, to obtain about Rs. 2 a day for little more than two hours honest work and when the workman employs the greater part of his day in smoking, chatting, drinking, and contemplating the work he ought to do, it is doubtful whether he would consent to combine into a society which would force him to do at least six hours a day of real labour while the society could hardly pay him more than he is at present obtaining under the conditions of the market for slack and scamped work. There are, however, parts of this Presidency where the system might be introduced for more elementary classes of contract. In the Konkan, for instance, it might be introduced for Local Board road work. I am informed that in the South Kanara district of the Madras Presidency such an experiment has been inaugurated this year. Similarly in Sind it is quite possible to adopt the system to canal clearance. In the city of Broach actually, owing to the enterprise of Rao Bahadur Ambashankar U. Malji, Divisional Honorary Organizer, such a society has started work this year for road construction and for building, and has at present already completed three or four contracts for house building. In Bengal I understand that there is greater pressure of population and that the demand for employment probably exceeds the supply. If this is the case it might be more easy to found such societies in Calcutta than I fear we shall find it in Bombay.

With reference to joint contract for cultivation I do not wish to add much in this article. The facts are fairly well-known and reference may be made by any enquirer to a book published by Professors Mani and Serpieri at the International Institute of Agriculture, Rome, in 1913 called "Co-operative Farming Societies in Italy." Here again the difficulties which have to be faced are largely of a moral nature. The illiteracy of the cultivator and his want of discipline are great obstacles to progress. But there is also at least in those districts of this Presidency where this type of society would be most fruitful, a sufficiently serious material difficulty, *i. e.* the very large rental taken by the owners of lands. There are many districts where cultivation most particularly requires this form of remedy to make it at all profitable, where the rentals are as high as ten times the Government assessment and sometimes even fifteen times. It is obvious that rentals of this description leave and can leave no profit to the cultivator whether cultivation is undertaken by a co-operative society able to use all the most advanced methods of agriculture or whether it is undertaken by an individual working on old fashioned methods. Unless therefore it is possible to found societies of this kind in sufficient number

and at the same time to develop in their members sufficient discipline and solidarity to overcome the demand of the land-owners by joint refusal to cultivate except on better terms, it is difficult to see how a society of this kind can flourish. One society of this kind has, however, as a matter of fact been organized and started this year in the district of Sholapur. It is formed on the type which is known in Italy as *Affittanze di Condizione Collettiva*, that is to say, Cultivation is entirely in common, as also the leases are held in common. Whether or not it will be successful only the future can say, but it has started with one great advantage—an educated and energetic chairman.—*From the Bengal, Bihar and Orissa Co-operative Journal.*

CONSUMERS' CO-OPERATIVE SOCIETIES.*

[A REVIEW.]

This is the best book we have ever seen on the principles and history of distributive co-operation. The book has long been one of the best known treatises on co-operation in Continental Europe, but the absence of an English translation has kept the book till now practically outside the reach of co-operators in England and perhaps also we may say in India. Professor Gide is one of the few recognised authorities in economics who have thought it worthwhile to keep in close touch with the co-operative movement and to analyse and interpret its principles scientifically. In England there was a time when Professor Marshall of Cambridge used to attend and speak at co-operative conferences, but at the present time there are few teachers of economics in England who may be said to take any trouble about co-operation with the exception perhaps of Mr. and Mrs. Sidney Webb. This is the reason why we are so grateful for any work on co-operation by Professor Gide. He not only believes in the ideals and purpose of the co-operative movement but also recognises in it a not unscientific attempt to bring about a better economic organisation of society.

The book deals only with one branch of the co-operative movement namely consumers' co-operation or co-operative stores. This is a branch of co-operation in which we in India have made very little progress hitherto; but that is all the more reason for commending Professor Gide's book to co-operators in India. There is no other book on co-operative stores accessible to readers in India which gives a clearer and more trustworthy account of the successes and failures of co-operative stores in other countries. Take for example the chapter on various systems of sale (chapter V) where the author discusses three important questions which

* By Charles Gide, Price 7/6 net—Manchester—The Co-operative Union.

have given not a little trouble to the pioneers of the store movement in the Madras Presidency. These questions are

- (i) The system of sale at current price.
- (ii) Sales on credit
- (iii) Selling to non-members.

On this last question it is worthwhile reproducing Professor Gide's conclusion. "To sum up; selling to the public should be allowed only as a means of attracting members and making the society known to the public, and not as a permanent practice. Every purchaser should be, if not actually a member, at least a candidate for membership. In every place where this principle is understood and applied, the sale to non-members is a negligible quantity. Four per cent to five per cent of the total sales in England, seven per cent to eight per cent in France. In fact these purchasers very soon pass from the category of non-members to that of members. This is even compulsory, for, instead of paying a part of the dividend to non-members (with which they would probably be content and not trouble about becoming members), this part of their bonus is retained in the society and registered to their credit, so they automatically become members."

Another chapter which co-operators in Madras will find interesting is the chapter on Co-operative Federations (Chapter X). In section two of this chapter Professor Gide discusses the methods and advantages of purchasing federations. He traces three stages in the grouping of societies for purchasing, first the *Agency*, secondly the *Syndicate*, and thirdly the *Wholesale*. The first of these is the system which is known in Madras as sale on Indent. It confines its activities to obtaining quotations from wholesalers for the societies and collecting and transmitting orders. The advantage of this is that the business is simple because no store is needed but merely an office, and no capital is required, as the only expenses are the small ones of advertisements and correspondence. At the same time, "if the expenses are very low the services it can render are very limited; it can only obtain some reduction in price and guarantee of quality. Still it is wise to begin by this unambitious form of organisation." The second stage, the *Syndicate*, is not merely an office for the transmission of orders but does commission work, "it bulks the orders of the societies and buys from the wholesalers on their account. This is the method adopted by most agricultural societies in dealing in seeds and manures." The third, the *Wholesale Society*, buys direct from the producers or itself manufactures all that is necessary to supply its members, and sells to them at wholesale prices, or at least at very slightly increased prices, to allow a margin for emergencies. For this, not only is it necessary to have a large capital, but huge stores and whole battalions of employees.

In Chapter XII the author discusses the causes of success or failure of store societies. He groups them under five heads:—

- (i) Administration
- (ii) Overlapping
- (iii) Character
- (iv) Race
- (v) Environment.

Under the head of administration, Professor Gide makes certain remarks which deserve the attention of co-operators in India. "In the first place there is the incompetence of administrators who are ill-suited to and not fitted for business, who know nothing of the art of buying at the right time, the right place, etc., nor the method of fixing the cost price and retail price, nor the examination and control of the goods, nor book-keeping. Of course they employ a paid manager to look after all these matters; but it is not easy to find a trustworthy employee, because the capable men prefer to stay on in secure and well established houses where they have more chances of advancement and larger salaries. It is generally such men as are not wanted by the ordinary trade who offer themselves to the co-operative societies, so that managers for co-operative stores are recruited in the wrong way, except of course in cases where societies find a man with combined business instincts and disinterested philanthropy—but the species is rare and even admitting that the society find a capable or passable manager, there is always the fear that his work will be hindered by the meddling surveillance of the committee members who, actuated probably by the worthy motive of taking their duties seriously, interfere in and out of season, often with disastrous consequences. If, as happily occurs sometimes, the efficiency of the manager is clearly shown by his capability, his experience, his services to the society, there is always the danger that sooner or later an opposition party to him will arise which will watch all his actions unfavourably, denounce his despotism, and finally get him dismissed."

We have not space to deal with other chapters in the book, but we have said enough to indicate the value and interest of the book to those who desire to see an extension of consumers' co-operation in India. The book deserves to be carefully read and pondered by Indian Co-operators.

J. M.

SOUTH CANARA BUSINESS CONFERENCE.

[The following are extracts from the proceedings of the First Business Co-operative Conference of 1921-22 held at the office of the Assistant Registrar of Co-operative Societies Mangalore on 10th and 11th September 1921. Only a few unimportant subjects and details are omitted.—Ed.]

Present :—The Registrar, the Assistant Registrar at Mangalore, Central Bank and Union representatives, Honorary Assistant Registrars, Chief Inspector, Trade Inspector, other Inspectors, and supervisors.

I. Supervising Union Budgets and the Central Bank Rebate

The estimated annual expenses for an average union being computed to be about Rs. 750 it is found that the incomes of the Coondapoor, Karkal, Kulki, Bantwal, Kasaragod, Hosdrug, Sullia and Guruvainakere Unions fall short of the mark. As the opening balances at the beginning of the current year in the different unions have also to be taken into account, it is generally agreed that the three newly formed unions of Sullia, Hosdrug and Kulki should be given such portions of the opening balances in the Puttur, Kasaragod and Mangalore Unions respectively as will be proportionate to the number of societies within their respective areas. It was agreed by all that the Central Bank rebate should be distributed between the different unions in proportion to their needs as ascertained on the above basis.

II. A Separate Catholic Central Bank.

The Conference is of opinion that there cannot be any objection to the formation of a separate Central Bank for financing co-operative societies of Roman Catholic Christians in the district.

III. Supervisor's Pay and Allowances.

The supervisors who were working on Rs. 20 p.m., when supervisors were last appointed as Inspectors, have to be paid Rs. 25 per month at present, the scale of their pay being 25-1-30. (annual). The other supervisors will start on Rs. 20, the scale of their pay being Rs. 20-1-30 (annual). The resolutions of previous conferences on this subject are all hereby modified as above. With regard to travelling allowances, the Conference is of opinion that the supervisors may be paid a fixed travelling allowance not exceeding Rs. 15 per month, the supervisors being at the same time expected to put in a touring of not less than 15 days in a month, nor less than 120 days in a half-year.

IV. Forecasts

The Conference discussed in detail the several inconveniences experienced in working out the system in force with regard to forecast

loans and found that considerable inconvenience and hardship was caused by the Central Bank's refusal to issue loans exceeding the amount asked for, and sanctioned for any specific object in the forecast loan application. It appeared that where loans were forecasted, and sanctioned for several objects in any month, the actual demand for the different objects often varied, and the present system involved risks of the societies and members wrongly specifying the objects, so as to be able to draw the full amount needed. In order to obviate such difficulties and to ensure a correct specification of the real objects of the loans, it was resolved that the Bank should be required to issue the full amount of the loan applied for in the disbursement slip, provided that the aggregate asked for does not exceed that sanctioned for the month on the forecast loan application irrespective of the purposes shown, and provided also that the short term or long term nature of the loan issued, does not differ from that specified in the forecast.

V. Forecasting Periods.

The Conference is of opinion that the period for which forecasts have to be prepared should be from April of one year to March of the next. The forecasts should be considered at General Meetings of Unions to be convened for the purpose in February or March, the forecast being prepared slightly earlier with the assistance of Inspectors. The forecasts for the current year may be prepared for the period November to March next.

VI. Classification of Societies at Audit.

The Conference is of opinion that the principles adopted in the Bombay Presidency for classifying societies as A (good), B (fair), C (indifferent) and D (bad) at the audit should be followed in this Presidency also. Lists of societies so classified should be supplied to the Central Banks and concerned Unions, but it is not desirable to publish them further. The Central Banks and Unions will of course be at liberty to make such use of the lists as they may deem expedient with a view to improve the bad and indifferent societies.

VII. Stores.

The Conference is favourable to the view that no loans need ordinarily be granted from the Central Bank to stores societies inasmuch as it seems possible for stores societies to manage with the trade credit generally allowed by wholesale dealers. The only occasion when it may be necessary to provide stores societies with some credit from the Central Bank will be at the time when articles have to be purchased and stocked for the monsoon. For this purpose, an amendment may be introduced in

the by-laws of the stores societies, permitting them without reference to their share capital to obtain such temporary loans from the Central Bank on the pledge of the articles in stock at the time, to an extent not exceeding 50 per cent of the market value thereof. This will, however, for the present be applied only to the Mangalore stores in this district and only to the extent to which the Central Bank will find it possible through the Mangalore Supervising Union to make suitable arrangements for the safe custody of the pledged articles. The question of the expediency of liquidating the stores societies at Coondapoor, Udipi and Puttur, is commended to the attention of the Assistant Registrar.

VIII. Repayments in Kind.

The Conference recommends for adoption in well conducted societies the plan formulated in the Registrar's recent circulars suggesting that societies might accept loan repayments in grain instead of restricting repayments to cash. The grain can be purchased outright at the then prevailing market rates and disposed of in the immediate, near or remote future according to the condition of the market and in accordance with the desire of the members concerned.

IX. Producers' Societies.

The Conference is of opinion that no prohibition should be imposed on producers' societies against granting loans as in the ordinary credit societies. Producers' societies should be allowed to grant not only advances on pledged produce, but also loans on a promise to supply produce. In the latter case, however, the periods of the loans granted should be fixed so as to coincide with the time when the produce is made ready for the market; and when the produce is supplied to the societies, the loan accounts should be cleared by adjustment and the amounts in question treated as advances on the deposit of produce.

X. Teachers' Societies.

The Conference admits the necessity for the existence of separate societies for teachers, but in view of the fact that village school masters have very often to be the mainstay of ordinary village societies, the Conference is of opinion that teachers' societies should be formed on a limited liability basis; the teachers being at liberty to join ordinary credit societies also in addition to becoming members of teachers' societies. Members should, however, be prohibited from borrowing from both societies, a statement in that behalf being obtained by either society at the time of granting every loan. The Assistant Registrar may be requested to cause the necessary steps to be taken early with a view to get this resolution carried into effect in the case of the existing teachers' societies in this district.

XI. The Co-operative Press Society of the District.

The attention of the Conference having been drawn to the past working of the Sadananda Co-operative Printing Works, the Conference is of opinion that it would be desirable in the interests of that society as well as the co-operative movement generally in the district, to give the press a further trial by moving it to the head-quarters of the district itself. This idea may be given effect to as soon as possible in the current co-operative year itself, and the idea of liquidating the Press society may be deferred till the results of its working at Mangalore are ascertained.

XII. Tapper members and the Manufacture of Palm Jaggery.

The Conference takes this opportunity to draw attention to the possibilities of societies interesting themselves in organising the economic interests of tappers by assisting in the manufacture of palm jaggery at suitable centres in the district. The following centres are hereby provisionally selected for initiating the experiments in the current year:—Suratkal, Farangipet, Kasaragod, Narayana Vijaya, Uppunda, Nitte, Puttur, Vittal and Guruvainakere.

XIII. Over-Capitalisation in the Central Bank.

As a palliative against over-capitalisation in the Central Bank, the Conference welcomes the decision already arrived at by the Board of Management of the Central Bank in the district, stopping further allotment of shares to individuals. The Conference would further suggest that the limit of borrowing by societies from the Central Bank might be raised to Rs. 500/ per share from Rs 200/ per share at which it stands at present. The resolution requiring societies to invest the whole of their paid up share capital in the shares of the Central Bank may be kept in abeyance for the present.

XIV. Deposit and Loan Rates in the District.

The Conference has its attention prominently drawn to the heavy surpluses that existed at very frequent intervals in the Central Bank of the district during the close of the last co-operative year, and therefore approves of the action of the Central Bank authorities in lowering the rates of interest on fixed deposits as hereunder:—

5 per cent	per annum	to individuals	for periods of less than a year.
5½	"	"	" of one year or more but less than two years.
6	"	"	" two years or more.
6½	"	"	on deposits from co-operative societies.

The rates of interest on fixed deposits and loans to members in primary societies and on loans from the Central Bank may for the

present remain as they are now but primary societies are advised to consider the desirability of lowering deposit rates. Interest may be levied at 9½ per cent. per annum on loans overdue from societies.

*** XV. Establishment of direct relations between Bombay wholesale dealers and the Garden Planters' Society.**

The Conference is of opinion that it is very necessary and desirable for Government to depute an Honorary Assistant Registrar and the Trade Inspector from the South Kanara District to Bombay to enquire into the possibilities of establishing direct trade relations between the Garden Planters' C. W. S. and the wholesale dealers in agricultural garden produce at Bombay.

XVI. Training of the Trade Inspector.

This Conference urges that in order to bring about an adequate development of non-credit activities in this district, the Trade Inspector of the district be sent for study and observation to other centres in the presidency, such as Tiruvannamalai, where non-credit co-operation has been satisfactorily developed.

XVII. Disputes between Principal Debtors and Sureties.

The Conference is firmly of opinion that disputes between members of co-operative societies relating to their rights and liabilities as sureties are also covered by the term "disputes" as used in the existing Rule XII of the Rules framed by the Local Government under Act II of 1912 and should therefore be allowed to be referred to arbitration under the provisions of the Rule above mentioned.

XVIII. Procedure in Dormant Societies.

The Conference is of opinion that the procedure suggested by the Registrar for working in dormant societies should be preferably prescribed by rules to be framed under section 45 of Act II of 1912 rather than be left to be introduced in the By-laws of each society.

* Government have been pleased to sanction this proposal. Mr. G. Venugopala Rau, one of the two Honorary Assistant Registrars in the district and Mr. K. Ramachandra, the Trade Inspector of the district, have already left for Bombay with a representative of the Garden Planters' C. W. S.—M.A.R.

THE BURMA PROVINCIAL AGRICULTURAL AND CO-OPERATIVE CONFERENCE.

The Sixth Burma Provincial Agricultural and Co-operative Conference met at Rangoon on the 30th of August last and subsequent days. The gathering was large and enthusiastic, one of its conspicuous features being the presence of many prominent Burmese leaders. An exhibition of agricultural machinery and Burmese industrial products was also organised for the occasion to which artisans' societies sent excellent exhibits. An demonstration of tractors had been arranged by the Agricultural Department but it could not take place on account of the weather. His Honour the Lieutenant-Governor opened the Conference with an impressive speech in the course of which he said:—

I enlarged yesterday upon what can be expected from the labours of the Agricultural Department in the direction of expansion of cultivation, new crops and larger yields from existing crops. But any benefits that the tiller of the soil can derive from the application of science to agriculture must be lost if he has not the means to avail himself of it. He must have not only the initial capital wherewith to carry out his improvements, but he must have the credit to tide him over the lean years and the periodical misfortunes which attend the life of a farmer. However fertile the soil and however rich the crops, there will come plant diseases, insect pests, climatic vicissitudes, epidemics among his cattle, sickness in his own family and all those adverse circumstances which at various times seem to combine to rob even the most industrious cultivator of the fruits of his labours. In default of Co-operative Credit, the cultivator has to depend on his own unaided exertions, and if he calls out by the way there is no succour at hand. The price demanded by the money-lender for his advances may be crushing and the poor man, through no fault of his own, may be turned out of his holding a landless labourer. Co-operative Credit is intended not to enable a member of the Society to embark on extravagant expenditure otherwise beyond his means, or to indulge in luxury and extravagance out of proportion to his status and holding, but to enable him to meet all those emergencies which I have described and to recover from nature in her bountiful mood the losses which she has imposed upon him in her less benevolent aspects.

I think that most of those assembled here may be held to have learned this prime lesson, and to have appreciated the beneficial results which may accrue from thrift and good husbandry if the losses of a large tract are, so to speak, pooled among those who benefit from the advantages of Co-operative union. But there are wider fields of Co-operative enterprise than the mere facilities for obtaining short credits at rates of interest which compare favourably with those which a single cultivator

can obtain from a single money lender. There is Co-operative purchase of selected seed and agricultural machinery. There is Co-operative marketing, by which the members of the Society may secure the full market prices for the produce of their fields. There is Co-operative Insurance of cattle, there is Co-operative Colonization of new land. There may also be started Co-operative Stores for the supply of those commodities which are most in demand among the cultivating classes. Co-operative preservation of communal forest land, Co-operative measures for the custody of cattle which are so liable to theft when left to graze unguarded and Co-operative measures to deal with cattle disease and inoculation against it. I was surprised to hear that the hides of dead cattle in Burma command nothing like the price they should, because of the unskilful way in which the hide is removed. Surely, here is a case for joint action. In fact, there is scarcely any limit to the extent to which communities can combine their credit for mutual protection, mutual improvement, mutual utilization of all available resources. As the progress made in all these directions increases, the Government Department and Government officers can stand more and more aside, confining their intervention to friendly advice, audit, and general supervision, and will have more time set free for spreading the new doctrine among fresh fields and spheres of activity.

Gentlemen, Government is frequently assailed for the selfishness of its actions, for the grasping nature of its demands, and for the ulterior motives which it is credited with entertaining. There are those who preach the doctrine of non-co-operation with the Government and invite you to look with disfavour upon its proffered help and upon all its administrative actions. But whatever may be the foundation of such aspersions in the minds of those who make them, I defy any one who has been associated with the Co-operative Credit and has watched its development, to point to any selfish aim or unworthy ulterior objective which can be discovered in the part Government has played in fostering the movement. I invite you to recall the work that has been done by successive Registrars, Mr. English, Mr. Clayton, Mr. Dunn, and their many devoted assistants in this work, some of them British officers and many of them men of your own race, and to give your answer to those who call upon you to withdraw yourselves from beneficial movements of this kind because they have been inspired and supported by these able and unselfish officers of the British Government. This movement has been inaugurated with the sole desire to implant its lessons which will enable you jointly to achieve a degree of prosperity, good management and good agriculture, beyond the reach of unaided individual effort, and the officers who have sown the seed,

and watered and tended the plant of Co-operation will be only too pleased when the tree has become so strong and self-reliant that it no longer requires their fostering care.

Gentlemen, it is not only in the domain of agriculture that this beneficial movement can serve these valuable purposes. There is a wide field available in all industrial pursuits for similar movements and similar co-operation with Government and its officers and mutually between all those so engaged. In this direction also Government is ready to play its part. The newly constituted Department of Industries has now taken over from the Registrar of Co-operative Societies the responsibility for the supervision of the Saunders' Weaving Institute and other duties in connection with small industries previously in the Registrar's charge. In respect to co-operation among artisans, a Junior Assistant Registrar has been appointed for the organization of, and the supervision over Artizan Societies, and aid has been given to such Societies by Government loans up to a limit of Rs. 500,000 yearly. Some local weaving schools aided by Government for teaching the use of improved looms have been established. The industry of sericulture is receiving the attention of Government in the Department of Agriculture. Large areas of waste land are to be colonized by Co-operative agency. Already such colonies have been established in the District of Minbu, Hanthawaddy, Pegu, Myitkyina and Ma-ubin. At present these enterprises are still in the experimental stage. Some have already begun to fulfil expectations and others are still giving cause for anxiety. The loans issued to such colonists are in the neighbourhood of 17 or 18 lakhs. and some of the more successful colonies are making good progress in paying off these loans, while the cultivators are secure in the possession of the land which they have brought under the plough, without fear of being appropriated by the capitalist. In other directions on the industrial side, a co-operative cotton ginnery has been started successfully at Mahlaing in the Meiktila District, and a co-operative paddy mill has been established at Wet-Wagale in the Tharrawaddy District. The Hita Co-operative Society in Mandalay and the Pakokku Wholesale Society have now gained some experience of marketing produce and purchasing necessities for members, and co-operative marketing is beginning to engage the attention of many co-operators in many other parts of Burma. With the Development of the Agricultural Department which I forecasted yesterday, the field for co-operative seed supply will be enormously enlarged in the years to come.

After the Lt.—Governor left the Conference, Mr. MacKenna, Development Commissioner, took the chair and conducted the proceedings. The main work of the Conference was done in sub-committees of

which there were several. There was a sub-committee for rural societies and unions, one for urban societies, a third for agricultural improvements, another on land mortgage banks, one on co-operative storage, sale and milling, one on cattle insurance and one on colonisation.

The Director of Agriculture made an interesting speech in which he described to the conference what his Department was trying to do by way of experiment and demonstration. Referring to the part that non-credit agricultural co-operation could play, he said:—

“But to get the best results we must have more organisation and those result can only be attained through Co-operation whether formal or informal. Farmers have combined in large numbers for cheap credit, they have not yet combined except to a very small extent for production and for sale. Yet the Mahlaing Co-operation Ginnery shows what can be done by people who are determined, far-seeing, and willing to take risks. The Ginnery at the Mahlaing Farm has met a definite need and it is hoped that the small Ginnery soon to be erected at Allanmyo will meet an equally definite need there and, what is more important, stimulate the farmers to combine and get full value for the produce. A cotton market on a small scale is to be opened at Mahlaing in October with a view to bringing the grower and the buyer together so that the grower can get the full market price and the buyer undiluted cotton. Its success or failure will depend on the extent to which the grower is ready to undergo extra trouble and even possibly some immediate loss for the sake of gain in future years. A power jaggery factory at Hopin has taught us some very valuable lessons about combined working which we hope to apply elsewhere. In Lower Burma the homesteads which with the permission of His Honour have been started at Hmawbi should point the way to better farming and better living.”

THE INTERNATIONAL CO-OPERATIVE CONGRESS.

The Tenth International Co-operative Congress commenced its sittings at Basle in Switzerland on the 22nd of August last. This was the first Congress to be held after the outbreak of the war, the ninth session being held at Glasgow in 1913. Twenty three different States were represented, the delegates being grouped according to their nationality. The League of Nations was represented by Lieutenant-Colonel G. Schuster, C.B.E. Sir William Maxwell, the President elect, was unfortunately unable to attend owing to ill-health. Consequently Mr. G. J. D. C. Goedhart conducted the proceedings. Dr. Rudolph Kundig welcomed the delegates on behalf of the Swiss co-operators. He

told the delegates that it was a good augury for the future that they were meeting in a country which had for its name the German word for co-operation and which the League of Nations had chosen as its seat. He hoped they would be pleased to see their garden city of Freidorf. Continuing, he observed that wars were due to the formation of society in a way which gave power to the strong, and to capitalism which made striving for one's self to predominate over the co-operative system of working together. That system they would have to remove and replace by co-operation.

Then the following address prepared by Sir William Maxwell was read in French and German:—

Fellow Co-operators,—I am certain it is with grateful hearts that each of us comes to Basle to-day. Eight years have come and gone since we last met in the Congress at Glasgow. Much that we would like to forget has happened since that memorable gathering. The great and fervent hopes we unanimously and rapturously expressed at that time were doomed to disappointment—still, there is much to be grateful for.

Amidst the mighty changes that have taken place, the co-operative movement, although its organisation has suffered loss and damage in areas devastated by the war, has nevertheless risen triumphant in every country as a national force, and now holds a higher place than ever among the organisations of the world, as a great and hopeful benefactor of mankind.

Our heartfelt sympathy goes out to-day to all our brethren who have suffered, and although we are living in a broken and distracted world, weighed down by financial burdens, our movement is being remodelled and restored in a fashion that astonishes those who are unsympathetic with our cause.

The great lesson we have to learn and take to heart from the late conflict in Europe is that international peace and co-operation are synonymous terms, and if the peace we have now obtained is to be permanent, then the voice of Co-operation must be articulate, not only in your local councils, but in the national assemblies of governments throughout the world. Our humane and just principles, our gigantic and ever-increasing commerce, our great and important position as producers and consumers cannot and should not be ignored much longer in the councils of the nations.

Many of us are in high hopes of the future work of the League of Nations (I hope we may not be disappointed with the results of that work), but there is another League, if properly guided and carefully organised, I am more interested in, that has all the power to prevent international jealousies and international conflicts; I mean the league of

the people of which you are the representatives. Our international misunderstandings and differences would then be settled, not by infernal armaments, but by reason, commonsense, and conciliation.

We pray that these ideals may be realised, not by wishing only, but by a persevering propaganda in every country. The time is now propitious to show the world the power and the benefits of Co-operation.

The peoples of most countries have lately seen that in the midst of their misery huge fortunes were being made by the individualistic system, whilst they had the greatest difficulty in getting the necessities of life. At present they are overburdened by taxation to pay for war expenditure. Seize the present opportunity, then, to show how co-operation can improve and raise the lives of mankind. Nothing less than the uplifting of the people materially and socially must be our objective.

Neither class, creed, nor colour must interfere or be outside our activities. All must at least listen to our appeal. Too many of us are quite satisfied if our own local efforts are successful. But the man whose mental outlook is limited by the horizon of his own society or country misses one of the greatest pleasures in life, namely, the betterment of the conditions of life in every part of the world. The working with and constant association with men of other countries than your own not only broadens your outlook on life, but it widens your affections and immensely increases your knowledge and interest in your fellow men.

It has another beneficial effect: it destroys the old and too prevalent habit of being suspicious and jealous of everyone who belongs to another country than your own. The word "foreigner" should be dropped out of our vocabulary and replaced by "friend" or "brother." In such a state of society as we hope for, geographical boundaries may well be forgotten and mentally obliterated, for intelligent men of all countries, stripped of their language, habits, and customs, are much the same in mind all the world over. Those national characteristics are laid aside when they are brought to study problems that are common to all such as you will be called on to discuss at this Congress.

The International Co-operative Alliance, by its frequent meetings of the leaders and the various organisations of our movement, has largely succeeded in removing the obstacles of nationality that formerly kept us apart. The way is now clear for a closer union of the peoples if each of us will grasp the present opportunity. The mighty Alps, the Pyrenees, the Urals, and the great oceans that geographically divide us can now be forgotten as obstacles to our unity. As Professor Treube said: "There are no frontiers in Co-operation."

International Trading.

The great and fascinating thought, which the Alliance has cherished for many years, namely, international trading, will be discussed by you during Congress. It is to be hoped that your united wisdom may take us a step nearer the realisation of our long-cherished hopes, and take the question out of the region of probability into that of practical action.

It is well to recognise that the problem is surrounded with difficulties, and not a few pitfalls, which will take time to surmount; but I am sanguine from what I know of the minds of the leaders in Europe that, whatever time it may take, the question cannot be allowed to sleep or be put aside. The ultimate and successful result of such a scheme would make the power of International Co-operation for good felt throughout the commercial system of the world.

Syndicates, combines and companies are rapidly taking financial interest in each other's concerns in every part of the world, their hope and ambition being to exploit production and distribution all over the globe. If they can succeed by co-operating together, surely we who profess to know the benefits of co-operation cannot fail. As we grow in strength and power, depend upon it, we may expect stronger and more cunning opposition to confront us, and greater difficulties to surmount, which can only be met successfully by increased intelligence and enthusiasm by everyone who desires to see international Co-operation triumphant.

The three essentials to start with are; **confidence in each other's honour; good will accompanied by tolerance; and strong financial support from all.** With these we cannot fail, without them we cannot succeed. I trust that your discussion will take us a step nearer our much-desired goal.

Sources of Supply.

While we express our great satisfaction at the great progress our movement has made in the past, there is still much to be achieved. The continuous developments of production by our European Wholesale Societies are a source of pride and satisfaction to all. Let me remind you that we have still in most cases to depend on the competitive market and the middleman for the supply of raw material. Years ago the two Wholesale Societies of Britain began to get over this difficulty by going themselves to the sources of supply in distant parts of the world. In India, Ceylon, Africa, Spain, Denmark, America, and Canada, and in many other places they have planted the flag of Co-operation, and the raw material for their productions is secured without the intervention of the intermediary. Is the time not come to consider why the other wholesale societies in Europe should not enter upon this laudable and truly co-operative work? Nature in many places throughout the world has untold treasures waiting

for development. The question is, are we to wait till these undeveloped areas are secured by the syndicates and combines, and then depend for all time on the class who have little or no sympathy with the mass of the people, nor with our methods of equity and justice?

I know that I will be told that such schemes would cost more capital than you can afford at present. I admit that is perfectly true. But the cloud that at present darkens our hopes will not last for ever. A new world is now in the act of dawning—should we not be ready to take our part in its activities? Think for a moment of the better conditions of labour we might be able to introduce into many parts of the world. Think also of the prestige it would give to co-operation. As to the capital to work out such schemes, the leaders of our movement should be tireless in their efforts to secure more capital for our further development. Is it not too true that many co-operators in all lands are tempted to invest their money in private concerns while their own organisations are delayed in development for want of it? On the return of better times and normal conditions let the spirit of development enthuse our leaders to greater efforts and higher conceptions.

An earnest and eager crusade against the apathy and indifference of our members must be made before our power can be realised. The resources of this beautiful world would be more justly and righteously shared if we could only awaken the people's consciences to their own interest.

This brings me to speak of more intensive propaganda. If we are to make a united move forward the people on whom we depend for support must be continuously informed of our policy and our hopes for the future. The policy too often followed of "waiting till something turns up" leads nowhere. Therefore the policy of aggression must be ours. Our opponents are succeeding by uniting their forces and the adoption of aggressive methods. We cannot afford to wait for success, we must work for it. Bright and informing literature, frequent meetings and lectures, illuminated illustrations of our possessions and progress in all parts of the world will help to stir the minds of the apathetic and indifferent. The enlistment of the sympathy of your women members, whose influence for good cannot be overlooked nor overstated, and the interchange of visits from one country to another by parties of our members have had most encouraging results wherever they have been tried. **No country has a monopoly of the best methods or the most perfect administration.** It is essential then that your people should have an opportunity of seeing, if possible, the gigantic ramifications of our movement in neighbouring countries. Such visits would dispel local narrowness of mind, cement new friendships, and strengthen the belief in the growing power of co-operation.

The future progress of the Alliance will very largely depend on the accurate knowledge each country possesses of the other countries' work and progress. This can be attained by a more widely read *Bulletin*, where the co-operative work of each country is explained month by month. Knowledge of this kind ought to kindle a new interest among our people if they intelligently grasped the fact that co-operators all over the world had the same hopes and aspirations, the same difficulties to overcome, the same powerful opposition of self-aggrandisement to surmount. The humblest village store would receive new hopes from the fact, that men all over the world were taking an interest in their success.

Education.

If our success and progress is to be sound and permanent our educational efforts must be increased and amplified. To many this may not be an interesting subject, especially to our older members. They tell me that the pioneers had very little education. But I know that many of the pioneers attributed many of the early failures in our movement to the want of knowledge. It is the foundation and the apex of all our progressive work. **It is education in citizenship I am calling for. That men should know their duties towards others. That as citizens they should see that justice is meted out to all alike.** If all were truly interested in citizenship selfishness and greed would be largely eliminated and good men would co-operate to improve the habits and lives of the masses. Another and most important part of your future educational efforts I trust will be the study of languages by our young people. I have urged this before, and now I see the necessity of it more than ever.

As co-operators who recognise the interdependence of nations, as men who in this Alliance have to conduct important and intricate work, what a boon it would be if we could conduct our business in a common language. Our difficulties would be greatly lessened, our discussions would be much more attractive; our time and impatience would be saved from having frequent but necessary translations. Besides, our various languages are the cause even with the best of translators of little misunderstandings of each others ideas. I, therefore, again appeal to all who have the future of our international movement at heart to again consider if the time has not come when our young people should be encouraged by every society to study and become masters of a common language.

Esperanto at present holds the field as a simple and efficient vehicle of thought and expression. It has been taken up in all countries, and is now used for many purposes. In Finland, I am told, Parliament has voted 25,000 marks towards the encouragement of esperanto. The

Canton of Geneva, I understand, approved of it being a compulsory study in the schools. It is stated that France, through its Chamber of Deputies, has recommended its teaching both at home and abroad. Many other proofs could be adduced of its growing popularity. I will leave it with your own imagination to conceive how much the work of the Alliance would be facilitated if we adopted one channel for the purpose of conveying our ideas and thoughts at a meeting like this. I am aware that there are still a few opposed to any change, but we have had opposition to almost every new idea or invention since Galileo's time.

It is impossible to speak of co-operative education without expressing the great pleasure all must feel at the recent founding of a co-operative chair in the university of Paris. But our pleasure is immensely increased by the knowledge that our esteemed and scholarly friend and colleague Professor Charles Gide is to be the first occupant of that chair. The authorities were wise in their selection, for no one better qualified or more highly respected could have been chosen. I am certain he has the best wishes for his success from every co-operator in the world.

Amalgamation.

It can scarcely be said that our unity in certain parts of Europe is so close and perfect as it might be. The excellent paper sent to last Congress by our late lamented friend and colleague, Signor Buffoli, of Milan, throw a lurid light on the disastrous effect of having too many societies in one district, each fighting for its own hand, and encouraging what we denounce outside our own movement, namely, competition. Our own intelligence should teach us that this is not co-operation. Let the leaders where this system prevails at once meet and do their utmost to bring about amalgamation. It will increase your strength and power against opposition, and give you new hopes for further extension and greater development. Experience has proved in many places that amalgamation has led to economic and harmonious administration.

You cannot afford then to remain longer in small and detached groups which will be much easier vanquished than one great and powerful organisation with one policy to guide it and one great objective in view. I know that local prejudices are to be found in every society, but these must be given up in favour of the system that will bring to all a feeling of strength and security. Therefore I urge you to amalgamate wherever it can be done, and you will never have cause to regret.

It is not probable that I shall have the privilege of addressing you again, but individuals do not count for much in a world-wide organisation of this kind. To paraphrase Tennyson we may say—

“Men may come and men may go
But this goes on for ever.”

My last words to you are to have trust in each other irrespective of your nationality. It is a divine call to men to “love one another.” Your international projects of the future will succeed in proportion to your love and trust of each other.

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Registrar. Co-operative Societies, Punjab.

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TO LET

THE
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OCTOBER 1921

[No. 4

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NOTES AND NEWS

We are sorry that the writer of the thoughtful article on "Retrenchment in the Co-operative Department" has chosen anonymity but those who have been following the developments of the co-operative movement in our presidency will easily identify the writer and attach to the article the importance that it deserves. He suggests that a separate Audit Staff should be formed to be directly under the orders of the Registrar and beyond the control of the Assistant Registrars. The persons appointed to that staff should be specially qualified and trained. This is a very useful suggestion which is in conformity with the practice prevailing in some other provinces. The audit of non-credit societies in particular is far from satisfactory. His other suggestion that a class of Sub-Assistant Registrars should be created to look after the routine work of credit societies is also very useful as at present a good deal of the time and energy of the Assistant Registrars is taken up by such routine work. Though the Assistant Registrars are expected to give special attention to non-credit societies and non-credit work in credit societies, the routine duties entrusted to them are so varied that they cannot fully look after or foster non-credit co-operation. Having often protested in these pages against the multiplication of paid Assistant Registrars, we welcome the writer's suggestion for a considerable reduction in their number. This is a subject on which we shall be glad to have the opinions of the experienced co-operators from all parts of the presidency. It is also a subject which could with advantage be discussed at the ensuing Provincial Co-operative Conference.

The growth of Co-operation in Coorg is very much hampered by lack of adequate staff with the Registrar. He himself is not a full time officer and his "Department" consists of a single clerk. He has made the modest proposal that at least 3 Inspectors and 2 more clerks should be appointed. During the last co-operative year no new agricultural credit society was organised but a large existing one was split up into eight small societies. But as many as 24 grain banks and 3 non-agricultural credit societies were registered as well as a central bank. The Registrar rightly observes in his report that owing to the absence of inspecting staff it is undesirable to add to the existing agricultural credit societies dealing in cash as distinct from grain banks. The collection of dues from members was very unsatisfactory, the amount collected being less than the amount not collected though due. In the absence of supervisors and inspectors this unfortunate state of affairs is not surprising. Deposits formed only a very small proportion of the entire working capital of the societies. Share capital formed more than 70 per cent of the working capital of non-agricultural credit societies, while in agricultural societies dealing in cash share capital and reserve fund formed about 38 and 36 per cent respectively. Reserve fund thus forms a much higher proportion in Coorg than in the larger provinces. Arrangements are made, it would appear by some of the societies to recover outstandings due from members by taking the mortgaged lands into possession and leasing them out for the amounts due to societies, as immovable properties are unsaleable in the execution of money decrees owing to the peculiar system of land tenure.

The distinguishing features of Coorg co-operation are grain banks and cattle insurance societies. The latter do not seem to be flourishing, as during the last four years their number has been stationary, while the membership and the transactions are steadily decreasing. Below are given the principles in which the bye-laws relating to cattle insurance societies are based and the table of insurance fees. It will be seen that the amount insured is paid in monthly instalments in four years and that the value of animals is very low. Even in Burmah cattle insurance societies do not seem to be expanding. The total number of grain banks was 40 which formed about 30 per cent of the entire number of co-operative institutions in the province. "The rate of interest charged by these grain banks on grain lent was 25 per cent which included the shrinkage estimated at 6 per cent, the market rate of interest being 50 per cent." The members borrow paddy from these banks partly for seed and mostly for consumption after the monsoon. These banks are reported to be very popular and supplying a great want in the villages.

Table of Cattle Insurance fees.

Amount insured.	Insurance fees.											
	1st year			2nd year			3rd year			4th year		
	per month.			per month.			per month.			per month.		
Rs.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
6	0	3	0	0	2	0	0	2	0	0	1	0
9	0	4	6	0	3	0	0	3	0	0	1	6
12	0	6	0	0	4	0	0	4	0	0	2	0
15	0	7	6	0	5	0	0	5	0	0	2	6
18	0	9	0	0	6	0	0	6	0	0	3	0

Note.—The by-laws are based on the following principles;—

- (a) Each society is managed by a committee.
- (b) For each village there shall be a panchayat of three persons, whose duties are:—
 - (i) to value cattle, (ii) to certify death of insured animals.
- (c) The insurance will accept only two-thirds of the actual value.
- (d) Indemnity is paid for death due to:
 - (i) Rinderpest.
 - (ii) Destruction by wild animals.
 - (iii) Accidents or illness over which the owner had no control.
- (e) No claim will be paid:
 - (i) For loss, or theft, or for the act of a third party who is legally liable to compensate the owner
 - (ii) If in case of contagious disease, or rinderpest, or other serious illness, veterinary aid is not asked for.
- (f) Premia are payable for 4 years only, after which period the insurer is entitled to the full value of the policy, provided that the insured animal is certified to be unfit for work, or dead. In the meantime the value of the policy is invested in the society at $6\frac{1}{2}$ per cent interest.
- Animals will not be accepted until they have been at least for one year in the possession of the owner.
- (g) No animal above the age of 7 years will be accepted.

We have no doubt that the striking address of Mr. C. P. Sundara Rao on "The Charka; a Co-operative ideal" will be read with interest by our readers. For the information of some of them we may say that the charka is the spinning wheel and the word "Kaddhar" which occurs in the speech means rough cloth woven by hand out of hand-spun yarn. The Charka

The Spinning
Wheel as a Cottage
Industry.

and kaddhar are commonly associated with the political movement of non-co-operation started by Mr. M. K. Gandhi. Mr. Sundara Rao has taken pains to make it clear that his advocacy of the charka has nothing to do with non-co-operation and that he is recommending its use as a cottage industry for supplementing the incomes of poor families. No reasonable man can take any possible objection to the charka or any other industry adopted for this purpose. But we should like to point out the economic limitations of the charka, which, judging by the language of rhapsody employed by Mr. Sundara Rao, he seems to have overlooked. Owing to the war and the economic unsettlement that it brought about, cloth is now three times more costly than what it was in 1914. Exchange difficulties and international political and economic conditions have operated against the import of foreign cloth into this country. Indian mills are working to the utmost and yet the total output is not sufficient for meeting the requirements of the country. It will be some two or three years before prices may be expected to come to the normal. In addition to the prevailing high prices sentiment has been created in favour of hand-spun and hand-woven cloth by the personality of Mr. Gandhi, and people are prepared to pay for Kaddhar a price which is greater than the article deserves. Under these favourable conditions a person working at the spinning wheel for 8 hours is expected to earn only about 3 annas a day. If the prices fall to the normal or the sentiment for Kaddhar should weaken, there will not be even so much remuneration for the labour and a time will soon come when it will not be considered worth any one's while. The spinning wheel can therefore be useful as a cottage industry only for a short time. This limitation we wish to emphasise.

* *

Mr. Sundara Rao recommends the ideal of plain living and high thinking. It has a peculiar charm for the contemplative Indian temperament. But addressed to rural co-operators whom he has himself described as poor, half-starved, ill-clad and untutored, it has not much force. It is difficult to make them live more plainly and our attempt should be rather to make their lives more comfortable. He aims at the country, nay each district, being economically self-sufficient and wants us to go back to barter in order to escape from 'the curse of high prices and exchange muddles.' The world has long outgrown the stage of barter and money as the medium of exchange is accepted by all civilised societies. But high prices can operate even in barter. When a commodity becomes rare you offer more grain or cattle to get the same quantity of it than you did before. Exchange muddles are inevitable in international trade. Can we really afford to do without foreign trade altogether? And will it be in our own interests that we should do so? Shall we, for instance, stop using electric bulbs and even kerosine oil and go back to vegetable oil for light? Shall we stop using motor cars

and railway trains and revert to bullock carts and palanquins? India was manufacturing iron and steel formerly as a cottage industry and can do so even now, but it is far cheaper to get foreign iron and steel than to make them here by the old process. Shall we then stop importing telegraphic wires, machinery &c? Even in cotton trade while we are importing a good deal of foreign cloth, we are exporting very large quantities of raw cotton and yarn, so much so that during the last few years the balance of trade in cotton and cotton goods is in our favour. Economic self-sufficiency is now no longer possible, nor is it desirable. What, however, we should take very good care to see is that we are not exploited by any foreign nation or nations and that essential industries are developed in the country itself, as far as possible so that we shall not be at the mercy of any single foreign country with which we may have to declare war.

While speaking of plain living it should also be borne in mind that the entire population should be well and adequately employed. For the production of food required for the entire population 50 per cent of it or even less engaged in agriculture may suffice and even these may not be fully employed all round the year. How are the energies of the others to be utilised? The answer is that they should be employed in manufacturing articles which add to the material comfort of the population and also in cultivating the arts, letters, etc. which promote the intellectual and moral welfare of the community.

If this should be well done, social needs have rather to be multiplied than simplified. It is, of course, not suggested that unhealthy tastes should be created or injurious habits encouraged. But the oft-praised ideal of a self-contained family with few wants and few comforts is out of date altogether.

* *

We are far from admitting that the charka is a co-operative ideal, even supposing that it possessed all the virtues attributed to it by Mr. Sundara Rao. Co-operators in England and elsewhere who are proclaiming the maxim, "Production for use and not for profit" have had no prejudice against the use of machinery or the factory system of industries as distinct from cottage industries. Many mills and factories are owned by the British wholesale and other societies. There can be sweating or economic slavery even in cottage industries. Conditions of labour may be bad whether in the factory or in the cottage, and they should not be mistaken for the system of industry. The true ideal of co-operation is the proper distribution of work and wages in the entire community, capital not exploiting labour, labour sufficiently employed, no one starving, over-worked or idle and all having sufficient leisure to cultivate their moral and intellectual faculties. The expression "production for use and not for

The Charka not a Co-operative Ideal.

profit" does not mean that you should use for yourself whatever you produce and nothing else, that you should spin your own yarn and weave your own cloth or build your own hut. It only means that there should not be speculative production or over-production which the competitive organisation of trade often leads to. There should be a market demanding any particular article and the production should be intended just to meet it. Neither the producer nor the agency of distribution should exploit the consumer with a selfish object. This is quite different from asking each family to spin its own yarn and weave its own cloth.

The North Arcot District Council of Supervision has instituted a provident fund for the benefit of its supervisors and the employees of all the societies in the district. The monthly contribution to be made by each subscriber to the fund is 0-1-4 per rupee of his salary. An equal amount will be paid each month by the respective societies out of their own funds and by the District Council on behalf of the unions employing the supervisors. The fund will be invested in the N. A. District Bank which has consented to allow upon it the favourable rate of 7% interest. The benefit of the fund will be available to any employee as long as he continues to serve any co-operative institution in the district. Any one giving up co-operative service in the district within three years of his joining the fund, will be entitled to receive only the actual amount paid by him with any interest it may have earned. In the case of employees leaving service after three years an addition will be made out of the contributions of the employing societies, the proportion varying with the length of service put in by each subscriber. It will be 25% of his own total contribution to the fund in the case of a person who leaves service between 3 and 5 years, 50% between 5 and 7 years, 75% between 7 and 10 years and 100% after ten years. The rules are silent as to the disposal of the surplus funds after paying the proportionate contributions to the account of the employees. We would suggest that all such amounts should be lumped together and distributed among all the provident fund subscribers once a year in the proportion of their total contributions. It is unnecessary to dilate on the advantages of a provident fund. It induces the employees to remain in the service of the movement, gives to the employing societies a guarantee for the good conduct of its servants and is a good provision for old age in lieu of a pension. We congratulate the N. A. District Council on the lead it has given in a new direction and strongly commend its example to the unions of other districts. We are aware that only two districts possess councils of supervision, but for the purpose of the provident fund it would be sufficient if the unions of any district came to a proper understanding and made arrangements with the central bank.

There are three central banks in the Kristna District one each at Masulipatam, Bezwada and Ellore. The Masulipatam bank is the oldest and best developed. During the last year its membership rose from 97 to 113 individuals and 165 to 211 societies respectively. All the shares set apart for individuals have been taken up. There was a small increase in local deposits. They amounted, however, to nearly Rs. 3½ lakhs which must be considered quite satisfactory. The bank was able to reduce its indebtedness to the Provincial bank by more than one lakh of rupees. Out of about Rs. 4,90,000 due from societies more than Rs. 1,20,000 was overdue at the end of the last co-operative year, which is a very high proportion for a central bank. A large part of the interest also was overdue. The central bank at Bezwada was started in December 1918. During the last year there was no increase in its individual membership which remained stationary at 21. The number of societies rose from 34 to 47. Though there was no appreciable increase in the amount of paid up share capital, local deposits more than doubled themselves. A considerable part of the amount was due to Local to Fund deposits. The entire working capital was only a little more than a lakh of rupees. The proportion of overdues, both under principal and interest, was very high. Overdue interest which at the end of the previous year was only about Rs. 60 rose to Rs. 815. There was very little improvement in the membership or share capital of the Ellore Central Bank. Fixed deposits from members remained almost stationary being from Rs. 50,000 to Rs. 55,000, while those from non-members increased from Rs. 15,000 to Rs. 30,000. About half the entire working capital was borrowed from the Provincial and other central banks. Overdues from societies amounted to Rs. 28,511 under principal and Rs. 1,341 under interest as against Rs. 7032 and Rs. 180 respectively of the previous year. It will thus be seen that the proportion of overdues both under principal and interest has increased very largely throughout the district and no explanation is offered by the Assistant Registrar. The transactions of the Bezwada and Ellore banks put together do not in any respect equal those of the Masulipatam bank. We cannot help thinking that three banks are too many for the district. The Masulipatam bank has shown much efficiency in management and it will perhaps be best that the other two get merged in it. But if that be not found feasible, we should think the Bezwada Bank should amalgamate itself with the Ellore or the Masulipatam institution. We do not see any use in its separate existence.

The Tanjore District Co-operative Manure Society has successfully completed the fifth year of its existence. During the last co-operative year the number of individual and society members rose from 73 to 78 and 17 to 21 respectively. The amount of share capital also rose from Rs. 895 to

Rs. 970. During the year it prepared bonemeal, by disintegration of raw bones of the value of about Rs. 312 and was able to dispose of nearly the whole of it and the stock which it had on hand at the end of the previous year, making however very little profit over the transaction. It is gratifying to note that the Thirukannapuram C. C. S. collected about 9 cwts of bones from its members and got it disintegrated by the society as it did last year. Of individual members Dewan Bahadur V. K. Ramanujachariar of Kumbakonam and Mr. S. Parameswara Aiyar of Ganapathi Agraharam utilised the society for preparing bonemeal for their own use. We hope that other societies and mirasdars will follow their example. The society purchased during the year manure, seeds and fodder worth Rs. 5675 and disposed of most of it, making a good profit over the transaction. The net profit earned by the society amounted to Rs. 471-14-2 which was about Rs. 20 less than in the previous year. This slight fall is due to the damages caused to the stock on hand by rain and floods. We join the Assistant Registrar in congratulating Rai Sahib A. Seturamaier on the successful working of the society.

* * *

The membership of the Tinnevely District Co-operative Banking Union rose from 65 to 78 individuals and 109 to 186 societies. The number of shares allotted rose from 753 to 1574 and the paid up share capital from Rs. 22,878 to Rs. 60,632. It did not attract much by way of deposits from individuals. Primary societies, missionary bodies, municipalities and district boards made considerable deposits. More than half the entire working capital consisted of borrowings from the provincial and other central banks. The percentage of uncollected overdue arrears increased from 5 in the previous year to 23 in the last year. This is a very unsatisfactory feature, which we hope all concerned will do their best to remedy.

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Every one recognises that co-operation is bound to play a very important part in the reconstruction of Malabar. The Special Commissioner and the Co-operative Department are expected to formulate their proposals soon and make them available for public consideration. Meanwhile non-official co-operators in Malabar are thinking about it and Mr. C. Karunakara Menon's article represents the ideas of an important group. As, however, we have not been able to publish the whole article in this number, we reserve our comments for the next issue in which the remainder of his article will be published.

RECONSTRUCTION WORK IN MALABAR.

[BY RAO SAHIB C. KARUNAKARA MENON, B. A.]

I

The damage caused by the rebellion, we are witnessing to-day, is much more serious than was first anticipated. Whole bodies of people were forced to run away from their ancestral homes, their houses destroyed, cattle butchered, all savings, seed and agricultural implements looted. Public and Private records were destroyed, making title to immovable property insecure. Many have also been forcibly converted to Islam. Doubts have been expressed whether these people would go back to their homes. They have to. How shall we reconstruct them? Mr. Devadhar M. A., of the Servants of India Society, has suggested that this should be done through the Co-operative movement. This is being investigated by the Government and prominent co-operators of the Presidency. It is a serious responsibility that the co-operators are taking. But the extraordinary situation created by the rebellion must be faced boldly. How shall we carry this out? We shall do it by (1) a large increase of the working capital in the district (2) the realisation of the goal of one society for each village in the disturbed area and (3) the creation of special societies. The whole work should have as its central point the Malabar District Co-operative Bank Ltd. Of course, the State will have to come in with large aid, not as charity, but at favourable rates of interest. This amount should be deposited in the District Bank which should lend it to Primary Societies which would again lend it to individuals and the repayments of the individuals into the Primary Societies should go back to the State through the District Bank. So the medium for the (1) receipt from the State (2) distribution to the Societies and (3) repayment should be through the District Bank. The Malabar District Bank is not only the central financing institution for the District but it is also a Banking Union, whose function it is to supervise the working of the Primary Societies affiliated to it. The societies in distant villages are organised into Unions. The Unions in the Madras Presidency are only Supervising Unions and not guaranteeing Unions. The work of these Unions should be made much more efficient. The working of Primary Societies also will have to be made more business-like and indiscriminate lending should be stopped. It has to be admitted that the present method is a little slipshod. In the reconstruction work we have to be cut and dry. The first question is the quelling of the rebellion. Soon after, money will be immediately required for (1) building houses, (2) buying cattle and agricultural implements and (3) to meet the current expenses for cultivation. We would also require efficient organizations for carrying these out. The Panchayathdars and general bodies should mercilessly

see that the amounts lent are not misused. Repayments can be made much more easy and methodical if this view is constantly placed before them. No one in a village should have difficulty in starting life for want of funds. The villager's confidence should be roused that his society will help him when he is in need. At the same time he should be disciplined to think that the first charge on his savings is the society loan. Soon as the harvest is over he can, if he is so minded and so disciplined to think, pay off the easy instalments he has to pay to his society. But if this mentality is to be created, the rate of interest should be much smaller than what he has to pay now. At present the District Bank receives deposits at 7½ per cent, lends out to Primary Societies at 8½ per cent, which latter lend out to members at a rate which works out at Rs. 10—15—0 or very nearly 11 percent. This rate is terrible, and unsuitable to the present day financial position of the ryot, in the area to be reconstructed. The interest to be charged for the State loan to the District Bank, should be as low as possible when automatically, the lending rates, to and by, societies will go down. Then as to the security and kind of societies, we have to deal with three classes, *viz.* (1) the poor (2) the middle and (3) the rich. The *poor* have little or no immovable property; the *middle class* have immovable property but not sufficient facilities for borrowing except at prohibitive rates; the *rich* have immovable property but on account of the special unfortunate situation are not in a position to command the immediate and necessary capital. To meet the demands of these classes, two kinds of societies have to be provided for. For those whose needs are below Rs. 1000, the existing unlimited liability societies may be sufficient. But then, in the amount lent, and the security taken, a change may be necessary. At present in every primary society there is what is called the property statement showing what the financial position of each member is. It is on the strength of this statement that the borrowing power of a society is fixed. If the value of the property of all the members put together is Rs. 96,000, the convention, and not a provision of the law, is that the society may borrow up to Rs. 12,000, or to the extent of one-eighth of the value of the property of the members. Small groups of Co-operators are talking about the necessity for a change in these fundamental points, and the opinion is gaining ground, that powers should be given to these re-construction societies, to borrow on the basis of ¼ of the value of their property statement, or to put it in another form, up to Rs. 24,000 instead of Rs. 12,000. This is what the Christian Bank of Madras does. Then as to the amount to be lent to individuals also, much larger amounts will have to be accommodated to meet the re-construction expenses. As to the security to be taken, the predominant opinion is that the immovable property should be the rule. To those who cannot provide immovable security, amounts may be lent up to Rs. 500 on personal security supported by

sureties. Between Rs. 500 and Rs. 1000 immovable security is an absolute necessity. These transactions may be carried out by the ordinary unlimited societies.

For sums exceeding Rs. 1,000 special societies will have to be organised on a limited liability basis, taking 3 or 4 villages as the unit for membership. Here the question is one of larger share capital in the District Bank and security. The remedy suggested is a large share capital for members of these special societies. Where is the share capital to come from in the re-construction stage? Even though it may smell a little of the sowcar, what is suggested is, that the share capital also should be lent and this amount, for security, invested in the District Bank. To make the point clear, a member of this type of societies, who wants Rs. 4000 will have to borrow Rs. 4,500 if he cannot command the share capital of Rs. 500. This sum of Rs. 500 will be invested as shares in the District Bank, which will entitle the member to dividend, and the balance of Rs. 4,000 will be paid out to him. This will be re-payable in easy instalments extending over a period of 20 years. One difficulty for this class of society is the question of undivided Nambudiri families and Nair Tarvads. The head of the family or the Karnavan has the right of contracting debts, in his representative capacity, and they will be binding on the family, if they are beneficial to the Tarvad. But in a heavily litigious area like Malabar, it is always thought more prudent, to include all the members of a family in the execution of mortgage bonds. How shall we do this in bonds executed to co-operative societies? It is suggested that the head of the family should execute the bond as member and a deed of consent should be taken from the other members of the family.

For speedy and timely collection the predominant opinion is, that resort should be had, to the provision for the collection of these amounts as if they were a revenue arrears. Of course this method should be made use of only if punctual payments are not made voluntarily. A careful criticism of the whole scheme is invited.

RETRENCHMENT IN THE CO-OPERATIVE DEPARTMENT.

[BY A CO-OPERATOR.]

With a view to carry out retrenchment in the Co-operative Department, it has been urged more than once in the Legislative Council that the Assistant Registrars of the *cadre* of senior grade Deputy Collectors should be replaced by senior grade Tahsildars and an assurance has been given on behalf of Government that this question will be examined by Government. This communication is intended to place before Government the views of a non-official on the subject in the earnest hope that they will be taken into consideration in determining and carrying out the future policy of retrenchment in the department.

Time was when the number of Assistant Registrars was quite inadequate to carry out the expansion of the movement and in response to a considerable volume of public opinion a large number of Assistant Registrars were appointed so as to provide, as far as possible, one Assistant Registrar for each district. The large body of these officials so appointed have been working from some time past and with the help of a still larger body of Inspectors they have been able to organise a very large number of co-operative societies and the extension of the movement is going on automatically in all directions. The multiplication of credit societies has been an outstanding feature of this development but non-credit societies are very few and far between. In fact the non-credit side of the movement, it has to be readily admitted, does not show much vitality nor signs of any appreciable development. The reason is that credit societies are easily organised and their administration also does not present many difficulties. This is not so in the case of non-credit societies which are difficult to organise and still more difficult to develop and maintain in an efficient condition. Their management requires a considerable amount of special study, knowledge and effort which few officers of the department whether they be Assistant Registrars or Inspectors can justly lay claim to. Credit societies no doubt serve a useful purpose in so far as they provide cheap credit to the needy agriculturist at his very door but all the benefits are more than counterbalanced by the other disabilities which he is suffering from for want of a suitable co-operative organisation. In making purchases of his necessities of life out of moneys borrowed from the society for the purpose or in selling his crop produce in order to repay the society's loan, the poor agriculturist loses a great deal at the hands of the skilful and designing trader. What little he gains on account of the society, is more than lost for want of the further protection of the society in his other dealings. The net result is that he

is none the better for his being a member of the society, and his relations with the trader being undisturbed, he is often tossed between the two in his dealings and in a great majority of cases he sinks into the grip of the trader. Loans from the society are repaid, if at all, out of moneys got from the trader and the trader's dues are often discharged by loans from the society. He has thus a constant and continuous load of debt, the obligation being now to the society and now to the trader and often to both. This kind of diarchy does not surely conduce to the economic uplift of the man of limited means which is the end and aim of the co-operative movement. It is high time, therefore, that Government and all those interested in the movement focus their attention on a proper solution of the vital question as to how co-operation should in future be worked so as to bring about the real economic salvation of the poor agriculturist. There is hardly any very substantial benefit to him if we toy with credit societies. This branch of the movement works more or less mechanically now-a-days and it does not really call for any very great amount of attention and guidance by highly paid officials. The rank and file of the Inspectorate working hand in hand with supervising unions with their own staff of Supervisors and substantially supported by the large body of non-official co-operators who devote their time and energies to develop, guide and control the credit societies—all this organisation is more than equal to look after the credit side of the movement. The organisation, inspection and audit of these societies is actually done by Inspectors now, the Assistant Registrar's part of the business being confined to the mere registration, occasional inspection and the approval of audit orders drafted by his office staff or by the Inspectors. As regards the checking of the audit notes, that too is done by an Inspector-cum-clerk working in the Assistant Registrar's Office. I shall not be far wrong if I say that a number of Assistant Registrars do not know the technique of audit; though the official convention has it that they audit the accounts of the Central Bank in their charges, the real fact is that the actual audit of Central Banks is done by the Chief Inspector and every thing is placed cut and dried for the formal approval and signature of His Honour the Assistant Registrar. This convention may, I would rather say, ought to, be got rid of and both the *de facto* and the *de jure* audit left in the hands of Inspectors. I would prefer to choose from among them the really competent ones, tested by a qualifying examination, both theoretical and practical. The present day Inspector passes through a supposed course of training which is often a case of blind leading the blind. Very often, he picks up knowledge, not while under training, but after training when he is actually placed in charge of a

Circle and in the course of the actual discharge of his duties. To remedy this lamentable state of affairs, I would strongly urge the institution of a regular examination both theoretical and practical and the passed men may be given a Diploma. All the Inspectors now in the Department must be compelled to submit themselves to this test and the best from among the passed men should be drafted into the Auditing branch of the Co-operative Department. The Audit Order now in vogue is a mere string of figures put in a sort of narrative, the approval, condemnation, suggestions or opinions about the working of the societies, in short, the real and annual review of their working being avoided, the reason being that it is considered undesirable to publish the same unless it be to the society itself. That being so, the Audit Order may well be dropped and it may usefully be substituted by what may be called an Audit Certificate which may be issued by the Auditor himself, who can then be saddled with the full responsibility for it. The present practice involves an anomaly inasmuch as the individual apparently responsible for the Audit Order is not directly responsible for the audit itself.

One more advantage in the change proposed is that it assures us a more reliable system of audit than that now in force. For, as things go now it is the Inspector of the Circle who is in normal charge of the societies who does the annual audit as well. He is not human if he does not whitewash his own sins of omission and commission. Besides, it is quite likely that there may be many defects and errors which his eyes have not noticed or which he may have complacently passed over. It is therefore much to be desired that the audit be entrusted to a quite different agency than that responsible for the ordinary guidance and control of societies. The audit staff should in no way be subordinate to the district official but should work directly under the Registrar.

The Assistant Registrar being thus relieved of one of the important functions, there is less need to employ such a costly and superior genus of officials as Deputy Collectors for the post; at least their number may be cut down considerably and immediately. The more competent and efficient from among the Chief Inspectors and ordinary Inspectors may be selected to be placed in charge of districts under the designation of Sub-Assistant Registrars. I call them Sub-Assistants, because we shall see later that we shall have to retain a few from among our existing Deputy Collector—Assistant Registrars. The Sub-Assistant Registrars may be invested with the powers of organisation, registration, inspection, arbitration and liquidation of only credit societies and Supervising Unions. There should be one Sub-Assistant Registrar for each district. The Assistant Registrar's activities may be confined to Central Banks, non-credit societies and the development of non-credit work in credit societies.

In the last branch of work he will no doubt be seconded by the district Sub-Assistant Registrar. Two or three districts may be formed into a circle and placed under one Assistant Registrar. The Sub-Assistant Registrar may, of course, be allowed to organise non-credit societies in his jurisdiction but the registration should vest with the Assistant Registrar alone. The Assistant Registrar should have power, of course, to deal directly with Supervising Unions in connection with his branch of work.

As regards the relation between the Sub-Assistant Registrar and the Central Bank, all that is now done by the Asst. Registrar in regard to credit societies, viz: consultation before registering credit societies, sending of inspection notes, recommending of loans and extensions to such societies, the periodical scrutiny of bonds deposited as security for the overdrafts from the Imperial or Provincial Bank and examination of the fluid resources—all this will be carried on by the Sub-Assistant Registrar. He may send the annual Administration Report of the societies in his charge to the Assistant Registrar of the Circle who will send it together with his own report of the non-credit activities in the district to the Registrar. There is no harm if the Assistant Registrar is required to periodically inspect the offices of the Sub-Assistants in his Circle.

One condition essential to the success of the above scheme would be the appointment in each district of a special Inspector who will work under the orders of the Assistant Registrar and may call for all necessary help from the Sub-Assistant Registrar. We, in this district have long been clamouring for one and we have one now, but chosen from among the ordinary Inspectors and having had no special training or experience to fit him all the better for the special work expected of him. We call him the Trade Inspector. By whatever name he is called, he should know his trade and be worthy of his trade. Here also special training and opportunities for getting experience should be given previously and the system should no longer be perpetuated of allowing him to pick up both as he works along.

As regards the pay and status of the Sub-Assistant Registrar, I would place him in the cadre of Tahsildars, a much cheaper and more useful class of officials than their enlarged and Presentation editions the last grade Deputy Collectors.

With the remarkable shrinkage in the Excise revenue as disclosed by the latest figures quoted in this month's session of the Madras Legislative Council, the question of effecting retrenchment in expenditure has assumed an acute form and the

feeling that this could be carried out in a large measure in the Co-operative Department without in the least impairing its usefulness or efficiency has been forcing itself on me for some time past and has goaded me on to venture with the few suggestions set out herein in the earnest hope that they will receive their due share of attention at the hands of Government. I am quite convinced that the present system is unnecessarily wasteful and the time has arrived either to mend it or end it. I was among those who strongly advocated the expansion of the department on the lines now in force and I was glad when Government was pleased to give effect to it on such a generous scale. I hoped much from this development but I have been disappointed. It is outside the purpose of the present communication to explain how and why it is so. Suffice it for my present purpose to state that a change on the lines indicated herein is urgently and immediately called for in the interests of economy and thrift which the very movement is pledged to encourage and support. I stake my twelve years experience of co-operative work (the value of which it is not for me to say) that the changes suggested are not calculated to impair in the least the scope and the usefulness of the department. At all events, I guarantee (it may be taken for what it is worth) that my district will gain a great deal and lose little or nothing if the changes advocated herein are carried out immediately.

I see in my friend the Sub-Assistant Registrar not a time-worn, matter-of-fact, happy-go-lucky, dry official but a bouncing blooming official full of enthusiasm who will shoulder all his responsibilities with good cheer and discharge them for all he is worth. He is no longer the Boswell of the Assistant Registrar—devilling for him and doing all his work but not getting his pay. He will have evolved into the big official himself whose shadow he had hitherto been. His horizon hitherto cramped, cribbed and cabined will have enlarged and with a useful and paying career before him, I have no doubt he will prove himself worthy of it. At all events we shall wait and see. We live and learn. We have tried the present system and found it faulty and wanting. A change no doubt will do us good. Why not give it a fair trial at least for once and at least in a few places if not all over the Presidency?

I prefer anonymity in the Press, not because I cannot stand by the opinions expressed herein but because a publication of my name will automatically bring condemnation of the Assistant Registrar of my district. However richly it may be deserved, I wish to avoid all room for misunderstanding with him. If Government is really anxious to do something in the matter and wants my name, I hereby authorise the Editor to divulge it at call.

CO-OPERATION IN 1919—20.

The Statistical Department of the Government of India publishes annually a small volume of statistics relating to co-operative societies in British India and some of the important Native States. The latter include only the States of Mysore, Baroda, Hyderabad and Bhopal. But several other progressive states like Travancore and Cochin also possess quite a good number of societies, the statistics for which we suggest should be included in the useful volume. From the volume for 1919—20, which was published a couple of months ago, we find the increase in the number of societies of different kinds during the last 5 years to be as follows:

Kind of Society	1915—16	1916—17	1917—18	1918—19	1919—20
Central (including Provincial)					
Banks	244	262	282	333	400
Supervising and Guaranteeing Unions (including re-insurance Societies) ...	362	496	592	748	994
Agricultural (including cattle insurance) Societies ...	18,050	21,069	24,140	29,387	36,716
Non-agricultural	1,019	1,209	1,451	1,971	2,662
Total	19,675	23,036	26,465	32,439	40,772

From the above table it will be seen that during the period all societies except central banks increased by considerably more than 100 per cent and that the increase was the largest during the year 1919—20. The figures for the different provinces and States are given below:

Province or State	No of districts	Central Banks	Supervising Unions	Urban Areas	Non-agricultural Societies	No. of Villages	Agricultural Societies	Total	No. of Societies per 100,000 inhabitants
1	2	3	4	5	6	7	8	9	10
Madras	29	30	136	279	641	53,895	4,218	5,025	12.1
Bombay	26	14	64	200	398	26,066	2,095	2,571	13.8
Bengal	28	65	6	119	360	119,732	4,977	5,408	12.1
Bihar and Orissa.	21	39	64	70	134	87,675	2,774	3,011	8.7
United Provinces.	48	65	10	418	148	106,023	3,498	3,721	7.9
Punjab	30	80	1	139	240	33,421	6,853	7,174	36.6
Burma	41	11	410	63	169	37,678	3,805	4,395	41.5
C. P. and Berar.	22	35	295	112	99	39,085	4,456	4,885	34.9
Assam	12	15	3	20	45	27,875	412	475	7.1
Coorg	...	...	...	2	6	493	103	109	54.5
Ajmer-Merwara.	...	6	1	5	19	743	425	451	90.2
Mysore	8	18	...	91	222	16,740	1,162	1,402	25.0
Baroda	...	4	...	41	42	3,054	445	491	24.5
Hyderabad	...	10	...	85	122	20,151	1,120	1,252	9.4
Bhopal	...	8	4	...	...	...	361	373	53.3

Columns 2, 5 and 7 are not found in the volume of Co-operative Statistics. We have added them to enable our readers to better appreciate the growth of the central, non-agricultural and agricultural societies. It will be seen that the Punjab has the largest number of central banks not only absolutely but relatively to the number of its districts. Bengal comes next in both these respects, while Mysore has the same number per district. Generally the North Indian provinces have more Central Banks than one per district while Madras has on an average only one per district. It is strange that both in Bombay and Burma there should be so few Central Banks.

Non-agricultural societies are fairly well developed in Madras, Bombay, Bengal, Burma and Mysore. The backwardness of the U. P. and C. P. in this respect is very surprising. The U. P. possess the largest number of urban areas and cities and there is surely much scope for the development of co-operation among the urban working classes. In rural co-operation the Punjab, Burma and the C. P. occupy a pre-eminent position. The small administrations of Coorg and Ajmere-Merwara no doubt show the best expansion but the peculiar advantages which small administrations enjoy make their comparison with large provinces unfair. In the U. P., Bihar and Bengal co-operative societies form only a small proportion of the villages in those provinces.

Provincial Banks.

Of the major provinces the Punjab, United Provinces and Assam had no provincial banks while of the Native States only Mysore had a provincial bank. The membership of the Central Provinces and Berar provincial bank consisted entirely of central banks. In Bengal, Bihar and Orissa they formed more than 75 per cent. that is to say, just a few other societies were admitted as members. In Madras out of 83 societies that had taken shares in the provincial bank 23 were central banks. In Bombay and Burma only 3 out of 14 and 11 central banks respectively, had taken shares in the provincial banks, while quite a large number of agricultural societies had done so. In Mysore all classes of societies were well represented on the provincial bank. The Bengal and Central Provinces provincial banks had no individual members, that of Bihar and Orissa had a few while the other banks depended very largely upon them. Only the Madras and Bombay provincial banks issued loans to individuals but they formed a much higher percentage of transactions in Bombay than in Madras. The working capital was largest in the Burma provincial bank, being more than Rs. 73 lakhs, the Madras bank coming next with over Rs. 56 lakhs, Central Provinces and Bombay come next with Rs. 41 and Rs. 37 lakhs respectively. The Bengal, Bihar and Mysore banks were the weakest. The main strength of the Burma and Madras

banks lay in their ability to attract large deposits from the general public. In Burma they amounted to over Rs. 62 lakhs and in Madras to over Rs. 47 lakhs while in the Central Provinces bank which came next in order they were only about Rs. 15 lakhs. The paid up share capital formed the highest proportion of working capital in Mysore and Bombay, while in the Central Provinces 'provincial or central banks' have contributed more than 50 per cent of the working capital. Deposits from primary societies formed about 23 per cent of the working capital of the Bombay provincial bank, which was not the case in any other province. The cost of management was heaviest in Burma, being about Rs. 51,000. Next come Bombay and Madras with Rs. 34,783 and Rs. 28,551 respectively. The Bengal and Bihar banks spent very little—Rs. 3,900 and Rs. 5,280 respectively—but it appears to be economy of a wrong kind. The margin in rate of interest between borrowings and lendings by the provincial banks was largest in the case of the Bihar bank. The largest profit was made by the Central Provinces bank, Madras coming next. It is a pity that information on this head is not available in respect of Burma. Madras alone declared a dividend of 9 per cent.

Central Banks.

The central banks of Madras and the C. P. appear to be larger and stronger institutions than their sisters in other provinces. Those of Madras served in 1919-20 an entire district on an average and about 200 primary societies each. The banks in the C. P. served about 130 each while in no other province did the corresponding figure reach 100. The working capital of the average central bank in 1919-20 was Rs. 4 lakhs in Madras, Rs. 3 lakhs in the C. P. under 2½ lakhs in Burma and Bombay, nearly 1½ lakhs in Bengal, a little over a lakh in the Punjab and less than a lakh in the Bihar and the U. P. The central banks of Hyderabad and Mysore have each on an average more than 2 lakhs of working capital but in Hyderabad the State aids the average central bank to the extent of one lakh which must be considered an unhealthy practice. The most remarkable feature of the C. P. central banks is the large number of individual shareholders which they contain, the average per bank being about 2,000. The corresponding figure for Bombay which come next is 300, while in no other province does it reach even 100; the Punjab central banks having not even 25 individual members each. Those of a Bengal, Madras and the C. P. attracted large outside amounts as deposits but in Madras nearly one-half of them was for less than one year (probably they were largely current deposits) while in Bengal they were long-lying. Government loans and deposits formed a prominent feature of the central banks of Baroda though not to the same extent as in Hyderabad. Considering the transactions, the cost of management was lowest in Madras and Mysore, and heaviest in the U. P., Bihar and Bengal.

Bhopal affords the curious case of 8 Central Banks being run at a cost of Rs. 144. Contingency charges alone should have exceeded that amount. Is it that the State is running them gratis for the profit of the share-holders, we wonder? The C. P., Bengal and the Punjab banks earned large profits but limited their dividends to about 6 per cent, which we think is a wrong policy. The central banks of Ajmer-Merwara and the Punjab purchased their members' products and also sold goods to them. Those of Bengal and Assam restricted themselves to the latter. In the U. P., Bihar and Baroda just a little of the latter activity was attempted. The rate of interest on lendings to societies in 1919-20 was 10 per cent per annum in C. P. and Burma, 10½ in Bengal, 12 in U. P. and 12½ in Bihar, while in Madras it was only 7½, the lowest for all provinces.

Non-agricultural Societies.

Of the 2662 non-agricultural societies 1672 were for credit, 707 for purchase and sale or stores societies, 220 for production and sale or producers' societies, 2 for production only and 61 for other purposes. Out of 707 stores as many as 173 were organised on an unlimited liability basis, the Punjab, Mysore, Bombay and Hyderabad contributing the largest number among the provinces and States. A store on the unlimited liability basis is an anachronism which we hope will soon disappear. Of the 220 societies for production and sale Bengal had no fewer than 164, Bihar and Orissa coming next with 39. Between them they thus had 203. Mysore claimed 6 out of the remainder and Madras only 4. Most of the Bengal and Bihar societies were on an unlimited liability basis, so that it is clear that these are "Home Industries" societies. We offer our heartiest congratulations to the two provinces and hope the others will emulate their example. The two societies classified under "production" are from Madras, one in Chingleput and the other in Madras City. Obviously these too should have been put under "production and sale" for which there were four other societies. In fact a society for the purpose of production only is unintelligible, for the product must be sold even if only to the members. Of the 61 societies for other purposes Bombay and Madras had 22 and 21 respectively. Of the credit societies those of Bombay and Mysore had the largest transactions per society. More than fifty percent of the entire working capital in the non-agricultural societies of Mysore and Burma consisted of share capital. The members of the Burma Societies were most punctual in their repayments of loans, only a sum of Rs. 1200 being overdue out of outstandings of more than Rs. 21 lakhs. The proportion was on the other hand, the worst in Assam, Mysore, Bihar and Madras. The stores societies of Madras and Mysore did the largest business while those of Bengal came

next in importance. It is surprising that those of Bombay should have done so little business, comparatively. The Punjab had the largest number of stores societies but as they appear to be mostly in rural areas it is not very surprising that their transactions were not imposing. In the Punjab, Bombay and Bihar the purchase of members' products by societies were the largest.

Agricultural Societies.

Out of the grand total of 36,716 agricultural societies, 417 were cattle insurance societies, 299 stores, 60 were classified under production and 207 under production and sale, and 128 for other purposes; those for credit being 35,605. The societies of Bombay appear to be the best developed. They had on an average the largest membership, issued the largest amount as loans, and attracted the largest local deposits both from members and non-members. More than 50 percent of the entire working capital of the Punjab and Mysore societies was owned, that is, consisted of share capital and reserve fund. In the Punjab out of a total working capital of Rs. 178 lakhs the share capital was nearly Rs. 52 lakhs and the reserve fund more than Rs. 46 lakhs. Burma and Madras which came next in the matter of share capital had only Rs. 19 lakhs and Rs. 15 lakhs respectively, while in the matter of the reserve fund Burma and Bengal came next to the Punjab. But as against Rs. 46 lakhs of the latter, the former held only Rs. 17.6 and 16.7 lakhs respectively. The collection of dues from members was most unsatisfactory in the societies of Assam, about 55 percent being overdue. In the United Provinces, Mysore, Bengal and Bihar the proportion exceeded 25 percent while in Madras it was about 12 percent. The collections were most punctual and satisfactory in Burma where out of more than Rs. 108 lakhs that was due only Rs. 2000 was overdue. We do not think that anywhere in the world such a brilliant record has been established and trust that it is not due to 'book adjustment' or an automatic granting of extension of time for repayment. In sale of goods to members the societies of Bengal and Bombay led the way, while the Punjab societies came next, though the number of rural stores societies there was very large indeed, forming nearly 50 percent of the country's total. In the purchase of members' products by societies, Bombay was easily the foremost, the value of goods so purchased exceeding Rs. 17 lakhs while Bengal which came next barely reached Rs. 4 lakhs. The rate of interest on lendings during 1919-20 was lowest in Madras, Bombay and Baroda, being 9½ p.c. In Coorg it ranged from 12½ to 25 percent. We are unable to guess what the peculiar local conditions could be that made such a heavy rate necessary. In Bengal and Bihar, it was 15½ while in the U.P. and Burma it was 15. In Assam it

ranged from 12½ to 18½. In Mysore it was between 9 and 12. The Punjab societies earned the largest profit owing no doubt to the large amount of owned capital. Madras societies made very little profit which in a large measure must be due to the exclusion of uncollected arrears of interest from the profit account.

Supervising Unions.

The total number of supervising unions in existence in 1919—20 was 988, of these Burma had 409, the C.P. 295, Madras 136, Bombay and Bihar 64 each, the United Provinces 10, Bengal 6, Assam 3, Ajmere—Merwara 1 and the Native State of Bhopal 4. It is noteworthy that the Punjab and the States of Mysore, Baroda and Hyderabad had none whatever. In the C.P. and Bihar the number of societies mentioned as affiliated to the unions is greater than the total number of all kinds of societies in those provinces owing to the figures for the Provincial Federations being included. It is obviously absurd to count the same primary societies twice or even thrice over, as it would be easily possible to do in some districts of our Presidency. We have local unions and then district councils to which all of them are affiliated and they are again affiliated to the Provincial Union, but the primary societies get their supervision only from the local unions. Surely, more societies cannot be affiliated to the unions than are existing. We hope those who compile these statistics will kindly recognise this simple fact. The unions of Burma do not appear to have employed adequate staff, for, its 409 unions had only 66 supervisors among them. The expenditure incurred on an average by the unions of the different provinces varied very considerably, being quite inadequate in most of them. It was highest in Madras and the C.P. being Rs. 674 and Rs. 613 a year respectively, and may be considered to be adequate. But in the other provinces it was as follows: Burma Rs. 277, Bengal Rs. 244, Bombay Rs. 131, the U.P. Rs. 64 and Bihar only Rs. 25. Obviously, in the last two provinces it could not be paid staff.

Cattle Insurance Societies.

The total number of cattle insurance societies in 1919—20 was 417 against 410 of the previous year. The large majority of them were in Burma, being 381. The Punjab had 22, Coorg 10 and Bombay 4 while the other provinces had none whatever. Though there was a slight increase in the number of societies, there was a fall in membership, the number of animals insured and the amount of premia collected. The cost of management was altogether negligible. There was one reinsurance society in Burma and another in the Punjab. These societies do not appear to be prospering even in Burma while there seems to be little chance of their taking root in India.

THE CHARKA : A CO-OPERATIVE IDEAL.

The following speech by Mr. C. P. Sundara Rao was addressed to the Rural Co-operators of Salem District:—

When first the good men came 15 years ago to tell you of a new way to pay your old debts, they spoke to you of Thrift and Self-help, as the foundation of the credit they made available to you. They insisted that you should turn your character into your capital. Lest you forget this moral basis of their movement, they inscribed it in your very first bye-law. We all took advantage of the credit but most of us did indeed lose sight of the noble lesson. "Cheap credit never made immoral or unmoral men moral." With its moral bearings lost, the movement went astray and no measure of any material benefit we may have got out of it can make up for the great betrayal of our first trust.

We have thus once more to relearn the lesson: Thrift and Self-help. We are all poor, half-starved, ill-clad and untutored. How can we save when we cannot have even a full meal a day? You speak true; but who should swallow the medicine—the accouchee or the accoucher? We must stumble and totter before we run. So then we must ourselves acquire the power to save and the capacity for Self-help. We may be sure it is easily done, if we sincerely will strive to do so. Repose will surely beget Reform. To save more, we should produce more and spend less. Other friends will tell you how you can make two blades grow where now you get only one. They will tell you of improved methods, suitable manures, handy machines and will commend to you special economic crops. Another friend will tell you how to find the best market to buy and sell to our best profit. A third will give you hopes of improvements in your conditions of labour, more secure tenures, more fixed and equitable taxes and greater facilities to advance your material interests. All these will no doubt aid you to produce more but I am not sure if your expenses will not grow too. It is indeed your duty to take advantage of all these; and co-operative agencies are fast developing to bring all the amenities of modern life within reach of the ryot and the artisan and the labourer. But in very one of these we depend on others and as the wise bird in the fable told its young "Nothing will be done so long as the farmer depends on others; but beware when he decides to help himself."

I will then tell you how we can help ourselves and combine together the old lessons of Thrift and Self-help. I would commend to you the true ideal of our fore-fathers plain-living and high-thinking.

We have fallen from this high ideal. We are now given to use many things which our fathers knew not. Not all of them are good. Many are very bad. They are most of them unnecessary to our mode of life. It is a false idea of progress that makes us cling to such new things.

though we have no use for them. Nature has always abhorred strange things not akin to it. A thorn always festers in the foot and never ceases to trouble until it is out. We must all throw off all such strange habits—we may retain only what is good and is of a piece with our own nature. The mango is wholesome but should we insist on eating the rind and the seed along with the juice? Let us take the essence of all that is good in the heritage of the West and reject the chaff. We will then find we need very little. We shall then spend less and yet be comfortable. Our primary needs are food and cloth. We shall consider it a pride that we can grow all we eat; and thank God for making our country fruitful in all that is really essential to human life. In this district for instance, we can 'eat off our own hands' all except salt and spices. I would suggest we should get the latter too by barter with our neighbours. I have seen salt paid for in kind in some villages. We can then be quite indifferent to the course of high prices and Exchange muddles and independent of the economic forces that grind us helpless down.

We can also grow our cotton. We can shear the flock we graze. We can gin, card, spin and weave in our villages. We did it not so very long ago. Our garments may be rough but they are our own. If fate should give us an ill-favoured child, do we throw it off? Our own cloth will last much longer; it will suit our climate better; it will be better adapted to our daily work which lies in the fields and forests. They will have a human interest to us. Why does the mother knit the cap for the baby? Why does the modern girl-wife make the necktie for her town-bred fashionable husband? Cannot a few annas buy either of these ready-made? No, but they lack the meaning that the labour of love has invested in the home-spun. Why then do you ridicule the thought that we can see more than meets the eye in our Charka and Khaddar?

Labour of love: That is what it is. You are your own master. You can choose where you would work, when you would work, what you would work on, with whom you will work and what you will do with that you have worked on. You can talk or sing, laugh or weep, rail or praise as you work on. You can build castles in the air, dream or contemplate and leave for a while the miseries of this work-a-day world. Labour ceases to be a Task under such conditions. It gives you rest and recreation. It exercises your muscle and expands your chest. Even after a day of hard grinding labour for your master, you can turn with relief to the Charka.

My friend murmurs something about amateurish effort. Yes, we have had too much of it in our co-operative stores and such like. But I commend to you the Charka not as a substitute for the work which I take it you now do so well, but only as a supplementary occupation to give you both pleasure and profit. I recently met about five hundred leaders

of a community famed justly for its practical wisdom and thrifty habits. They had given up spinning only for the past four decades. They see nothing unpractical or wasteful in taking to the Charka. I dare say at least ten out of the eighteen subcastes among our non-Brahmin friends have the instinct to spin and weave. Even if they have lost it they can easily relearn it. The Mahomedans have been expert weavers and I know many Panchama brethren who can both spin and weave. As for the Brahmin, he can adapt himself to any work under the sun. I therefore urge there could not be much waste of energy or material if we all take to the Charka as a cottage industry to afford us the directly needed supplementary income. An average family can earn eight annas a day and if they grow their own cotton as all my rural friends can do they can clothe themselves in a month and save their annual clothes bill. Such a home-industry will enable the middle-class house wife of the higher castes to add her own quota to the family income. We know how many knick-knacks even our busy ladies with all their work and worry could make up for fancy sales and ladies war depots. Cannot they now make up things useful, if not graceful, for a more serious and holier struggle to be self-sufficient in our food and cloth.

My friends are beginning to wonder if they have not been hearing more to a 'Non-Co-operation' Address. No, sirs, this is the true co-operation. If you had not forgotten your first co-operative lessons, there need have been no 'Non-Co-operation' movement. We have for the past half an hour been engaged in a co-operative exhortation. I have asked that the workman be his own master, that you should produce mainly for use and not for profit, that you should turn your character into your capital, that you should be your own producer and consumer, that you should harmonise all interests and work for the common good. All these are the sterling lessons of co-operation. I can assure you they are the orthodox principles of English co-operators. They would certainly welcome my advocating a policy of 'Back to the land,' and the idea of a free breakfast table in this land of National Resources inexhaustible and undeveloped. They will endorse my plea that every family should strive to have a source of supplementary income out of leisure-hour labour. They would support the idea that those who are skilled in the work should carry it on as a cottage industry if it can bring them as much income as they would get even if they flocked to factories and slaved in slums. Strikes there never can be and lock-outs will lose half their terrors. Labour can then assert and make good, and realise its claims for a fuller and freer share in the life of the Nation. Vices of city life will become more scarce. The problem of employment will solve itself. With a regular supplementary income assured more people can take to agriculture and the problem of increased food production will be better

tackled. The city and the village will interact healthily to the benefit of both. Centred each in his sphere of pure domestic activity no one will have the time nor need nor motive to desire another's gain. All strife of classes and clash of interests shall be hushed. Debt, drink, darkness and disease will be fought and conquered in their own den. If these are not the aims of co-operative activity, I am very much mistaken but I shall be convinced in good company with Holyoake and Plunkett, with Lord Meston and Sir MacLagan, and with Gokhale and Gandhi.

I have yet to answer one more brother. He says "What I took to be Non-Co-operation, may after all be true Co-operation. But how can I clothe myself now? My sister says it is rough and I find the stock of Khaddar is very limited." My answer is, the remedy lies with us. We must produce more and better. And as for my sister's complaint, did not Sita go in rough fibre cloth for fourteen years? Did not Damayanti go half-clad? Do you think Droupadi took a wardrobe of garments? Do you, the heir of their traditions, grumble? Fie! you make or mar men. Be a worthy descendant of Savitri and save your husband from what is worse than Death. And you high-placed and soft-fingered aristocrat! Remember what life Bharata led for his ideal, what occupations Bhima and Arjuna took to when in the thirteenth year of their exile they had to earn their living by their hand, unknown and unhonoured. But enough: that way madness lies. For how are the mighty fallen and these be pigmies in whom Vivekananda long ago sought to rouse by reminding them of the seed of God in them!

Most of us are weak and dare not assert ourselves; and we would have none of Prophets. But please remember what an old courtier steeped in intrigue, the man of wordly wisdom, advises his dear son, his learned son, starting on his life. He does not advise any "Opportunism" nor any "Trimming". He concludes his most practical advice with the words "This above all: To thine own self be true" and clinches it with the ideal "Thou canst not be false to any man"—a paraphrase of the Co-operator's Ideal of Self-help and Fellow-feeling. Will a descendant of Bhishma and Yudhistira be shamed by a Polonius?

With self-help will come self-realisation and with it self-control and we know the wise saying of the English Poet:

"Self-knowledge, self-reverence and self-control, these three alone lead to Sovereign Power."

Mother India expects every co-operator to do his duty. God be with you.

THE BOMBAY PROVINCIAL CO-OPERATIVE CONFERENCE.

The Bombay Provincial Co-operative Conference met in the Council Hall on the 22nd August last, H. E. Sir George Lloyd presiding. This is the first conference of the representatives of the co-operative societies of the Bombay presidency since its management and organisation have been entrusted to non-officials. There was a large attendance of both officials and non-officials and among those who occupied seats on the dais with H. E. the Governor were the Hon. Sir Ibrahim Rahimtulla, the Hon. Mr. C. V. Mehta (Vice-President of the Conference), Mr. Otto Rothfeld, the Hon. Sir C. H. Setalvad, and the Hon. Mr. R. P. Paranjpye. The Chief of Sangli, the Jagirdar of Ichalkaranji and other Indian Chiefs were also present.

Governor's Speech—Central Co-operative Institute.

The following are extracts from His Excellency's opening speech.

One of the most noticeable features of the co-operative year in fact has been the very rapid and very beneficial development of the Institute. Its activities have been extended in many directions with the utmost advantage to the movement as a whole. The establishment of a Central Standing Committee sitting on regular days has perhaps been the turning point in the growth of the influence of this body. Shortly after this change, a training class in English was inaugurated last rains for the benefit of college students and the general public. I am informed that this class was largely attended and that it has now become an annual fixture. The effect of having a regular and consistent course of lectures delivered by the leaders of the Co-operative Movement including the official at the head of the Department must obviously be valuable to its future by producing year after year a succession of young men alive to its possibilities and ready to strive for the increasing prosperity of their country. In addition to this English Class, continuation classes were also held throughout the year and schemes for training Honorary Organizers and Bank Managers formulated which have just been brought to fruition. In addition to this work conducted by the Central Institute in Bombay City, it also held secretaries' classes in the Central and Southern Division. What, however, is perhaps for the future the most important of all its activities is that it has started branches in each of the great racial and administrative divisions of the Presidency. In order to bring these branches into full working order my Government has recently, on a recommendation of the Institute and of the Registrar, sanctioned a special appointment of one of the most experienced officers of the Department to work in harmony with the Institute in arranging the actual office and administrative organization of those branches. His report will. I

understand, he shortly before my Government and I anticipate that as a result of its consideration it may be possible to take further steps in co-operation between the non-official Institute and the officials of the Department to increase the efficiency and the activity of this important propagandist and teaching body. I have no doubt it is already fully realized by all the delegates present that the existence of the Institute and its growing influence is a source of strength to even the poorest member in the humblest society and that its guidance and opinions should be as valuable and as valued by every society in the Presidency as they undoubtedly are by the Co-operative Department and by Government. Such a central organization has in every country of the world, in which co-operation has spread, been the foundation on which its policy and its safe and disciplined extension have been based. Should there be any present who have any doubts upon the subject or who have failed so far fully to appreciate the importance of supporting the central body, I trust that my words may awaken them to the urgent necessity of securing the affiliation of all societies within their spheres of influence and the regular and prompt payment of all subscriptions as well as the regular reference to the Institute of all doubts and difficulties. I here wish especially to express my obligation to the Hon'ble Mr. Lallubhai Samaldas, the Vice-President, and Rao Bahadur Talmaki, the Secretary of the Institute for their constant activity and zeal.

Overdue Arrears.

After referring to the peculiar unfavourableness of the season during the year, he said: The overdue arrears in the co-operative movement, I see, have very unfortunately risen from 8½ lakhs to over 16 lakhs. This means that the overdue at the present moment amount to about 12 per cent of the total working capital of the rural credit societies. Such overdue, it is needless to say, form a very serious burden upon the movement and I trust that every effort will be made, especially if, as I hope this season turns out favourable, to reduce them to an amount which at the most should not exceed 1/20th of their working capital. If, as I notice the Registrar in his report is inclined to think, a considerable portion of these overdue are caused not merely by the unfavourable nature of the season but by neglect of their duties by managing committees of societies or by guaranteeing unions or by neglect of business principles on the part of directors of any banks, I hope that they will seriously reconsider the position and realise their responsibilities. It is not merely that the money which is not repaid belongs to their own brethren and has been deposited largely by poor men through the confidence felt by them in the future of this popular movement but also that any laxity once introduced into a movement so dependent upon mutual trust and so reliant upon self-help and fraternal unity will quickly destroy the very

basis of co-operation and sap that solid morality which should be its finest fruit.

Unimpeded Progress.

Laying aside this question of overdue, however, I am extremely glad to see from the Registrar's report that in spite of the difficulties with which the Department and its many whole-hearted non-official helpers have had to contend, the movement as a whole has progressed, at a rate certainly not less than in the past and in some ways even more promising. I find that the number of agricultural societies alone is now 2,264 as compared to 1,993 last year and that their working capital has increased from 108 lakhs to 133 lakhs. Resource societies as a whole numbered 3,079 with a working capital of three crores and 10 lakhs on the 31st July. The number of societies registered under the Act in all three branches of the movement now amounts to well over 3,000 and the working capital to over three crores and forty lakhs. These are imposing totals which show a clear and consistent growth and an unimpeded triumph over the obstacles placed, sometimes even deliberately, in its way. That such progress must be of almost unlimited advantage to the advancement and prosperity of the country is clear and this is supported by my own experience. I have twice this year been privileged to receive deputations from the members of co-operative societies once in Sind where I received deputations both from the agricultural co-operators of that province and from the members of the Co-operative Housing Societies in Karachi and once in Satara. In both cases I have been struck by the full reliance placed by those gentlemen upon the efficacy of the movement and its actual service in furthering what lies close to their hearts, the cause of popular prosperity, and of disciplined and rational independence in thorough co-operation with the Government of the country. It seemed clear to me that these deputations represented the finest type of working cultivator and thinking educated middle class in the country, men on whose efforts to advance the conditions of the people, the future of the country must depend.

Urban Credit Societies.

Last year at the conference I took the opportunity to impress upon the delegates that a big task lay before the urban credit societies of the Presidency. I pointed out that the Co-operative Movement had in respect of moffusil banks a virgin field before it and that I saw no reason why co-operative banks of the Italian Luzzati type should not penetrate the whole field and take up the work of supplying the Presidency with the banking facilities which are obviously required for its prosperity. I expressed the hope that all concerned would make every effort to work up to an ideal of having one urban peoples bank in every Taluka which had any considerable commerce or industry. When I contemplate the result

of this year's work in this respect I confess that I find much to encourage me in my hopes. I notice with much pleasure that the number of urban credit societies of all kinds has risen to 513 and that new recruits to this branch of the movement have been enrolled in Shikarpur and Hyderabad in the province of Sind. With particular pleasure I notice also that those which are really urban banks as distinguished from mere societies—I mean those urban credit societies which have a working capital of Rs 50,000 or over—have very greatly extended the scope of their operations. Two of them in particular had a turnover of more than 20 lakhs in the course of the year. It is also very satisfactory to me that the suggestion which I then threw out, of extending the use of cheques has been freely followed in the last few months, and has already achieved considerable proportions. I find that excluding the railway societies a turnover by cheques or bills of exchange of over 58 lakhs is already reported. Such figures give every promise for a vast extension in the future.

A Non-official Movement.

In this Presidency my Government has deliberately and after considered reflection decided that the Co-operative Movement should be as largely as is possible, a non-official movement, guided and controlled it is true by certain high officials and their audit staff, as provided for by the Act and the rules framed by Government. Our establishment and the consequent cost to the taxpayer have been kept as low as is possible subject to the due performance of these statutory duties and obligations. I have not contemplated and I cannot contemplate saddling the taxpayer with the vastly greater expenditure which would be necessary if it was expected that Government officials should do the work falling upon financial institutions and from which those institutions derive their profits. I therefore would ask those who are delegates from District Central Banks to realize that their profits and their successful performance of their duties and must depend upon their own exertions. It will be increasingly difficult as the number of societies increases for the small Government maintained departmental staff, increasing as it does only in the strictest ratio to the increase in the number of societies, to undertake the discharge of those functions in regard to the collection of loans and the supervision of societies which rightly fall upon the shoulders of non-official organizations and of non-official District Banks. To the other delegates who are present in this conference I would venture to add that the District Banks are their own institutions and that the election of directorates depends upon their votes. It is for them, therefore, in the interest of all societies in the district to see that they elect directorates who are alive to these responsibilities and who will not be timid about

engaging that establishment which is required and incurring that expenditure which is necessary but which will also be remunerative. They can make their voice felt at general meetings and they can insist upon general meetings being called. They can express their grievances at those meetings and they can ensure a systematic and regular investigation of the methods of their own Central Banks.

The Responsibility for Failure.

If there is a failure to live up to the responsibilities imposed upon the agencies on which by the very nature of the circumstances they depend for finance, the fault will be with themselves, and they can hardly complain if the consequences should fall upon their own shoulders. I trust, however, that there will be no such fault. I trust and I believe that the District Banks are awakening to their responsibilities. I see with the greatest of pleasure that the most important of these District Banks at any rate has now opened branches, framed efficient rules for them, and appointed a trained Manager and trained Inspectors. Others will no doubt follow suit very shortly. But depend upon it, if the members of societies and the societies themselves are to have credit available when required and as required neither in defect nor in excess, if the credit obtained is to be used usefully in productive work, if collections are to be made promptly and extensions given when needed, if above all the Co-operative Movement is to produce that feeling of solidarity and that moral upraising which it is intended to produce, then the District Central Banks must be kept all the time in the closest and most intimate touch with their customers, must be amenable to the public opinion of the co-operators in the district, and must have the courage to assume the full liabilities which they are allowed to assume by the Act and to engage the staff which they require for the proper development of the business. If they do this they will not only have performed their proper part in the development of their country's resources but they will also derive from their activities a larger and more settled profit for their share-holders.

Co-operative Housing.

Co-operative Housing, I need hardly remind you, is new in all parts of the world and the legal questions turning mainly upon the combination of restrictions with ownership are not easy to overcome. I can assure you, however, that steps are being taken to obtain the best advice in the matter and that I trust that it will shortly be possible for your Registrar to put before you model bye-laws suitable to Indian conditions, which may safely be adopted by all societies of this class. In the case of Karachi the societies have had to face a difficulty peculiar to that city. The land available for building upon is vested in the Municipality and the Muni-

pality had first to be persuaded to view favourably the allotment of land from this property to co-operative housing societies and then to draw up bye laws for that purpose. These bye-laws were recently before Government for approval and received the sanction of my Government without any delay. The matter is now again before the Municipality which has to fix rates for the land to be handed over to the societies and to settle these allotments. I understand that the Municipality has referred these questions to a sub-committee and I can only trust that the sub-committee will do its work carefully and quickly and fix terms reasonable both to the Municipal tax-payer and to the societies. In Karachi the societies have very wisely formed themselves into a Union which, once the Municipality has fixed the terms and allotted land, will provide for its further amicable division among the societies and will also collectively obtain material and, where necessary, set up its own brick and other factories. This is a step which appears to me to be full of promise for the rapid accomplishment of their work by the societies the moment they are put in possession of the sites allocated by the Municipality. The formation of such a union is a measure which I should also like to place before the Housing Societies of Bombay for their consideration. I cannot but feel that if they were organized into such a union and prepared themselves where necessary to work their own factories, they could approach bodies like the Development Directorate or the Improvement Trust with much greater weight and reliability and would be able to accomplish their purpose with greater ease and rapidity. The removal of congestion is a matter of such urgent importance that I can assure you that my Government will receive every representation and suggestion on the subject with the greatest of pleasure and will do its utmost to provide all facilities that lie within its power. I may perhaps just mention here with congratulations to all concerned that the loans provided by Government for the assistance of Housing Societies were practically fully utilized in the last year and I hope they will again be used fully during the current year.

Registrar's Report on Previous Year's Resolutions.

Mr. Otto Rothfeld, Registrar of Co-operative Societies, then submitted his report on the action taken on the resolutions of the previous conference. He said:—

Your Excellency and Gentlemen.—Although this Conference is entirely organized by the Central Institute, yet the Vice President of that body has kindly invited me in accordance with the former practice to place briefly before the members of the Conference the results of the action taken on the resolutions passed last year. The resolution passed in regard to Audit Fees, a very important matter that affects the policy of Government in regard to the movement in very material aspects both of finance and responsibility, has, I am glad to say, been accepted by

Government in full and has been followed in practice since the receipt of those orders last February. With all these gentlemen sitting here invited by the Institute and elected on the basis approved by last year's Conference, it is hardly necessary for me to say that the resolution drawing up our scheme of representation also has met with the complete approval of Government. Orders have not yet been finally issued in regard to the resolution about the acceptance of non-members as sureties for loans taken by members of Co-operative Societies. The cause, however, is this. By law such modifications of the rules require lengthy and public notice. After the first notice had been issued, certain objections were received which seemed to make some slight modifications in the direction of greater leniency desirable. The rule as now suggested with these slight modifications has therefore again had to be published in order to meet the provisions of the law. It is, however, practically certain that the rule as modified will meet the approval of Government.

The Conference last year also recommended the enlistment of stipendiary workers to advertize the advantages of Consumers' and Producers' Societies. This resolution also obtained the administrative approval of Government and provision for the entertainment of two officials of this class was made in the first draft budget of the Department. I regret, however, and I have no doubt that members of this Conference will share my regret, that financial circumstances made it necessary at the last moment to omit this provision and to postpone the entertainment of such officials to another year. In regard to Night Schools, the administrative arrangements suggested by the Conference have been brought into force. It was, however, impossible, again for financial reasons, to make the necessary provision for taking over the cost of inspection by Government. It will, however, be gratifying to all present to be informed that Sir Vithaldas Thackersey with his usual munificence has kindly consented again to bear the full cost including that of inspection during the current year. These constitute all the matters dealt with by the Conference which required the orders of Government. Resolutions, however, dealt with other matters of importance not requiring such approval and I think it may be of interest to delegates to this Conference to hear briefly what action it has been possible to take within the movement on those other questions.

A Popular Banking System.

All the gentlemen present are, I think, aware of the fact that very considerable efforts have been made to introduce in Central and Urban Banks the use of cheques against current accounts and the use of cash credits and I think that if you turn to my Administration Report which is now in your hands you will find reason to regard with some satisfaction the progress that has been made in this direction. Much of course still

remains to be done, but I think we may congratulate ourselves on having taken successfully the first steps towards evolving a really popular banking system in the hands of the people and controlled by the people. The other recommendations of the finance committee have also been followed. But I regret that the organization of further Urban Banks has proceeded more slowly than I would have liked, though I thank Your Excellency for your encouragement and commendation. I trust that as advised by Your Excellency all members of this Conference will themselves make a determined effort to organize such Banks in all Talukas of importance in which they may have influence. The special committee are being brought into action by the Central Co-operative Institute. As you are all aware also, a separate branch of the Institute has been started for the city of Bombay.

None of the branches however has so far been able fully to take in hand the work which it is their duty to perform. Government, however, has come willingly to the rescue and has appointed a Special Assistant Registrar of experience to bring the branches into working order. You, Gentlemen, will be called upon to deal with the recommendations made by Mr. Naik, the Special Assistant Registrar, and I do not propose to say more on this subject at this stage or in any way to prejudge your conclusions. I regret to say that the special committee appointed to endeavour to reconstitute the wholesale society failed to achieve its purpose. In spite of all efforts it proved impossible to organize a Union of Consumers' Societies in Bombay City which could take over these bodies on a practical and working basis. The wholesale society has therefore to my great regret had to be dissolved. That this is a setback to the movement must be admitted. I believe that we may find some consolation in the fact that even in England similar misfortunes occurred at the beginning of the movement.

Sales Societies.

In regard to Cotton Sale Societies the resolutions of the Conference have been followed and have been of great utility. For the organization of other societies I place great trust in the further co-ordination of the Agricultural and Co-operative Departments which is now well within sight. These, Your Excellency and Gentlemen, cover all the subjects dealt with in last year's Conference. On the general status of the movement I do not wish to say much here. In the Report of the Department which you have in your hands, I have dwelt fully on the difficulties which we have had to combat during the last year. The progress made has not been quite as rapid as I could have hoped and it must be admitted that here are still here and there faults in regard to the morale of the movement. But I think I may say with confidence that the progress which has been achieved in the face of quite unprecedented difficulties is a proof

of the essential strength and soundness of the Movement and an augury for its greater achievements in the future. His Excellency has already placed before the Conference with all his authority and all his experience the points to which special and early attention must be devoted by all who have made the cause of Cooperation their own. I have nothing to add to this authoritative advice. I have only again to add my own humble request that all concerned will revolve this interested and sympathetic advice most carefully in their minds and will display persistence and continued effort in confirming the validity of our movement.

May I, Your Excellency, be allowed one personal word? I regret that I am forced by circumstances to take leave in the near future and to give up for some months my active concern in the administration of this Department. I trust, however, that the activities initiated will not be abandoned and that all concerned, official or non-official, will combine to maintain the work of the Co-operative Movement at its present high standard of energy and devotion. I know that I can trust my successor fully to devote his best services and all his activities to the furtherance of our purposes as far as it lies with the powers of a departmental officer to do. But I cannot close these few remarks without giving utterance to the very great gratitude that I feel for all the unstinted assistance and unswerving collaboration that has been extended to me within the last 18 months by all the non-official gentlemen connected with the movement. They are so many that I cannot venture to repeat their names. Many of them have been mentioned in my Annual Report and I should only have been too glad to have made the list larger had it not exceeded the permissible limit of space. But I do feel that it is only to their encouragement and to their constant and patient discussion and effort that I owe whatever I have been able to accomplish on account of this great and popular movement. I give them all my thanks and I hope to return again to find them once more my willing companions in the march onwards to greater economic prosperity and development.

Needs of The Institute.

Mr. G. K. Deodhar, Vice-President of the Bombay Central Co-operative Institute, followed with an address describing in detail the progress and development of the institute.

On the motion of Mr. Lalubhai Samaldas, a hearty vote of thanks was accorded to His Excellency the Governor for presiding at the Conference.

His Excellency, replying, said he followed the co-operative movement with great interest. He considered it so important that no effort on the part of Government to promote it would be too great. He thought they all desired that one word of thanks to Sir Vithaldas must also be

given for his generosity and assistance to the movement. He wished them a prosperous year and a further advancement to the cause of co-operation in every respect throughout the Presidency. (Applause.)

His Excellency then left the meeting and the Hon. Mr. Mehta took the chair. The only business which was then transacted was to appoint seven sub-committees to consider certain subjects.

The following are among the Resolutions that were passed at the Conference.

That while it is necessary to increase the amount of owned capital in agricultural credit societies no definite proportion between owned and borrowed capital can and should be prescribed.

(1) That the Central Institute, its branches and the District Banks and Unions should each have a library of books on co-operation and should make the books in their respective libraries available to different important centres within their area on the lines of travelling and circulating libraries. (2) (a) Mr. Naik's paper was carefully examined by the committee and they are of opinion that his suggestions regarding the constitution should be sent to the institute for consideration and report and (b) the suggestions for propaganda training, etc., are generally approved and the Government be requested to give an annual grant of Rs. 30,000 to the Institute for three years for the work. (3) That a committee be appointed to consider which of the nonstatutory functions of the Registrar can be transferred to the non-official co-operative organizations and to make recommendations regarding the same.

That systematic attempts should now be made to redeem of their debts the members of such societies as have been in existence for some years and are being well managed provided, (a) that complete liquidation schemes are prepared as detailed in Mr. Mehta's note, (b) only such members as have shown themselves thrifty and capable of utilising their loans properly are so redeemed and (c) the members who are to be redeemed give an undertaking that they will not have recourse to borrowing from any outside agencies without the society's consent. (2) That the necessary funds should be provided partly by apportioning a part of the ordinary capital of the Central Banks, but chiefly by allowing the Provincial Bank to issue debentures for this purpose, guaranteed by Government. (3) That selected credit societies should be permitted to purchase agricultural requirements for their members on the indent system. It is not at present desirable to introduce general purposes societies in this Presidency. (4) That unions may be empowered to make arrangements for purchasing goods for their members and to sell their produce as agents.

This Conference recommends the formation of a union or unions among co-operative housing societies for the following purposes among others, (1) financing of the union societies, (2) negotiations for acquiring land, (3) purchase of building materials, (4) the arranging for transport and (5) securing expert assistance. The resolution was carried and a committee was appointed for the furtherance of this object.

The Government of Bombay should be moved to declare that tenant ownership societies which undertake to abide by the following five restrictions should be given the same facilities and status as are given the housing societies, (1) all land must belong to the society, (2) the land should be paid for by the members but the land should be conveyed to them by a lease and not by sale, (3) the lease should lay down that the transfer of the land or the house built upon it will not be made without the permission of the society, who will be required to see that no inflation of prices and profiteering takes place, (4) the lease should also lay down that in the event of the house being let out by the member the tenant shall have to be approved by the society, which shall lay down that in no case should the rent be more than a certain percentage of the certified and registered cost of the house, and (5) in the event of the conditions of the lease being violated, the society should be entitled to terminate the lease on conditions to be provided therein.

It is recommended that tagai under the Agricultural Loans Act should be given to members of co-operative societies only in years of scarcity, that all loans given under the Agricultural Loans Act 12 of 1884 or the Land Improvement Act 19 of 1883 should be made through societies; that no application for advances should be granted unless recommended by the central financing agency, to which the societies applying for loans are affiliated. As regards limits to tagai loans and the period for which they are given, Government should be requested to make no distinction between members of a co-operative society and non-members.

Dr. Harold H. Mann then presented to the conference three resolutions recommended by the sub-committee which was appointed to consider various proposals regarding the directions in which co-operative activity in connection with Agriculture should be developed. The resolutions were as follows.

The Conference recommends that in suitable tracts, and particularly in the famine tracts of the Bombay Presidency, a new type of society be evolved and encouraged by which the whole credit of the members, including their interests in their land for one or more years, should be

pooled, and that joint cultivation and joint expenditure should be undertaken on their joint credit with the assistance of the agricultural, revenue, public works, and any other departments concerned, and that a new series of by-laws be devised to provide for such societies.

The Conference recommend that such a society as that contemplated under the above Resolution, should be also permitted to undertake secondary industries allied to agriculture on the joint credit of the members and that the proposed by-laws should provide for their doing so."

The Conference recommends that societies similar to those contemplated under that Resolution would also be suitable in other than famine tracts for the development of irrigation and the improvement, of co-operative farming and that they should be encouraged for this purpose.

REVIEW.

CO-OPERATION IN THE CENTRAL PROVINCES.

The Report of the Co-operative Department in the Central Provinces and Berar for the year 1919-20 just to hand reveals very interesting developments. The number of registered societies rose from 4223 to 4885 and the membership from 123,887 to 145,750, and the working capital from 19,189,709, to 24,682,544.

The Registrar's report reveals very strongly the inadequacy of the Departmental staff to cope properly with the increase of work in the Co-operative Department and the increase of the superior staff seems to be necessary.

Writing about the utility of the system of guaranteeing unions the Registrar writes. "All who have direct knowledge of the system know that the credit of each individual society comprising a union is assessed by the collective wisdom of the best brains in the union, not with reference to the credit which was allowed to it during the preceding year, but with reference to its financial soundness and its knowledge of and observance of co-operative principles." As it is, they have been found to serve a very useful purpose. The number of registered unions is 294 and this increase is indicative of a hopeful development.

The Registrar is satisfied with the working of the Central Banks. Writing on the question of the Provincial Bank the Registrar says, 'The year marked an important modification in the constitution of the Provincial Bank. The shares of all individual shareholders have been redeemed and the Bank is now owned entirely by all the Central Banks in the province.' Repayments of loans were quite satisfactory.

The Central Provinces Co-operative Federation has during the year taken certain steps to meet the criticisms levelled against it in last year's report. The Governor of the Federation has been relieved of the management of the Provincial Bank. The Federation devotes considerable attention to organization and training classes were opened at selected places for the training of literate members of societies in accountancy and audit.

There are in the Central Provinces 31 co-operative stores, 2 Gaoli's societies, 1 Dairy, 1 Motor Union. The Registrar writes 'the stores are on probation.' The object of the store is not to engage in a war of under cutting with the professional shopkeeper, but to supply in each commodity handled the best and purest quality at the prevailing market rate; the profits which ordinarily go undivided into the pockets of the shopkeeper being periodically distributed in the form of rebate with subscribing members in proportion to the amount of their purchases. Further the report observes 'though our policy favours 'swadeshism' it has no concern with the sentimental or political swadeshi instinct that refuses to countenance the import of foreign goods for no better reason than that of their foreign origin.' The stores supply something of what in India's present stage of progress towards self-government is most vitally necessary—a training in citizenship.

The public of the Central Provinces have supported the movement well and more especially the latest form of its manifestation—the stores.

S.V.

THE ETERNAL CRITIC:

Co-operation and Human Nature.

[BY GEORGE JACOB HOLYOAKE.]

The moral miracle performed by our co-operators at Rochdale is that they had the good sense to differ without disagreeing, to dissent with each other without separating to hate at times, and yet always hold together.

In most working classes, and, indeed, in most public societies of all classes, a number of curious persons are found who appear born under a disagreeable star. They breathe hostility, distrust, and dissension. Their tones are always harsh. It is no fault of theirs; they do not mean it, they cannot help it. Their organs of speech are cracked and no melodious sound can come out of them; their native note is a moral squeak. They are never cordial and never satisfied. The restless convolutions of their skin denote a "difference of opinion," their very lips hang in the form of a "carp," the muscles of their faces are "drawn up" in the shape of an amendment, and their wrinkled brows frown with an "entirely new principle of action." They are a species of social porcupine, whose quills eternally stick out. Their vision is inverted; they see everything upside

down. They place every subject in water to inspect—where the straightest rod appears hopelessly bent. They know that every word has two meanings and they always take the one you do not intend. They know that no statement can include everything, and they always fix upon whatever you omit and ignore whatever you assert.

These people join a society ostensibly to co-operate with it, but really to do nothing but criticise it, without attempting patiently to improve that of which they complain. Instead of seeking strength to use it in mutual defence, they look for weakness to expose it to the common enemy. They make every associate sensible of perpetual dissatisfaction, until membership with them becomes a penal infliction and you feel that you are more sure of peace and respect among your opponents than among your friends. They predict to everybody that the thing must fail—until they make it impossible that it can succeed—and then take credit for their treacherous foresight and ask your gratitude and respect for the very thing that hampered you. They are friends who act as the fire brigade of the party; they always carry a water engine with them, and, under the suspicion that your cause is in constant conflagration, splash and drench you from morning till night, until every member is in an everlasting state of drip. They believe that co-operation is another word for organised irritation, and, instead of showing the blind the way, helping the lame along, giving the weak a lift, imparting courage to the timid and confidence to the despairing, they spend their time in sticking pins into the tender, treading on the toes of the gouty, pushing the lame downstairs, leaving those in the dark behind, telling the fearful that they may well be afraid, and assuring the despairing that it is "all up."

A sprinkling of these "damned goodnatured friends" belong to most societies. They are few in number, but indestructible. They are the highwaymen of progress, who alarm every traveller and make you stand and deliver your hopes. They are the lagues and Turpins of democracy, and only wise men and strong men can evade them or defy them. The Rochdale co-operators understood them very well—they met them—bore with them—worked with them—worked in spite of them—looked upon them as the accidents of progress, gave them a pleasant word and a merry smile, and passed on before them. They answered them not by word but by act, as Diogenes refuted Zeno. When Zeno said there was no motion, Diogenes answered him by moving. When adverse critics, with Briarian hands, pointed to failure, the Rochdale co-operators replied by succeeding.

Whoever joins a co-operative society ought to be made aware of this curious species of colleague whom we have described. You can get on with them very well if they do not take you by surprise. Indeed, they are useful in their way; they are the dead weights with which the social architect tries the strength of his new building. We mention them because they existed in Rochdale, and that fact serves to show that the pioneer co-operators enjoyed no favour from nature or accident. They were tried like other men, and had to combat the ordinary human difficulties.

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Registrar, Co-operative Societies, Punjab.

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Sungudi or spotted sarees made of mull or ordinary kasa or handloomwoven cloths, in several patterns, red or black colour with or without border or lace. The value of a cloth ranges from Rs. 7 to Rs. 15 according to the lace and kind of cloth used. (ii) Palukka sarees from Rs. 4 to Rs. 15 each. (iii) Coffee colour sarees from Rs. 6 to Rs. 20 each with lace or silk borders. (iv) Superior silk sarees in different designs made to order only.

(b) Cloths for men.

(i) Fine lace uppers in 120s to 200s in various fashionable varieties from Rs. 3 upwards. (ii) Handloom woven dhoties. (iii) Fine lace turban cloths. (iv) Superior mulls dyed in rose colour in full or half called Saya Vayshties. (v) Inferior cloths dyed in red, ordinarily worn by labourers, fishermen and similar classes.

II Dyed Yarns.

Madura fast red, chocolate colour, black colour, etc. dyed on Madura Mill yarn from 20s upwards can be supplied to any extent.

Preference will always be given to orders from sister Co-operative Societies. We are also prepared to book wholesale orders for goods with special specifications.

TO LET

THE Madras Bulletin of Co-operation.

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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

The Sydapuram Soap Stone Quarry Workers' Co-operative Society in Nellore district is an interesting industrial society which was started in December 1918. But during the last co-operative year its work was far from satisfactory. The membership and paid up share capital were stationary and all the outstanding loans were overdue. During the period under review stock worth Rs. 1668 odd was purchased and that worth Rs. 2300 odd was sold. The establishment and contingent charges came to Rs. 530 odd. It is obviously too high for the transactions. The society nevertheless worked at a net profit of Rs. 375—0—4. The idea was entertained for a long time of supplying an oil engine to the society for pumping out water from the quarries but we learn that after much correspondence it has been abandoned on account of the prohibitive cost. According to the by-laws more than 40 per cent of the net profit is to be distributed as bonus among the members but unless the overdue loans are paid no bonus can be distributed. We trust the society will receive the special attention of the Assistant Registrar and of the local supervising union and that more life and activity will soon be put into it.

During the co-operative year 1920—21, the number of societies in Assam increased from 475 to 560, which must be considered fairly good progress. But it seems many more societies would have come into existence but for the difficulty of finding finance for them. The Registrar says in his report, "As a matter of fact, it is dearth of Capital which is mainly hampering further expansion. There is an incessant cry for more societies in several localities, but, as stated in my last report, it is impracticable to further accelerate the rate of progress until better financing arrangements are made. It is hoped that the Provincial Bank which is going to be established shortly will solve the difficulty largely." It appears attempts are being made to start credit societies among time-expired labourers settled near tea gardens. A few societies have been started as an experimental measure among immigrants from East Bengal. Co-operative matters are improving in every direction in Assam since the creation of a Co-operative Department about three years ago.

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The following interesting general remarks occur in the concluding part of the Registrar's report:—"There have been failures no doubt here and there, but on the whole the progress has been throughout steady. Co-operative societies like other human institutions cannot all be expected to run with uniform success. It is, however, neither just nor proper to exaggerate the failures while overlooking the immense good done by the large majority of successful societies. In order to avoid exaggeration the bare facts have been stated so that anyone may draw the correct conclusions. It will appear that the individual members of the various types of credit societies in the province owed to their societies a total sum of over 9 lacs at 12 per cent, interest on an average. If we take the average rate of interest for unsecured loans prevailing in the country to be 24 per cent.—in many localities the money-lenders' rate is as high as 60 per cent.—does not this mean a net saving of Rs. 1,08,000 to members in interest alone every year? The Reserved Funds of all classes of societies at the end of the year stood at the substantial figure of Rs. 2,30,777. This sum is indivisible and no member can claim any specified share in it, if all the societies are closed down to-day, will not this handsome amount be available for use in works of public utility? Let us now turn to the non-credit type of societies. The Co-operative Stores sold to members during the year goods of the value of Rs. 3,14,309. The members not only obtained unadulterated articles at a cheaper price, but also, out of

the profits received dividends on their share money besides rebate on purchases. It is not perhaps generally known that Co-operative societies have, out of their funds, founded scholarships, erected or repaired school-houses, constructed village roads, assisted public dispensaries and introduced improved Agricultural machinery such as Sugarcane Crushing Mills, as well as improved industrial appliances such as fly-shuttle looms and sleys. All these are, however, material advantages. The moral side should not be overlooked. Three years' close association with the movement has enabled me to perceive clearly that fellow feeling and comradeship, which were well known virtues of our social system in the past and which were being gradually undermined by the individualistic tendency of the present day, have received a great stimulus from the gospel of co-operation, the motto of which is "All for each and each for all." Members of Societies, far away in the interior, have, in many instances, shown great consideration to poverty-stricken brother members or the families of deceased members in distress. Partial or total remission of interest or of both interest and principal on the ground of poverty or helplessness is a very common occurrence. The poorest members to whom the local money-lenders seldom allowed credit or who, when credit was allowed, had to work as slaves of their creditors either in the field or as domestic servants have been able by means of co-operation to obtain credit without undergoing servitude. Such uplifting of the economically depressed classes cannot but have a deep moral effect. In the place of what may be called "slave mentality," to use a modern phrase, a feeling of self-reliance and self-respect has been fostered and that is why the little kings of the rural areas who have so long been lording it over the poorer classes do not conceal their hostile attitude towards the movement."

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We do not meet with active opposition from interested persons to the organisation of co-operative societies; our propaganda meetings are not broken up as political meetings are. At the most we have to contend with apathy and indifference. Not so in Ireland in the early days of the movement where the grocer-money lender was quick enough to foresee his own ruin in its success and with liberal supplies of drink got together roughs to break up meetings. Mr. James Deans, a Veteran Scottish Co-operator who did much propaganda in Ireland, mentions his experience in one place as follows:—"The meeting was in a market hall, and when I got in it was to find the building crowded, some of the audience sitting

on seats which were round the sides, but most of them standing in the centre. Caprain O'Brien took the chair, and just before he started to speak, a tall Irishman, who carried a dog in his arm, came up to the platform and sat down behind us. The chairman had great difficulty in getting quietness, but he had just succeeded and had spoken for a few minutes, when the man with the dog pinched the animal's tail and made it howl at a terrible rate. This was, of course, great joy to the opposition, and they howled in unison with the dog. This went on all night, and a few minutes' quietness was always sure to be followed by a renewed outburst from the dog. In spite of this, however, many of the people were genuinely interested, and the "anxious inquirers" at the close of the meeting were so numerous that it was a very late hour before we were able to leave the hall."

..

We are in receipt of a brief statement of the working of the above Society from the time of its birth. It was started in 1912 with the sole object of redeeming the backward and illiterate community of scavengers from the clutches of money-lenders. Many earnest honorary workers gave hearty support and the society passed on from success to success. The figures for last year are as follows:—

No. of members.	Paid up share capital	Loans advanced	Reserve Fund.	Profit earned.
212	Rs. 1,009	Rs. 6,376-14-5	Rs. 1281 6 11	Rs. 123-13-8

Taken as a whole, the result was not quite satisfactory as compared with last year, but it must be conceded to its credit, even the present position is one of which the society could be proud. The amount of the Reserve Fund is quite covetable.

To ensure the safety of dealings, the members are divided into a family wherever possible or sections of about 10 members; at the head of each family or section is a headman who is also responsible for the proper expenditure of loans taken and their due discharge. The system is very commendable and rural societies might adopt it with profit.

The other activities of this society are multifarious. Every year cloth worth Rs. 1,000 is purchased wholesale and distributed to the members a few days before the Mariyamman festival. Out of the dividend earned by the members a Mariyamman temple has been constructed in their colony at Gogai. In 1919, owing to the scarcity of food grains, arrangements were made with the local stores and subsequently with the Municipal Council for the supply of rice to members up to Rs. 400 per mensem. In

April of the same year, the society undertook the contract with the Salem Municipality of supplying 21 bullocks for night-soil carts at Rs. 10 per animal per mensem and realised Rs. 745 as profit; in 1920, the rate was Rs. 9-8-0 and the profit realised was Rs. 550; in 1921, the rate was Rs. 9. Out of the profits, free distributions of cloth are also made. The society also intends to offer tenders for the supply of rubbish carts and bullocks for a period of five years to ensure certain and large profits.

..

Probably flushed with success, the same society launched upon bigger schemes. That such a small society with such small financial credit should have been bold and ambitious enough to take up the Toll-gate contract of a big town like Salem is very remarkable; but at the same time, we cannot commend the example to other similar societies, for in our opinion it is an unauthorised activity and one fraught with many risks and as such unsuited to ill-equipped societies. In fact, that the Co-operative Department as well as the Salem Urban Bank thought so too will be plain from the following history of this particular activity of this society:

There are 15 toll gates in the Salem Municipality. Subject to the conditions laid down by the Municipal Council which appeared as a supplement to the District Gazette in February 1921, the said society took up the lease of tollgates for the current official year 1921—1922 for Rs. 28,560 as against the last 3 years' bid noted below:

	Rs.	A.	P.
1918—1919	33105	0	0
1919—1920	34253	0	0
1920—1921	33600	0	0

The society approached the department to recommend to the central bank for an additional overdraft of Rs 5000 to furnish as security deposit for the proper running of the contract. When it was advised by the Registrar that "this is not a concern which a society of scavengers ought to have undertaken. In the first place it is not a portion of their work, in the second place they are not competent to deal in commercial transactions of this huge magnitude, and in the third place it is impossible for men of such stamp to raise the credit required to carry on such sort of speculative undertakings." Meanwhile the Municipal Council in their resolution No. 1158 dated 30th March 1921 confirmed the contract. It was too late to think of leaving this in a sub-contract, as there was hardly few days between making arrangements for sub-contract and taking charge of toll gates. Under these circumstances the society took charge of them on the 1st day of April 1921 with the existing establishment. Subsequently some of them were replaced by better men. Besides the men employed at the toll gates,

two officers, one of whom is an honorary officer, are employed to supervise the collections. The Honorary officer has bestowed strenuous attention to the proper working of the lease.

A statement, showing the receipts and charges up to the end of November and the probable receipts and charges for the succeeding 4 months, is furnished below.

	Amount toll kists.			Earned kist paid.			Est. and other charges.		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.
1st April to 30th Novem- ber 1921 for 8 months...	34076	11	11	19040	0	0	4147	1	6
Probable for 4 months	14000	0	0	4760	0	0	2000	0	0

The Salem District Urban Bank declined to grant an overdraft on the ground that there are legal difficulties in the way of granting the same as the Toll gates contract is outside the scope of the operations of the society as set down by their by-laws. By this time the society approached the Municipal Council and they permitted them to pay the deposit before the end of April and the Monthly Kists on the last working day of each month instead of on the 2nd. Out of the collections made during the past 8 months as disclosed by the figures, 8 months Kist has been paid and two months Kist amounting to Rs. 4760 is kept under fixed deposit in the Central Bank in the name of the Chairman, Municipal Council Salem. After meeting the establishment and other charges and paying the two months' Kist yet to be paid there will be a surplus of Rs. 7000. The ensuing are the busy harvest months and the total receipt will come to at least Rs. 14,000 during the 4 months of the financial year. At the end of the contract period there is every probability of the society realising a profit of about Rs. 10,000—0—0. The Honorary Secretary took considerable personal interest in making the society a success and his fine spirit in placing the money required without interest at the disposal of the Society is commended.

..

Co-operators in this Presidency will never forget memory of Dewan Baeador M. Adinarayana Iyah, one of the foremost pioneers of Co-operation here. Early this month, Sir P. Theagaraya Chettiar unveiled his portrait and opened the Economic and Industrial Library which a grateful public has established in his name in the Indian Bank buildings. The portrait in oils is the work of Mr. M. S. Nagappa, a rising artist and the execution of his task has done him much credit. The Library now consists of about 600 books, largely made up of the Bank's own library

which has generously been presented to the memorial by the directors of the Bank. A big purchase of books is contemplated and the library is also to be located at the Esplanade branch of the Bank in Armenian Street. We congratulate the memorial committee on their good sense in devising the most useful and the fittest method of commemorating his name and on the success which has crowned their efforts.

..

The Co-operative Printing Works has had a fairly prosperous year.

The Central Co-operative Printing Works Ltd.

The value of business conducted is very encouraging though a slight fall has occurred owing to its removal from George Town. A return to George Town is therefore under contemplation. The audit report

reveals a net profit of Rs. 2435—1—6 which has been distributed as follows:

	Rs.	A.	P.
Reserve Fund	—	608	12 6
Dividend	...	794	12 0
Common Good Fund	...	187	0 0
Bonus to Workmen	..	422	4 6
Bonus to Co-operative Customers		422	4 6

The last two items do much credit to the society. They, if any, ought to ensure the prosperity of the undertaking in the future.

There are, however, one or two matters in the Director's report to which we deem it necessary to draw pointed attention. The Share Capital, including the entrance fees, amounted to only Rs 141. This is certainly disappointing; The number of Central Banks and Local Unions which have taken shares is only 16 and 30 respectively. This is far below expectations and it is all the more surprising in view of the fact that substantial rebates are allowed to co-operative customers. Co-operative Societies in this Presidency ought to speedily wake up and take advantage of the benefits offered,

The directors also complain that co-operative societies do not care to patronise the concern sufficiently. Not all societies in the city itself, not to speak of the mofussil, are utilising its services, nor all the Central Banks. This state of things cannot continue longer and we take this opportunity to appeal to the societies to actively 'co-operate' with the infant concern.

Elsewhere will be found a full account of the public meeting of co-operators held in Madras to give expression to the feeling of loss sustained by them in the death of Mr. Hemingway. That remarkable civilian was known to us only as a co-operator—ardent, sincere, original and enthusiastic. Mr. T. Srinivasa Mudaliar of Erode, in a contribution to the columns of *Justice*, gives an account of Mr. Hemingway's career as a collector and we hasten to acquaint our readers with that phase of his life. We are told that he was unceasing in his efforts to raise the amenities of the masses and to redress the grievances of the oppressed. He resolutely set his face against corruption of any sort and spared no pains to cleanse the district under his charge of that bane. He was an ardent seeker after truth and in order to gain first hand information about things, he used to frequent rural parts and talk familiarly with the villagers in their own vernaculars. His desire to put an end to the murderous propensities of the masses of the Coimbatore district and to raise the standard of education therein was so great that he cast to the winds the conventions of his office as collector and went about the country with a small band of non-official followers and addressed large assemblies of villagers. Under his protecting wings, the Second Grade College at Coimbatore became first grade and was also endowed with considerable funds. Mr. Mudaliar also tells us that he took an immense interest in encouraging civic activities and in the work of municipalities. He concludes with the suggestion that a fitting memorial be raised to his memory.

..

We are indebted to the *Business World* for the following information about Kolinji as manure. All paddy-growing ryots know the advantages of using green leaves as manure for paddy cultivation. The Department of Agriculture has published many leaflets on the subject of growing green manure crops on paddy lands and the benefits to be derived by such a practice. Of all green manure crops the Kolinji is considered the best. This Kolinji crop thrives well on lands which have good drainage facilities. It does not grow on clayey soils and in soils where alkalinity prevails. It is a drought-resisting crop and is a very suitable green manure crop for single crop paddy lands. The cattle too do not eat the plants. The Department of Agriculture, Madras, has stocked fresh seed obtained from this year's crop for sale at a cost of 8 annas per Madras measure. Three Madras measures of seed will be sufficient for sowing on an acre. The seed is sown before the harvest of paddy crop as is done with some pulse seeds. If the seed is to be sown soon after the harvest of paddy, one or two ploughings for covering the seed are to be given. If this crop is raised for two or three years continuously on the same land, we can find self-sown crop of Kolinji on that land without further sowings for some more years. By growing green manure crops on one's lands, one could easily avoid the difficulties in procuring the green leaves from outside and the extra expenditure met therefor.

THE CO-OPERATIVE MANUFACTURE OF PALM JAGGERY.

M.R. BY M. SHIVA RAO OF PUTTUR.

The wide preaching carried on throughout the country against the evils of drink seems to be bearing unexpected fruit and the non-co-operation movement can justly claim the greater portion of the credit for having created strong public opinion amongst the masses that in putting down the drink habit lies their own salvation and therefore the salvation of their country. The object of making the country completely dry is sought to be achieved by appealing to the several classes of people who are concerned in the perpetuation of the vice:—the shopkeeper who farms the toddy shop, the tapper who manufactures the drink, the landlord who leases the palms to the tapper, and lastly the votary of drink himself. The present note is not intended to discuss the merits or demerits of this branch of activities of the non-co-operation movement, its effect on the resources of Government or its influence on the future of the country. The object of this note is to examine the question whether it is in the interests of the country that tapping should be stopped altogether, as preached by those who carry on the campaign against drink.

It has to be readily admitted that fermented toddy is deleterious to the human body (though toddy is perhaps the least harmful of all the intoxicants). Nobody can therefore reasonably object to the tappers being advised to give up tapping for fermented toddy or to the landlords being exhorted not to give direct encouragement to drink by allowing their trees to be tapped for the toddy. But what has actually happened is that tappers are exhorted to give up their very profession of tapping altogether and take to other walks of life. This preaching seems to be wholly wrong and opposed to the economic interests of the country. For, it should not be forgotten that in tapping for sweet toddy, the tappers are nurturing a very useful and paying industry, *viz.*, jaggery manufacture, and while it should be our aim to encourage and afford all facilities for an extension of this industry, the doctrine of "cease tapping" is calculated in its results to bring about the direct and the sure killing of this industry.

On account of the new movement, the use of sugar has come to be considered by a certain number of people as an act opposed to the interests of the country, and as a result, there is a much larger demand now for jaggery than before. It is well known that a considerable number of people are consumers of palm jaggery. As sugar consumers take to jaggery, the demand for the article naturally increases, and if the output of jaggery is not increased by some means or other, the price of jaggery must naturally rise higher and higher. This upward tendency has already begun to assert itself and it is worth while considering whether something could

not be done in order to moderate these prices or at all events in order to stop further soaring of these prices.

Extension of the area under cane cultivation is no doubt one of the solutions of this problem, and what with the efforts of the Agricultural Department and the object lesson furnished by the increased profits yielded by cane cultivation, the area under such cultivation is slowly increasing. But the trouble is that the extension is not proportionate to the demand, and the much cheaper and quicker process of jaggery manufacture, such as is afforded by palm juice, presents a ready and satisfactory solution of the problem.

It may no doubt look as if an increased output of jaggery may not help to keep down prices at a reasonable level since certain orthodox classes will never take to it however cheap it might be, and they would always be using cane jaggery. There is some force in this view but a change in the present method of manufacture of jaggery will, in all probability, take the citadel of orthodoxy by storm, and the sentiment against palm jaggery will be considerably weakened and disappear altogether in course of time. The fact has first to be published that what is called "Palghat" jaggery and also the "Ghati" jaggery coming from up-country and imported into this district is no more than palm jaggery prepared out of the sweet toddy of the *Ichalu* (Date palm). Secondly, palm jaggery should not be manufactured into flat thin round cakes as it is done now but made into cubicles of the same shape and size as the Palghat and Ghati variety. If it is thus put into the market, I believe, it will mend or end the existing sentiment against it. I do not put this forth as a mere theory but as a certain consequence, since it has been experimentally tried and found to succeed. Through the kindness of the Kasargod Co-operative Inspector, in South Kanara I had recently got samples of jaggery prepared out of cocoanut sweet toddy in the Government Cocoanut Station at Kasargod and some of my orthodox Brahmin friends gladly took samples from me after testing them in my presence. They were immensely pleased that such fine jaggery could be made in our district and they seemed almost anxious to start the industry themselves on a sufficiently big scale.

The present state of the industry in the district and the hardships and difficulties which stand in the way of its further expansion may be briefly noticed. Government have no doubt recognised the usefulness of this industry and it is evidently to have the field for it wide open that no fees for marking trees for sweet toddy is levied. I believe not even a formal license is insisted upon. But the rules and the regulations framed under the Abkari Act lay down certain provisions intended to prevent and check illicit manufacture of fermented toddy under colour of sweet toddy. Among

these may be noted the summary powers of the Abkari officials to require tappers to bring down from the trees the pots kept for receiving the juice. I am told that these powers are often misused by the officials who exercise them so as to harass the poor tappers unless he pays the *Mamool*. The tapper who does not submit himself to this time-honoured convention is forthwith hauled up before the Magistrate on a charge of preparing illicit toddy and we can imagine what hope or chance the poor man has for proving his innocence. As there are often three or four pots on an average yielding tree, we can easily see the plight of the unfortunate tapper if he is made to go up and down the tree bringing pot after pot for the inspection of the Abkari official and replacing it. His morning or evening round comes to a standstill by this inspection, and if such inspection becomes sufficiently frequent (there is nothing to prevent it), the man has to choose between paying down the inevitable *Mamool* or giving up tapping for sweets toddy altogether. Even when the pots are brought down the tree, it seems it is quite easy to haul him up for preparing illicit toddy under the pretext that the coating of lime is not sufficiently thick, or that lime has not been dropped into the pot, or that the coating is too old and useless. Even if the man may have been in the right and the official in the wrong it seems the man can hardly escape punishment. The pot will be detained for a sufficiently long time before it is taken to the station so that the toddy may get bad and the froth rise up from the mouth of the pot. Preparation of the T6 in such a case is a mere walk over and there is no doubt about the eventual result. It seems there are several other ways of entrapping the recalcitrant tapper and extracting homage from him. The feeling is general that the petty tyranny and exaction of the Abkari official is an outstanding obstacle to the free growth of this industry. In some cases the scarcity of fuel increases the cost of production. Then again, the inevitable trader who advances money to the jaggery manufacturer under a forward contract to supply the finished product at a rate always most advantageous to him and least beneficial to the manufacturer, takes away the lion's share of the profit of the industry.

All these are, however, avoidable evils and the economic value of this agricultural by-product came in for a prominent share of the attention of the prominent co-operators of the South Kanara district on the occasion of the Business Conference held in Mangalore on the 10th and 11th September last. Mr. J. Gray, O.B.E., I.C.S., the Registrar of Co-operative Societies, and Mr. D. Ananda Rau, B.A., the Assistant Registrar, were among those present on the occasion. The following resolution was recorded on the subject:—

"The Conference takes this opportunity to draw attention to the possibilities of societies interesting themselves in organising the economic interests of tappers by assisting in the manufacture of palm jaggery at

suitable centres in the district. The following centres are hereby provisionally selected for initiating the experiments in the current years." [Names of places omitted.]

No serious, at all events successful, attempt is reported to have been made in any of the places mentioned in the above resolution. The reasons which have contributed to this feeble response need not be gone into in this note. Probably it is much wiser to confine the experiment to one place at the start. The Kasargod Narayana Vijaya Society the membership of which is restricted to Billavas (who are the habitual tappers of South Kanara) offers the best and the most promising field for the success of the experiment, and the scheme will be put into operation there immediately.

The Scheme.— The operations will be confined to the three villages of Kasargod, Talangere and Kudlu. 40 tappers, many of whom are members of the society will take part in the operations. The number may, of course, vary according to circumstances, but the society will have a record as to the persons who have undertaken to work out the scheme. About 500 trees are expected to be tapped for sweet toddy. The trees will have some distinctive mark prescribed by the society which will keep a record showing the name of the tapper, the number of trees tapped by him and their exact location.

The toddy drawn from the tree so marked will be brought to the Factory started for the purpose by the society in the town of Kasargod. Delivery will be taken of the toddy by the society's agent appointed for the purpose and the tapper will be paid cash on delivery for the toddy at a rate prescribed for the purpose in a general body meeting of the society. The quantity delivered by each tapper and the price thereof paid to him will be entered in a register to be maintained for the purpose. Any bad or useless stuff brought in will be liable to be destroyed in the presence of the President and the Secretary of the society who will make a note to that effect in the register, the tapper losing of course the price that would otherwise be paid to him. The society will do its utmost to prevent any illicit manufacture of toddy and it will be its duty to hand up wilful and flagrant cases. The accounts will, of course, be open to the inspection of the Abkari officers (the higher the better) who can find out if there is room to suspect any from among the tappers and communicate to the Panchayat any fears which they may have, so that effective preventive action could be taken, wherever necessary. The regular maintenance of accounts and the good influence which the society would exercise to prevent any abuses, must be accepted by the Abkari Department as a sufficient guarantee against the infringement of the Abkari rules and regulations, and the tappers should in return be given complete immunity

and protection by the higher officers of the Department against any tyranny or criminal cases. It would be well if the Abkari officers themselves attend a meeting of the Society and give the assurance personally to the tappers who will not be encouraged by anything short of such a specific expression of sympathy from officials.

The toddy collected will be immediately boiled and manufactured into jaggery by a staff of experts engaged for the purpose and the product will be sold in the market for the best prices obtainable. At the end of the season, the accounts of this branch of the society's activities will be balanced and the profits ascertained. 25 per cent thereof will be appropriated by the society as compensation for loss of interest on the amounts invested in these activities. 25 per cent will be paid as honorarium for supervision &c., and the balance will be distributed as bonus among the tappers proportionately to the aggregate value of the toddy supplied by each.

It may, perhaps, be doubted if these activities come strictly within the purview of a Credit Society such as the Kasargod Narayana Vijaya. Of course, they do not, but there seems to be hardly any very serious objection to such societies going out of their narrow grooves just once in a way with the sole end and aim of promoting the economic interests of its members. There are precedents, prominent among which may be mentioned the undertaking of labour contracts by several credit societies in the Uppinangady Taluk two years ago. The experiment was crowned with success, and that led up to the starting of a special society for the purpose—the Puttur Labour Union, one of the most successful among the co-operative societies in this country and by far in the front rank of societies which have dealt with labour in a co-operative way.

The results and experiences of the Kasargod Narayana Vijaya will show to us whether a special society can be started with advantage and as a preliminary to the starting of such a society, the undertaking of these activities by the Narayana Vijaya deserves every encouragement and help at the hands of all concerned.

MODEL BY-LAWS SUPERVISING UNIONS.

M. R. Ry. RAO BAHADUR A. VEDACHALA AIYAR B.A., M.A.

Rao Bahadur S. S. Talmaki who presided over the Madras Provincial Conference of co-operators held on the 26th December 1921 was pleased to observe that in the Madras Presidency, there was a greater tendency than in other provinces for the co-operative institutions to be controlled by the co-operative officers and the Department and that the co-operative institutions should be made to work independently without the interference of any outside authority, especially the officials of the Co-operative Department. This is also the impression of many co-operators. The principle enunciated is a wholesome one and every one

will agree that it should be put in practice where conditions are favourable. As an instance of the interference complained of, he quoted the model by-laws of local co-operative unions, a copy of which is printed in the Madras Co-operative Manual.

It may be mentioned here that the model by-laws of co-operative local unions were the subject of criticism from more than one local union. It is therefore desirable to examine the circumstances under which the local unions were asked to put restrictions upon themselves. Democratic institutions should be left absolutely free to act and any limitation upon their freedom is unwelcome unless such limitations are expected to facilitate their successful growth and working.

It has to be borne in mind that a local union is formed after securing the consent of the general body of each institution affiliated to join the union and to pay its proportionate contribution to the union to enable it to maintain the required staff and to meet its legitimate expenses. The local union has also to get its contribution from the central bank which finances the credit and other organisations affiliated to the union.

If the local union can be worked without any internal dissension and if the working of a local union can be secured without any conflict with the central bank which gives a contribution, the introduction of any outside authority is unnecessary. Where, however, disputes arise between a local union and its affiliated societies and between the central bank and a local union, the interference of an outside authority seems to be a necessity to avoid deadlocks and the interference by departmental officers will become necessary only when there is no regularly constituted non-official agency to interfere and settle disputes in a way satisfactory to all interests involved. The interference should invariably be kept at a minimum and can be justified only when the democratic institutions are unable to conduct themselves without such intervention.

I shall narrate the reasons for the invoking of an outside authority taking each case of intervention provided for in the model by-laws of a local union.

By-law 6. No society once affiliated can be disaffiliated without the sanction of the Registrar unless it is dissolved or unless it is affiliated to another union provided that with the sanction of the Registrar the governing body of the union may disaffiliate any affiliated society.

The limitation is intended to prevent any society from disaffiliating itself from a local union without affiliating itself to another union on various grounds, mostly flimsy, to escape the payment of contributions as the result of personal quarrel among the members of the governing body. The Registrar or the Asst. Registrar is the authority to decide whether he is to register another union to which the society which desires disaffiliation

can affiliate itself. In the second clause, the sanction of the Registrar has been substituted to avoid the holding of a general body meeting which involves expenditure in money and loss of time.

This intervention of the Registrar can be done away with if the central bank or a District Council of Supervision will undertake the settlement of disputes in this direction. Till this is secured, the intervention of the Registrar seems to be necessary. I may also note for the information of co-operators that this by-law has been introduced as the result of the occurrence of such disputes.

By-law 9 (6). The funds of the union shall consist of (5) the deposits which may be taken by the union *under the special orders of the Registrar.*

The local union cannot undertake any financial responsibility but in well conducted unions, there may be occasions when sums have to be received as deposits for being transmitted to other institutions. This power is very rarely exercised. The intervention of the Registrar is invented to avoid delay resulting from the calling of a general body meeting.

By-law 12. All contributions be constituted into a supervision fund, which shall be administered by the union, pursuant to the advice and directions of the Registrar of Co-operative Societies.

This is a provision to prevent the wastage of supervision fund by unions when a packed majority inflicts heavy expenditure. This is intended to regulate the proper use of the fund to which the central bank contributes a part. In fact the Registrar under this by-law acts as a mediator between the union and the central bank.

By-law 13. The union shall as far as funds permit provide the necessary staff of supervisors whose pay and allowance shall be fixed by the general assembly of the union *subject to the sanction of the Registrar.*

In the absence of a non-official organisation undertaking the duties of training men for the post of supervisors, the department undertakes to train men for the work and tries to find men for the union. Unless an adequate salary is paid the Registrar could not find competent men. Hence the intervention of the Registrar. In some Districts this intervention is found unnecessary and the by-laws have been modified so as to do away with this intervention.

By-law 18. Supervisors may be appointed by the governing body from among men who have been certified by the Registrar to be fit for such work. They may be fined by the governing body, but shall not be suspended or dismissed except with the approval of the Registrar.

The remarks under by-law 13 apply to this also. The reservation of these powers in the Registrar may be done away with when the local unions are able to get a proper supply of competent supervisors.

By-law 20. The governing body of the union shall not sanction loans or allow deposits from the surplus of any society affiliated to the union to any other society so affiliated except with the consent of the financing bank and the approval of the Registrar.

This intervention of the Registrar is to carefully sift the question of interlending between primary societies and to avoid the holding of a general body meeting on such occasion at some cost. It seems generally undesirable to allow this power in the hands of the governing body of a local union unless the general body feels that the governing body is competent to exercise proper discretion in the matter.

By-law 23. The governing body may sanction fees to its members and to delegates for attendance at meetings on a scale to be approved by the Registrar. This can be advantageously settled by the general body as well. The Registrar is put in to satisfy the financing bank that the expenditure in this respect was reasonable. The local union depends for its existence on the contributions of the societies and from the central bank and the allowance of sitting fees has to be permitted in special cases.

By-law 24. The members of the governing body of the union shall work gratuitously; provided that they may receive travelling allowance, batta for journeys undertaken on the business of the society on a scale sanctioned by the governing body and approved by the Registrar.

The intervention of the Registrar was allowed to avoid general body meetings but there does not seem to be any difficulty in the general body fixing the scale at each annual meeting. This provision relating to the intervention of the Registrar may be removed.

By-law 25. The governing body may pay from the union funds any expenses actually incurred by it in doing the work of the union such as.

(6) any other charges permitted by a resolution of the general assembly and approved by the Registrar.

This is a special item of expenditure and the Registrar intervenes as a mediator between the local union and the central bank.

By-law 29. (2) The framing of the annual budget of estimated receipts and expenditure which shall be submitted to the Registrar for his approval and which shall not be varied except with his approval. Here the Registrar acts as a mediator between the local union and the central bank.

The local unions have only a moral responsibility to see that the loans given by central banks are distributed to deserving societies and are not taking up any financial responsibility. It is certainly the duty of the central bank to see that the local unions do their work satisfactorily and that the funds of supervision entrusted to them are spent so as to secure the maximum result with a minimum expenditure. Where the central banks are unable to take up this responsibility, the intervention of the Registrar has been introduced merely as a temporary substitute.

The restrictions imposed in the model by-laws can be removed by any union where there is a non-official organisation prepared to undertake the work.

Besides, the introduction of the words "the Registrar" in the model by-laws would give a false impression that all such matters will be brought before the Registrar of the Province. But as a matter of fact, the Assistant Registrar in charge of each District is the officer who is intended to exercise the direction allowed under each by-law. To avoid this confusion of ideas, the model by-laws might as well use the words "the Registrar or Assistant Registrar in charge of the District" and to show that these restrictions are purely temporary, the model by-laws might indicate the following.

"The Registrar or the Assistant Registrar in charge of the District or the District Council of Supervision or the Central financing bank".

RETRENCHMENT IN THE CO-OPERATIVE DEPARTMENT.

While agreeing generally with the views expressed by 'Co-operator' in his article which appeared in the October *Bulletin*, with regard to the needs of the situation in the Co-operative field I beg to offer some suggestions for consideration as a Co-operator of 15 years standing as regards the method of attaining the same end.

2. The scheme of co-operative development started as per G. O. dated 20th January 1920 has been given full effect to and the additions to the staff have been temporarily sanctioned for a period of five years. Two years have already passed and a vigorous push has been given to the organization of new societies and unions. Current events have now led to a loud cry for retrenchment and the question is how best to cut down expenditure in the Co-operative Department without sacrificing the efficiency of the controlling staff and impairing public confidence in the soundness of the movement.

The functions of the Department are:—

Registration (Sections 9 and 11), Inspection (Sections 35 and 36), Audit (Section 17), Liquidation (Sections 39 and 40) and the regulation of lending operations (Section 29.) The most important function of the Registrar is audit. The audit work has to extend beyond the bare requirements of the Act and embraces an enquiry into all the circumstances which determine the general position of a society. It involves also the teaching of the main co-operative principles both before and after registration to see that the committee, the officers and the ordinary members understand their duties and their responsibilities. The work involved in the exercise of these functions is increasing in volume and intensity with the wide expansion of the movement and the increase in the number of societies all over the presidency. It is impossible to maintain a heavily paid Government staff to take up this heavy task and a definite attempt should be made with a view to delegate all the functions except audit to honorary local agencies who must train themselves gradually to discharge those functions efficiently. The recruitment of the Honorary Assistant Registrars has gone beyond the experimental stage but their work is still restricted to arbitration under Rule XII besides a share of organization and inspection work.

Supervision by Co-operative Institutions.

The ideal held up to the co-operative institutions is to have the whole supervision work done by the agency of the societies every year at their own cost. No doubt the unions are the backbone of rural co-operation and have taken up a good deal of organization and supervision work. But taking a district area into consideration their activities need co-ordination and checking before the government staff can be asked to dispense with the supervision of individual societies. The supervision fund does not in every case enable a union to employ a trained supervisor of the S.S.L.C. standard. The widening of the area of a union is not conducive to the inner harmony of its governing body or the efficiency of personal supervision with local experience. Hence the necessity for a common organization for each District consisting of the representatives of all the unions. This District Federal Union can administer the District Supervision fund and guide and control the supervising staff so efficiently as to enable the Government staff to confine themselves to the work of audit on the credit side and to devote the rest of their energies to the creation and supervision of non-credit societies.

The District Federal Union.

As matters stand now there is some overlapping between the work of the Union supervisors and of the Government Inspectors. The conditions

of the different districts are so varying that the degree of supervision needed from Government Inspectors cannot be easily defined. Efficient supervision involves not merely the mechanical collection of statistics to test the soundness of societies but also functions such as advice with regard to difficulties and disputes, testing the knowledge of the committee and members and seeing that the defects noted at audit have been promptly remedied. To determine the degree and extent of such supervision in a district area and to satisfy the enquiries of the Registrar who is watching the efficiency of the societies through his own auditing staff without unduly interfering with their supervision work must be the main function of the District Federal Union. All the secretaries and presidents of the several unions in the district are its members and its governing body is its working committee or the Executive. The members that constitute the Executive should, as a rule be appointed Honorary Assistant Registrars. As members of the Executive they will be responsible for carrying out the supervision work of the societies and as Honorary Assistant Registrars they will form part of the controlling staff of the Registrar. This federal union will thus form a connecting link between the Government and the co-operators in general in each district. Such of the Honorary Assistant Registrars as do not belong to the executive of the unions should be the members of this union. The importance of this federal union is bound to increase with time. If the programme of work of the Agricultural demonstrators, Industrial Inspectors, Veterinary Assistants and the Co-operative Inspectors can be arranged to be sent to this union every month the members will have chances of getting into touch with the development work in the various parts of the District and of helping to direct the activities of the various development Departments by focussing public opinion on them in a responsible manner.

Some Suggestions.

(1) In course of time the Honorary Assistant Registrars must be able to take care of the routine work under organization and registration, inspection and supervision, and arbitration and liquidation subject to the approval of the Registrar. The Assistant Registrar may distribute the various items of work among the several Honorary Assistant Registrars in his division reporting the same for the approval of the Registrar. If the Honorary agency is expected to take up systematic work an Honorary Assistant Registrar must be paid an honorarium in addition to liberal travelling allowances.

(2) The Inspectorate staff should be arranged to undergo a course of instruction in audit work. Further vacancies should be filled up by recruitment from the passed candidates of the Madras College of Commerce.

The latter would after some training and experience, be competent to serve as chief Inspectors and trade Inspectors in charge of non-credit work. The strength of the Inspectorate should not be reduced and they must be paid on a better scale.

(3) With the control and co-ordination of the activities of the unions by the federal union and the Provincial Union the stability of the unions and societies will be further strengthened and the unions may be entrusted with the power of sanctioning loans. The unions must in time give a guarantee for at least 10 per cent of the loan amount. Then only the present inordinate delay in the sanction of loans can be avoided.

(4) As a result of the above scheme it should be possible to reduce the number of Assistant Registrars gradually to 6 or 8. Meanwhile many of them should be reverted to the regular line and at least half of their number should be selected from departments other than the Revenue. It is desirable to recruit a few men from the Educational Department so that the teachers in the Secondary and High Schools may be persuaded to spend their leisure in taking up active co-operative work as honorary officers.

O. M. V.

CO-OPERATIVE SERVICE.

Any person employed by co-operative societies in the North Arcot District will belong to this service.

There are two kinds of services, supervisors service and clerical service.

Supervisors employed in supervising institutions will be members of this cadre. They will be employed by the Unions from among the probationers trained by the North Arcot District Council of Supervision. The entire control of the supervisors will rest with the local unions. But removal for inefficiency or dismissal for misconduct will rest with the Executive Committee of the District Council. The Council has the power to transfer supervisors from one union to another at the request of the unions concerned. The salary and T.A. will be according to a scale decided upon by the District Council which the local unions are bound to accept.

Selection of Supervisors. The District Council will select probationers, give them the necessary training and allot them to the local unions. During the probationary period the Council will pay a stipend of Rs. 20 every month (including all allowances) and the probationer is bound to execute a bond for serving the Council for a period of at least one year and if within such period he leaves the service, the entire amount of stipend enjoyed by him should be refunded to the Council.

Grading. There shall be two grades of salaries for supervisors :

Rs. 30—2½—45 for unpassed men.

Rs. 35—2½—45 for passed men.

No supervisor getting a salary of more than 60% of the annual income of a union, may be employed in any union. Promotion to the next grade will be made by the Executive Committee of the District Council on the recommendations of the local unions.

Qualifications. Supervisors will be drawn primarily from among the employees of the unions or societies. As far as possible only candidates who have passed the School Final Examination will be taken as probationers. Candidates who have passed Banking, Book-keeping and other commercial subjects will be preferred. The candidate selected will not be confirmed in his appointment unless he passes an examination in Elementary Banking and in the "Co-operative Manual".

Leave Rules. Every supervisor (except a probationer) is entitled to the following kinds of leave:—

15 days casual leave in a year, not more than 5 days to be taken at a time.

All sanctioned Government holidays (when he must not leave the Head Quarters without the permission of the head of the office).

15 days privilege leave in a year which may be granted only after a period of 2 years after employment, at not more than a month at a time.

Sick leave on half pay may also be granted for not more than a month at a time on production of a medical certificate, if required.

Any kind of leave of not more than 15 days at a time may be sanctioned by the union employing a supervisor and no substitute need be employed for that period ordinarily. All kinds of leave for more than 15 days must be sanctioned by the District Council on the recommendation of the Union and the Council will appoint a substitute at the cost of the union.

No one kind of leave should be combined with another, and no privilege leave or furlough can be sanctioned within 3 months of the enjoyment of such leave. In case of any overstay, the whole period of absence should be treated as leave on loss of pay.

Transfers. Supervisors will be transferred from one union to another by the District Council. If a supervisor desires a transfer he may apply to the District Council through the Union 5 days joining time will be allowed and the union getting the services will pay the T-A. for such transfers.

Provident Fund. Every supervisor will contribute for the Provident Fund as per rules framed for the purpose and the Management has the power to withhold such contributions from the pay every month which will be considered as proper discharge.

Punishment. The local union has the power to fine or suspend its supervisor and any serious misconduct requiring severe punishment may be reported to the Dt. Council. The Executive Committee of the Council after giving an opportunity for explanation may deal with the matter as they deem fit. Their decision shall be final.

General. Any supervisor seeking employment outside the District of North Arcot co-operative department will apply through the union which will forward the same to the Council. The supervisor should not leave the appointment until he is relieved. Violation of this rule will be treated as absence without leave and dealt with as misconduct.

Clerical Service. Any clerk drawing Rs. 15 or more in any co-operative institution may be enlisted in the service so that they may have a chance for selection as supervisor. The entire control of appointment and punishment will rest with the societies under which they are working and the Council has no control over them. The leave rules and others applying to supervisors are recommended to be made applicable to them also.

IN AND THROUGH BOMBAY.

Account of a Tour of Co-operators from South Kanara.

Agreeably to a resolution passed at the Business Conference held in Mangalore early in September last, Mr. G. Venugopal Rao, Honorary Assistant Registrar, and the Trade Inspector, Mr. K. Ramachandra were deputed to Bombay to investigate into the possibilities of opening up trade connections with the Bombay market so as to enable the members of the South Kanara Garden Planters' C. W. S. Limited to get the benefit of the rise in prices in Bombay and to free them from the hands of the Bombay *dalals* who control the market in Mangalore. The order passed by Government sanctioning the deputation was received only at the end of September and I also joined the deputation as I was anxious not to let slip opportunities of picking up experience which would be helpful in further developing co-operative activities in the District. But as we had numerous previous professional engagements which we could not avoid, and as we had to write in advance to Bombay to our friends apprising them of the time and object of our visit, we could not proceed to Bombay immediately in the beginning of October as was originally proposed to be done. Rao Bahadur S. S. Talmaki, Secretary of the Bombay Central Co-operative Institute, and Mr. Vaikunth L. Mehta (son of Mr. Lalubhai

Samaldas, Member, Imperial Committee on Co-operation), Manager of the Bombay Central Co-operative Bank, Limited were immediately on receipt of the Government order, informed of the aims and objects of our projected visit and requested to render all assistance in their power so that the deputation may be able to successfully carry out the object of the mission. No introduction to the department in Bombay having been given to us, we thought that we could get into touch with the Bombay Officers through the kindness of the two leading non-official Co-operators mentioned above who were accordingly addressed as mentioned already.

The party set sail from Mangalore on Thursday the 20th October at noon by the B. S. N. Co.'s "Juba" which, luckily for us, was a fast sailing passenger steamer which took us to Bombay far earlier than we expected. We landed in Bombay early in the afternoon of Saturday, the 22nd October.

As the Banks close early on Saturdays, we could not go to the Bank that day. We went, however, to the Saraswat Co-operative Buildings, the residence of Rao Bahadur Talmaki, but were met with disappointment. We learnt that he had left for some unknown station and it was not known when he would return. Saturday therefore closed with the fatigue of the voyage accentuated by the disappointment in not having met our expected guide in Bombay. All of us were more or less strangers to Bombay and without the active help and guidance of the local men it was impossible for to do anything.

Sunday, 23rd October. We could not go to the Bank till Monday and Rao Bahadur Talmaki's return was indefinite. We had therefore little to do on Sunday but wait for the coming of the following day. We did not, however, like being idle and therefore projected an enterprise of our own to find out how far the Bombay Co-operative Stores (so much advertised in the *Bombay Co-operative Quarterly* and in the *Kannada Sahakari*) could be utilised for marketing our produce. It was not very difficult to approach the wholesale dealers and even to settle the business terms with them, but we knew that the volume of our business was not sufficiently tempting to the merchants there, who would have a natural sympathy with birds of the same feather and not with a co-operative concern which sought to approach them over the heads of their brethren at Mangalore. We thought (and we still adhere to the opinion) that any co-operative organisation in Bombay which could undertake to sell our stuff in Bombay was to be preferred to any wholesaler however eminent and estimable he might be. With this view, therefore, we turned our steps towards the Bombay Co-operative Stores. The main shops were on Churni Road, but to our misfortune as it turned out, they were not opened though we waited till past nine in the morning. We therefore betook ourselves to the Provisions Branch of the Store located at the corner of Grant Road. It was a

small shop almost triangular in shape, the base of which formed the shop front being about 10ft. and the length up to the apex being about 12ft. Into this small room were piled up bags and small boxes and we had no difficulty in accosting the Salesman with the well-known "Gandhi" Cap and with a smile on his face ensconced in a corner with a box-own-table in front. After the conventional excuses for the trouble we were about to give him, we straightway fell to questioning him about the working of the Store and gathered the following interesting information as to its business.

Purchasing—usually done by the salesman from the wholesale merchants through a broker paid at one anna per bag. Four days' time usually allowed for paying down the price, in default interest at 12½ per cent. is charged. Goods cleared from the Merchants' warehouses by the broker and kept by him in his own godowns separately marked. No rent charged. Salesman usually goes and indicates his requirements to the broker who sends the required consignments to the store with a chit.

Prices. Nominally fixed by the Committee but really by the salesman himself and not even confirmed by the Committee. Rates formerly put up on a Notice Board but the practice latterly given up.

Basis for prices.—Varied according to the kind of goods, e.g., Rice—margin of profit is 8 as. to Re. 1 per bag. Grains Rs. 3 per bag. Prices reduced when market falls.

Prices generally lower than in the retail shops who get their goods from middlemen merchants and not from wholesalers.

Sales.—Generally effected for cash. Credit allowed by salesman on his own responsibility, such outstandings amounting to Rs. 250 per month. Cash memos issued, carbon copies being retained. Daily sales Rs. 100 in slack season rising to Rs. 300 during season from Divali (November) to *Jesth* (May).

Constituents.—98% non-members and only 2% members—about 5 or 6 members out of 461 made purchases at the Store. The only Co-operative Society which makes its purchases through the Stores is the Sanekatta Salt Owners' C.S., which purchases 3 or 4 times in a year. Orders are sent, none comes personally. Consignments shipped to Tadri (a port in North Kanara) by B.I.S.N Co's coasting steamers. Commission @ 2% on value charged. 50% of the value is received in advance, balance on delivery. Payments made by drafts on the Shamrao Vithal Society at Bombay. All consignments insured. Sanekatta Society had purchased Rangoon rice, grains, sugar, paper, soaps and condiments.

By-laws allow sales to non-members.

Balance: Annual consumption by Store only about 6 bags, purchased from Messrs. Cooverjee Oomersi (No. 1 in the list appended but omitted

here) out of the consignments deposited there by Trasi Deva Rao (a *Supari* merchant of Mangalore).

Accounts. Only sale chits maintained by salesman. Daily cash handed into the Head Office at the end of the day together with cash memos which are checked with the cash produced.

Stock book maintained only in Head Office. Purchases entered therein and debited to salesman's account. Consignments received into the shop from the Broker's godowns credited to salesman's account. Stock in retail shop checked every 3 months by the Secretary, Committee member or by a non-member deputed for the purpose by the Committee.

Establishment and other charges: Salesman Rs. 50. Cooly Rs. 30 and shop rent Rs. 10 per month. Electric charges Rs. 2 per month. Cooly engaged to take articles to purchasers' houses and deliver them free. Marwadis in Bombay have been from a long time giving to customers the facility of free delivery of cleaned and sifted articles at their own doors and the Store is obliged to follow the same practice. Salesman has given personal security for Rs. 1000. No security for the cooly. Salesman is given a permanent advance of Rs. 20 for sundry purchases.

Business hours: 8 to 11.30 A.M. and 2 to 8 P.M.

Investment in provision shop was Rs. 5000 at start but gradually reduced till last stock taking (end of September) showed it to be only Rs. 1500. Bills payable to merchants about Rs. 1300. The net investment was therefore only about Rs. 200. The salesman complained that the provision shop was being starved, and funds diverted to the main shop where cutlery, hosiery, cloth, etc., were being stocked to an undue extent, the monthly rent for the show rooms alone amounting to Rs. 225. The salesman was highly dissatisfied with the Committee who were giving him but a pittance, for all the trouble he was taking. Striking a confidential note, he told us that he would kick up the job soon, as he saw no hope of the business flourishing sufficiently to pay him what he deserved.

We took leave of him and turned home with a heavy heart. Is this the state of Co-operative Stores in Bombay too? The very same troubles and difficulties which afflicted us and which have laid low the majority of our stores were to be found here too—want of loyalty on the part of members, necessity for allowing credit sales, heavy establishment charges, inefficiency and indifference of Committeemen, etc. Our hopes of entrusting our stuff to the Store were sinking fast, but we did not entirely dismiss the Store from our mind, as we thought we could have a full view of it only after we looked into the Head Office main shops. This we

reserved for the afternoon, when we dropped in there. The Secretary was absent and we were told that he was usually available there only for about an hour at 6 P.M. The salesman in charge we found to be no other than a student of the Sydenham College of Commerce who had picked up this job to pay his way during his mid-term holidays. Big placards, hung all along the show rooms, announced a Great Reduction Sale with 20 to 40% reduction in prices, and yet, the young man told us with a heavy heart that few customers crossed the threshold and that further reductions sure to drag the concern further into loss were inevitable. It was reported to us that indiscriminate stocking of all kinds and varieties of articles and an undue putting up of prices by the late Manager accounted for this sorry state of affairs. The solitary figure of the salesman with an empty shop crying for customers was a sad sight for us and the last vestige of having any business relations with this dying concern faded from our mental horizon. The Committee consisted of very eminent men, the Principal of the Sydenham College of Commerce being one of them and it was sad to think that such a strong Committee should have failed so ignominiously. It appeared to us that perhaps with a Committee of ordinary mortals the life of the store would have been somewhat prolonged. Any how, here was another lesson (not a new one though) that enthusiasm and business talent count more in such matters than high position, literary eminence or big names.

In the evening we met Rao Bahadur Talmaki who had just then returned from Alibag whither, we learnt, he had gone in connection with the opening of a Branch of the Institute. He advised us to see Mr. L. S. Pothnis, the Special Assistant Registrar for Purchase and Sale, who had his headquarters in Bombay and who was probably in touch with many of the wholesale merchants of Bombay. As we had nearly two hours before sunset we decided upon utilising the time in visiting the Saraswat Suburban Co-operative Housing Society's lands at Santa Cruz where construction of buildings was going on. We went by rail to the place and looked over it. The plot was nearly 11 acres in extent and though rather low-lying it was on the foreshore and therefore commanded pure breeze in plenty. An adjoining plot had been set apart for a Municipal park and there was open ground on all sides. A rectangular block of buildings with an inner—quadrangle and rising up to the first floor was under construction. The building which was expected to be completed in March next would accommodate only 16 families. Several blocks of the same kind, but varying a little in the arrangement of the rooms, were to be built on plots marked out for the purpose. Some of the other plots had been sold to the members who would build thereon

their own houses. All the plots were carefully laid out, so as to be easily reached by metalled roads which were under construction. The work of the construction of the buildings lay-out and development of the land where all being closely supervised and watched by a qualified Engineer of the community (Saraswat) who gave his time and services free. The immensity of the task of Building Societies, the careful planning in advance, the enormous trouble and worry involved in faithfully carrying out the scheme both in building and in the lay-out of the site—all these were impressed very forcibly on us and we realised how and why it was that Building Societies made but little headway in India. This particular society had exceptional facilities by way of free technical advice and our friend Rao Bahadur Talmaki was not sparing himself in thought or action in pushing on the construction of the buildings. Our visit to the place brought home to us the nature of the work and the attendant difficulties and we laid well to heart the brief but vivid experience thus gained so as to draw upon it if and when an occasion arose for starting Building societies here. On our way back, Rao Bahadur Talmaki showed us the Buildings wherein was located the Office of the Special Asst. Registrar—whose audience we were to seek the following morning.

Monday 24th October. Armed with an introductory letter from Rao Bahadur Talmaki we proceeded to the Office of the Asst. Registrar or noon. We gained admission into the clerk's room and learnt with bitter disappointment that Mr. Pothnis was away in North Kanara and that he would be returning only on Friday. The introductory letter was however handed in with a request that it might be sent to the Officer's camp with his tappals with a note that we had called at the office and that we were anxiously awaiting his return, having very little else to do.

We then fell to a long talk with the Head Clerk and his assistants trying to make out how the non-credit side was getting on in that Province. We gathered that the Consumers' side of the movement was getting on in a very indifferent way and we were assured that there was not a single store there which could bear the remotest comparison to our far-famed Triplicane Stores. Then, to the Producers' Societies. The only Agricultural Producers' Societies so far working were Cotton Sale Societies which could not yet be pronounced to be a success. The same merchants' opposition, want of loyalty on the part of members, difficulties of reliable management and other disabilities such as were perplexing us here, were also exercising the minds of the promoters of such societies there. Regarding producers in the industrial fields, Bombay had made some progress and could point to a few successful societies, such

as the Twastakagar Industrial Society of Poona for Brass and Copper vessels manufacturers. Raw material is purchased by the Society and issued to members who would work at it in their respective houses, deliver the finished products to the Society and receive wages according to a scale fixed in that behalf by the general body or the Committee as the case might be. The artisans looked to the distribution of bonus as their share of the profits secured by their co-operative effort. Working in common was rare, the cottage industrial system being the ordinary rule. This constituted an almost ideal state of things and our curiosity was naturally roused to its fullest pitch to find out how Bombay succeeded where Madras failed and would not again venture. The conversation turned naturally on the immediate object of our mission and we enquired if there were any Co-operative organisations which would purchase or sell things for us. The Namdev Co-operative Purchase Agency in Kalbadewi Road was commended to us as being among the best and most successful of societies organised in recent times for purchase and sale. The Agency was lucky in having secured the services of a shrewd and keen Business Manager who (we were told in confidence) was the Commercial Adviser in Ordinary to the Special Asst. Registrar. It was almost certain that Mr. Pothnis himself would either send for the Manager or direct us to him. Why should we then allow grass to grow under our feet till Mr. Pothnis arrived? Why not anticipate him, as it were, by opening preliminary negotiations with the Agency ourselves? The Agency had been started solely for the benefit of *Shimpia*, a caste of Maharashtra tailors found in the Deccan and parts of the Konkan and the Karna-taka. Both individuals and societies formed for the benefit of this community were members of this society which had a large turnover in business last year realising most encouraging profits. The Agency was not handling *supari* but the Manager's business capacity was infinite and he could successfully handle any business entrusted to him and if we could only interest him in our business he would prove himself worthy of our confidence. This picture of the man in our minds raised strong hopes of our finding in him just the sort of man wanted by us and we decided to get immediately in touch with him. As the day had spent itself we returned home.

October 26, Tuesday. We took counsel with Rao Bahadur Talmak in the matter and he gave it to us that we must be prepared for disappointment in our expectations of the Namdev Agency. It had no doubt done a large amount of business but it was mostly in the cloth line and in any new line of business they would have just the same kind and same amount of difficulties as would be encountered by any new comer in

Bombay. What purpose would be served by training up the Namdev Agency man in the *supari* line? Anyhow our society would in the long run need a permanent hand in Bombay for disposing of our stuff. Far better it would be in our interest to put in our own man in Bombay. But our society was too poor to keep up a man though we could quite perceive that the idea was sound from a business point of view. So, how to proceed? If we could think of a man who had already settled down to some business in Bombay who would undertake this subsidiary activity for our sake, we could try to achieve our object in view. So the question of the moment was, was there any such man available in Bombay? We had anyhow two days on our hands before we could see Mr. Pothnis. So we thought we could work up on this trail too. In fact, this idea was favoured far more than the Namdev Agency Scheme. So we set off straightway to find our own man in Bombay. We knew there was one Bellary Krishna Rao, a man of our own taluk, a head constable who was either on long leave or had retired from service, who was reported to be running a *pan dukan* (betel leaf shop) somewhere in Bombay. We learnt on enquiry that his business was flourishing and that he was making quite a large income out of the small business. He had to purchase areca for his shop too, and so he would know something of the *supari* market in Bombay. At any rate, it would not be difficult for him to pick up the necessary business technique. Our morning expedition to find him but proved infructuous as we were told by this shop assistant that he was away in the bazaar and would attend only in the afternoon. After some waiting we met him and apprised him of our project. There were over 1000 shops in Bombay and being one of the shop owners himself, it would be quite easy for him to fraternise with the rest and undertake to supply *supari* needed by them. By such joint purchase, they could effect some savings and we, the producers, would also get the benefit of the high prices. Our cursory investigation disclosed the remarkable fact that areca was being habitually purchased by these shopkeepers at almost double the prices obtaining in Mangalore. Allowing a margin of even twenty per cent for freight, wharfage, insurance, etc, there still remained a margin of 80 percent, which represented the traders' margin of profits. If, therefore, the areca growers could establish direct communication with these retail shops both could gain. But the study of the *supari* market and canvassing orders from *pan* shopwallas meant ceaseless and continuous work which would preclude him from attending to his own shop. Therefore, would it be made worth his while to take up our Agency? We answered that every thing depended upon himself; for of by consigning goods to Bombay, our members could, through his services, secure better prices, then more and more members would turn their stuff on into the

Bombay market, thereby adding to his income. He was, however, very diffident both as to his capacity to do the business for us and also as to its paying him sufficiently but he finally promised to let us know on the following day his final mind whether he would accept the proffered job. It was very discouraging and we had little hope of his agreeing to our offer. Nor were we sure of the wisdom of entrusting the sales to one who, whatever the facilities, had yet to study the market and pick up the necessary experience. An occasional stroll into Mandvi, the business centre, would not be of much avail. Nothing less than a constant rubbing of shoulders with the merchants and purchasers would give any idea of the business. One year's training in this way would be needed and till then we feared we had no other course open but to seek the aid of the inevitable merchant. The day had spent itself but taking stock of what we had been able to do that day, we had to our credit nothing but disappointment. This was the third day of our arrival and we had fondly hoped that we could finish the business by that time? But here we were, tossed on the high seas of Bombay city life, trying to find a landing somewhere but cast adrift on the vast expanse of waters, ignorant of our bearings and unguided by any compass! The prospect was gloomy and we felt most miserable when we found that after three full days in Bombay we were almost where we were at the start. We looked up to Mr Pothnis for deliverance and laid the comfort to our soul that if we could but see him, our trouble would be at an end and he would be able to point us the way. Yet two days there were before us, before we could see him. How to utilise them? Of course the Namdev Agency had yet to be approached. That, perhaps, would give us work. So was closed the day's work by fixing up a visit to Namdev Agency on the following day.

CO-OPERATION IN ROUMANIA

In the Course of an article on 'Co-operation in Roumania' in "*Better Business*," Mr. Diarmid Coffey describes two peculiar types of Societies:

Another type of society which is characteristic of Roumania is the society for leasing and cultivating land. Some particulars of this type of society appeared in the monthly Bulletins published by the Co-operative Reference Library before the appearance of *Better Business*. These societies differ from most co-operative societies in that they are limited both as to their duration and the number of their members, first by the length of the lease and secondly by the area of the land. The old land system in Roumania was about as bad as it could

be. The large estates into which the great part of the country was divided were often not farmed by their owners, but let to "farmers," who took them for so many years and made what they could out of them. In some cases one "farmer" took many estates and worked them together. These middle-men naturally took little or no interest in the peasants, and their only object was to make money. Now a great change is taking place, and all estates of over 500 hectares are being reduced to 500 ha., and the balance distributed free among the peasants. The owners are being compensated by the Government. Before this change, however, the peasants often thought that by combining to lease the land themselves they could cut out the middlemen. The first effort of this kind was made in 1900, and before the war no less than 605 leasing societies had been formed. The State took over the control of these societies in 1904.

When a certain area of land has been taken the society proceeds to divide it up among the members. Each man does not necessarily get the same area, but one may take 5 ha., another $2\frac{1}{2}$, and so on, according to the size of his family, the amount of his capital, etc. When once the land is divided, no new member can join unless an old member drops out. The plots given to each man are not all in the same part of the estate, but each man is given part of each field. They then decide to grow, say, wheat in one field, maize in another, and so on. A common rotation is wheat one year, maize two years, and then wheat again. Though each man may in theory grow what he likes on his own plot, in practice they all grow wheat together and maize together, though each cultivates his plot separately. A threshing machine is brought to the field when the crop is ripe, and each man's crop is threshed separately. I saw a field waiting for the arrival of the threshing machine, and in the centre of the field were a number of different stacks of corn, some big, some small, and some medium sized. Some societies sell the grain for their members, and some let the members deal with their crop through the local People's Bank or in whatever way they wish.

As I have said, there were 605 of these societies before the war; but since the confiscation of the big estates, and their distribution, a great many societies have ceased to exist, and the society I visited, for example, had lost half its land and membership. In their places are springing up a number of temporary societies which are organized by the "Central for farming societies" (I shall deal with the whole higher organization of the co-operative movement later). These societies are formed to get over the difficulty of dividing an enormous quantity of land in a great hurry, and though they act in all respects like the co-operative societies,

they have this essential difference—the manager is appointed by the State and the members are compelled to join. This is a very high tribute to the success of the leasing societies. The peasants do not like this arrangement, as they are anxious to get their land into their own hands at once; but the State hopes to induce them to keep on some form of co-operative farming society, even when the whole land is divided and handed over to the peasantry.

The particular leasing society which I visited had a little more than 650 hectares of land, of which 250 ha. was planted with maize and 175 wheat; the remainder was divided between sugar beet (50 ha.) and various kinds of forage crops, except for a plot of about 84 ha., which was let to the people of a small town near by in small plots for growing vegetables.

Besides the people's bank and the leasing societies there are many other kinds of societies in Roumania, such as Bakeries, Mills, Machinery societies, Dairy societies, Mining societies, Wine-making, Fishing and Forestry. These last are very interesting. Up to the end of the war there were 222 of them, and since the war 182 new ones have been formed. I visited one of the latter at Campulung, the old Capital of Roumania on the southern slopes of the Carpathians. I was accompanied by Mr. Teodoresen, one of the staff of the Central for co-operative agricultural societies, to whom I am indebted for much kindness and information. The society is a direct outcome of the war, as the Austrians, during their occupation of Roumania, established a big saw mill at Campulung and built a light railway into the forest. The Roumanian Government, regaining the country, handed over these works to a co-operative society.

The society is formed partly of the workers in the saw mill and partly of the farmers and merchants of the surrounding country. There are three sections—one of the workers felling the trees and transporting them to the railway, the second the workers in the saw mill, and the third the workers in a furniture factory on the Danube about a hundred miles from the saw mill. I did not see this last section of the work. The society had 410 members on December 31st, 1919, of whom about 42 were workers. At that time there were 254 workers employed by the society. By July, 1920, the time of my visit, the number of workers employed had increased to about 500 of whom about 200 were members. The share capital amounted to nearly 250,000 lei, of which about 160,000 was held by 59 persons, and the remaining 80—90,000 by 239. The maximum allowed to be held by one person was 5,000 lei, but they intended to increase this to 20,000. Each member has only

one vote. The Ministry of Forests and the Central between them were owed about 5,500,000 lei. In the year 1919 a profit of 61,000 lei was made. The profits are divided according to rule. A maximum dividend of 10% is allowed to the shareholders, 10% of the profits to the committees, and 10% to reserve; a certain amount goes to insurance, war orphans, philanthropic works and the remainder is divided among the workers, members and non-members alike. In 1919 nearly 20,000 was paid as interest on capital and 18,000 distributed among the workers. The managing committee consists of nine members, two of whom retire each year.

THE LATE MR. F. R. HEMINGWAY, B. A., I. C. S., REGISTRAR OF CO-OPERATIVE SOCIETIES.

A CONDOLENCE MEETING.

A largely attended public meeting composed of non-officials and officials of the co-operative department was held on Monday evening at 5 P.M. in the office of the Registrar of Co-operative Societies to express their deep sense of sorrow at the sad and untimely death of Mr. F. R. Hemingway in England on the 3rd of January last.

Co-operators from different parts of the Presidency, such as the Nilgiris, Coimbatore, Tanjore, N. Arcot, S. Arcot, Chingleput, attended in large numbers. Prominent among those present were:—

The Hon'ble Rai Bahadur K.V.Reddi Naidu, Sir P.Rajagopalachariar, Messrs. Sivarama Menon, P. Ramanathan, T. Krishnaswami Naidu, Asirvadam Nadar Frolich, Dr. Swaminathan, Messrs. N. Pattabirama Rao, Dandapani Iyer, S. Sankara Mudaliar, V. Venkatasubiah, L. C. Guruswami, M. L. C., C. Savariah Naidu, Swami Govendar Naidu, P. Chinniah Naidu, Rajaratna Naidu, Govindaraja Mudaliar, O. M. Venkatnatha Iyengar, T. Raghavachariar, K. Srinivasachariar, B. Papiah Naidu, Cunniah Naidu, (Coimbatore), T.A. Ramalinga Chetty, M. L.C., C.S. Ratnasabapathy Mudaliar, Chinna Rungiah Gounder, Chengappa Gounder, K. Beligere Gounder, Srinivas Mudaliar, Tiruvengada Mudaliar, (North Arcot), M. S. Seshachella Ayyar, (South Arcot), T. K. Venkatarama Ayyar, (Chinglepet); Manavala Naidu, Tirumalai Naidu, Royappa Naidu, Papiah Naidu, Messrs. J Gray, Registrar of Co-operative Societies, Rai Sahibs M. K. Venkatachariar, T. Srinivasa Rao, (Assistant Registrars), Messrs O.N. Ramaswami-Iyer, K. Devasikhamony Mudaliar, C.D. Nayagam, Rao Bahadurs Chelvaranga Raju, V. Govindan and T. Sundara Rao Naidu.

Resolutions, letters and telegrams from numerous Co-operative Societies, Central Banks, Supervising Unions, Primary Societies, Trading Unions and from prominent individual co-operators all over the Presidency expressing sympathy, were received.

Dr. Swaminathan proposed the Hon'ble Mr. Venkata Reddi Nayudu to the chair. In opening the proceedings the chairman said: "Gentlemen, we meet here this evening under very sad circumstances as you all know. In the death of Mr. Hemingway, the country has lost a trusted friend and a very great well-wisher. The Government have lost one of the ablest and efficient officers whose place it will not be easy for them to replace. Personally it is a great loss to me because I cannot any longer avail myself of the great experience of Mr. Hemingway which is quite essential for those who are called upon newly to enter upon duties with which they are not acquainted. There are others who will speak with greater knowledge of Mr. Hemingway and I shall not therefore stand between them and you. But I say this before I sit down that in Mr. Hemingway we have all lost not merely a personal friend, but one to whom the co-operative department owes its present efficient state." I now request Sir P. Rajagopalacharya to move the first resolution.

Sir. P. Rajagopalacharya.

Resolution I.—That this meeting of co-operators, both non-official and official, desire to place on record its deep sense of sorrow at the untimely death of the Registrar of co-operative societies, Mr. F. R. Hemingway, and to convey to Mrs. Hemingway and her family its sincere sympathy and condolence on their sad bereavement.

In moving the resolution, Sir. P. Rajagopalacharya said that Mr. Hemingway joined the Madras establishment of the I.C.S. in Dec. 1898 and rose to the position of a District Collector gradually from the lower rungs of the ladder. In the two districts of Coimbatore and Tinnevely where Mr. Hemingway served as Collector, he was much struck when he subsequently visited those places by the circumstance that Mr. Hemingway was remembered by the ryot population with affection. The people then told him of the several useful things he did for them. He found that Mr. Hemingway's success was due to the fact that he in addition to the discharge of his ordinary duties was always on the look-out for new things and ideas and for making himself useful to the people. He did several useful things and interested himself so well with the people that every one in the villages remembered him. When Mr. Hemingway was appointed Registrar of Co-operative Societies in June 1917, after that

appointment had been filled in by three successive Indian Registrars, there was a considerable amount of fear against an European's appointment, which was perhaps natural. When his appointment was discussed in the cabinet the then Member of Council, Sir Alexander Cardew assured him that the appointment was right and that Mr. Hemingway would be as much in sympathy and close touch with the people as any one else they could think of. That prediction was amply fulfilled. Though Mr. Hemingway was always sympathetic he never faltered to do what struck him to be the best for the people even though by so doing he was liable to become unpopular. As an instance he might mention the strenuous endeavour he made to increase the land cess from one anna to two annas in the Coimbatore District Board. He had another advantage in that he commanded a colloquial knowledge of Tamil, that for hours together he would go on conversing with the ryots in their language. He used to talk with that intonation and one who heard him would be under the impression that really a Tamilian was speaking. He had absolutely no colour feeling which was an asset in his favour. The Chairman had rightly pointed out that his place was most difficult indeed to fill. In conclusion, he said, that for people like Mr. Hemingway there was always room and scope in India though they heard some Europeans nowadays saying that there was no further scope for Englishmen in India. Dr. Swaminathan in seconding the resolution, said that he was called upon to say something about the deceased as he was a non-official. He was never an official and never would be one. His first knowledge and experience of Mr. Hemingway was about 19 years ago when he had to appear before him in his capacity as lawyer. Before he came in contact with him he had misgivings about him, he being an I.C.S. Magistrate, but after seeing him he was convinced that he was different from the usual type of an I.C.S. officer. Unlike certain other unsympathetic Magistrates who unmindful of the difficulties and inconveniences caused to lawyers and clients by frequently adjourning cases and posting them to distant places far away from Railway stations, Mr. Hemingway always looked to their conveniences and fixed dates and places as they desired. When Mr. Hemingway took over charge of the co-operative department, they, the directors and share-holders of the Madras Central Urban Bank, now the Apex Bank, felt that the Government was making another piece of jobbery in giving the appointment to an European in the place occupied by three Indian Registrars. With this prejudice they wanted to create all sorts of difficulties and put various conundrums before him to answer. This they continued for 2 or 3 months till at last they found that they had no reason to be sorry for, but

on the other hand they had every reason to feel glad that Mr. Hemingway really justified the place given him. He heartily seconded the resolution.

Mr. K. G. Srinivasa Mudaliyar, Honorary Assistant Registrar, Shiyali, supported the resolution in Tamil and said that non-officials never took him as an official, but they always considered him to be one of their brothers.

Rao Sahib M. S. Seshachala Ayyar, speaking on the Resolution, said that Mr. Hemingway's main object and desire to the end of his life was the promotion of non-credit activities and ultimately to capture their whole trade through co-operative stores. He spoke so much not even caring for his health that he at last succumbed on account of his throat trouble. He sacrificed his life for co-operation.

Rao Sahib T. Srinivasa Rao, Assistant Registrar, said that he wished to voice the feelings of the gazetted services of the department. The large expansion of the number of societies with a corresponding increase in the establishment to manage such societies was all due to Mr. Hemingway. His idea was to see that every village was brought within some society or other. By the appointment of Honorary Assistant Registrars, non-official workers were brought in close touch with the movement and an opportunity was given to officials and non-officials to work together in great harmony. Though they were subordinates, they never felt any subordinate position under Mr. Hemingway and they had absolute freedom and liberty to discuss matters with him in person.

Rai Sahib Ratnasabapathi Mudaliar (Coimbatore) said that while Mr. Hemingway was Collector of Coimbatore they thought they were living in the days of Swaraj. He was so free with them and interested in their welfare.

Mr. C. Savariah Naidu (Kilacheri) spoke in Telugu.

Mr. Ranganathan on behalf of the non-gazetted services of the department spoke a few words in support of the resolution.

The Resolution was then carried unanimously, the audience standing in silence.

Telegrams and letters of sympathy from several co-operative institutions and co-operators were then read by Mr. Ramanathan.

The second Resolution ran thus:—

"This meeting resolves that a memorial be arranged to commemorate the invaluable services of the late Mr. Hemingway to the co-operative

movement in the Madras presidency and that a committee be formed to collect subscriptions and to decide what form the memorial should take."

Mr. A. Sivarama Menon in proposing the Resolution said that the very fact that so many had attended the meeting, in spite of the short notice was proof of their attachment to the late lamented Mr. Hemingway. As a representative of the Triplicane Stores, one of the earliest distributive societies in the Presidency, he had occasion to come in contact with Mr. Hemingway and he could bear testimony to the great zeal and energy evinced by the deceased gentleman in the cause of co-operation. It was no doubt true that when Mr. Hemingway's appointment as the Registrar of Co-operative Societies was announced by the Government there was a fear among co-operators in the Presidency that the selection was not quite happy, but by his efficient and sympathetic administration of the Department, Mr. Hemingway soon became a very popular officer. People loved him no less than his subordinates. His genuine sympathy with Indians and his great enthusiasm for the cause of co-operation evoked a lasting and real affection for him in the minds of all true co-operators. He intensely desired to make the Triplicane Urban Co-operative Society a wholesale society for the Presidency and it was a pity that while the Directors were about to take steps to improve the society they should have been deprived of his valuable advice and co-operation. He was sure that the Resolution would be heartily accepted by one and all in that it contemplated to perpetuate the memory of a really sympathetic and able officer. The speaker added that it was a happy augury that a sum of Rs 1,400 had been subscribed on the spot by the following gentlemen, viz., Mr. T. A. Ramalingam Chettiar, Rs 500 and Messrs. K. Srinivasa Mudaliar, C. Tiruvankata Mudaliar, R. M. Rangiah Gownder, M. Kolandavelu Odayar, C. Aruliah Naidu, T. Srinivasa Rao, M. K. Venkatacharyar, C. Devasikhamani Mudaliar, C. S. Ranthasabapathy Mudaliar, each Rs. 100.

Mr. T. A. Ramalingam Chettiar (Coimbatore) in seconding the resolution observed that he knew Mr. Hemingway for the last 15 years and that his relationship with him was very intimate. He was very open minded and free and his treatment of both Europeans and Indians was alike. He was always devoted to his duties and there were many occasions he knew of, when Mr. Hemingway used to return from villages for breakfast at 2 or 3 in the afternoon. Even in the last days of his life he was always thinking of finding a solution for getting over the financial difficulties which stood in the way of the progress of co-operation. His views were always of a generous character.

Mr. Tiruvengada Mudaliar, Honorary Assistant Registrar, Tiruval supported the resolution in Tamil.

Rao Sahib M. K. Venkatachari, Assistant Registrar, and Mr. Antony further supported the resolution on behalf respectively of the gazetted and non-gazetted services.

The resolution was next put to the meeting and carried unanimously.

To carry out the object contemplated by the above resolution the following gentlemen were elected to form the committee with power to add to their number, viz;—Mr. A. Sivaram Menon, Dr. S. Swaminathan, Messrs. V. Venkatasubbiah, P. Ramanathan, Messrs. K. M. Rangiah Gounder, C.S. Rathnasabapathy Mudaliar, C. Aruliah Naidu, K. Srinivasa Mudaliar, Mr. R. G. Nallakuttalam Pillai, A. Vedachala Ayyar, M. S. Seshachala Ayyar, Nataraj Pillai (Trichy), M. Shiva Rao, S. Kumaraswamy Reddiar, Ayyakutti Ayyangar, T. A. Ramalinga Chettair and P. Ramanathan to be the convener.

The last resolution which was moved by Mr. T. K. Venkataramaiah and seconded by Mr. Vadiveiu Mudaliar authorised the Chairman to communicate the above two resolutions to Mrs. Hemingway.

Mr. P. Ramanathan then proposed a hearty vote of thanks to the Chairman and the meeting dispersed at about 7 P. M.

Justice.

EUROPEAN DEMAND FOR OILSEEDS, OILS, CAKES AND SPICES.

(The Business World)

The following note has been received from the Assistant Indian Trade Commissioner. The season for the Oilseed and Oils trade in Europe is from September to December when the best prices are realized on account of the demand from Margarine manufacturers for oils and fats, although a limited business is done throughout the year. Any cause that affects a demand in Europe for oils and fats or for oilseed cakes or soap generally results in price fluctuations of a temporary nature. At these times speculators buy heavily so that fluctuations are sometimes violent and sudden and consequently shippers are frequently misled as to the market value of the products they handle.

The existing stocks of oilseeds in Europe are considered to be only sufficient for immediate requirements but large quantities have been purchased for shipment. With regard to oilcakes and oil, it should be remembered that crushers demand higher prices for oil when there is no sale of cakes and consequently high prices are frequently realized for oil when there is apparently no obvious reason for it. This affords them the opportunity of lowering the price of cakes and thus forcing sales. The trade in Indian pepper and spices is limited and sales are slow on account of fairly substantial stocks at present in the United Kingdom.

Since July last there has been a revival of demand and a decided improvement in prices all round as specified below.

Copra (Straits). The price improved from £24 to £38-10-0 reacted to £31 and now the market price is £34 per ton with the market inactive. Malabar Copra realises about £2 per ton more than Straits Copra but transactions are few and far between.

Groundnuts (Decorticated Coromandels). These improved from £15 to £28-10-0, reacted to £24, then rose to £29-10-0 and the present price is £27 per ton buyers for Hamburg and £29 for Marseilles.

Coconut Oil. The spot selling price since July 1st, has been £56, whilst oil for shipment has risen from £48 to £54 c.i.f. per ton.

Groundnut Oil. In sympathy with Groundnuts it has improved in price since July 1st, from £43 per ton named ex mill and £55 for deoderised in barrels to £53 and 66 respectively.

Lemon-Grass Oil. The price has advanced from 2½ to 3½d. per ounce, but the demand is small at this price.

Coconut Cake of English manufacture were selling on July 1st, at £12 and foreign manufacture at £9 per ton. On August 1st, prices were £16 and £13 respectively, the present market price being £15 and £11.

Groundnut Cakes, during the same period have advanced slightly to £13 for Bombay decorticate and £11-10-0 for undecorticated from £12 and £11, respectively.

Pepper. Fair quality Tellicherry Pepper on the spot on July 1st, was selling at 4½d. per lb. and Allepy Pepper at 4½d. Since then these prices have improved steadily to 5½d. and 4¾d. respectively, no doubt due to some extent to the great recent rise in Zanzibar Clove prices from 8d. to 1s. 3½d. per lb. There is every reason to believe that the price of pepper will gradually improve for some time to come.

Cardamoms have advanced in price from 2d. to 5d. per lb. according to quality since early July. The present prices for the different grades are given below :—

Fine bold pale bleached Mangalores	...	6s.	per lb.
Medium do	...	4s. 6d.	"
Small do	...	3s.	"
Splits do	...	2s. to 2s. 6d.	"
Good Bombay Seeds	...	2s. 6d.	"
Boldish Rough unbleached Indians	...	2s. 3d. to 3s. 6d.	"
Small mediums do	...	1s. 6d.	"
Green Allepy medium size.	...	1s. 3d. to 1s. 5d.	"

Cinnamon. The market for Cinnamon is very quiet. For months past the market values have been for first 1s. 3d., seconds 1s. 1d., thirds 1s. and fourths 9d. but exporters under selling pressure have recently reduced their prices to 1s. 1d., 1s., 1s. 10d. and 9d. respectively and at these prices buyers do not appear to be interested.

Ginger (Cochin rough). Stocks in the United Kingdom are large and prices are merely nominal.

We publish the above with the hope that Indian exporters of the products will benefit by it.

THE MADRAS CENTRAL URBAN BANK LTD.

AUTHORISED CAPITAL		Rs.	6,00,000
PAID UP CAPITAL		"	3,80,780
RESERVE FUND		"	1,58,700
DIVIDEND EQUALIZATION FUND		"	28,904
DEPOSITS (Exceed forty three lakhs)		"	43,00,000

Audited BALANCE SHEET and PROFIT and LOSS STATEMENTS published annually in the Fort St. George Gazette.

Current Accounts, Prudential Deposit Accounts and Savings Deposit Accounts opened. Terms on application.

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(By order),

Luz, Mylapore, }
Madras.

V. C. RANGASWAMI,

Secretary.

THE LAW & PRINCIPLES. OF CO-OPERATION

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In this edition, all amendments to the Act suggested by Local Governments have been discussed. Much new matter embodying the opinions of all the chief writers has been added. Special chapters are included on "What is Co-operation?", "Co-operation and its Alternatives," "The Objects of a Co-operative Society," "Liability" and "Interest." The latter two subjects are treated historically, as well as practically. Full explanations and notes have been inserted so as to make this work the most complete handbook on the subject in the English language.

East Gate, Madura.

For articles supplied by our members, We shall guarantee fastness of colour, correctness of dimensions and texture. Our prices include the cost of the raw materials and labour plus a trifling commission for us and so they are bound to be cheaper. The following are some of the principal manufactures for which Madura has a reputation of its own.

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Sungudi or spotted sarees made of mull or ordinary kasa or handloomwoven cloths, in several patterns, red or black colour with or without border or lace. The value of a cloth ranges from Rs. 7 to Rs. 50 according to the lace and kind of cloth used. (ii) Palukka sarees from Rs. 4 to Rs. 15 each. (iii) Coffee colour sarees from Rs. 6 to Rs. 20 each with lace or silk borders. (iv) Superior silk sarees in different designs made to order only.

(b) Cloth for men.

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Madura fast red, chocolate colour, black colour, etc. dyed on Madura Mill yarn from 20s upwards can be supplied to any extent.

Preference will always be given to orders from sister Co-operative Societies. We are also prepared to book wholesale orders for goods with special specifications.

TO LET

THE Madras Bulletin of Co-operation.

VOL. XIII].

MARCH 1922

[No. 9]

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.

The Cochin State made good and steady progress during its last co-operative year. The number of societies increased from 77 to 96 of which 1 was a central bank, 25 were non-agricultural societies and the rest agricultural ones. The working capital of all societies increased from 5 to 6.42 lakhs and the reserve fund from about Rs 14,00 to over Rs 24,000. The working of the central bank was very satisfactory from all points of view, on which the co-operators of the State deserve to be congratulated. Its constitution is of the advanced type, no individuals being admitted as shareholders. Nearly two-thirds of the societies in the State have shares in it. 94 per cent of its working capital was contributed by outside depositors. This is no doubt a very high proportion but is perhaps due to the fact that the membership is limited to societies, which in the present condition of our country want central banks more to finance them than to take charge of their surplus funds. The State had sanctioned a loan of Rs. 25,000 to the central bank but it managed to do without drawing upon it. Only about 2 per cent of the dues remained unpaid. Nearly 50 per cent of the deposits consisted of security deposits from the State servants. There was a regrettable increase in overdue arrears in both agricultural and non-agricultural societies but steps are being taken to reduce them. The non-credit

societies do not seem to be doing well. Of three stores that were in existence at the end of the year only one was in working order and the registration of one store was cancelled during the year. The report under review gives particulars of only one industrial society, viz, the Kuthampilly Weavers society which has obtained most of its working capital as a loan from the State. The report does not say how the Fisheries Industrial Society, the Metal Workers' Society and the Conveyance Society are working. It is a pity that an economic journal started during the last Co-operative year by the State and edited by its Registrar of Co-operative Societies was discontinued after only one number was issued. The Registrar complains, while thanking such non-official workers as are giving their service to the movement, that a sufficient number of persons are not coming forward to do propaganda and other work. In a State so advanced as Cochin is there should be no dearth of workers and we hope the next report will speak more cheerfully on the subject.

The influential deputation of South Canara Co-operators, who went to Bombay to make good marketing arrangements for the *supari* of their Planters' Co-operative Society and whose diary, as kept by Mr. M. Shiva Rao of Puthur, we have published, learnt at some considerable cost the first lesson of co-operation, viz self-help. This conclusion no doubt looks cynical but when we remember that Bombay is a centre of specialised trade on capitalistic lines where every one is busy money-making, the experience is not altogether surprising. Co-operative trade is still in its infancy everywhere in India and in the city of Bombay it is particularly so and quite insignificant. Co-operators have yet to learn much in both wholesale and retail trade and we are sure neither the South Canara Co-operator nor their brethren elsewhere will be downhearted by unpleasant experiences and even failures of their early attempts. But what does surprise us is that the office of the Special Assistant Registrar for the promotion of Store Societies in Bombay should not have been more helpful to the deputation than it really was. The deputation had come from a great distance and from a sister province with the blessing of the Local Government. That fact ought to have ensured for it a certain amount of courtesy, even if the fact of its being a deputation of earnest Co-operators was not quite sufficient. Interprovincial deputations of Co-operators are bound to be more common in the future and we hope the Co-operative Department of Bombay will take care to see that a greater degree of

The Deputation to
Madrass.

attention is given them by its staff. We hope also that departmental officers in Bombay and elsewhere will learn to be in closer touch with trade and markets and not despise to acquire knowledge at the hands of the capitalistic merchants.

We are sorry to learn that the Madras Co-operative Leather Goods Factory which was started in April 1919 by Mr. V. Venkatasubbayya of the Servants of India Society has resolved to stop work and to go into liquidation. It was one of the few non-agricultural productive societies of our Presidency and, being started under favourable conditions, was expected to prove an encouraging example to others. During the first few months when it was directly under Mr Venkatasubbayya's personal supervision and the operations were conducted on a small scale, it yielded a good bonus to the workmen in addition to their usual wages. But later on when it expanded considerably and an adequate staff came to be employed, it ceased to be paying, the outturn falling below expectations. Several steps were taken to set right the concern, among which was the handing over of the management to a committee of Chucklars who were successful business men in their trade, with Mr. L. C. Guruswami M. L. C, as President, and a proper keeping of the accounts which in the beginning were not satisfactorily maintained. But these steps did not succeed because the members showed very little co-operative character and also because the system of paying monthly salaries or daily wages, rather than the piece work system, proved extremely unsatisfactory. The latter does not obtain in the trade in this country and big commercial firms and small employers all give salaries or daily wages to the workmen. The big firms charge high prices to their customers and are thus unaffected by the poor outturn, while the small employer exercises personal supervision. Often he is himself a leather worker and sees that he does not suffer any loss. The Co-operative Leather Goods Factory failed because it could not adopt the high prices of the big firms nor could it have the personal interest of the small employer. We hope that this lesson will be borne in mind by those who will hereafter organise industrial societies. How lacking the members were in Co-operative character is revealed by the fact that after a few months the workmen with whom and for whose benefit the society was started and who had also taken advances from the society began to desert it, either because a higher wage was offered by another employer or because a loan or advance was refus-

A 'Co-operative'
Failure.

ed; till only one or two worker-members were left in the end. This unsteadiness of the artisans has also to be borne in mind by those who organise societies for them. The Department too we think should exercise a close and strict supervision over these pioneer societies, particularly in the matter of accounts. These societies generally owe their origin to enthusiasts who may be estimable men but are by no means remarkable for business qualities. They are apt to be too trustful and neglect business precautions. The Department should prescribe the books to be kept and see that they are properly maintained, giving clerical aid where the society is unable to engage a qualified hand for keeping the accounts and insisting on a monthly balance sheet being made. Co-operative industrial societies are not conspicuous for their success even in industrially well-organised countries like England. No wonder therefore that some failures, especially in the early stages, should occur in our country, though we have an advantage over western countries in that our social and economic system is not based on competitive and individualistic ideas. These failures should make us more careful, not timid or despondent. We hope that those philanthropists who, like the Raja of Pithapuram and Mr. S. Srinivasa Aiyengar, liberally supported the Leather Goods Factory, will not be less ready to help other deserving Co-operative attempts.

A reference was made to Government under the following circumstances. A was surety to B who took a loan from a Co-operative society. As B did not repay the loan in due time, the society collected the amount from A. Subsequently there was a dispute between A and B regarding this amount. Could A refer the matter to the Registrar for decision under Rule XIV of the Rules framed under Section 43 of the Co-operative Societies Act as a matter 'touching the business of the Society'? Government, after taking competent advice, have come to the conclusion that the dispute does not come under Rule XIV and have issued a circular accordingly. When a loan is repaid, the transaction is closed so far as the business of the society is concerned.

It is very interesting to note that a Co-operative Training School has been established at Mohinjin, Katha District, in Upper Burma and has been working for a year. The officials of the Co-operative Department seem to take immense interest in the venture and have taken upon them-

A Co-operative
Training School.

selves the work of instruction. The subjects taught are Co-operative Literature, Book-keeping and and Accountancy, the main object being to turn out well-trained secretaries of co-operative societies. It is a free school and admits pupils who are union secretaries, society secretaries and those who are deputed by villages and towns desirous of starting societies of their own. The number on the rolls last year was sixty, a very satisfactory figure for a beginning.

What can be regarded as a small triumph of co-operation has been achieved by the fishermen of Uppalavadi, South Arcot. They had long been subject to petty harassments at the hands of the landlords who owned the market where their fish was sold. They were victims of a great many surcharges in addition to the usual authorised market fees. In order to overcome these difficulties, they last year purchased the whole market site for Rs. 1050, the amount being made up of share capital, deposits, and loans from the South Arcot District Banking Union. The bulk of the deposit came from the common fund of the villagers accumulated under their caste administration. It is in the form of a fixed deposit at 6% per annum for 10 years. The loan from the Banking Union has been advanced on the security of the land and is repayable in ten monthly instalments from the collection of fees and share capital. It is a very commendable example and well worthy of being copied.

Mr. Frank Ambler, one of the directors of the Northern Co-operative Society of Scotland, has summarised in very piquant phraseology the present day drawbacks of the movement. "In the Co-operative movement to-day," he declared, "they were in the same position as obtained in all other democratic bodies, only, if anything worse, and that was by having a bigger proportion of idealists, extremists, faddists, sentimentalists, and educational cranks, who at the present time were more interested in sentimental proposals than in business propositions....." In his opinion, there was more silly sentimentality than good, efficient management in most of the societies, which fact was mostly responsible for the deplorably unsatisfactory condition of the movement to-day. Of course, Mr. Ambler was referring particularly to Scottish societies; but perhaps the same may be predicated of our societies also. If anything, mere idealism is more rampant here. Shrewd

What is wrong
with Co-operation of
to-day?

business men fight shy of this movement and espy the rival in every Co-operative society. Mr. Ambler would therefore first remove all faddists from the boards of directors and then replace them by the best men in the commercial world by offering them very good salaries. We commend the above remarks especially to our bigger organisations.

We are glad to see the following paragraph occurring at the end of every audit order of a Municipal Employees or Christian Co-operative Society in the Madura Circle of which Mr. G. Srinivasaraghavachariar is Assistant Registrar: "The Secretary of the Society will be doing a great service if he should impress upon the members the thrift side of the movement and induce them to put in their savings, however small, in recurring deposits so that a provision against unemployment, sickness and old age may be made for them. He will also be helping the members a great deal by purchasing and selling cloths and other necessities of life on the joint purchase system." For the labouring classes in general there is no greater need than some provision against sickness and old age. The struggle for existence is not so keen in our country as it is in some countries of Europe, thanks mainly to our tropical climate, and therefore unemployment is not usually prevalent in our towns, except in the case of those whose occupations are seasonal such as builders who get no work in the rainy season. But they are subject to sickness to a much greater extent than their Western brethren.

The evils of importing politics and personalities in the Co-operative movement are, of course, two well-known to need reiteration. Writing on 'Co operation in Roumania' in *The Irish Economist*, Mr. Diarmid Coffey observes, "What most strikes an observer of Italian consumers' societies is their multiplication and smallness. Small political and personal differences lead to the forming of several small societies where one big one would do the work better. So in Roumania societies are formed round a factory or individual such as a priest or a politician, with the result that in Bucharest alone we find 142 separate consumers societies federated in two distinct wholesale federations. Bucharest is by far the biggest town in Roumania, but a similar state of affairs is to be observed in small centres". This is a situation which we would do well to guard against if we are to enjoy to the full the benefits of co-operation. Too many small societies will only bring on the bane of competition and thus they will descend to the level of retail shops. Surely, nothing can ever be farther from the ideal of Co-operation.

Conditions in the Agency Tracts of the Circars are very different from those of the plains and it is not therefore surprising that co-operative societies in those tracts are very different from the institutions of the plains. The majority of the population in the Agency area belong to the hill tribes and they are generally exploited by the trading and money-lending communities of the plains. The Co-operative Assistant to the Agency Commissioner speaks of his having received numerous complaints during his tours from the hill men about their being deprived illegally of their lands and of his having helped them to get them back through the Revenue authorities and law courts, in the latter case loans being given by the Co-operative Societies for the litigation. A separate society for each village or even a group of villages is not possible because the people are too ignorant and illiterate. One society is established for a whole taluk and branches are established at convenient centres. The constitution of the society is not very democratic, the chief Revenue Officer of the taluk being the President of the society. It is managed either by a Government servant or a competent non-official and not by elected office bearers. The society is a combination of a credit society and a store and is perhaps best described as a general purposes society.

In the Agency portion of Ganjam there is one society at Balliguda which after working informally for a year and a half was registered in 1919 and has 11 branch shops attached to it. There is another registered society at G. Udayagiri which has 3 branches attached to it. It was started informally in March 1918 and registered in August 1920. There is an informal society at R. Udayagiri which also has three branches. The Balliguda society had on the 30th June 1921 a membership of 1567, which according to the presidency average of 95 members per society should be considered equal to that of 24 societies. All its working capital is its own. It has taken no deposits or loans either from members or non-members. On the 30th June 1921 it had a share capital of Rs. 3860/8/10 and accumulated earnings of about Rs. 7500. During the last co-operative year the stock purchased by it was worth about Rs. 4800 and that sold was worth about Rs. 6150. Its receipts and disbursements under loans were Rs. 2564/7/0 and Rs. 2944 respectively. The net profit earned during the year by this society was Rs. 2438/14/7. The membership of G. Udayagiri society was 833, that is, equal to that of 13 average societies. It purchased cloths, salt &c for over Rs. 4200 and sold stores worth about Rs. 4180. It earned on all transactions a net profit of Rs. 486/2/6 during the last co-operative year. The informal society at R. Udayagiri had 755 members and earned a profit of nearly Rs. 600/-. The effect of the establishment of these societies has been disastrous to the Mahajans or money-

lending traders of Balliguda and G. Udayagiri. Unable to compete with the societies they are abandoning these places. A big Mahajan of G. Udayagiri recently sold his shop to the co-operative society as he could not compete with it. The Mahajans have been obliged to lower their prices on account of the competition of the co-operative societies, so that not only the members of the societies but all alike are benefited. We wish these societies every success.

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The essential motive of co-operative loans, observes Mr M. Thorp, the new Registrar of Co-operative Societies, Bengal, is to enable persons of very reduced credit to borrow at reasonable rates with a view to their gradually repaying the principal; and so while reducing their indebtedness to the financing institutions gradually to increase their own resources out of the profits of their labour. But this motive is not sufficiently realised by the members, who look upon co-operative societies as only a source of cheap credit to repay whose loans they need not be in any hurry. No change takes place in their moral or economic life, barring of course a few cases of exception. The average member of a society is not more thrifty, nor a better worker, nor a more useful member of the community than he was before. Our societies have multiplied by the thousand but their quality has remained very poor. How is it to be improved? There is only one way and that is to change the view point of the member of the primary society and the attention of all interested in co-operation should be concentrated upon it. We entirely agree with Mr. Thorp.

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The common flower plant, known in Telugu as *ganneru*, in Tamil as *arali*, and in English as oleander, found frequently in gardens and houses is, it seems, a poisonous plant. Several fatal cases of accidental poisoning are on record where the twig of the plant was ignorantly used for stirring food preparations while boiling. Cattle and other live-stock occasionally get poisoned by eating its leaves, though ordinarily their instinct teaches them to avoid it. Experiments made in America on domestic animals have proved conclusively its poisonous properties. Though we may all love the flower it is risky to grow the plant in our houses or gardens.

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On the occasion of His Royal Highness the Prince of Wales's visit to Calcutta, the Naogaon Ganja Cultivators' Co-operative Society spent Rs. 500 on the purchase of cloth for distribution amongst the poor of the Ganja Mahal through its Directors, and contributed Rs. 100 for feeding the poor and Rs. 25 for illumination. It opened at the same time a co-operative market, named the "Prince of Wales Co-operative Market, Naogaon", for putting up sheds in which it spent Rs. 500. It is still an experimental measure and the stall-keepers are not subjected to the payment of any rent or tax whatever for the present for keeping their stalls in the market.

STRAY THOUGHTS ON AUDIT AND INSPECTION IN THE CO-OPERATIVE MOVEMENT.

(BY RAO BAHADUR A. VEDACHALA AIYER).

Co-operators have at the recent conference expressed dissatisfaction with the quality of audit conducted by the subordinates of the Co-operative Department of the primary societies, rural and urban on limited and unlimited liability basis, central banks, stores, and societies carrying on non-credit operations such as Industry, Buildings etc. Co-operators are apparently anxious to secure an arrangement of systematic and thorough audit by competent staff and to separate the audit work from that of administration.

It may be desirable to note for the information of co operators how far the Co-operative Department has undertaken the work and in what lines reforms may have to be introduced to secure the desired result.

2. The term co-operative "audit" is generally understood to be the careful and complete examination of the accounts maintained in co-operative organisations.

The auditor is expected to see that the conduct of work in a society by the Directors is in accordance with the by-laws of the Society and that the act and the rules issued under the Act have been carried out in working the Society. Such audit can be satisfactorily performed by a careful examination of the account books, minutes of proceeding, by-laws etc.

The constitution of rural Societies on unlimited liability basis is such that to secure an adequate idea of the condition of each Society, and a more efficient working of the Societies, the Co-operative auditor has to undertake a detailed examination of the assets and liabilities of the members of a Society, and to offer criticisms on the method of management especially in regard to the disciplinary action adopted by the Panchayet-dars or Directors. In the case of Central Banks, the auditor has to scrutinise the effectiveness of the arrangement adopted by the Directorate to find out the condition of each of the primary Societies to which loans have been given and to watch the progress of work made in the direction of proper administration of such Societies by Co-operators. In fact, co-operative audit requires not only the performance of technical audit but also a thorough overhauling of the work of each society. This overhauling has to be done at least once every year by an independent agency unconnected with the institution.

It is this thorough overhauling which is expected to reveal a clear idea as to the condition of each society and it is on the strength of such audit certificate that the depositors are expected to place their deposits in the institutions with confidence and the central banks are expected to allocate the amount of credit which is required by each institution.

3. The audit however is different from what is understood as "inspection". Theoretically the Panchayetdars of rural societies are responsible for the proper maintenance of accounts and for the efficient administration of the society in accordance with the provisions of the Act, the rules passed under the Act, and the by-laws of the society. Where the Panchayetdars are not carrying out the prescribed work efficiently, they have to be put in the way and brought up to the mark by persons who are deputed to undertake the inspection of such societies. Unlike audit which can be conducted once in a half year or even once a year, inspection will have to be incessant and more searching until the Panchayetdars are able to run the institution efficiently without extraneous aid and advice.

In the case of primary societies on unlimited liability basis, the inspection work is absolutely necessary because the panchayatdars are recruited mostly from the agricultural classes and are not in all cases well versed in the maintenance of accounts and in the efficient running of such institutions. But in the case of primary societies on limited liability basis which are generally found in urban areas, the Panchayetdars or Directors are recruited from a better class people with knowledge of account-keeping and with capacity to run such institutions. In the rural societies, the transactions are generally of a tiny character and it may not be practicable for them with their limited resources to carry on the work with the help of a well-paid, efficient agency. In urban areas, the transactions are expected to be on a large scale and it may be possible to recruit a paid agency for carrying on the work. In the case of central banks, the position is decidedly better. The Directors are recruited from the educated classes at the district headquarters or at some important trade centre and the management of such central banks can be adequately secured by the entertainment of a well-paid and efficient staff. In the case of non-credit societies, carried on in rural parts, the difficulties usually experienced in the credit societies in such parts are found; while non-credit activities carried on in urban areas are better handled by the Directors.

Thus it would be seen that besides the annual audits to be carried on by an independent agency for all co-operative institutions, the societies

in rural parts require continuous and close inspection from time to time until the Panchayetdars or Directors of such institutions become able to get through the work efficiently.

4. Another point to be borne in mind is the fact that in rural societies the accounting work should be as simple as possible, consistent with the nature of the transactions carried on; whereas in urban areas, the accounting work has to be more complex as the result of the variety of transactions carried on. It is for this reason that the by-laws formulated for the proper conduct of work should be simpler for the rural societies than for those in urban areas.

5. Co-operators may take these points into consideration before determining the kind of audit and of inspection which should be provided for each type of co-operative society. It will then be clear that the primary societies in rural parts and on unlimited liability basis require continuous inspection throughout the year and technical audit at the end of a year to be undertaken by a staff who need not be expert and highly paid auditors well versed in all the intricacies of account-keeping and auditing; but the staff detailed for the work should have the capacity to educate the executive in each Society to do their work thoroughly and efficiently and to point out the defects in the administration of such societies. In the case of societies in Urban areas, the audit staff to be employed should, be better equipped in accountancy and audit and it should be able to find out how far the management has been conducted on sound financial lines. In the case of Central Banks the audit staff to be employed should be specialised so as to be able to scrutinise the working of such banks and furnish a certificate which can be availed of by the money market in determining the financial position, of each institution. Inspection of urban societies and central banks may not be necessary in many cases, but at any rate need not be as frequent as the primary societies in rural areas.

6. The Co operative Department has hit upon a device of securing the supervision of primary societies in rural areas by the formation of local unions. The local unions are expected to employ a staff of supervision out of the contributions made to them by the affiliated societies and by the financing banks. Till the local unions are sufficiently made strong to undertake the work, the Government staff is being or has to be employed in assisting the local unions unless some other non-official agency is available to undertake the work. Ultimately the union will undertake the whole of the inspection work and the Government staff may perform the

functions of mere auditors. The auditors notes or certificates can be published for the benefit of the depositors and the Central Banks from whom these Primary Societies draw funds. The separation of audit and of administration as regards the primary societies in rural parts might then become an accomplished fact when the Local Unions are in thorough working order and when the Government staff will perform the function of audit only leaving the administrative work in the hands of Local Unions.

In the case of Primary Societies in Urban areas, inspection on a comprehensive scale may not be found necessary in all places but a thorough audit has to be secured once a year.

The audit should be made very efficient by the employment of a specialised staff. The necessity for a real expert staff of auditors is very keenly felt by the Central Banks. To carry on this work at present, the Assistant Registrar in each section is given a better paid Chief Inspector and with this help he has to get the work done as well as is practicable. A specialised expert staff on adequate pay has to be introduced in the Co-operative service for the benefit of the Co-operative Movement; whether the existing men fulfil the expectations of Co-operators is a different matter. If they are not up to the mark, they should either be properly trained or replaced by more efficient men.

These observations are put forward for the consideration of the Co-operators in determining the nature of the staff which the non-official agency and the Government might entertain to secure the required inspection and audit of the Co-operative organisations in the Presidency.

A FAILURE AND ITS LESSONS

1. The Salem Swadeshi Co-operative Stores has been 'practically wound up. Shareholders have been asked to pay up their reserved liability, and yet it is feared that the financing bank will get a portion only of its money advanced. The articles of furniture and stock have been sold in public auction and only formal winding up remains to be effected.

2. What a sad spectacle this! and that in Salem which has stood behind no other District in the matter of Co-operative activities. What a brave fight was put up at the beginning to have the word Swadeshi included in the official name of the stores! Some of the fighters and the officer who objected are now at rest and peace be to their souls.

3. "Men may rise on stepping stones of their dead selves to higher things", says the poet, and this is possible only if we introspect and find out the true causes of failure so that they may be avoided in future attempts.

4. To me with my short experience of Co-operative activities two main causes suggest themselves as being really responsible for the crash of the stores. First, it was started by persons who did not feel a real need for it and secondly, it was started at a place where there is no need for it. Let me explain myself.

5. Students of co-operation familiar with the romantic story of the humble origin and gradual development of Rochdale pioneers would realise the importance of the first observation. Some poor workmen realised they were not getting the proper worth for their money and they were bent upon getting it. They strove for it and got it and now the Wholesale has grown like the Indian Banyan tree. In the case of Salem stores a few well-intentioned citizens, all cultured and well to do (as things go in our poor country), met one evening in the club and decided to start a co-operative stores. Shares were subscribed on the spot and money paid and business started. Much enthusiasm was shown at the initial stage by the directors but in course of time the affairs of the society began to drift and it became practically one man's concern and that one man the paid agent of the society. Most of the members got their year's supply wholesale (not in the stores) and did not regularly patronise the stores because they did not purchase from month to month.

6. Some years ago while the writer of the article was in Travancore and an attempt was made to start a stores there, an Engineer getting over Rs. 500 a month asked this question:—"What is the necessity for a stores. Here are merchants who stock articles for you and are prepared to sell them with a very narrow margin or gain for themselves, a margin you have to allow even if you start stores. These merchants are experts in the line and why should we take the bread out of their mouth? I am convinced I am getting my money's worth whenever I buy from the professional trader's shop. Why then should we turn shopkeepers ourselves."

7. I felt the force of the observation and my knowledge of co-operation then being nil I could not answer him. If the same question be put to me now, I would say, "Swami, the stores is not intended for persons like you. You can afford to purchase for cash and the shopkeeper is anxious to keep you as his customer. But take the case of a poor clerk getting Rs. 25. He does not get his money's worth. His purchase suffers in quality and quantity. The stores is intended mainly for people of this

stamp, the man with small means who can however get his money's worth when he combines with others of his position, and pool their resources together and get the benefit of their combined resources in the shape of improved quality and quantity.

8. There are other advantages no doubt economical and moral, but this tangible material result is the most important one.

9. Now our Salem stores was started not by the local people corresponding to the Rochdale pioneers but by local people corresponding to the Engineer Swami mentioned above.

10. Secondly, Salem is not in my humble opinion a place where stores will thrive well. This is a district where almost all the necessary articles for a middle class man's comfortable life are produced. The Shevapet warehouses supply rice cereals and other articles of food for not only this District but to the neighbouring districts as well. It is possible to purchase good articles at reasonable prices provided you pay cash for them. Some of the wholesale merchants sell in retail also almost at the wholesale rate or if there be any difference at all it is negligible.

11. This fact is clearly seen from the following incident. The writer of this article is the President of a Co-operative Bank having about 140 members, of which over 100 members get a monthly income of less than Rs 30 a month. When attempt was made by the society to buy certain articles in a lump for distribution many said, give us the money we want and we shall help ourselves. What we want is money and that being available we can purchase the articles to our own satisfaction.

12. It is not contended that there would have been no difference at all between what they had to pay individually and what they would have had to pay if samans were bought in bulk. But the difference was slight enough to be overlooked because of the vicinity of Shevapet. A place like Trivandrum, which does not produce much of the articles consumed there, may and does require a store at least to guarantee the quality of articles purchased whereas in a place like this what is wanted is money more than articles themselves.

13. The gradual waning of enthusiasm on the part of directors and their trusting the paid Secretary too much is held by some as one of the chief causes of the decline. Not having been on the directorate of the stores I am not in a position to say anything about this.

14. In one word our stores did not grow. It was made and it has collapsed. Fellow co-operators, learn the lessons we have learned at such a heavy cost-loss of money and worse still, worse loss of prestige and reputation.

Salem, }
7-4-'22. }

S. K. Y.

A SHORT NOTE ON THE CO-OPERATIVE MOVEMENT IN THE KOTAH STATE.

1. There are 157 agricultural credit societies under the Co-operative Societies Act passed by the State in 1916. These societies are distributed so far in six nizamats (Tahsils) only out of the total nineteen. Average membership per society is 13.

2. There is no Central Bank here, nor is there a possibility of any being organised in the near future, the reason chiefly being the peoples' backwardness from the educational point of view. Those who have some spare money and time to give are all money lenders and are opposed to the movement. The State finances all the societies, through the Registrar, at 6 per cent interest while the societies charge their members 12 per cent, 6 per cent thus going to form the Reserve Fund.

This fund amounted to Rs. 40000 (Round Figure) on 30th June 1921. The writing work is done by officials called Society Moharrirs employed and paid by the societies. One moharrir has charge of nearly 13 societies.

3. The societies are formed on unlimited liability basis. Every member has to subscribe at least one share of the value of Rs 20 payable in ten years. This share capital now amounts to Rs 10000 (Round figure).

4. The money outstanding at present against the members is 2000 (Round figure) per society. The repayments have been satisfactory, considering the state of the harvests we have had since we started this work. A few cases of default have occurred and they were dealt with sternly.

5. Question of payments of old debts has been presenting many difficulties. Darbar has been pleased to appoint a special commission to investigate and decide all civil claims against the members. The instalments fixed by the commission will be paid by the member to the decree holder through the society, which will do its best to arrange for the payment of the fixed kist, as long as the judgment-debtor remains member. No civil suit against a member can be instituted in any court except this special tribunal, wherein *ad valorem* court fee is charged at the rate of one rupee for every hundred rupees as part of the amount in dispute. Members of Co-operative societies have been forbidden by law to take outside fresh loan on the penalty of immediate expulsion from the society. Many lenders too, in turn, have been asked not to advance

any fresh loan without the consent of the society. If they do, the law is that no civil court will have jurisdiction to help the creditor in its recovery.

6. Loans are granted for all purposes after proper inquiry. This year societies have seen the wisdom of keeping their own grain for feed and seed, and money advanced for the purpose would be repaid within four years, one instalment every year, from the Sawai Grain. After four years, this grain will be entirely members' property. Money lenders charged sawai on grain, which means 50 seers have to be given back for every 40 seers advanced. Calculating the price of Jowar at 40 per mani (12 ruds) and that of wheat and gram at 60, the interest which the member would pay to the society at 12 per cent (Note—6 per cent out of this would go to reserve fund of the society) within 4 years would be Rs. 12 and 18 respectively. This is the only price paid by the member for his grain. This business is being much appreciated and if successful, of which I have little doubt, would prove very profitable to the members. Grain is stored in under-ground pits or godowns at one convenient place for a number of societies and kept under their own supervision.

7. There is no Central Bank as said above; but the Registrar, on behalf of the State, accepts fixed deposits from the public for one year, two and three years at 5, 5½ and 6 per cent rates of interest respectively. Nearly one and a half lacs have been thus deposited so far.

8. To encourage private people to finance the societies, a new experiment is being tried here. People won't form a bank but are prepared, individually, to finance certain number of societies, according to certain rules sanctioned by the Darbar. The interest charged in this system, by the societies from members is 15 per cent out of which 12 per cent is paid to the financing Sahukar and 3 per cent forms the Reserve Fund. The individual works as a Bank in all respects and is bound to obey all instructions issued from the office of the Registrar. Accounts etc., are kept quite clear and apart from the Sahukars' other business. I personally claim some advantage for this system, the chief of them being the following:—

1. In place of present non-co-operation and much opposition there will be Co-operation between money lenders and Co-operative Societies.

2. The money lenders, being well acquainted with the method and intricacies of rural finance, will be of very great help to the Department.

3. The class of money lenders too, though much abused but hitherto indispensable will be retained, free of all present defects such as high interest, dishonest dealings etc.,

4. Financing thus being rendered easy, Co-operation can spread through the whole State comparatively within a very short time.

Only 4 Sahukars have so far consented to work a few societies on this system and we are looking forward to see how far it is successful from a co-operative standpoint.

CO-OPERATIVE INSURANCE.

The Provincial Co-operative Conference in its Resolution No IX has resolved that in the economic interests especially of the poorer classes of co-operators in the Presidency it is both necessary and expedient to take early steps for the organisation of a Co-operative Life Insurance Society even if it be not possible to obtain any concessions from the Government. The concessions required from Government are:

(1) Co-operative Life Insurance Societies should be exempted from the deposit of 2 lakhs to be made at the rate of Rs. 25,000 every year for 8 years; in view of the fact that the institution to be floated will be of the mutual type and the Government of India Actuary has expressed his opinion in one of his annual reviews that mutual insurance concerns as opposed to proprietary concerns may be given some concessions in this direction.

(2) The proposed institution will have to pay for the services of actuary a sum of about Rs. 500 at the start to fix the premium rates to be adopted tentatively for working it for a period of the first five years. Being a mutual concern, the premium rate will admit of alteration. To avoid this initial payment of Rs. 500 to the actuary, it was proposed to ask Government to secure gratis the advice of the Government of India actuary. One more difficulty has to be met. If the proposed institution has to be registered as a co-operative society, the Department has to accept the moral obligation of supervision and the statutory obligation of audit. The latter can be avoided if the proposed institution agrees to secure expert advice and audit on payment which after all will not be heavy. The valuation of lives at the end of the quinquennial period will be a little costly but the annual audit is not so costly. Both these items can however be borne by the proposed institution, if it be properly organised. Should its promoters hold out a promise to Government to meet these difficulties, co-operators may hopefully approach Government to sanction the proposal and to authorise the Department to give the scheme a trial by allowing the registration of the institution as a co-operative concern.

The sub-committee appointed last year threshed out the matter and drew up a memorandum explaining the scheme which is now published for the information of these interested in the scheme. Criticisms from co-operators are invited by the Provincial Union which will take necessary action in putting the scheme before Government after considering such criticisms.

Co-operative Life Insurance Scheme.

Description.—The insurance or assurance on lives is the insurance of a certain sum of money to be paid in the event of a person named being alive at a certain time or dying within a certain time or to be paid within a certain time after the death of the person named. The precarious dependence of a numerous family upon the life of a single person naturally induces the desire of seeking some protection against a calamity which sooner or later must befall them. All professional persons or those living on salaries or wages whose income must of course terminate with their lives and many others who are not possessed of capital must be desirous of providing for the comfortable subsistence of their families in the event of their death. In all cases in which the insured die before attaining an average age, the gain is obvious. But even in cases in which their lives are prolonged, all facilities are afforded for raising money on loan and the creditors may obtain the ultimate payment of their debts. Even in the case of agricultural tenants and small landholders whose finances are upset by the failure of one season, the insurance of their lives gives them a better chance of providing for their families in the case of accident.

2. The existing insurance companies, British, Indian and foreign have not been able to insure the lives of poorer men or men residing in other than towns as such companies insure human lives only for sums above Rs. 500 except in the case of the Industrial Insurance Company, Bombay, which makes a special provision for insuring the lives of wage earners for a sum of Rs. 250 and above. Even this is high for cultivating tenants in villages and for small wage earners in towns and for the scavengers and sweepers in Municipal and Local Fund employments. Hence the formation of a co-operative insurance society for the presidency is a necessity to meet the demand of the smaller men above referred to.

3. It is a known fact that those who can have a few rupees in the village parts can lend at a higher rate of interest than 6 per cent and that others will not invest in rural societies unless some special advantage is made patent to them. Taking out an insurance policy gives one a sure chance of saving some amount and provides also for a lump sum being made available in the event of early death. The people will care to take out endowment policy according to which the sum insured will be paid to them at the ages of 50, 55 or 60 or in the event of death if earlier.

4. The proposed co-operative insurance society for the Presidency will thus stimulate thrift among the co-operators of the Presidency and

will create a basis of credit for such people to raise money whenever difficulties occur. The existing insurance companies have not tapped the kind of people whom the co-operative institution is intended to benefit.

5. 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. The aggregate sacrifice is found in practice to be considerably greater than the aggregate risk and the balance usually goes to benefit the agency which collects the sacrifice and distributes the risk. The private agency now available does this service but its remuneration is excessive. Hence the necessity for co-operative concern.

6. In insurance, everyone who makes a sacrifice has a lively sense of the risk against the life he is insuring. There is less justification for the middlemen's interference in this co-operative concern.

7. The insurance concern also creates an unfailing stream of long lying money which is needed for the co-operative movement especially in regard to agriculturists.

DETAILED WORKING OF THE CO-OPERATIVE LIFE INSURANCE SCHEME.

Membership.

The policy holders alone will ultimately be members. There will be no outsiders who will put in share capital as in a commercial concern and expect a large dividend except individual shareholders who may not be policy holders and who will be satisfied with an interest of 6 to 7½ per cent and whose share capital will be returned at par value at the end of 15 years or earlier should the society be in a position to extinguish the shares.

Share Capital.

To start the business and to enable the institution to incur the preliminary expenses which will generally be heavy, the policy holders, when they become members, will take shares each valued at Rs. 50 or Rs. 100. Each member shall take a share at least for a policy of Rs. 500 and below. No member shall for the present take more than 10 shares. A sum of Rs. 2 per share shall be paid at the time of joining the society and the balance shall be secured in favour of the member by

accumulating the rebate or profit towards share capital till the entire share value is paid up. Thereafter the profit shall be paid either by a reduction in the premia to be recovered from the policy holder or will be accumulated and paid with the policy amount when the policy matures.

The maximum amount for which ordinary insurance will be allowed to be affected will for the present be restricted to Rs. 2,000 but will gradually be extended to Rs. 5,000 at the end of 5 years. Such policies will be called A class policies. To give assistance to poorer men in urban areas (wage earners, industrial labourers) and to men of weak economic condition in rural areas, there will be another kind of policy issued up to Rs. 500, the lowest being Rs. 100. This will be called B class policies. The risk in lower amount policies can be minimised by securing a large number of policies and by enhancing the annual income under premia and by charging proportionately enhanced premia rate. Ordinarily, the scale of premia may be taken as 3½ per cent in case of policies of the kind described under A class. For B class policies, a higher rate of premia, say 7 or 10 per cent, will have to be fixed as the risk involved will be greater. Such rates will have to be fixed by a licensed actuary in the first instance.

The following are the factors for consideration in fixing the premia rates :—

The premia rates for urban areas may be fixed lower because the urban population is expected to live under better sanitary arrangements in municipal areas whereas in rural areas, the insurers are expected to live generally under less sanitary conditions. The rate of mortality in rural parts is estimated generally by the commercial concerns to be more heavy than in urban areas. On the other hand, the risk in insuring lives from the rural population is not expected to be heavy as is commonly supposed because such men live long and are more hardy as the result of being accustomed to out-door work. Of course they are more subject to epidemics than the urban population. Taking these factors into consideration, a higher rate of premia may have to be fixed for the rural parts for the present and probably a gradual reduction in the rate of premia may be secured later on if experience shows that the lives of the inhabitants of rural parts are not so risky as those in urban areas.

The concern can be successful if the annual income from A class policies be Rs. 25,000 per annum and if B class policies be also introduced.

the annual income required to make the concern a success is estimated at Rs. 50,000 to Rs. 75,000.

The Government actuary observes the following on the working of the Indian Life Assurance Companies Act, 1912, for the year 1917.

Indian mortality rates.—The companies should keep a permanent record of every life insurance policy they have issued, in order that, when their mortality experience becomes more mature, they may be in a position to have an investigation made into the rate of mortality they are experiencing. In the meantime the valuation might suitably be made on the assumption that the mortality likely to be experienced will be that given in the O^m (5) table with an addition of 7 years to the age of the life.

The actuary who will prepare the required tables will no doubt keep these advices in view.

The initial expenses in commencing the concern will be heavy and these are given below :—

- (1) Starting of the institution.
- (2) Advertising agency to secure policy holders ;
- (3) Medical examination fees ;
- (4) Security to be deposited with Government ; and
- (5) Fees to be paid to the actuary to prepare the tables.

Item 1.—The expenses are proposed to be met from the share capital collections and the entrance fees. A scale of the entrance fees will be devised, say, one rupee per share so as to meet some portion of this expenditure.

Item 2.—This is generally large in commercial insurance companies. This amounts to 40 per cent in England and not less than 30 per cent in the case of Indian companies except Oriental and the Empire. We may have to incur a similar expenditure but in a co-operative insurance concern it might be minimised considerably by getting the assistance of the co-operative staff entertained by Government, honorary co-operators and co-operative institutions. Whatever expenditure has to be actually incurred under this item will be met out of share capital and from borrowings on the basis of the paid-up share capital.

Item 3.—This would have to be met from borrowings. The medical examination of policy holders in urban areas which has to be done by the concern at the outset is less costly than in the case of medical examination of policy holders in the rural parts. But this charge may be reduced by

getting groups of insurers examined at a time by qualified medical men in a centre.

Item 4.—The Government actuary notes the following in his report on the working of the Indian Life Assurance Companies Act, 1912. for the year 1918.

Mutual companies.—With two exceptions, all the Indian Companies shown as established within the last 25 years are proprietary companies with a share capital; but of the older companies, the great majority are mutual companies. These mutual companies generally have very small funds and it is found that payment of the full deposit prescribed in section 4 of the Life Act sometimes presses unduly on their resources, and as payment of the full deposit also interferes with the formation of new mutual companies, Government will be prepared to consider any application from an Indian mutual company for permission to pay a smaller deposit. One or two of the existing life offices are called mutual companies even though they have share capital: such nomenclature should be avoided in the case of companies established hereafter, as there is generally a recognized technical meaning attached to the use of the word "mutual" in connexion with life assurance in consequence of which its use by a company having a share capital is likely to be misleading.

The share capital proposed is practically an investment to start the business and to be returned eventually without any dividend except on interest of 6 to 7½ per cent whichever may be fixed in the bylaws.

It is proposed to make the concern mutual. The profits are not proposed to be disbursed with reference to share capital to be invested but to be retained in the institution as share capital of the policy holders. Government has to be approached to exempt such a concern from the initial deposit of Rs. 25,000 to be gradually worked up to 2 lakhs of rupees by an annual increment of Rs. 25,000 in approved securities by Government or to exempt the concern from the rule for a period of 10 years when it is proposed to declare profits.

Item 5.—This would have to be met from borrowings or entrance fees. Mr. Marathe usually charges Rs. 500 for the preparation of such tables and we may secure a slight reduction from him being a co-operative concern or have it paid in 2 or 3 instalments.

The premia may be paid monthly or quarterly or half-yearly in the case of wage earners in urban areas as the policy holders may elect with reference to their profession. It may be levied annually or half-yearly in the case of policy holders recruited from rural areas as they may elect.

Thirty days' grace will be allowed for the payment of premia from the due date and 30 days more will be allowed to pay the premia with a fine to be fixed in the bylaws.

Concessions.

If any policy holder discontinues to pay the premia during the course of his policy after the first period of 5 years, the amount to his credit as share capital and a fixed proportion of the premia payment after deducting the expenses incurred in connexion with his policy may be refunded within such time as may be fixed in the bylaws of the society.

This provision is intended to encourage small men who may insure their lives and who will be sure of the refund of a reasonable amount in case they forfeit their policy by non payment of premia.

No disburseable profit will be declared for a period of 5 or of 10 years. Even in ordinary commercial company transactions no profit will be available to be declared for the first 5 years till the actuary prescribes the method of calculation of profit after determining the amount to be kept as reserve security for the future lives of the insured. Such declared profits will be distributed to the policy holders by accumulating it towards their share capital until the share value is fully paid up and thereafter towards augmenting the policy amount if the policy holder elects to adopt such a course or towards the reduction of the premia.

The distribution of matured policy amount will be undertaken by the co-operative institution as agents without the inquisitorial inquiry about each claim and the delay in such work as is experienced in private concerns. The agent society which undertakes the inquiry will be prepared to advance the required amount to be adjusted when the amount becomes available in the co-operative concern.

A co-operator will join this concern for the reasons stated below:—

(1) Better profit is expected as the expenditure in the concern will be minimised and the middlemen's profit eliminated.

(2) Speedy adjustment of claims.

(3) No expenditure in the transmission of money.

(3) Government audit and supervision; and

(5) User of money by the co-operative institutions.

Investment.

The commercial insurance companies have to invest their collections mostly in Government promissory notes at a low rate of interest and with

the prospect of reduction in the capital value of such investments owing to market fluctuations. The co-operative concern however can invest the amount in its own organization at a higher rate of interest, with absolutely no chance of any deterioration in the capital value of the investment. Investments in co-operative organizations are more safe especially in central banks for the following reasons:—

(1) Central banks are constantly controlling and inspecting the affairs of the borrowing society.

(2) A primary society has to take shares in a central bank in proportion to its borrowings from it and this gives the central bank a further hold on the borrowing capacity.

(3) The large increase of reserves in a primary society is placed in the central banks as deposits which operate as a further line of defence for the loans on which the promote is based.

(4) Money repaid by members to their society is at once made available for repayment by the society to the Central Bank.

(5) There is the unlimited liability of every member of a primary society while such societies are inspected and their accounts audited by government inspectors whose number and vigilance are increasing; and

(6) A number of weak societies is being eliminated.

Management.

Well-paid and highly efficient establishments will be entertained and with such assistance, the provincial bank directors and others co-opted can run this business. We can get also devoted workers from mufussal areas to supplement the Directors of the Provincial Bank.

The actuary who draws up the scheme of mortality tables of premia for different classes of insurers will also be asked on payment to undertake periodical valuations.

Expansion.

As co-operative societies will eventually become a permanent and propagandist agency, the inflow of new policies will keep pace with the growth of the co-operative movement and this will be a stable factor in the working of the insurance company. The annual income from premia will thus be growing year by year.

A concern for each presidency or province can be started and when this is accomplished, an all-India reinsurance business can be floated with each presidency institution as shareholder.

IN AND THROUGH BOMBAY.

Account of a Tour of Co-operators from South Kanara.

Continued from Page 314.

October 26, Wednesday. Few business houses whether Indian or European are opened early in the morning in Bombay. So people on business bent can only commence their operations after eleven in the morning. The Namdev man having business of his own also, would not be available except at the usual time. So after an early dinner we set out towards the Asst. Registrar's Office where we ascertained that the Namdev office was on Kalbadevi Road indicated by a big board. We felt too shy to ask for a guide as we thought it was such a simple affair to find out the door number and the signboard. We therefore made for Kalbadevi Road which we reached only after a long and circuitous ramble through many other streets, with the directions of policemen here and there as our sole guide. Once after all in Kalbadevi Road, we jostled with the crowds craning our necks on the lookout for the signboard we wanted. Door numbers, strange to say, were throughout conspicuous by their absence. So we had to be solely guided by the signboards. Deciphering every Marathi signboard with difficulty and giving up the Gujerathi ones as hopeless, we slowly proceeded from one end of the street to the other but to no avail. After our arrival in Bombay we had met with so many disappointments and difficulties that the present one did not add materially to our former misery. We were only dead tired as we moved on foot with a glaring fierce sun overhead. We gave up what appeared to be a wild goose chase and returned home resolving to ferret out the society after invoking the aid of one of the office hands of the Asst. Registrar.

October 27, Thursday. Eleven o'clock in the morning saw us in the Asst. Registrar's office and our request for a guide was readily granted—only, we were asked to look in again at four in the evening when the clerk who was to lead us would be free. From the nature and volume of work which we saw there, we found little justification for the adjournment ordered; but beggars, of course, could not be choosers. The office should have the liberty of pretending to be busy, and why should the convention be dropped for the sake of a handful of co-operative derelicts set adrift from some blind corner of the far-off "benighted" Madras Presidency? We resigned ourselves to our fate and fooled away the five hours in our residences whence almost everybody was away in their respective offices and we were the only idling miserable stay-at-homes. At four o'clock, sure as fate, we were back in the Asst. Registrar's office.

claiming the promised guide. Hiremath, one of the clerks, who spoke fluently the quasi-Marathi Kanarese of Belgaum much of which we could understand and whose English also we could follow without much difficulty, was deputed to go with us. So off we went by tram, running at top speed at two junctions to change for other lines and we arrived in Kalbadevi Road much sooner than we did on the previous day. Then, after a brisk walk for nearly two furlongs, Hiremath looked questioningly towards some buildings which probably served as fingerposts and then diving into the Gokuldas cloth market wherein were huddled together hundreds of cloth shops, we were steered through a labyrinth of narrow ill-lighted pathways until we arrived at an upstairs building in which the Agency was housed. We were introduced to the Manager and learnt from him that he knew nothing about Supari business. Could he help us in selling our Supari? Yes; he would try to find out the merchants and see what he could do, but he could not undertake the business without an order to that effect from "Registrar Sahib" (of course he meant Mr. Pothnis). How much supari had we to sell? We said of course we had not any just then but would send him later on provided we were satisfied that we could realise good prices. He said he was very busy just then and dismissed us by promising to do all that lay in his power, provided, of course, that his "Registrar Sahib" wanted him to. The Namdev Agency was doing profitable business in its own way by purchasing cloth and some foodstuffs also at times to members but from the Balance Sheet in Marathi put into our hands we gathered that the bulk of its profits was in hundi business between Bombay and several places in the mofussil, its income from this source alone last year being over Rs. 2600. This was gratifying so far as it went but we were in no wise the better for it. We felt we could not entrust our stuff worth some thousands to the hands of the Manager of this Agency, who would only act as a go-between between our society and the Bombay merchants. We therefore returned late in the evening, sadder though wiser men.

October 28, Friday. This day Mr. Pothnis was expected and at the usual hour we went to the office but were told that he would not be attending office. He lived in Dadar, a suburban station on the B. B. & C. I. Ry. We decided upon seeing him in his own residence which we thought we could somehow manage to find out ourselves. Meanwhile, we understood that the Registrar himself, Mr. Madan, was in Bombay and he was expected there any moment. We sent up our cards to him soon after he turned up at the office and we were immediately given an

interview. He was very kind and courteous to us. In his opinion Namdev Agency was no good and would not suit us. The better course would be to see if the Bombay Central Co-operative Bank which was selling jaggery sent it for sale by its constituent societies, would similarly undertake to sell our supari through its Agents. The Bank had commercial magnates on its Directorate who could easily secure the most competent and reliable man to do our business. He was not sure if the by-laws of the Bank permitted its doing business for a society outside its jurisdiction but even in the absence of such a provision, if it was legally in his power to permit such business relations he would gladly grant such permission. He at once talked over the phone to the Manager of the Bank about the idea and fixed up an engagement that we should call at the Bank the next day to have a talk over the subject. Thanking him for all his kindness and the trouble he took for us, we took leave of him and took train to Dadar in quest of Mr. Pothnis. We found his house somehow and we opened the subject with him, relating to him all that we had done since we arrived in Bombay ending with the interview with the Registrar earlier in the afternoon. He did not agree with the Registrar's suggestion to approach the Central Bank. The Bank had no men engaged for the business but have only to pitch upon some merchant. In that view, the Bank occupied the position of a middleman. Was it not better, therefore, to go to the merchant direct and depend upon him until we trained up our own man to supplant the merchant? He, however, advised us to keep up the engagement arranged by the Registrar with the Bank Manager but if we looked him in the office on the following day, he would arrange for our going round the bazaar to see the merchants themselves direct. We promised to meet him again accordingly and returned with a lighter heart and easier mind, feeding ourselves with the hope that on the next day we could finish our business and be able to return by the boat sailing on Monday, the 31st Oct.

October 29, Saturday We went to the Assistant Registrar's office at the appointed time. Mr. Pothnis was there and summoning our old friend Hiremath he asked him to take us to Mandvi to the supari merchants. The disastrous news was then broken to us that it was impossible to see any Indian merchant either on that day or until the 2nd November as they were all agog with the famous Diwali festivities. In fact, the office too wanted to empty itself immediately and have their holidays too. The demand was, of course, granted immediately and we were asked to come again on the 2nd. We felt almost stunned to think that the days of our exile in Bombay should have been prolonged in this manner but saw no other go but to quietly resign ourselves to our fate. We dragged ourselves

to the Bank, saw the Manager who also told us that none could be approached then on account of the Diwali holidays and asked us to come again at 4 P.M. on the 2nd November, when he would get their usual business agent, Hari Narain Lele, to meet us in the Bank premises. It was some consolation to know that the usual sailing of the boat on Monday (31st) had been cancelled on account of the Diwali holidays, so that even if we had been able to finish our business, we had perforce to wait for the next boat due to sail from Bombay on the 4th.

October 30th to November 1st. Sunday to Tuesday. The (to us unlucky) Diwali holidays. I have of little of importance to chronicle.

November 2, Wednesday. Once more, we were on our pilgrimage to the Assistant Registrar's office. Mr. Pothnis was there but his lieutenant, (as we came to regard him) Hiremath, had not returned from his holidays. Would we mind coming back the next day? It was, of course, Hobson's choice with us. Our first impression of Mr. Pothnis, had to be considerably revised. It was some relief to us to have met an Assistant Registrar who did things for himself—to we imagined in the beginning, and we had even hoped that he would come along with us into the bazaar. It would give him an excellent opportunity to pick up some knowledge of the *Supari* market. *Supari* was grown in considerable quantities in North Kanara in his own jurisdiction and we thought that he would have enthusiasm enough to take advantage of our visit to learn something of the *supari* trade in Bombay. But, how sadly we were mistaken! Hiremath was apparently his handmaid and got all his "Ref. on Cur's." We expected better things in Bombay. However, we returned promising to come again the next day. We proceeded thence to the Central Bank to keep up the engagement to go there at 4 o'clock to meet the Manager and the Agent, Mr. Lele. Lele did not turn up; it was not known why. The Manager asked us to call again at 5.30 when he would send his Cashier to take us to Lele's business house. After loafing about in the Fort for an hour and a half we returned to the Bank and were handed over to the charge of the Cashier, a quiet looking unassuming Gujarathi middleaged gentleman clad in simple *Khadi*. He chaperoned us through the surging evening crowds of the Fort, successfully dodging hundreds of motor cars whizzing past us in all directions and we walked over a mile before we secured a victoria. We then drove through the narrow, crowded, tortuous lanes of Mandvi and alighted at an old four-storeyed building as the shades of night began to fall. Mounting up two stair-cases we entered a big sized room wherein were seated over a score businessmen (sic) on thick beds leaning against thicker cushions.

handling longish account books. Our guide accosted one of them and elicited the information that Lele was indisposed and had not come. Our mission was explained to him. Lele was not and could not handle *supari*. We, however, noted down addresses of three merchants who were dealing in *supari*. We thanked him for his kindness, and as we were getting back into the carriage, whom should we meet but Lele himself! He had, however, no encouraging advice to give us. The business atmosphere of Bombay was entirely vitiated and he could not confidently recommend to us any merchant in Bombay. The millionaire of to-day turned a beggar tomorrow. The market was so unsteady and treacherous that he himself had decided upon temporarily closing his business for six months and he would advise us to hold our peace for at least four months to come. We thanked him for the advice and drove home, a prey to a hundred and one conflicting thoughts and ideas all goading us on to the verge of desperation. It was our twelfth night in Bombay and was that to be the end of our deputation? With what face could we return home and what tale had we to tell? It was depressing, extremely depressing, and we were giving ourselves up to despair. Mr. Pothnis and introduction through him to the merchants was the only forlorn hope which sustained us and lulled us to sleep that night.

Nov. 3, Thursday. A memorable day which was to be, so to say, our Judgment Day, for the deputation were bound to sail the next day. To the Assistant Registrar's Office again at the usual hour, but alas! our pole star had set! Mr. Pothnis himself was not there and he was not even expected in the office that day. The worst, above all, was that Hiremath had applied for casual leave in continuation of the Diwali holidays and he too was not there! Nobody to mind these co-operative waifs who had probably become almost a nuisance to the office people, who were giving us scant attention. We thought our trying to fraternise with the office people should end here; perhaps it was a much needed lesson about the results of hankering after departmental assistance! We immediately shook the office dust from off our feet, bade an unceremonious good-bye to the office people and rushed out to go to the merchants ourselves. Providence placed an old acquaintance in our way and we commandeered his services at once. Having resided for a long time in Bombay, he knew Bombay and its local languages intimately. We went straight to Mandvi and before nightfall, we interviewed several merchants, took down their business terms and informed each that we shall place all the terms offered by them before our society and communicate with them the result in due course. Appended hereto (but omitted here) is a tabular

statement drawn up for convenience of reference, showing the names and addresses of the four of the leading merchants and their terms of business. There were some other merchants whom we saw but they were of minor importance and as they dealt in other lines of business, notably cotton, we did not feel encouraged to recommend business relations with them. I have therefore omitted their names. It was most gratifying to us to have been able to do by ourselves, in the course of that single afternoon, what we were not able to do all along in spite of repeated dancing attendance at the office of an Assistant Registrar who had been specially appointed to look after purchase and sale of commodities. From the merchants we gathered that sales from their godowns were not usually in large quantities but by batches of 10, 15 or 20 bags at a time. Wholesale purchasers were rare. Sun dried sugar such as ours was in demand chiefly in Bhavanagar and Karachi. There was also considerable local demand. The merchants' main source of profit was by way of interest charged on advances drawn against goods deposited with them. When we told every merchant that we did not want a single pie by way of advance, his face would fall and the anxiety to secure our business appreciably waned. This important fact has deeply impressed us and its significance should not be lost sight of. Our business relations with these people should be only by way of a temporary expedient and we should be on the look out for a more satisfactory and permanent arrangement. A Co-operative Selling Agency would, of course, be the ideal arrangement but a connection with other markets such as Bhavanagar and Karachi appears to be most desirable and necessary. We have secured the addresses of reliable and enthusiastic co-operators in both the places and business terms could be settled with reliable merchants in those places by correspondence. Our mission in Bombay was at an end though not without a protracted exile. The deputation would sail home the following day but my trouble did not seem to end here. On the 12th I had to attend the Directors' meeting of the Provincial Co-operative Bank at Madras and if I left along with my friends I could reach home only to start immediately for Madras. The journey home therefore involved both waste of time and money so far as I was concerned.

Foreseeing this complication I had settled upon proceeding to Madras direct from Bombay via Poona and I had in collaboration with Mr. G. K. Devadhar of the Servants of India Society sketched a rough programme of a three days' stay in Poona visiting some societies in the city and its neighbourhood. Mr. Devadhar was anxious that I should see some of those societies and communicate to him my impressions of

them. It was highly flattering to me that so eminent a personage should think so much of me but while resisting his idea of his being able to derive any benefit from my visit, I owned to a feeling that I expected to learn a great many things myself and I gratefully accepted his proffered help to arrange for my being taken round the societies. Though suffering acute pain in the foot acquired during his recent visit to the Martial Law area in Malabar, he dictated two letters, one to Mr. Patwardhan, of the Servants of India Society in Poona, and the other to Mr. R. V. Kelkar, his Co-operative Inspector, as he called him. I was to remain in the Servants of India Home in Poona but was to mess in a *Khanavali* (eating house) close by. The Inspector was to show me round six or seven societies, including the famous society of Hadapsar, four miles from Poona City. The letters had been posted on the very day when we found ourselves stranded in Bombay on account of Divali. Our idea then was that we could all rush off to Poona, go round the societies and return on the 2nd when we expected business would be resumed in Bombay. On second thought, however, we feared that the Divali fever would be on in Poona too and might in all probability come in the way of our seeing men and things there. We thought it much safer therefore to finish Bombay and avoid any extended fooling about in the meanwhile. Poona was therefore assigned to me alone, and I prepared myself to face it single-handed. I troubled Mr. Pothnis on the 2nd for a few introductory letters and he gave me some recommending to me in particular the Twastakasar Co-operative Industrial Developing Society and the Public Servants' Store in Poona. I communicated with Mr. Devadhar's Inspectors Kelkar, direct and got an assuring post-card from him that he would be waiting for me at the Poona Railway Station platform near the clock on the morning of the 5th. So my friends were to sail homewards and I was to go to Poona the following day.

4th November Friday:— A joyous day for us, the last day to be in our period of exile in Bombay. The usual packing up was rushed through and by 11 in the morning our friends jumped on board the S. S. Saharmathi, enjoying the prospect of a not distant return to the pleasures of home, sweet home. Only I, the unwearied and restless co-operative pilgrim, was left behind to perform the vow of visiting the co-operative shrines in and near the citadel of the peshwas in the Maharashtra. My experiences there and the notable events of my journey to and during the rambles in the Maharashtra can only form the subject-matter of a different chapter.

M. SHIVA ROW.

THE MADURA RAMNAD CENTRAL CO-OPERATIVE BANK Ltd.**By-laws relating to Provident Deposits.**

1. A Provident Deposit intended to offer facilities to the people, especially the poor, to make provision for themselves against physical incapacity and old age, and for their family in the event of their death and also to provide for any public or charitable object. Provident Deposits can also be opened to make provision for daughter's marriage, children's education, wife's and others' old age pension &c.
2. Anybody, male or female, who is legally competent to contract, may subscribe to Provident Deposits on his or her own behalf or on behalf of any relation or friend or for any public or charitable institution or purpose.
3. The deposits should be monthly and in whole rupees for a number of years (not less than 7 and not more than 30) to be fixed by the subscriber at the time of joining. It shall be open to the subscriber to increase the number of years at any time. The minimum monthly deposit shall be Rupee one and the maximum Rs. 25, which can however be increased with the sanction of the Registrar. An admission fee of annas four for every Re. 1 of deposits taken shall be levied.
4. The deposit for a month should be paid by the 15th day of the calendar month, failing which a fine of two pies per rupee per month or fraction thereof shall be charged. The account of a subscriber shall be closed if he is in arrear for a period of 6 months, in which case, the amount to his credit, less the fine due for the period of default, will be kept to the credit of the depositor for repayment on maturity of the account, with 6½ per cent. compound interest added yearly. It shall however be open to the Executive Committee to excuse the default in exceptional cases with proper explanations on payment of penal interest.
5. The interest to be allowed on Provident Deposits shall be 6½ per cent. per annum i.e., one pie per rupee per month compound added yearly, but the general body reserves the right to reduce this rate at any time for persons who become subscribers to the fund after it has announced its intention of reducing the rate.
6. A Provident Fund Deposit Account will be closed at the end of the stipulated number of years or on the subscriber's earlier death, and the accumulated amounts due as per appendix A will be paid to him or his

nominee or to his family in accordance with the declaration that may be left by him or otherwise as below :—

- (a) Each subscriber shall, as soon as he joins the fund, furnish a form of Declaration as in Appendix B showing how he wishes the amount of his accumulations to be disposed of on his death.
- (b) For the purpose of these rules only the following survivors of a subscriber shall be held to constitute his family. (1) widow or widows (2) children, and (3) widows and children of a deceased son.
- (c) Any form of Declaration submitted by a subscriber is revocable at any time and from time to time.
- (d) A subscriber, in the event of his having a family, will not be permitted to leave the amount of his accumulations or any part of it to any one outside his family.
- (e) Where a subscriber leaves a family, but no form of declaration in favour of any member or members of the family has been received from him, the amount will be distributed among his children, male or female per capita and should all of them be minors, it should be paid to the mother or legal guardian.
- (f) If there be no family as per rule 6 (b) to receive the amount as above, it will be divided among or be paid to such person or persons (whether related to the subscriber or not) as may be specified in an accepted form of declaration. If the form of Declaration relates to a portion only of the amount, the balance shall be distributed in the manner described in clause (g).
- (g) If there be no party entitled to receive under the above by-laws, the amount will be paid to the subscriber's legal representative or such other person or persons as may be determined by a civil court competent to pass orders in this respect.

7. A subscriber, on his proved physical incapacity or on attaining his 55th year or under any other circumstances, which in the opinion of the board of management and the Registrar, deserve special consideration may, however, be permitted to withdraw the deposit at his credit before the date of maturity.

8. Subject to the above by-laws, no final withdrawal of Provident Funds will be allowed, but when the pecuniary circumstances of a subscriber are such that the indulgence is absolutely necessary, a temporary advance not ordinarily exceeding three months salary in the case of regular salary or wage-earners or thirty three and one third per cent in

the case of others may be allowed from the sum at his credit at the discretion of the Panchayat of the society, for any of the necessary purposes such as the following :

(a) To pay expenses incurred in connection with the illness of a subscriber or a member of his family.

(b) To pay expenses in connection with marriages, funerals or ceremonies, which, by the religion of the subscriber, it is incumbent upon him to perform and in connection with which it is obligatory that the expenditure should be incurred.

A second advance shall not, ordinarily, be granted until at least six months have elapsed since the complete repayment of the advance already taken.

9. Advances will be recovered at the discretion of the Panchayat in not more than 36 monthly instalments which should be fixed with reference to the repaying capacity of each subscriber.

10. All advances will bear interest at $1\frac{1}{2}$ pies per rupee per mensem, but overdue instalments will be charged interest at 2 pies per rupee per mensem. The loan account of such a borrower shall be closed if he is in arrear in repayment of monthly instalments for a period of six months, when his Provident Deposit Account shall also be closed and the amount due adjusted from it.

11. Every depositor shall be supplied with a pass book for which he shall be charged four annas. If the Pass Book is lost he shall be charged six annas for the supply of a fresh pass book.

12. Except in the case of Central Banks, all subscriptions received will be lodged in the Central Banks which will accumulate the fund allowing $6\frac{1}{2}$ per cent compound interest added annually and charging $6\frac{1}{2}$ per cent for all drawing.

13. The difference between the $6\frac{1}{2}$ and $6\frac{1}{2}$ per cent less 25 per cent of it to be credited to the general funds of the society towards the expenses of collection and maintenance of the fund, will constitute a fund called "Provident Deposit Benefit Fund" which may, under special subsidiary by-laws to be framed, be utilized (1) in granting financial help to the poor and helpless families of Provident Depositors who may die after opening the accounts, (2) in granting bonus to mature accounts and (3) in other ways to the benefit of the Provident Fund Depositors.

APPENDIX A.

Number of years.	Amount paid to Bank.	Amount payable by the Bank.	Number of years.	Amount paid to Bank.	Amount payable to the Bank.
1	12 0 0	12 5 6	16	192 0 0	323 7 0
2	24 0 0	25 7 4	17	204 0 0	355 15 11
3	36 0 0	39 6 3	18	216 0 0	390 9 5
4	48 0 0	54 3 1	19	228 0 0	427 5 6
5	60 0 0	69 14 9	20	240 0 0	466 6 4
6	72 0 0	86 10 2	21	252 0 0	507 14 2
7	84 0 0	104 6 3	22	264 0 0	551 15 6
8	96 0 0	123 4 1	23	276 0 0	598 12 11
9	108 0 0	143 4 10	24	288 0 0	648 9 2
10	120 0 0	164 9 7	25	300 0 0	701 7 3
11	132 0 0	187 3 8	26	312 0 0	757 10 2
12	144 0 0	211 4 4	27	324 0 0	817 5 3
13	156 0 0	236 13 1	28	336 0 0	880 12 1
14	168 0 0	263 15 4	29	348 0 0	948 2 4
15	180 0 0	292 12 9	30	360 0 0	1,019 11 11

Advantages of Provident Deposits to the people :—

A Life Insurance Policy covers the risk of life and so cannot be taken by the too old or too sickly or by females and it cannot be a very profitable investment for a long life. It is forfeited for default in premium when the whole money paid is lost. The premium rates cannot be altered according to the circumstances of the Policy Holder. The currency of the policy cannot be extended. Life insurance requires strict evidence of age and good health. The surrender value is much less than the total premia actually paid. A Life Insurance Company seldom earns more than $4\frac{1}{2}$ per cent on its local investment and so cannot give that much even as profit on the money it received as premia. Automatic payment of premium by keeping a lump sum with the company cannot be arranged.

On the other hand, there is absolutely no element of chance in a Provident Deposit account as outlined above and no risk is taken by the Bank. A Provident Deposit Account can therefore be opened by anybody including the very old or very sickly or female without any evidence of age or health. There is no forfeiture under any circumstances.

Provident Deposit can be opened to make provision, for daughters' marriage, children's education, wife's and others' old age pension, &c., and if the nominee, for whose benefit the account has been opened, dies, there is no loss of money paid as the Bank returns the whole money on maturity with compound interest at $6\frac{1}{2}$ per cent which is a very high rate.

The practical advantages of the Provident Deposits may be realised from the following illustrations:—

(1) On the birth of a daughter, a man may open a Provident Account of Rs. 5 per month for, say, 12 years and get Rs. 1,056-8-0 at the probable time of her marriage.

(2) On the birth of a son, a man may open a Provident Account of Rs. 10 per month for, say, 16 years for his college education or for, say, 25 years for giving him a start in life. In due course he will get Rs. 3,234-13-9 or Rs. 7,015-8-5. It may be pointed out that Rs. 3,234, if kept in the bank as a fixed deposit at $7\frac{1}{2}$ percent for 3 or more years will yield a monthly income of over Rs. 20 which may be spent for the boy's college education. At the end of the college career the boy will still get the full amount of Rs. 3,234 for a start in life.

(3) To make provision for old age a man may pay Rs. 10 per month for 30 years at the end of which he will get Rs. 10,198-14-3 which amount if kept in the Bank as fixed deposit for 3 years or more, will yield a monthly income of about Rs. 63-8-0 which is a decent income for a middle class family. It should be remembered that at the end of the period of fixed deposit, the full amount of Rs. 10,198 will be returned by the Bank."

(N. G. BASAK.)

To

THE SECRETARY,

THE MADURA RAMNAD CENTRAL CO-OPERATIVE BANK LTD
MADURA.

Sir,

Please enlist me as a subscriber to your Provident Deposits
scheme, for.....years, at Rs.per mensem.

Date.....

Signature.....

Address.....

.....

AN APPRECIATION OF A. E.

George W. Russell, the poet, the painter, the mystic, the foremost Irish economist, and the editor of "The Irish Homestead" is known as A.E. In the November "Century", R. C. Feld describes his ways and his editorial room.

A. E., was in County Wicklow on his vacation, painting. Nobody knew when he would return; most probably before the week was over. He always came back in the middle of his vacation, Susan Mitchell said. That was the way he did things. He needed a rest and never took it; he needed clothes and never bought them. His best coat was all rags, with the pockets burned out by his pipes. Instead of putting his arms through the sleeves, as any sane man would do to keep the wind and rain from his back, he slings it cape-wise over his shoulders, and very often lets it slip behind him in the dust and mud. He is careless, stupid about himself and his requirements, untidy, but—

"Ah, well, he's A.E. and that's all there's to it. You can't be cross with him. He is a child."

A person could get not a little idea of A.E., poet, painter, mystic, economist, from the appearance of the room. The walls, originally papered in the dark tan, had been used as huge canvasses. On them were painted immense pictures of whimsical and mystic woodland scenes. Over the mantle piece sat two half-clad figures, with their bare limbs carelessly thrown out beyond the sides of the marble shelf beneath them. One could almost hear the pipes of Pan held to the lips of one of them.

In the midst of this sylvan setting was the furniture of the room, if such it can be called. It consisted of an old table, an old couch, an arm-chair, one or two plain chairs, also old, and two desks. The floor was bare. Both desks were piled high and untidy with sheafs of dusty paper, books, manuscript, circulars of nondescript appearance, and topped with a vast, dirty blotter, which vainly sought anchorage on the mountainous surface on which it rested. Some idea of what that desk looks like can be gained from the following comment made upon it by a friend of A.E.'s:

"I am certain that if a slice were cut out of the mass of material on A.E.'s desk, going from the top right down to the bottom, provided of

course, one could get a knife long enough, a very good history of Ireland could be compiled."

"But how does the man write?" I asked in bewilderment.

"Ah, that is indeed a sight worth seeing. He writes on the blotter on top of the masses of material, and as the blotter slips over the hills and valleys of the topography of his desk, he follows it. Never does he finish an article or a poem in the same writing position that he began it."

How does he look?

It is hard to describe A. E. The upper part of his face looks like that of a smiling fawn; his eyes are round and clear, and his hair falls over his forehead like that of a careless child. It looked damp, like that of a boy who had been running. The lower half of his face is the strange feature of A. E. It is bearded in a way unusually attractive—attractive not in the sense of being handsome or beautiful, but attractive in the sense that its effect is compelling. His beard is brown and long, somewhat wavy, and cut square across the bottom. "Druidic" is the only word I can think of to describe it. Or perhaps it is not his beard alone that is attractive or druidic, but the effect of it completing the picture of a face, whose eyes, forehead, mouth, and expression are exceedingly young. It is not hard to understand the pictures and poetry of A. E. after one has seen him, and certainly inexpressibly easy after one has heard him.

A. E.'s opinions of present day Irish poetry and Irish poets are worth quoting.

There was definite movement in Irish poetry to-day, he said, growing out of the rebellion of arms and of spirit under which the country was living, but it was hard to say which were the figures who were caught in it. It was hard, especially, to say which were the younger figures who were awakening to the call of poetry, even as they were awakening to the call of nationality, because of the danger which surrounded national prominence of any kind. The leaders of song of the future, he pointed out, were the leaders of battle of to-day. Those whom the outside world knew—James Stephens, Austen Clarke, and Synge—were still, perhaps, the greatest names in Modern Irish verse. All of these, he said, owed their strength to the fact that they had cast off their English heritage and stood to-day robed in the colors of an ancient Ireland, which was once again coming into the glory that had been hers.

"These poets," he said, "have stood up bravely, strongly, fearlessly; have stripped themselves naked of everything tinged with alien tradition

and influence. They have gone to the waters of Irish legend and story and have bathed in its warmth. They have washed the grit of foreign sands from their hair and eyes, and have arisen new-born, with new vision, and a spirit steeped in the poetry of Gaelic lore. In the lakes of wisdom, of the land of sorrows and ineffable beauty they have found everlasting youth. The gift that is theirs is power."

"Just now all the young men of Ireland are engaged in fighting a battle for national freedom. It is the Gaelic soul awakened; it is seven hundred years of dreams that have not perished, that is fighting that battle. When once peace descends upon this land, the Gaelic soul that will be free and the dreams that are not dead will seek expression in more beautiful form. They will live in the poetry of the new nation."

"You ask whether they will write in the Gaelic. I think not. They do not need to. The language doesn't matter. It is the spirit, the form, the inspiration."

"It is not in poetry alone that Ireland is being reborn. It is in the drama as well. One of the most hopeful signs of the literary movement is the success its playwrights are having. Yeats, St. John Ervine, Lennox Robinson, are perhaps the three foremost in the poetic group. Ireland as yet has no novelist. That will come in the future, I am sure. Strangely enough, the steps of modern literary history in Ireland have been poet, playwright, with the third to come—novelist. Our poets have become playwrights; I am certain our playwrights will become novelists. You ask whether that is the usual evolution of the novelist. I do not know. I can only speak for Ireland. That is what is happening here."

The Modern Review

THE PROVIDENT INSURANCE SOCIETIES

ACT V OF 1912

It is more than 9 years since this Act came into force and the revised rules thereon were framed by the Local Government in 1917. There are working now 12 societies scattered in this Presidency of which four are in a moribund condition and there has been no new registration during the last four years. Much credit is due to the missionary institutions which are responsible for the organization and management of almost all these societies which are at best now dragging on their existence. The Government have no hand in organising these societies, which have to be taken up by philanthropic people of their own accord. It is a pity that the administration of the Act is entrusted to a department which has no practicality in demonstrating to the people the more advantageous portion of the Acts and which has no sympathy whatsoever with a struggling society in its financial difficulties. The Registrar of Provident Insurance Societies who is the Registrar of Joint Stock Companies, has to be watchful whether the societies regularly file certain documents in compliance with the provisions of the Act and his responsibility stops here, although he has ample powers, which he has generally no occasion to use to bring the defalcating management to book. It is no wonder therefore that in the circumstances the societies are dying a natural death without any opportunity for development. The maximum claim, whether it is for life, marriage or other contingency, allowed under this Act is Rs 500 and there will be no difficulties in the working. This is most advantageous to a people living hand to mouth, and a provision of such amount on the happening of a contingency will be widely appreciated. What is needed for the development of such societies is Govt. initiative in organising, their frequent supervision and their non-committal financial help—not denied to an ordinary co-operative society. There is no anxiety regarding maintenance of accounts, which, under the act are to be audited annually by the Govt. certificated auditors. These can be worked successfully as sectarian societies by the Co-operative Department which has an excellent opportunity to demand from the Govt. the entrustment of the Act to itself.

A Correspondent.

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Madras.

V. C. RANGASWAMI,

Secretary.

THE LAW & PRINCIPLES.
OF
CO-OPERATION

By H. CALVERT, I. C. S.

Registrar, Co-operative Societies, Punjab.

Second Edition.

PUBLISHED BY

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1921

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In this edition, all amendments to the Act suggested by Local Governments have been discussed. Much new matter embodying the opinions of all the chief writers has been added. Special chapters are included on "What is Co-operation?", "Co-operation and its Alternatives," "The Objects of a Co-operative Society," "Liability" and "Interest." The latter two subjects are treated historically, as well as practically. Full explanations and notes have been inserted so as to make this work the most complete handbook on the subject in the English language.

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8. Individual loan application forms per 100	...	...	0	10	0
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13. Tamil By-Law	...	...	0	1	0

REGISTERED—No. M. 1284.



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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.—

Vol. XIII.]

APRIL 1922

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The Madura Sourashtra Co-operative Society Ltd.

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TO LET

THE Madras Bulletin of Co-operation.

VOL. XIII.

APRIL 1922

[No. 10]

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NOTES AND NEWS.

The annual report of the Registrar of Co-operative Societies, Madras, for 1920-21 is a thinner volume than its predecessor. It is because some lengthy statements giving particulars of loans etc. have been omitted as desired by Government in the review of the report for 1919-20 wherein they pointed out that certain information which was useful and even necessary in the early days of the movement was not so any longer and might well be dropped. The present report has not in any way suffered, but on the other hand has gained in clearness, by those statements being omitted and the body of the report too being reduced. On 30th June 1920 there were only 10 sections in charge of Assistant Registrars, but during the year the number was increased to 17. In the current year more new sections are being formed, as already 6 new officers have been appointed, some of whom are already given independent charge of work. Thus we shall very soon reach the goal of one Assistant Registrar for each district, in accordance with the policy accepted by Government two years ago against which however frequent protests have been made in these pages and in provincial and other conferences.

The cost of the working of the Co-operative Societies Act during the last co-operative year came to Rs. 5.31 lakhs. How this expenditure is growing may be seen from the following comparative statement.

Expenditure incurred in	1918-19	...	Rs 2.25 lakhs
"	1919-20	...	" 3.08 "
Growth of Expenditure.	1920-21	...	" 5.34 "
Budget sanctioned for	21-22	...	" 6.81 "

The expenditure incurred on the Co-operative Department in our presidency is much greater than that of other provinces though some of them have larger number of Co-operative Societies than our province as revealed by the following figures taken from the Finance and Revenue Accounts of the Government of India for the financial year ending 31st March 1921, which is different.

Madras	...	...	1.61 lakhs
Bombay	...	...	3.20 "
Bengal	...	...	4.01 "
U.P.	...	...	1.01 "
Punjab	...	...	2.59 "
Burma	...	...	3.45 "
Bihar	...	...	1.29 "
C.P.	...	...	1.38 "
Assam	...	...	51 "

In advocating the new policy of expansion and asking for increased staff and expenditure, the late Mr Hemingway promised not only to start new societies in the areas that were till then neglected, but also to increase the efficiency of existing societies. While the promise to start societies in inaccessible and neglected parts of the presidency has been partly fulfilled, the efficiency of the societies has not at all increased. On the other hand the societies may well be said to have greatly deteriorated. The efficiency of the societies is best judged by the promptness with which dues are paid by members to societies and by societies to financial institutions. The following table regarding demand, collection and balance of agricultural credit societies for the last 5 years, published in the report under review, shows that there has been no improvement at all in this direction.

Demand, collection and balance of agricultural credit societies for Five years 1916-17 to 1920-21.

(1)	(2) Demand principal in the year.	(3) Amount overdue.	(4) Percentage of column (3) to column (2).	(5) Interest overdue at the end of pro- vious year.	(6) Balance overdue at the end of the year out of the amount in column (5).	(7) Percentage of column (6) to column (5).	(8) Interest accrued and fallen due during the year.	(9) Balance overdue at the end of the year out of the amount in column (8).	(10) Percentage of column (9) to column (8).
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
1916-17	40,47,142	11,64,397	28.77	2,86,857	1,44,806	50.48	7,21,579	1,97,238	27.34
1917-18	47,77,818	11,68,590	24.45	3,41,250	1,74,404	50.48	8,29,947	1,99,035	23.98
1918-19	53,28,578	13,09,710	24.57	3,63,002	1,98,248	54.61	9,37,836	2,19,781	23.43
1919-20	68,31,588	16,38,422	23.98	4,17,987	2,25,904	54.01	11,73,834	2,53,126	21.56
1920-21	96,48,965	29,27,760	30.66	4,53,617	61,667	57.68	15,02,478	4,14,736	27.60

In reviewing the Registrar's report Government have dealt at great length with this question of recoveries. We draw the reader's attention to the extract from the review of Government published elsewhere. Government have rightly refused to accept the plea of bad crops as a satisfactory explanation for slackness in collection. It is curious how quite contrary reasons are sometimes put forward to support the same desired conclusion. Collections are unsatisfactory on account of high prices as also on account of a fall in prices. It reminds one of the saying, "Heads I win, tails you lose." The low prices of Groundnut, cotton and paddy are said to be responsible for bad collections. But of the cotton districts, while Coimbatore & Tinnevely are not bad, Ramnad is. Collections in the groundnut districts of South Arcot and North Arcot, are not particularly bad. In fact, North Arcot and South Canara are the most satisfactory districts in our presidency, in all aspects of the Co-operative movement. Other tests of efficiency are the profit at which societies have worked and the local deposits that they have been able to attract, particularly from members, for, one of the basic objects of co-operation is the inculcation of thrift. We are aware of the fact that the proportionate fall in deposits may be ascribed to the stringency in the money market; but this explanation does not apparently account in full for the reduction in deposits. The following table, relating to the working of agricultural credit societies, which are our most numerous and important Co-operative institutions, shows that while their number has more than doubled itself, the deposits from members and non-members have not increased in the same proportion and that a most deplorable change of position has occurred with regard to profit and loss.

Year.	No. of societies.	Loans deposits from Members	Non-Members.	Profit.	Loss.
17—18	2271	4.12 lakhs	4.87 lakhs	2.01 lakhs	1.54 lakhs
18—19	3048	5.06 "	5.58 "	1.71 "	1.56 "
19—20	4156	6.00 "	6.88 "	2.09 "	1.70 "
20—21	5207	6.25 "	7.72 "	1.95 "	2.84 "

In 1917 the position was bad enough in all conscience. The profit earned by successful societies was just above Rs. 2 lakhs against which a large number of societies incurred loss to the extent of Rs. 1.54 lakhs; but gradually as societies have increased the position has become worse, instead of becoming better, till in 1921 the profit earned by successful societies was only Rs. 1.95 lakhs and the losses of unsuccessful societies Rs. 2.84 lakhs. Nor was any large portion of this loss due to the initial expenses of new societies a large number of which have been started. The Registrar says in his report, "The loss incurred by new societies alone (i.e., societies started during the year) amounted to Rs. 8,986. The profit earned by the societies alone was Rs. 5,276. Of the 5207 agricultural, credits societies, 2158 worked at a profit and the remaining 3,049 at a loss" (italics ours). The net loss due to new societies, which formed 20 per cent of all societies, was only Rs. 3,710 out of nearly Rs. 90,000.

This is partly the inevitable result of the wrong policy of artificial expansion. You resolve to increase the number of societies to a certain figure within a particular period and appoint a large staff to do it. You tell them they are expected to start so many societies in each district and they know that their official prospects depend upon their pleasing you. So, societies you will have —good or bad it does not matter. Societies having been already started in the more favourable villages, only the less favourable ones are left for new societies. But the *sirkar hukum* has got to be obeyed. The co-operative conscience is suppressed. Number counts, not quality. Bad societies exercise a baneful influence on even good ones. The whole movement deteriorates. Like the fox in the fable we may boast of our large progeny, but a hundred fox pups do not equal a lion cub. Many people seem to think that because a Co-operative Society is a desirable institution, like a school or a hospital therefore the more you have of them, the better. But whereas a school or a hospital is not self-Governing institution, a co-operative society is and its usefulness directly depends upon its ability to manage its own affairs. The present need of the movement is emphatically not increase in numbers but an improvement in quality. The improvement in quality can be secured by the strengthening of the supervising agency

with efficient staff and by the local supervising agencies being made to realise in full its responsibilities. There should be no organisation of new societies under the stimulus of official pressure. We may rest content with those that opportunely come into existence as the result of the influence of good societies.

The bad effect of the inefficiency of primary societies is inevitably seen on district banks, some of which are themselves inefficient probably because they were organised in places where local interest was not keen or talent not available. There was no lack of funds, thanks to the steps that were taken to overcome the financial stringency of the previous year. But repayments by societies were generally so bad, both under interest and principal, that only very few district banks were in a position to declare a dividend of 9 percent while nearly 50 percent of the banks could not declare even 6 per cent. One bank worked actually at a loss of Rs. 5,000 and another at a nominal profit of Rs. 1. Among the hard hit institutions is the Christian Central Bank at Madras which has generously financed many poor and panchayat societies. This experience is bound to make the financing banks more careful in issuing loans to primary societies and insist on their maintaining a higher level of efficiency than at present. It will not be a bad return for the price. In four districts there are more central banks than one—Godavari 4, Krishna and Ganjam 3 each, and Tanjore 2. Of the four banks in Godavari, one worked at a great loss and only one was in a position to declare a 6 percent dividend. The working capital of all of them put together is about Rs. 6 lakhs and considerably less than that of the Anantapur District Bank. Similarly of the 3 banks of Ganjam, only one was in a position to declare a dividend of 6 percent; the total working capital of all of them being about Rs. 2½ lakhs. The Krishna banks worked at a fair profit though the Bezwada bank has not much working capital. The Tanjore Banking Union has made a very good beginning and promises to fare quite well.

Trading unions and stores had a rather difficult time, though the fall in their transactions was not much, the majority of them worked at a loss, which in some cases was due to a fall in the prices of stocked goods. But it was generally due to bad management and want of loyalty in members. Two years ago when there was scarcity of rice many co-operative credit societies obtained facilities for getting controlled Burma rice. But during the last co-operative year there was no need for Burma rice and consequently the volume of non-credit transactions in credit societies shrank very considerably. Stores, whether agricultural or non-agricultural, are much more difficult to manage than credit societies and the proportion of failures leading to liquidation is quite large among them. That ought to make us more careful in starting and managing them but not discourage us altogether. Mr. Heningway used to lay great stress on them and encouraged them in every way. We have every hope they will not be neglected by his successors. The departmental men also should take more interest in the supervision of the societies. The progress

made by purchase and sale societies during the last four years is summarised in the following table. (Compiled from imperial statements)

Non-agricultural purchase and sale.

Year.	No. of Societies.	Sales to members. Rs.	Profit Rs.	Loss. Rs.
17-18	38	8.03 lakhs.	33,715	2,427
18-19	89	18.11 "	52,361	5,177
19-20	136	23.74 "	24,741	10,436
20-21	153	22.15 "	18,881	37,017
Agricultural.				
17-18	17	8,145	645	88
18-19	31	24,559	1,665	321
19-20	58	1,97,987	8,794	2,654
20-21	63	1,74,313	7,960	8,721

Very great progress was made in the organisation of societies for depressed and backward classes, no fewer than 253 societies being started for them in the year under review. A large proportion of them owed their existence to the Assistant Labour Commissioners of Tanjore and Godavari. Now that the Legislative Council in its wisdom has disallowed Assistants to the Labour Commissioner, the formation of these special societies, for the acquisition of house-sites and the encouragement of thrift will be checked considerably. Municipal Employees' societies continued to work satisfactorily, as also the Salt Loaders' society and the Mangalore Labour Union.

Some of the district banks that were organised in the early days have been ostentatious in disavowing any co-operative character. In permitting themselves to be registered under the Co-operative Societies Act, on the ground that they were financing co-operative societies, they perhaps thought they were making a sacrifice, though they were shrewd enough to appreciate the material advantages accruing from the registration, such as exemption from stamp duty, Government recognition, free audit &c. As a rule they resisted therefore any attempt to make them really co-operative in character and yielded only when they feared their business interests would otherwise suffer. The Trichinopoly District Bank is a diehard of this class and has taken years of persuasion for throwing open its membership to societies. It has indeed won the distinction of being the last to yield. But even so how gracelessly and after exacting what special terms it has done so will appear from the following paragraph in the Registrar's annual report for 1920-21.

"After prolonged negotiations, extending over several years, the Trichinopoly District Bank has at last changed its constitution so as to enable primary societies in that district to take shares in the Bank. The share capital has been raised from Rs. 50,000 to Rs. 1,50,000 of which

the sum of Rs. 50,000 is for society members. The existing shares held by individuals are classed as preferential shares carrying a preferential right to dividend up to the prescribed maximum (now 9 per cent), and, in the event of liquidation, to capital. The society members have the right to elect one-third of the number of members on the Board of Management. As regards voting power at general meetings, members, whether societies or individuals, have one vote for every Rs. 50 of share capital which they hold." Why talk of the idle co-operative principle of one man one vote!

Elsewhere will be found a full account of the debate in the last session of our Legislative Council on the allotment to the Co-operative Department. The indictment which Rai Bahadur Narasimhachariar made on the Assistant Registrars was perhaps too severe; but in our opinion it was not altogether undeserved. We have time and again emphasised that well-paid Assistant Registrars without the requisite business knowledge in Banking, Trade and Accountancy were a superfluity, that there was no use in making the establishment top heavy. The Hon. Mr. Reddi Nayudu, in his defence, pleaded that the movement had, owing to these officers, expanded considerably as was evidenced by the enormous increase in the number of societies. True, as far as numbers go, there has been a big stride taken. But a closer examination will reveal the hollowness of Mr. Reddi's position. Has there been any corresponding increase in efficiency? As we have already pointed out in our review of the departmental report for last year, there has been great deterioration in efficiency. The department has no doubt been very forward in the matter of starting new societies; but we are constrained to say, its conception of duty seems to have stopped there. We hope the Honourable the Minister for Development will turn his attention to this aspect of the question.

The system of drafting on the Revenue Department for our Assistant Registrars has long been a cause for much dissatisfaction among well-meaning Co-operators. The system has nothing in it to recommend itself. The young movement has not only to support a highly-paid establishment; it has also to fight a perpetual war with officialdom. We do not mean that the Deputy Collector, Assistant-Registrar is a reprehensible person, altogether antagonistic to the co-operative ideal. Far from it. He is as enthusiastic about the idea as any non-official co-operator; but there is that other official concomitant called Red Tapism to overwhelm him. Try as he might, he cannot disentangle himself from its meshes. The consequence naturally is he breeds distrust among our villagers, the very persons whom he wishes to benefit. Where only persuasion and appeal will be the best weapons, the average official will seek to carry on with Bahadurism. We are only talking of the average; we certainly acknowledge there are brilliant exceptions. This Bahadurism very naturally puts non-officials back and the result is, of course, a great set-back to the movement. We are therefore very glad to learn from the Minister's reply to the

debate in the council that he is making strenuous efforts to replace this official agency by non-officials.

We have in the co-operative service many efficient men who are carrying on much official audit, inspection, and also organisation work. These Inspectors, as they are called, gather much experience in the course of their work and become eminently efficient co-operators. It will be a recognition of good work if some of them are promoted to the higher ranks. We see no plausible objection, to this proceeding. In fact three inspectors have already been appointed as Assistant Registrars and from what we know of their work, we can say they have thoroughly justified their promotion. As an incentive to good work and the recruitment of capable young men to the service, the system will have remarkable results. We hope Mr. Reddi Nayudu will view this aspect of the question with favour.

Mr. Ramalinga Chettiar deserves the thanks of the tax-payers for his successful efforts in getting a pronouncement from the Hon'ble Minister with regard to the question of allowances. It is really an enormity that with the retrenchment axe swinging overhead of everything, the Assistant Registrars alone should be enjoying handsome allowances. We do not grudge them any material advantage; it goes against our grateful grain. But in the interests of fair play we hold that they should not be treated more favourably than the other Deputy Collectors who have not had the good fortune to be drafted on to the co-operative department. It is good to avoid, in any efficient Governmental machinery, all invidious distinctions. But this difficulty is only temporary; for with the gradual displacement of these Deputy Collectors by freshly recruited Assistant Registrars, the question of allowances would disappear altogether. The Hon'ble Minister declared that the new men have not been getting any allowances and that he would carefully consider Mr. Chettiar's recommendations as regards the others. Though we should really have liked a more definite pronouncement, we feel it our duty to thank the Hon. Minister heartily for the one he made.

How often we unconsciously achieve the direct opposite of what we wish to bring about was clearly shown in Mr. Tangavelu Pillai's proposal to effect an amalgamation of the Co-operative and the Registration departments. Mr. Pillai's dominant idea was to increase the efficiency of the co-operative department and to give a fillip to the movement. But he little saw the amount of harm that the means he proposed were calculated to do to the movement. The honourable member failed to see that the present functions of the Co-operative Department are both administrative and audit while those of the Registration Department are purely administrative. Further, the burden that would thereby be shifted on to the shoulders of the Sub-Registrar would be so heavy as not to conduce to the efficiency of either department. The minister advanced certain other valid objections to the proposal. The present system is an experiment and until the experiment was fully tried and found wanting there was no need to change it. We entirely agree.

* PROMOTION OF CO-OPERATIVE MOVEMENT AMONG FACTORY WORKERS.

AND
Encouragement to thrift, Saving Banks, Sick Benefit Fund and Life Insurance.

BY MR. L. S. POTNIS, B. A.,
Special Asstt. Registrar, Purchase and Sale, Bombay.

In order to improve the condition of a mill-hand, several co-operative credit societies and three co-operative stores have already been started by the social workers in the Social Service League, Bombay. The credit societies are meant for saving them from the clutches of Marwari or Pathan money lenders who exact exorbitant rates of interest and for giving them practical training in thrift and inducing them to save something. Co-operative stores are meant to add to their savings by cutting the middleman's profits. But the co-operative stores are not very successful and it is very doubtful whether co-operative credit societies have actually added to their savings and encouraged thrift or have simply taken the place of Marwari or Pathan money lenders.

In order to make the consumers as well as credit co-operation successful, one must study the conditions in which these labourers are living in Bombay and try to make these institutions really useful to them.

When a worker newly comes to Bombay for some work, he scarcely possesses any spare amount to maintain himself till he gets a job and till he works there for a month and a half. Much less is he in the position to hire a room and make arrangement to have his food at home. As there are no separate boarding and lodging houses, he is required to put up with a friend or relative, but is required to pay Rs. 12 to 15 per month for food which consists of coarse rice, dal, potato, vegetables with some pulse but without ghee, butter or milk. In the private boarding houses kept by some married maidens or widows in their families they are served in the morning with coarse bread, of Patni or Bajri with chatni; in the noon time, coarse rice, dal and some vegetables brought in the tiffin carriers by hotel women in the mill itself and in night time, coarse rice with curry of some rotten or inferior fish. Thus they are required to depend upon others for their food and what food they get is not substantial. In order to have some change in food they are induced to go to liquor or toddy shops and dirty hotels where mutton, tale or rotten Bhajis, shew or half

A paper read at the Industrial Welfare Conference, Bombay.

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cooked food is available. The drink creates a sensation of keen appetite and half cooked or stale things are eaten with some pleasure.

As far as lodging is concerned, the mill-hands are still in the worst position. They are required to sleep either on the verandahs or in streets. If there be rain they are required to sleep inside and are packed up in a small unventilated room and such living becomes most insanitary and often immoral. In order to avoid sleeping on the verandahs or insanitary rooms, these men at first go to Tamashas, obscene dramas, and cinemas and sometimes fall a prey to prostitutes or the trickeries of go-betweens on the Foras Road, Golpitha, or the Grant Road side. On Sunday they drink and quarrel through some jealousies. New men are oftentimes inclined to gamble for want of amusement suitable to their taste. This generally results in loss of money and consequent quarrel with their fellow-mates. Except what they send home out of necessity, there is no inducement for them to save something or keep as an investment. Money is generally spent on trifles of the types mentioned above, not meant to do them any good but result in venereal diseases.

In epidemics they go to doctors when the cases are likely to be fatal. Though they are very strong when they come to Bombay, still their sustaining power is reduced by bad food and they generally fall prey to several epidemics.

Co-operative remedies to be adopted should therefore be suitable to these circumstances. At the beginning when the mill-hand is in want of money, there is every likelihood of his falling into the hands of Marwari or Pathan sowkars. He either borrows himself or through a mukadam, under whom he serves, at a high rate of interest and gives a 'hawala', i.e., a document in writing that his pay, when due should be given to his sowkar. The credit societies should try to remove these monetary difficulties and keep these men free from the clutches of Marwari and Pathan sowkars. Very few of the present credit societies are going beyond the scope of acting as substitutes for Marwari or Pathan sowkars. Really they should encourage thrift. They should either be induced to save by opening saving bank accounts or by adopting several devices like chit fund, chit fund deposits or recurring deposits or there should be compulsory deposits or compulsory deduction from the pay for the provident funds or life insurance premia. In every co-operative credit society of the mill-hands, there should be some arrangement by which he can increase his savings and through which constant inquiry will be made as to whether he is really saving or is incurring additional debt while working in Bombay mills. If the credit societies make it a rule to get the names of all members

insured for Rs 500 to 1000 or as per earning of each member there will be not only regular saving, but the members families will not be left destitute in case of accidental deaths.

As nearly 75 percent of the mill-hands are required to stay without their families in Bombay, the co-operative stores or cheap grain shops started in several mills have not been successful. When they are single or boarding with others there is no necessity for them to make purchases of grain from these shops or co-operative stores. It is only the class of jobbers or mukadams who are able to keep their families in Bombay and who sometimes keep boarding houses for such workmen and make occasional purchases from the cheap grain shops and stores. If these jobbers or mukadams or married persons living with their wives and children in some chawls and cooking their own food, join in making their purchases, a co-operative store will be successful. The present stores seem to be wanting in loyalty of members as regards their purchases. It would be better if monthly indents as regards the requirements are taken beforehand on the model of co-operative buying clubs.

In the by-law of the consumers' society there is already a provision for a benevolent fund and a part or a whole can be used as a sick benefit fund whenever a member falls sick. But everything will depend upon the hearty co-operation of the mill-owners and diffusion of co-operative knowledge amongst the actual workers, by carrying on vigorous propaganda not only by lectures and magic lantern shows and cinemas but also by starting typical co-operative credit societies, buying clubs, hostels or restaurants at suitable centres.

If the mill-hands are enabled to get boarding and lodging arrangements by means of co-operative organisation i.e. by starting co-operative restaurants and hotels, the mill-hands will be really profited and many of the evils mentioned above will be avoided. As soon as any labourer enters the service of a mill, he should not be allowed to be at the mercy of his friends or acquaintances for his boarding and lodging, but should get the advantage of joining any co-operative hostel or a club, where good food is supplied regularly and where he can get sleeping accommodation. Thus he will be neither under the obligation of a friend nor under the clutches of a screwing Mukadam or jobber, nor induced to visit dirty restaurants and pass nights near Play houses, Golpitha, or on Foras Road lanes.

Co-operative boarding and lodging houses should therefore be opened in each and every mill, with the necessary precautions of not injuring the religious feelings of any workers. Membership should be open to all the workers in the mill and they should get their tea, breakfast and meals

from these institutions. All the eatables provided should be prepared on sanitary principles and should be supplied when they are fresh. They should be given cots and given sleeping accommodation in sanitary buildings. The single labourer should be kept separate from the one living with his family. Many single labourers can be accommodated in big halls of sheds and married couples can be provided with small rooms. I think if the mill-owner supplies such sleeping accommodation and boarding houses the workers in his mill will be more contented, happy, healthy and hence more efficient. There will be more control over them as they will be always in the premises. There will be less sickness, less absentees and the supervision will be quite thorough. The only condition should be that those boarding houses should not be under the control of the mill-owners, but the workers themselves should be allowed to manage their own affairs, and the necessary assistance should be given to them by the mill-owner, in the form of accommodation, clerks' services and some initial working capital.

A WOOD-CUTTERS' CO-OPERATIVE SOCIETY.

Report on the organisation and working of the Usoor Panchama Wood-cutters' Co-operative Society, submitted by Mr. O. N. Ramaswami Aiyer, Assistant Registrar, Vellore.

The experience gained, in the direction of taking the contract of cutting fuel in forest coupes, by members of co-operative societies, engaged in wood-cutting business experimented by the Tiruvannamalai Cobblers' Co-operative Society, prompted me to start a society specially for that class of people and for that purpose. In order that the proposed society may have the benefit of my constant inspection, I attempted to organise a society near Vellore, my headquarters. While looking for suitable places for such an attempt I understood from the Secretary of Usoor Co-operative Society (a village about seven miles from Vellore) that there were some Adi Dravida families engaged in wood-cutting business in Usoor and that forest coupes fit for purposes of fuel were available near Usoor. I inspected the village, interviewed the Adi Dravidas, explained to them the scheme. The Adi Dravidas consented to organise themselves into a co-operative society for this purpose. But coupes for cutting operations were not available forthwith, as under the working plan as it stood last year, the areas available for cutting were in practically inaccessible por-

tions of hills in the reserve. The District Forest officer, Fort. Mellore was therefore moved to revise the working plan so as to offer facilities to the wood-cutters to start on their work. The District Forest officer was kind enough to do this and the Conservator of Forests, Chittoor, was also pleased to approve the revision. This however took some time and the members of the society were in need of work till forest coupes could be exploited. The Collector was therefore approached for the grant of an unreserved land of 80 acres adjoining the reserve which contained good tree growth. The Collector was pleased to order the grant of this land on payment of tree value which was Rs. 401-7-8. The cutting of the growth on this land was commenced on 28th July 1921 and closed by the middle of December.

225 tons of fuel were cut and conveyed to the Vellore Co-operative Stores which body undertook to sell the fuel to the townsmen for a reasonable price. The cartmen of Usoor, who were caste Hindus, willingly co-operated with the Panchamas and placed their carts at the disposal of the society for the conveyance of the fuel. The quantity that was actually cut and disposed of during the period of four months and a half cannot be said to be sufficient partly because the society was at its initial stage of organisation and partly because the arrangement for the conveyance of the same had to take shape. Further, the quantity of fuel in the unreserve was not as copious as could be found in the adjoining reserve. Even so, it will be found from the appended statements giving particulars of the transactions of the society (statements omitted-Ed.) that the profit earned from the cutting of the growth in the unreserve was as much as Rs. 568-13-3. This profit, of course, is, after allowing decent cooly to the cutters, hire for the cartmen, establishment charges at the place of cutting and the commission paid to the stores for the disposal of the fuel in Vellore Town.

For a work which has been conducted rather slowly and for a period of 4½ months, the profit in cash is obviously very encouraging. Besides this profit in cash, the Panchamas now own 80 acres of land which is about to be brought under cultivation as soon as rains help them. Encouraged by this return they set out on their work of coupe-felling, for which they have got a lease according to the revised working plan approved by the Conservator. The necessary agreement has been executed by the society and the deposit required has been made. The cart track necessary for the transport of fuel has been formed and the fuel from the coupe is expected in Vellore very shortly. There are 12 carts now available and the number of wood-cutters is 40. It is expected that the daily supply to Vellore will be 6 tons, with an increase in membership, which

settlement possible, and with additional carts for which arrangements can be made, the daily supply is likely to become larger. Fuel is now sold in two depots but so far the supply has not been as already stated. The supply will hereafter be more steady and it is even anticipated that additional depots will become necessary. The retail price charged by the depot keepers varied by about one to two annas per weight or 1.40 of a ton. The present arrangement is that coupes for future years also will be given to this society which will mean continuous work for it for several years to come. Having regard to the permanence of the operation of the society it is proposed to form a permanent road to the reserve to enable the carts employed by the society to convey the fuel easily for the place of cutting and the conservator has been pleased to say that the question of contributing a portion of the cost from the funds of the Forest Department will be favourably considered. Should definite proposals be made accompanied by estimates. I am arranging to have estimates framed for this purpose. It is proposed to apply for a contribution of half the cost from the funds of the Forest Department.

MODEL BY-LAWS OF THE SUPERVISING UNIONS IN THE MADRAS PRESIDENCY.

BY MR. A. SRINIVASACHARI, SECRETARY, SRIVILLIPUTUR

OF CO-OPERATIVE BANKING UNION LTD., SRIVILLIPUTUR.

I read with great pleasure the article by Rao Bahadur A. Veda Chalas Aiyar, B. A., published in February Bulletin regarding this topic. The reasons given by him for retention of the Registrar's approval are really worthy of discussion and consideration; but he has not considered it with reference to some other By-laws also, which I propose to mention herein. This is therefore a matter worthy of consideration by the department and co-operators, who may bring about suitable alterations of the By-laws so as to fit in with the local conditions.

As Rao Bahadur Talmaki rightly observed, the intervention of the Registrar is sought for in about 10 places in the By-laws and I shall take each case and show how far the retention is necessary, or proper. I expect an open discussion in the Bulletin on this subject.

1. By-law 7:—Any Society provided thirdly, that the affiliation shall not take effect unless it is sanctioned by the Registrar. This seems to be unnecessary and superfluous, as the registration of a society should be immediately followed by affiliation to the nearest Union when a Society chooses its Supervising Union and I would like to

affiliates it, regard being had to all other conditions pertaining to the By-laws, the sanction of the Registrar or Assistant Registrar is quite out of place; for at the outset he will, and does, give directions to inspectors or organisers to affiliate it to the Firka Union.

2. By-law 8:—This contemplates two circumstances; one is a society may be disaffiliated without the sanction of the Registrar, if it is dissolved, or if it is affiliated to another Union; the other is that the Registrar should sanction disaffiliation under other ordinary conditions. In the second clause the sanction of the Registrar is no proper substitute for the General Body of a Union, however costly or expensive it may be. The District Council of Supervision or "Banking Union" in its absence may be a proper form to settle finally any disaffiliation questioned by a society. I know a case, where the General Body of a Union disaffiliated a society and the Registrar stepped in and disapproved the Resolution. Such interference is bad in principle and should, therefore, be deleted.

3. By-law 9:—Special orders of the Registrar is unnecessary, as the depositors firstly assure themselves of the financial stability and secondly, the General Body could be appraised of such a responsibility, if any, undertaken by the Union. Deletion of this clause is preferable to the retention of sanction, since the unions are not Guaranteeing Unions, and no scope or necessity exists for any large handling of cash.

4. By-law 10:—"Levy of contributions at a rate not exceeding 8 annas per annum." The Registrar's sanction seems to be superfluous, as the Union, consisting of societies, is the best Judge to decide the contribution to be levied for its upkeep. At present, no special sanction is obtained at all. This may therefore be omitted.

5. Similarly in By-laws 12 and 13, Registrar's intervention is unnecessary and the Central Banks and the General body of the Unions may be expected to have a fair knowledge of using and adjusting this fund and acting in unison whenever necessary. Even in Credit Societies such limitation exists, in the matters of establishment charges. By-law 30, (4) of Credit Society gives the Panchayat a free discretion in the establishment charges. In a union consisting of representatives of such societies, restriction in this matter is quite out of place. Be it remembered that the Union does take always the advice and opinion of the Assistant Registrar in such matters.

6. By-law 18:—It is a fundamental principle of jurisprudence that an appointing authority should have power of punishment also, but a

right of appeal may be given to the General Body. Here again Registrar's approval is not only unnecessary but also prejudicial to the working of the Union, since the administration of the latter will be handicapped, if the former disapproves.

7. By law 20:—Retention of the sanction is necessary being compatible with the provisions of the Act itself.

8. By laws 23, 24, and 25. (6):—Here again the Registrar need not be troubled. The General Body is the best judge for settling the scale of fees. The Central Bank should not be sitting in judgment over these details; they should not be allowed to question either. If the Union can afford to pay, and when the Governing body insists upon and decides such payment, it must be a free agent in the matter; when a credit society can incur the expenses resolved upon by the Panchayat without the interference of the Registrar, I don't see why a Union should have such a restriction imposed upon it.

9. By-law 29 (2):—The Budget estimate should be submitted to the Financing Banks for approval and variation should not be allowed except with their approval. The word, "Registrar" may be substituted by "The Financing Central Bank or Banking Union," since the Local Union and the Registrar have no financial responsibility, but only the Bank.

10. By-laws 32, 33, 34, & 35:—The interference of the Registrar, as contemplated in these by-laws, is necessary as the Co-operative Societies Act requires the same.

From the above discussions it is clear that, in by-laws 20, 32, 33, 34, and 35 the word "Assistant Registrar of the Division" or "the Registrar" may be put in, and in other by-laws the word "Registrar" may be deleted and "Financing Banks" or "General body" may be substituted as the case may be.

It may be noted that the general policy of the Union can be best decided by the General Body consisting of delegates of Primary Societies whose majority may be fairly presumed to act with good sense and fair play. It may also be noted, that a Financing Bank is similarly another corporate body whose approval may be sufficient, since more or less than one is in the directorate besides the societies themselves, in the General Body of the Bank. The sooner the Unions are allowed to make suitable alterations or modifications the better for their efficient administration.

IMPROVEMENT OF KALLAR SOCIETIES.

(BY RAO BAHADUR A. VEDACHALA AIYER).

The Co-operative Movement was introduced in the Kallar parts in 1910 and societies on unlimited basis were started owing to the fact that the money lenders who were generally Nadars dispensed credit at exorbitant rates of interest. The normal rate of interest charged on loans by the private money lender ranged between 21 to 30 per cent for sums above Rs. 500 and, for those below, 36 per cent. Land loans of small sums to meet current expenses of agriculture and household requirements were given at 36 per cent subject to the condition that all the surplus produce should be sold only to the money lenders who thereby made a profit of 14 per cent. This was the condition under which the Kallars carried on their agriculture and the result was that they were never able to pay even the interest at the exorbitant rate of interest, and redemption of mortgages of their properties was rare except when the Kallars acquired money from sources other than agriculture.

In many cases Kallars had to make over their property in court sales to the creditors but the creditors were in many cases not allowed to enjoy the lands purchased by them by some of the Kallars.

The Kallars had explained to them in 1910 the advantages of the Co-operative Movement and were apprised of the fact that Co-operative credit will finance them for agriculture and will liberate them from the thralldom of the money lenders and will give them freedom to sell their produce to the best advantage.

Co-operative societies were started and, in all cases in which the debtors had repayment power, the mortgage debt on their lands were redeemed by the Co-operative societies. As an experiment, 10 societies were started and the Kallars were given loans for cultivation expenses, for purchase of cattle, for household expenses etc. Cambodia cotton seeds were obtained from the Government farm at Koilpatti and the Kallars began their work in earnest.

The Revenue Department took a good deal of interest and advanced a large amount of Government loan to the Kallars for the sinking of wells at 6½ per cent repayable in 20 years.

At the time when the Kallars became members of co-operative societies, the leaders among the community took a good deal of interest in the movement and every thing was hopeful.

The money for the co-operative societies was given by the Permanent Endowment Fund, Madura and at the end of a year the Madura Central Urban Bank, Ltd. took over the loans in 1911. In 1913 when

the Madura Central Bank was started, it took over the liabilities of some of the Co-operative societies from the Madura Central Urban Bank and also financed the new societies which were coming into existence from time to time.

The following factors created difficulties in the smooth working of the co-operative societies.

(1) The dues to Government loans had to be repaid regularly by those who got loans for the sinking of wells.

(2) The dues of the private moneylender had to be paid as he was on the spot and demanded as usual his share at the time of harvest. His vigilance was greater as the co-operative societies had given loans.

(3) There was only one Government inspector for the whole of the Tirumangalam taluk with his headquarters at Madura. His supervision was not so satisfactory as the societies of Kallars demanded.

The result was that the Kallars paid what they could to the insistent creditors in preference to co-operative societies and they did not keep up to the engagement in full to the co-operative societies. As the loan to the co-operative societies was shifted from the Permanent Endowment Fund to the Madras Central Urban Bank and then to the Madura-Ramnad Bank, the societies had no due dates to repay their principal for 3 years at the outset but had to pay only the interest. This they discharged, and as regards the dues of members to the societies, book adjustment was resorted to as the result of bad advice given by one or two examiners who had to be locally recruited on low pay, more for the writing up of accounts than for working the societies, as in many societies there were not competent men to write up accounts. The instalments become overdue and the Kallars had to pay interest at 12 per cent for the sums which became overdue, and under the bylaws the penal rate was calculated for the entire sum due until the instalment due was paid.

The season was unfavourable for two consecutive years and since then the Kallars have had to pay 12 per cent on practically every rupee borrowed by them.

The money lenders pressed for their loans and the Kallars had to pay them or to give up their lands.

The dues to the Madura-Ramnad Central Bank both under principal and interest became heavy and to secure adequate supervision the central bank employed one or two supervisors for purposes of collection; but the societies became dormant as there were very little collections on account of loans already had and as there were no fresh loans.

The Madura Ramnad Central Bank demanded 1/5 of the loan for each year and the societies could not pay up their instalments with the result that the overdues to the central bank and the overdues by members swelled.

A local union was formed and supervision fund was recovered at 8 as. per cent on the transactions of each society. 2 supervisors were appointed and one inspector was deputed for 33 societies in the Kallar area.

Absolutely hopeless societies, where panchayatdars would not do any work, were liquidated and arbitration proceedings were introduced in others. But these had not much effect as the execution proceedings in the Civil Court were very tardy. Even if active steps were taken, it was found impossible to make a personal arrest of the defaulter or to sell the property for want of bidders. The debt originally got by the society doubled itself during the last ten years, at 12 per cent. Both the debtor and the creditor could not progress an inch.

This is the present situation in which the Kallar members, co-operative societies, and the Madura-Ramnad Central Bank are placed and out of the present situation a way has to be devised. There is not much use in sitting in judgment over the action taken in the past by the parties interested.

The first step to be taken is to ascertain accurately the property of the defaulting members in each society, the amount of debt due by each as principal and interest, the amount repayable by each, the period to be allowed in each case for repayment suitable to the repaying power of each, and how far the properties are free from encumbrances or not. Encumbrance certificates should be obtained in each case and it must also be investigated in which cases the debts can be discharged only by the sale of a portion of the property and whether purchasers are available even when financed by the societies.

(2) In cases where debts are hopeless of recovery except by the sale of the entire property, there does not seem to be any object in giving extension of time, as such a course will only swell the debts to be recovered. Such cases should be dealt under arbitration proceedings and execution taken under Act 11 of 1864. While so doing, a representative of the union must be present at the time of sale and the sale in the village should be secured by proper representation to the Revenue authorities. The society may purchase the land and lease it out to the defaulter charging him high instalment and interest, giving him a fair margin to live. When the co-operative society finds it has to purchase the land, it should satisfy itself

that there are no previous encumbrances and that the land can be sold to the co-operators eventually.

(3) Where the borrowers have no property to offer as security, they and the sureties should be called on to pay the dues and proceedings should be instituted without delay. Where arbitration decrees have been passed, it should be seen whether extension of time could be given and for what period, especially in cases where such decrees are supplemented by mortgage documents as collateral security from the principal or surety. The securing of mortgage deed is for the purpose of preventing further alienation of property.

(4) The Panchayatdars should be advised to eliminate all hopeless cases and extension of time allowed in really hopeful cases suitably to the repaying power of each individual. The time to be allowed should not ordinarily exceed 10 years and where however there are cases requiring a longer period of extension to liquidate the debt by annual payments, the matter should be reported to the Registrar so that Government may be approached for finance in such cases.

(5) Extension of time in the case of past debts and revival of transactions in regard to non-borrowers should be allowed only in villages where earnest and capable men are available to conduct the affairs with the help of the staff of the supervising union.

(6) The period of repayment of instalment should be fixed with reference to the crop which each ryot is expected to sell for meeting his ready cash engagements. Such crops are generally paddy, cotton, groundnut and castor seeds. The period fixed must give them time to dispose of the produce advantageously. The society may take charge of the produce given by each member for his dues and arrange to sell such produce at advantageous rates at the proper time at the risk of the suppliers. This will be secured by crediting the value towards the instalments due and by treating the amount involved as advance to be recovered by the sale of the produce handed over to the society.

(7) When the new arrangement is brought into existence the societies may be supplied with good Cambodia cotton seeds obtained with the assistance of the Agricultural Department and also with fish guano and other manure wanted by them. The union President is a local wakil and he is keen on pushing up the work of the co-operative movement in the Kallar area. He has also the assistance of Rao Sahab M. R. Ry. J. Vedanayaka Devar, President, Taluk Board and it is to be hoped that much improvement will be felt in this area of work closely supervised by the local union and Government inspectors

(8) The Kallars are in a difficult position. Their personal credit with the money lenders was lost as soon as co-operative societies came into existence. The money lenders have stopped their transactions as their lendings resulted in the purchase of lands in many cases. There are a few money lenders now who lend money only on the pledge of jewels at 37½% and the closing of co-operative credit will unsettle the credit and will bring in its train untold misery.

9. The Government are taking steps to wean them from criminal propensity by establishing schools, and by keeping a factory at Usilampatti for weaving, carpentry and for running a smithy to repair carts, ploughs &c. It is just possible to formulate some scheme by which the Kallars will use their spare hours in some home industry made available in each village besides the factories at work at Usilampatti and Sindupatti where younger boys from the neighbourhood can be trained. As a basis for consideration, the following suggestions are made.

(1) Kallar women to be given capital to keep cows and buffaloes in villages where there are facilities for grazing. They will supply ghee at Usilampatti in the union office on the shandy day to be transported to Madura for sale.

(2) They may be supplied with cattle food, fodder &c.

(3) Hand ginning instruments may be supplied till a ginning factory is established at Usilampatti. This will enable them to give cotton for sale and keep the seeds for cattlefood a very great advantage.

(4) Hand looms can be introduced in each village, cotton may be supplied and the cloth produced may be taken up for sale by the co-operative union. The items of improvements can be carried out by the co-operative union, with the help of Government funds if necessary.

(5) The Co-operative Union may run contracts for firewood-felling in coupes and undertake road contracts to provide labour for the Kallars in the off season. This can be undertaken by the local Union.

CO-OPERATION AND THE BUDGET.

DISCUSSION IN THE LEGISLATIVE COUNCIL

DEMAND XXI—CO-OPERATIVE SOCIETIES.

The Hon. Rai Bahadur K. Venkata Reddi Nayudu:—"I beg leave to move, Sir, for a grant of 6.81 lakhs under Demand XXI—Co-operative Societies."

Motion 609

Rai Bahadur T. M. Narasimhacharlu:—"Sir, I beg to make the following motion:—

609. To reduce eight assistant registrars of co-operative societies out of 17 on Rs. 300—850."

The Hon. the President:—"The Hon. Member must say by what amount he wants to reduce the grant."

Rai Bahadur T. M. Narasimhacharlu:—"I want to reduce the provision of Rs. 1,29,000 by Rs. 50,000, Sir."

The Hon. the President:—"Then the Hon. Member had better specifically move it in that form."

Rai Bahadur T. M. Narasimhacharlu:—"Yes, Sir. I propose to reduce the sum of Rs. 50,000 in detailed account No. 34-C. Agriculture—Co-operative societies, provision for assistant registrars, by Rs. 50,000. The reason why I wish to reduce this number is this. Their chief work consists in the supervision of the work done by the Inspectors of Co-operative Societies. So far as my experience goes, the assistant registrar for the district of Chittoor and Cuddapah is not touring largely over the rural areas. So far as I was able to see, he issues instructions to the inspectors and the inspectors supervise the work of the existing societies and also they devote a portion of their time to organize new societies. The assistant registrar no doubt passes big proceedings criticising the work of the inspectors. But the real work that has to be done is to see not only whether the inspectors are doing their work properly, but also to see whether the societies do their work properly. I think, Sir, that so far as the latter portion of the work is concerned, the assistant registrars do very little. If that is not their legitimate function, as I take it to be from what I see actually from their working, I fail to see why there should be so many as 17 assistant registrars and why that number should not be reduced by eight. Now most of these societies are credit societies and each society contains a certain number of members. Their liabilities are unlimited. The president and the secretary of a rural society sometimes happen to be influential but needy members. It came to my notice, Sir, directly that an amount was borrowed in the names of some of the members, but it was appropriated by the president or the secretary or some other influential member in the names of the other members, and that too sometimes without their knowledge. Very many members in the rural places are illiterate persons and sometimes their marks are forged. These things have come to my notice and they have

also been brought to the notice of the local authority. In the course of my touring in the villages, the same complaints have been made to me by several individual members. 'Sir, in my name money is taken. We are said to be the debtors, Sir. We have not taken a single pie out of it' and so on. Now, what is the object of creating co-operative credit societies? It is to help the poor people. It is not to help the influential. In that way, Sir, the poor are not benefited, while the societies themselves are brought into discredit and I am quite sure if such a state of things is allowed to continue for some time more, there will be no progress in co-operation at all in rural areas. I came to know that statements were recorded by inspectors in the Cuddapah town itself to the effect that no money was disbursed to them; and that afterwards seeing their inconvenient position, the president and the secretary borrowed money elsewhere, paid up the amount and hushed up the matter. This incident, Sir, took place in a suburb of the Cuddapah town itself. It was brought to the notice of the Assistant Registrar, but I do not know what he has done about it. This is what takes place in my district and I do not know what is taking place in other districts. But I think human nature is the same in this respect in other districts as well. Therefore, if the duty of the Assistant Registrars does not consist in seeing actually that the amount is disbursed to the persons in whose name the money is taken out from the district central bank, I fail to see, Sir, why there should be so many as 17 Assistant Registrars for the purpose of merely supervising the work of the Inspectors. That is my chief point, Sir, and I submit that if the Assistant Registrars' duty does not consist in this respect also to the extent of finding out and seeing that the people are actually benefited by it, I think, Sir, there is absolutely no need for so many as 17. I may suggest also that whenever a society borrows money from the district central bank the Assistant Registrar must be himself present and see that the money is actually distributed in his very presence to the members in whose names and for whose benefit it is borrowed. I think, Sir, that unless this is done, there will be no proper working at all, and I am quite sure that the societies themselves will be brought into disrepute and very shortly the whole fabric will tumble down. That, I submit, Sir, is the reason why I wish to reduce the allotment by Rs. 50,000."

Rao Bahadur T. Balaji Rao Nayudu:—"Sir, though my experience of the Assistant Registrars is different from what my friend has just now stated, yet I do not see the necessity for maintaining as many as 17 officers on very high salaries. There are 23 officers costing over Rs. 60,000 on Rs. 300 to Rs. 850 and only six are on Rs. 250. The men on Rs. 250, I am sure, must have been doing as good work as the other officers drawing Rs. 300 to Rs. 850. So there is every reason to reduce the number. Besides, honorary men are being appointed to these places and they are doing the work exceedingly well. That being so I do not see the necessity for keeping any men on higher salaries and spending a lot of money over them. I would, therefore, support this reduction and would request the Minister to remove them and replace them by new officers on Rs. 250. With these remarks I support the motion."

The Hon. Rai Bahadur K. Venkata Reddi Nayudu:—"Sir, so far as the policy that is now enunciated by my friend Mr. Balaji Rao Nayudu is concerned, I have been following it. Six officers were newly appointed on Rs. 250 each. As regards the others, certainly as opportunity occurs, we shall replace these Deputy Collector-Assistant Registrars in accordance with the observations made in this House by Hon. members. I have said this on more than one occasion and that policy will continue. But it will be remembered, Sir, that the Revenue Department has obtained an increase in their cadre to the extent of ten members in the Deputy Collector's service in order to be lent to this department, and until that order is changed, we must abide by the orders of the Secretary of State. But of course there will remain seven places and I may assure the House that at the first opportunity, as soon as one man goes out or resigns or wants to go back to the revenue line, or takes leave, I shall replace him by the less costly recruit. But as regards the change in the principle itself, Sir, I must sound a note of warning. It will be remembered, Sir, that this scheme is a new scheme and was started only two years ago and intended to be reconsidered after five years. It is a temporary scheme and last year I explained to the House the necessity for these paid officers, that the work of organization and propaganda work in the earlier stages must be left in the hands of paid officers who alone could devote the time and energy necessary for these things. As a matter of fact, I may bring to the notice of the House that before the scheme was introduced, we had only 3,676 societies. In the first year that number was increased by 1,351, making up a total of 5,027 societies and by June 1921 another 1,261 societies were added, so that by the end of June 1921 we had 6,288 societies. That will work out, Sir, to a proportion of 58 per cent increase in the number of societies. In other words, where there were 100 societies, the department was able to increase their number to 158, and during the last six or seven months the number of societies must have gone up to at least 8,000. Now when all these societies are formed and are put on a stable basis, certainly the question will arise as regards the reorganization of the whole thing. As I have already submitted, these appointments are only temporary. No permanent appointment has been made. And, while we are still in the process of giving effect to the reorganization scheme, if we are asked to retrace our steps, I submit that it will defeat the very purpose with which we started. It is not intended that these officers should all be permanent. The question of removing or continuing or reducing their number will arise within three years more, and if we by that time have gained sufficient experience and if by that time a sufficient number of societies has been started and placed on a sound basis certainly then the honorary agencies may be able to continue the work. As a matter of fact we have at present 65 honorary assistant registrars. Some of them do excellent work and I am thankful to them for the work they have been doing and the time they devoted to that work. But, Sir, in the nature of things, a non-official gentleman, an honorary assistant registrar, can devote only his spare moments and leisure hours to work of this kind. So, in the beginning while the organization is going on and when societies are being formed

and placed on a proper footing, it is not possible, Sir, to expect this honorary agency to do all that is necessary in a matter like this. That I think, Sir, should satisfy my friend so far as the number is concerned.

"My hon. friend was referring to certain irregularities, or even crimes, I should call them, which seemed to have taken place in his district. Certainly, Sir, to forge another man's name and to draw money in the name of another is a crime for which I think sufficient punishment is provided in the Indian Penal Code. Certainly it is open to any one, not merely to the person affected, but to any one—if my knowledge of the Criminal Procedure Code is correct—to be a complainant in such a case. It should have been at once brought to the notice of the police and certainly I am going to enquire into it if my hon. friend will give me the names of the persons and see that such action is taken as may be found, to be necessary. But one thing, Sir, please do not judge of the work of these societies, or of that of Inspectors and Assistant Registrars by instances such as these.

"Human nature being what it is, crimes will be committed. But let that not deter us from doing our duty. For instance, we have got the freedom of the press. In spite of the fact that there may be one newspaper here and one newspaper there which has no other work but that of vilifying a certain class of people, is that a reason why the freedom of the press should be curtailed? I can quote many other instances. That seems to be a very exceptional and an unfortunate case. I say I shall be very glad to investigate the case and do the needful."

Rai Bahadur T. M. Nirasimbachari:—"I am very glad, Sir, that these older gentlemen who are not only old in age but also old in the service, drawing fat pay, should be replaced by younger gentlemen. That was given effect to by the hon. the Minister by providing for six younger men from the deputy collector's cadre. So far good. Still he could have made further attempts to reduce the number from 17. He says that he is going to do that still further. For that certainly we shall be very glad. Then so far as the question of honorary assistant registrars is concerned he says that there is a large number now and it is a matter for consideration whether that number may not be increased and whether they could be asked also to organise and supervise the societies near about. After all the hon. the Minister says that the present scheme is only a temporary makeshift and that the matter is being experimented upon. He says that out of this, Government are going to evolve a new scheme. I welcome the suggestion and I hope that during such reorganization he

will take note of all the defects pointed out above and try to remedy them. For these reasons, Sir, I beg leave to withdraw this motion."

The motion was by leave withdrawn.

Motion 611.

Mr. T. C. Tangavelu Pillai :—"Sir, I beg to make the following motion:—

611. To reduce the allotment of Rs. 1,73,000 for travelling, house-rent and other allowances by Rs. 1,00,000.

"In making this motion I wish to bring to the notice of the House that this department which is meant entirely for the benefit of the ryots has failed to achieve the end for which it was established in 1905. For the last two years honorary assistant registrars have been appointed. Even then any one reading the administration report of the co-operative department for last year will see that even according to their own admission—

"It is impossible for the ryot to enjoy the advantage of loans at low interest and also the system of 'condoned unpunctuality' in repayment and easy renewal of the bond which are the main attractions offered by the local money-lender. The co-operative movement in fact cannot be thoroughly healthy unless its members become more businesslike than at present. The real remedy must lie in less laxity on the part of the central banks and primary societies, but it is clear to the Government that the influences of assistant registrars and their subordinates can also be made effective in this direction."

"It is clear that things have not progressed to such an extent as was expected of the department. The number of these assistant registrars should have been increased and more assistant registrars should have been appointed with a permanent allowance or honorarium of Rs. 50 per mensem. They can easily do the work and make the people understand the value of the co-operative movement. I think that it would be far better if Government made up their mind to amalgamate this department with the registration department. One may say that the registration department has been doing a lot of useful work. They are now working the Indian Companies Act. The Act works on the same lines as the co-operative department. When the registration department can manage the Companies Act successfully it can also very easily work the co-operative department. You also see, Sir, that the salary of the Assistant Registrar is far more than that of any other official like the tahsildar and the sub-magistrate. The influence of the sub-registrar is so great that he could, in addition to other duties, take up the co-operative work and increase the number of co-operative societies and banks. With these words I submit this motion for the acceptance of the House."

The hon. Rai Bahadur K. Venkata Reddi Nayudu:—"Sir, I have already submitted that the department has just been started and is in the process of organization. The organization is not complete and it is for the present, only intended for five years of which two years have already expired. I think my hon. friend will certainly see the necessity of waiting for three years more and seeing what lesson it teaches us. I have already pointed out that we have 65 honorary assistant registrars. Under his scheme of sub-registrars to do the work, each of them would have to attend to 30 to 40 distant societies and I do not think it is possible for the registration department to manage as many societies as that. They have got their own work to attend to and the addition will mean an increase in the number of sub-registrars, and so on and so forth. So, sir, my hon. friend here will see that this is a matter in which the interests of the ryot are involved. My friend is aware of the great difficulties which the ryots have in securing loans cheap. As a friend of the ryot, and I know he is a friend of the ryot, he will see to their necessity and see that this work is carried on and the results awaited. Any criticism from friends will always be welcome and I should certainly urge upon him to watch the present work for three more years."

Mr. T. C. Tangavelu Pillai:—"I think from the hon. the Minister's statement that we have got to wait for another three years because the scheme has been just launched. I see that the United Provinces Government has been much bolder in revising its policy. I do not see why the Madras Government should not embark upon the same policy, and see that the department is placed on a sound footing to do good to the people."

The motion was by leave withdrawn.

Motion 612.

Rao Bahadur T. A. Ramalinga Chettiyar:—"Sir, I beg to make the following motion:—

612. To omit the allowance of Rs. 23,952 provided for allowances.

"I think it is not necessary for us to go at length into this question. The details are here. This sum of 23,952 is made up of: duty allowance 17 (100), local allowance 2 (23), 1 (10), 1 (6), duty allowance 16 (10), conveyance allowance 1 (5), 1 (10) and duty allowance (10) to typist, shorthand allowance (25) to a clerk in the registrar's office. These are the allowances, Sir, that are provided for. With regard to these allowances, the House has already taken a definite attitude. I would invite the attention of the House to the decisions with respect to other departments. I might say that there is no more onerous duty attached to these offices than to those the duty allowance to which were disallowed by the House and so there is no necessity for these allowances. So, I make this motion"

The hon. Rai Bahadur K. Venkata Reddi Nayudu :—“ Sir, I know the House has accepted the principle of this motion, so far as other departments are concerned. So far as this motion is concerned I am sure I shall be able to induce the hon. Mover to withdraw the motion for the following reasons. As my hon. Friend himself has pointed out it involves other allowances such as Wynand and other local allowances. Secondly there is this trouble. We have entertained in the services, deputy collectors who were lent by the Revenue department. I admit that there is reason to urge that there is no necessity to pay them this allowance. But so far as the new incumbents are concerned we have not been paying them any allowance. If my hon. Friend will leave the matter to me I will see how best we can manage this affair. I hope my friend will see the practical difficulty and withdraw the resolution.”

Rao Bahadur T. A. Ramalinga Chettiyar :—“ In view of the assurance given by the hon. the Minister that he will deal with these people in the same way as the other officers whose duty allowance has been disallowed by the House I have no objection to withdraw my motion.”

The hon. Rai Bahadur K. Venkata Reddi Nayudu :—“ I will see what I can do. If the Government is doing away with the duty allowance in the case of the other officers I will also do the same in the case of these assistant registrars.”

The motion was by leave withdrawn.

Motion 615

Rao Bahadur A. S. Krishna Rao Pantulu :—“ I beg to make the following motion :—

615, To reduce the allotment of Rs. 6.81 lakhs for co-operative societies by Rs. 50,000.

“ I wish to impress upon the attention of this House that we have been embarking upon an increase in the expenditure year after year even above the original intention when this department was brought into existence. When the committee on co-operation in India inquired into the whole matter it was contemplated that after so many years of working the management of the various societies must be left to the hands of the various non-official agencies and Government should withdraw their control from the societies. These societies came into existence more than fifteen years ago and we have been feeling the useful work done by these societies. As has been pointed out by my hon. friend Mr. Narasimhachari there have been cases of abuses of powers which have been coming to my notice now and then. But we cannot condemn the system on account of some instances of such abuses of powers.

“ But I would ask whether it is necessary to increase expenditure under this head in a way in which we have been doing in the face of the accepted policy that as early as possible Government control should be withdrawn from the management of the societies and they must be managed by non-official agency. My hon. Friend, the Minister for Development, has told us that the new scheme has come into operation very recently, that it has been in existence for two years, and that we must try its working for another three years. I should have been glad if he had been in a position to make some more positive statements as to what is going to happen at the end of three years and if it had at least been definitely settled that after the period of three years is over, the original policy of placing these bodies in non-official hands will be re-embarked upon and that the expenditure we are now called upon to incur is a temporary one and for a definite period of three years. If some such assurance can be given, we will be in a much better position to appreciate the reasonableness of the demand made. My fear is that when once we start upon any scheme though we say it is temporary, it is very difficult to go back and to reduce the expenditure. It is that fear in my mind that has prompted me to place this motion before the House. If on the other hand, we are definitely assured that it will be in existence for three years and three years alone and it is an accepted policy to withdraw Government control after a certain period, we will be in a position to vote for the grant. If my hon. Friend cannot give us a satisfactory reply, then I think it will be necessary to press this motion to a division. Fifty thousand rupees out of 6.81 lakhs of rupees is not much. Even if we do this in a business proposition, it is quite possible and practicable to reduce it to that extent. Let us remember that this Rs. 50,000 is the amount provided in excess of the amount noted in the revised estimate, and even if we deduct this Rs. 50,000, we will be sanctioning the same amount as we provided for the current year.”

The hon. Rai Bahadur K. Venkata Reddi Nayudu :—“ Sir, I am asked to state definitely what will happen at the end of three years. Let me say, Sir, that I do not pretend to prophesy what is going to happen three years hence. In the first place, it is not right that I should in any way tie down my successor. If I am guaranteed in this place for three years more—I do not know whether he will venture to guarantee that—I submit that it may be possible for me to say something definite. But I think there are some indications, Sir, such indications as can be given by a Government, so far as the conduct of the future Government is concerned. In G. O. No. 135, dated 20th June 1925, when this reorganization

scheme was sanctioned, the Government said that 'they trust that before the expiry of five years for which period the present additions to staff are temporarily sanctioned, co operators will have devised means whereby the Government will be relieved of the cost of audit either in whole or at any rate as to a substantial part thereof.

"There is a sufficient indication in the Government Order, Sir, that after five years they would try their best to see to it that a reduction in this expenditure is made. I would submit one thing : in a matter like this anything like a definite assurance is impossible. But so far as it is possible and reasonable for the Government to give an assurance, I assure my hon. Friend of this, namely, that if I should happen to be in power or in this House, I will certainly raise my voice to see, after the societies have gone ahead and have been sufficiently placed on a stable basis, that the time has come when a reduction ought to be seriously considered—if not the whole reduction at once, at least a reduction in particular areas—and I will see that a beginning is made that the work is carried on partly by non-official agency. Of course we are accustomed, at any rate the reform scheme has accustomed us, to try these things stage by stage. I should think, Sir, that if things go on as well as they are going on at present, he who is in charge of this office will certainly be well advised to try to commence a reduction in the official control over these societies. In civilized countries co-operative societies, at least in the developed state, are left to private agency. All that I can submit is that it is the policy of the Government also that they should be left to private agency in the fullness of time. It is not desired that any Government money should be spent for all time to come. It is intended to start societies, to place them on a stable basis and then leave them to the control of the private agency.

"My hon. Friend says that so far as the number of societies is concerned, it is in no way proportionate to the number of people or the agricultural indebtedness of the people in this land. As a student of politics and statistics, Mr. Krishna Rao knows the enormity of the indebtedness of the ryot. In order, therefore, that facilities may be afforded to the debtors in the country and seeing that something more remains to be done, I think the present agency must continue for these three years at least. If after three years' good work is done in this direction, nothing will please me more than to see that they are handed over, as far as possible, to private agency, stage by stage.

Rao Bahadur A. S. Krishna Rao Pantulu:—"I cannot expect my hon. Friend to give a more positive assurance than that he has given in the circumstances in which he is placed. But may I point out even

before I make up my mind to withdraw the motion that he may very well consider to withdraw the official agency if within these three years in the particular circumstances of any particular area, he is satisfied that he can appoint an honorary assistant registrar in that area? I think he can try the experiment before the expiry of the three years and start the non-official agencies gradually. I cannot expect this change to be done all at once. I do not expect that simply because three years expire on the 31st March of a year, the official agency will at once be withdrawn on the 1st of April of that year. If the policy is accepted, we need not confine ourselves to the statement of the Government Order and if, within the course of the next year, he is satisfied that in any particular area he can withdraw the official agency he can do so and appoint an honorary assistant registrar to take up the work. It will be well to make a beginning even before the expiry of the three years. To that extent the hon. the Minister can give an assurance. If he is prepared to give us that assurance, I have no objection to withdraw the motion.

The hon. Rai Bahadur K. Venkata Reddi Naidu:—"I shall certainly consider that."

The motion was by leave withdrawn.

The demand was put and carried and the grant made.

GROUNDNUT TRADE

(BY RAO SAHIB M. S. SESHACHALA Aiyer)

There has been much talk among Co-operators about joint-sale of the produce by agriculturists with a view to get better prices and avoiding the middlemen's profits, but yet there has been no significant success. The agricultural produce disposed of by the cultivator mostly consists of industrial crops for the manufacture of which he has no facility and surplus food grains. Most of them are consumed in our own country and is sold directly by the cultivator himself who generally is in the know of the market. Even here the Co-operative Societies might be of some use. But there are agricultural commodities that cannot be consumed in India and are sent to foreign markets. It is here that the agriculturist is ignorant and is invariably duped by the middlemen who pocket enormous profits for simply passing on the grain.

Groundnut is one of such commodities. The Madras Presidency chiefly the districts of Salem, North Arcot, South Arcot, and Tanjore, produces 75 percent of the total production of Groundnut in the world. The area under groundnut is increasing year by year while the production

of food grains is diminishing in the same proportion. Dry food grains, such as ragi and cholam, that were once exported from these parts are now imported in large quantities. So the little advantage gained in the cultivation of groundnut is lost in the purchasing of food Grains. The cultivator is ignorant of his economic condition and increases the cultivation of groundnut year after year. He does not see how much he is a loser by taking to groundnut cultivation. A ryot owning two acres of dry land will be able to produce 20 kalams of ragi and 10 kalams of cholam in a year which will mean his year's food. Instead, he is now content with producing two cartloads of groundnut, which only means some immediate gold in his hand. It gives him a false position and leads him to think that his earning capacity has been raised and begins to spend recklessly. He has further to purchase food grains at enormous cost and is then destitute for half the year.

I should, however, not be understood to mean that the cultivation of groundnut is economically unsound and a hindrance to the production of food-grains. There are large tracts of land in those districts where groundnut only can be cultivated with profit. Much of labour and money is not required for its cultivation and is therefore bound to be a paying crop if only then exploitation by a chain of middlemen is put an end to and arrangements made to get for the cultivator a very reasonable price. Is Co-operation in our country powerful enough to do the needful in this direction?

Two lakhs of tons of groundnut dhal are produced every year and almost the whole of it is exported to foreign countries, such as France, England, America, and Spain. The system of groundnut trade now prevalent in our presidency, when explained, will give an idea of the exploitation that is going on at our very doors and how lakhs of rupees are plundered from the poor agriculturists of this country. Many are decrying the alleged over-taxation and wastage in public expenditure and the co-operator cries himself hoarse about usury. All this will be infinitesimal when compared with the enormous profits made by groundnut merchants; and yet no politician, or social worker, or the Government turns his attention to this daylight robbery and tries to find out remedial measures. The speculation that is very rife in this trade acts as a great barrier to co-operative enterprise. During 1920-21 the export was a lakh of tons; the cultivator sold his produce at Rs 180 a ton, and the merchant at Rs 450 a ton, the latter thus making a clean profit of Rs 270 on every ton. So the total amount of money that went into the pockets of the middlemen was Rs 270 lakhs in our Presidency.

Now, how to avoid the middlemen and their speculative habits is a question which must engage the attention of all friends of the cultivator and especially of the legislators and the Government. Groundnut trade is the monopoly of a few foreign firms which have entire control of the foreign markets. Forward contracts are entered into by them even before groundnut is sown. The regular gambling practised during the season has spoilt a good number of ambitious small traders. Can this state of affairs be allowed to continue longer? The Government would do well to depute a proper man, who is interested in the welfare of the ryots, to study the foreign markets and canvass orders on behalf of local merchants and co-operative societies. They must also take the initiative to start a wholesale co-operative society in Madras for groundnut alone and for dealing with foreign firms direct. An officer must immediately be appointed to make enquiries and formulate a scheme for starting such a wholesale society. Hundreds of lakhs will thus be saved to our poor agriculturists, their indebtedness will vanish like magic, taxation of any kind will not be felt heavy, retrenchment by abolishing some menial posts need not be resorted to, and above all, the people will be ready for the establishment of free schools.

As co-operators, we have also a duty to perform, and unless we do what we can in our limited sphere, we cannot complain about others. Our village societies might help considerably in this matter. They might take deposits of groundnut produce from the members, giving them advances of money if necessary, make the produce ready for the market and sell it for the best price and distribute the profits among the depositing members. If the supervising authorities will establish temporary agencies for regulating this trade in suitable centres and if Government will establish a wholesale centre in Madras, the joint sale of groundnut will be an accomplished fact and will really raise the economic condition of the cultivator.

CO-OPERATION IN MADRAS.

EXTRACTS FROM GOVERNMENT REVIEW OF THE REGISTRAR'S REPORT
FOR 1920—21.

General progress of movement.—There was increase both in the number of societies and of their members during the year but in a slightly less degree than in last year owing probably to the stringency in the loans market. The number of societies increased from 5,028 to 6,289 representing an increase of 25 per cent. The increase in the several classes of societies was as follows:—

Central banks	...	...	3
Unions	...	...	41
Non-Agricultural societies	...	...	162
Agricultural societies	...	...	1,055

Membership in the societies increased by 21 per cent. The average number of members per society fell slightly from 67 in 1919—20 to 65 in 1920—21. Agriculturists numbered 219,762 as against 180,612 in the previous year, while non-agriculturists rose from 106,312 to 129,489, the increase being 22 and 23 per cent respectively. Tenant membership and field labourers increased from 25,414 and 10,636 to 31,869 and 13,283 respectively. Panchama members increased from 22,778 to 33,409 representing an increase of 46·7 per cent.

There were at the end of the year 5,274 agricultural and 803 non-agricultural societies with 280,299 and 114,985 members respectively. The percentage of agriculturists in the non-agricultural societies fell from 7·6 to 7·4 in the year 1920—21.

The share capital, reserve fund and working capital of these societies are shown below:—

	Agricultural societies		Non-agricultural societies	
	1919—20.	1920—21.	1919—20.	1920—21.
	Rs.	Rs.	Rs.	Rs.
Share capital	14,98,900	19,37,495	17,93,196	21,89,171
Reserve fund	9,74,441	11,00,520	4,00,733	4,87,464
Working capital	1,59,68,223	1,87,61,771	63,70,515	72,50,922

With reference to the remarks of Government in paragraph 3 of their last year's review, the Registrar has furnished information in paragraphs 20 and 33 of his report about the progress made by the older societies in

respect of membership, share capital and other items of working capital. It is satisfactory that the older societies are responsible for an appreciable portion of the general increase under share capital, deposits and reserve as illustrated by the following figures:—

The percentage of increase in the agricultural and non-agricultural credit societies under	Share capital	...	26·75
	Deposit	...	11·69
	Reserve	...	20·34
Increase contributed by the old societies under	Share capital	...	20·23
	Deposit	...	11·53
	Reserve	...	20·08

The increase in membership in the older societies, about 10 per cent, though considerable is not in proportion to the financial expansion of the same societies.

Expansion in share capital, reserve funds and deposits.—The share capital, reserve fund and working capital in the societies increased by 29, 21 and 24 per cent respectively. The net profits fell from Rs. 4,73,662 to Rs. 3,90,367 showing a decrease of 17·5 per cent owing presumably to bad recoveries by primary societies. The total share capital, reserve fund and working capital of the societies were 64·87 lakhs, 20·77 lakhs and 490·35 lakhs against 50·25 lakhs, 17·42 lakhs and 394·25 lakhs respectively in 1919—20. The total deposits attracted by the societies amounted to Rs. 177·77 lakhs against 153·97 lakhs in the year previous.

Recoveries.—The question of recoveries, always rather a weak point in the Co-operative department, is discussed by the Registrar with great frankness—paragraphs 17-21. Figures as regards repayments to central banks by primary societies are given in detail in appendix 4 and figures as regards recoveries by primary societies from their members in appendix 5. The figures for the whole movement together are consolidated by the Registrar in the statement in paragraph 21. The figures may be summarised as follows:—

Recoveries of interest by central banks from primary societies may be described as generally fair with the exception of some half a dozen districts in which recoveries were poor. Recoveries of principal were poor in most districts with a few exceptions, the districts of North Arcot, Trichinopoly, Malabar and South Arcot showing the best results.

Recoveries by primary societies from their members.—Arrears of current interest were above 20 per cent in very district except those of South Kanara, Coimbatore, North Arcot and Trichinopoly and the percentage of arrears ranges in other districts from 20 to 57 per cent. Recoveries of arrear-interest were universally bad in all districts. The recoveries of principal must also be classed as generally poor and in several districts as bad, the districts which did best being those already mentioned.

If the facts stated above were peculiar to the year under report, or confined to those districts which suffered from a bad season, the Government would attach no great importance to these figures but the statement given by the Registrar in paragraph 21, and the facts and figures which can be drawn from previous administration reports negative at once any presumption that bad recoveries are the result of crop failure. Not only are the recoveries inadequate in several districts where the season was normal in the year under report but the figures over a series of years indicate that arrears which accrued in a bad season are not recovered in a good one. In fact the reason for this slackness in repayment must be sought elsewhere than in any temporary cause, and some of the excuses quoted by the Registrar in paragraph 21, e.g., those against Ganjam, Nellore and Tanjore, are illuminating. The fall which has occurred is the price of food grains as compared with the abnormal war prices is a natural process and the tendency will, it is hoped, continue. This fall cannot possibly be urged by primary societies or their members as an adequate reason for failing to pay their dues within the year. In fact some of the reasons put forward amount to a frank admission that the ryots prefer to hold their grains for a possible rise rather than repay the loan granted to them on the easy terms allowed by the Co-operative movement.

Slackness in repayment of principal may be due in part to the loans being given by the primary societies for an unduly short term, involving too few and too large instalments of repayment, though the history of the movement renders it doubtful whether the grant of loans for a longer term would really be followed by prompt repayments of principal. In any case this defence cannot possibly be urged as regards repayment either of current or of arrear interest. (It is noticeable that when interest once falls into arrears its recovery becomes increasingly difficult. Figures of recoveries under the latter head are particularly bad.) It is observed from statement A and paragraph 16 of the report that as a result of these bad recoveries one central bank, the Godavari Central Delta Co-operative Bank, worked during the year at a loss and that two others, the Christian Central Bank, and the Anantapur Central Bank will be unable to declare a satisfactory dividend.

It appears evident that the grant of loans on easy terms to the agriculturist, which is the main object of the movement, has not weaned him from his ingrained habit of unpunctuality in repayment, in itself one of the main causes of his past dependence on the local sowcar. It is impossible for the ryot to enjoy the advantage of loans at low interest, and also the system of condoned unpunctuality in payment, and easy renewal

of the bond which are the main attractions offered by the local money-lender. The co-operative movement in fact cannot be thoroughly healthy unless its members become more businesslike than at present.

The real remedy must lie in less laxity on the part of central banks and primary societies, but it is clear to the Government that the influence of the assistant registrars and their subordinates can also be made effective in this direction. It is hardly possible to explain on any other assumption the great difference between district and district in the matter of recoveries. The Central Bank of North Arcot for example, shows almost a clean balance sheet both as regards principal and interest and the results shown in this district by primary societies in dealings with their members are also among the best. The Government understand that the good results in this district are largely due to years of patient work on the part of Mr. Vedachala Ayyar, the late acting Registrar.

Trading unions.—The work done by the trading unions and the stores was not satisfactory during the year. The Registrar explains that this was due mainly to depression in trade, to apathy on the part of members and want of loyalty to their societies.

TANJORE DISTRICT CO-OPERATIVE CONFERENCE

Eighth Session At Kumbakonam.

The Eighth Tanjore District Co-operative Conference was held at the Porter Town Hall, Kumbakonam, on the 8th and 9th instant under the presidency of Mr. H. G. Gharapuray, M.A., I.C.S., the Collector of Tanjore. Rao Bahadur V. A. Vandayar, M.L.C., Chairman of the Reception Committee of the Conference read the welcome address, in the course of which he declared that non-credit activities of a Co-operative nature, such as relieving the producer and the consumer alike of the middleman, societies for the improvement of agriculture, the setting up of cottage industries, easy marketing of produce on the system of joint purchase and sale and the formation of labour unions on a Co-operative basis needed the immediate attention of all co-operators alike. He further thought that, for the healthy growth of the movement and the ushering in of that democracy, of which the basic principle is Co-operation, the movement should be given direct representation on the legislature, and suitable constituencies should be formed for the purpose. Hon'ble Mr. Reddy Naidu opened the Conference in a stirring speech lasting about 15 minutes. In the course of the speech he said it gave him immense pleasure to note that Tanjore had become the foremost district in the presidency in the field of co-operation, that on the spread of the co-

operative movement depended not merely the material but the social and political well-being and progress of the country and claimed that the salvation of the land lay with the co-operators and not with the non-co-operators. It was his earnest hope that the co-operative movement in the Tanjore District would not be confined only to the credit side of it. If India was to become a great and glorious country, all the phases of the co-operative movement should be assiduously cultivated by the people. In the cultivation of the various branches of co-operation lay the way to India's progress in the present transitional period of her history.

Rao Bahadur V. A. Vandayar, M L C then proposed Mr. H. G. Gharpuray to the chair; this was duly seconded by Mr. Muthukumara Chettiar Chairman, Municipal Council, Kumbakoam, and carried with acclamation. Mr. Gharpuray then delivered his presidential address. Having thanked the Reception Committee for their having been so kind and good as to have invited him to take the chair at the Conference, he proceeded to read out a short speech in the course of which he pointed out that co-operation was essentially an accidental idea and that one of the greatest services rendered by the genius of Great Britain to India should be realised in the inception and dissemination of the Co-operative spirit and movement. During his recent visit to Bombay he had occasion, he said, to meet the Registrar of Co-operative Societies of the Bombay Presidency who congratulated him on Tanjore being the only district at present, where certain Co-operative Societies, in addition to other work turned out by them, performed the very useful and vital function of distributing the best scientific agricultural manures.

Encouragement of thrift and accumulation of wealth as a result to co-operative effort were good for the country, only they should see to it that the wealth accumulated was put to proper use. Again if honorary effort was learnt to be taken seriously and business capacity was implanted among people who were not by profession businessmen—all these counted for the good of the country. What was wanted in India at the present day was starting of Industries to the development of which the increased resources of the people as a result of co-operative effort on their part should be utilised. Fresh industries had to be started and existing industries advanced. India's problems were many and some of them very cult. Co-operation was capable of solving them all but not through banking only.

The idea of co-operation must be made their own by Indians and judging by the progress they had already achieved in realising it in one direction it was certain that with proper effort Indians could hope to

realise in its widest and most beneficial aspect the idea of Co-operation. Indians would also recognise that their country had been linked in her destinies to those of a nation which had taught India to value liberty and appreciate courage, a nation, whose history had for some centuries past been one record of enlightenment and progress, the house of industries, the centre of civilization, a nation which abolished slavery and reckoned not its cost, with whom justice was an ingrained tradition and righteousness yet a living force, a nation which had many bright pages in its record of achievements but none brighter than its relation with this unfortunate land of India, the land of ancient civilisation and learning.

Resolutions Passed.

(1) The Conference then passed a resolution placing on record its sense of deep loss in the death of Mr. F. R. Hemingway, till lately Registrar of Co-operative Societies in Madras.

(2) That in the opinion of this conference it is highly desirable that Government should help the Co-operative Industrial Societies with grants for the purchase of machinery and plant subject to the scrutiny of expert advisers of Government. Mr. Sethuramaiyar of Nidamangalam seconded the resolution, which was carried unanimously. The Hon'ble Minister for Development said that at present the contract for the removal of phosphatic nodules was held by Messrs. Stanes and Co. of Coimbatore and the license would expire next year. The Director of Industries was carrying on in the meanwhile experiments for converting the nodules into manure. And after this experimental stage was passed, the Government would be glad to consider the claims of any Co-operative Societies which might ask for the phosphatic nodules.

At this stage a subjects committee was appointed to go through the draft resolutions and the sitting of the Conference was adjourned to the 9th instant. The subjects committee met at 7 P. M on the 8th and approved the draft resolutions.

The conference again met on Sunday at 7 A. M with Mr. Gharpuray in the chair, when the following resolutions were unanimously passed:—

(3) That this conference thinks it highly desirable that early efforts should be made to make permanent provision for carrying on the work of co-operative education and propaganda by means of—

(i) Lectures in the vernacular; (ii) free distribution of vernacular tracts and pamphlets; (iii) reading rooms and libraries for the exclusive use of co-operators in conjunction with each Central Bank or Store or Urban Credit Society that cannot assign an annual sum for the purpose from its common good fund.

(4) This Conference resolves that the Co-operative Department be requested (i) to give greater attention to the consolidation and improvement of existing societies than to increase the number of societies; (ii) devote special attention to the formation of non-credit societies; (iii) foster building societies

(5) This Conference is of opinion that the principle of exempting Co-operative Societies from public taxation should be rendered applicable to all the taxes which local boards and municipalities have been authorised to impose within their respective areas under the new District Boards and District Municipalities Acts.

(6) This Conference is of opinion that in the economic interest especially of the poorer classes in this presidency it is both necessary and expedient to take early steps to organise in connection with each Central Bank the system of Provident Fund known as the Bazik scheme (Madras Central Bank) for the benefit of the members of all Urban societies affiliated to it.

(7) That Government be requested to permit Government servants of all grades to take part in the management of Co-operative Societies, necessary reservations being made where Government should think it prejudicial to public interest to allow any particular class of public servants to take part in the management of a Co-operative Society.

(8) That in the opinion of this Conference all Central Banks and big societies, credit and non-credit, should as soon as possible provide themselves with suitable places of business of their own, constructed in an attractive style in a prominent part of their locality so as to inspire confidence in their clientele and impress upon the minds of the co-operators that these institutions are come to stay with them permanently.

Conclusion.

Mr. Gharpuray in the course of his concluding remarks, said that he most cordially congratulated the organisers of the Conference on what he considered most successful sessions, and exhorted them not to rest content with their achievements in the past and the present but to go forward and work with greater zeal in the field of co-operation on the success of which depended the abolition of the chronic indebtedness and poverty in the land. The President then was garlanded amidst vociferous cheers. Mr. T. K. Hanumantha Rao of the local Government College, Vice-Chairman of the Reception Committee, proposed a vote of thanks to the President, the delegates and the visitors. He congratulated Mr. I. Kumaraswami Pillai, the organising Secretary, who worked heart and soul for the success of the Conference. The Conference terminated at 8.30 A.M. Every one declared that the Conference was a unique success.

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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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produce of the members which they should sell wholesale and at a profit, thus securing for the individual farmer the returns appropriated by the money-lender and the trader. When once the Commercial Banks find the repayment of their moneys guaranteed by the produce pledged by rural co-operators, they would be willing to invest their deposits in the central banks. This system naturally entails upon the primary societies the duty of finding a profitable market for the produce of the co-operators.

In extending the non-credit activities of societies, Mr. Vedachala Aiyar would not like a hasty undertaking of too much in the hope of eliminating the middleman, without being able to supplant his efficient organisation in the economic distribution of wealth. Co-operative stores are bound to fail unless the managers show the same skill and knowledge of trade as other private merchants. He insists upon the urgent need of propaganda if the movement is to extend its sphere by honorary and official organisers for the creation of a spirit of faith and earnestness among the co-operators. Introduction of handloom weaving in the villages, vegetable gardening and milk production in the vicinity of towns, undertaking large leases of land in the Periar area to be sublet for labourers are some of the local possibilities for co-operative production which he suggests.

The address looks beyond with immense hope for the future of the movement to connect the producer and the consumer but grounded on efficient and ordered progress. We would request the co-operators in each district to take stock of the movement on the basis of this address, note the defects revealed from the published records of the Government, and formulate schemes for their rectification, and also to introduce the several forms of co-operation other than credit.

Elsewhere is published a circular letter from the Provincial co-operative Union signed by its President, Rao Bahadur A. Vedachala Aiyar. It is proposed to start co-operative training classes at each District and one or two union centres for a week's time with the object of propagating co-operative principles and administration. A day will be devoted to each of the following subjects: (1) Primary societies (2) urban banks (3) Central banks (4) Noncredit societies (5) Societies for the submerged classes (6) Supervising unions (7) The main principles of the movement. The

object of these classes is to supplement the existing official supervising agency by non-official efforts. The Provincial Co-operative Union would like to work in co-operation with the Government in organising these classes as their success is dependent on their help, monetary and otherwise. We would request the Registrar of Co-operative Societies to give the benefit of his opinions and advice on our new venture. Rao Bahadur A. Vedachala Aiyar is willing to undertake honorary work in conducting these classes. One or two paid officers may also be needed for this work. The travelling expenses of the lecturers, honorary or paid, will also have to be met with. So we would also request the co-operative unions and central banks to inform us how far they can co-operate in undertaking these classes.

The President of the Provincial Co-operative Union intends to issue through the Bulletin a series of articles, giving us the benefit of his experience of the co-operative movement. They embrace the working of primary societies, central banks, finance, non-credit activities, special societies for agricultural labour and other subjects. These articles will be of considerable interest to the rural agricultural co-operators who are to take up larger responsibilities under trade and finance by organising groups of societies to undertake several branches of trade. If co-operators find these useful, these articles will be reprinted and issued later on as leaflets by the Provincial Union.

..

A study of the administration report on Co-operation in the Bengal Presidency for the year 1920-21 shows that there are some methods followed in that province which might with advantage be noted by the co-operators of this Presidency. The chief feature of the organisation proposals of the Co-operative Department in Bengal is an automatic increase of the staff in proportion to the increase of the number of societies, the provision of a reasonable limit to the expenditure which Government may be expected to make upon the Department, and the provision by the societies themselves of a considerable share of the cost of the Department: Co-operators of this Presidency will certainly object to the system of blank cheque proposed to be given to the Department in Bengal to entertain Government staff proportioned to the number of societies or to the system of levy of audit fees from the societies to be administered by Government. Both the arrangements are not likely to create in the co-operative institutions the spirit of self-help and self reliance. The Madras system of the

co-operative institutions levying their own fees and undertaking supervision by local unions seems to be a better arrangement likely to foster the spirit of self-reliance.

In Bengal some of the supervisors are University graduates and this improvement is due to the Department's definite promise to give preference to qualified supervisors in appointing auditors and to qualified auditors in

Supervision.

appointing Inspectors. This system has, we understand, been followed in the Madras Presidency to some extent and it is hoped that the Registrar will announce definitely his policy to follow the arrangement throughout the Presidency.

In Bengal, there was an increased demand for societies and a corresponding difficulty to meet the demand. The

Progress of Societies.

Department regulated both consistent with security, financial and supervisory in Bengal, the Registrar notes that Co-operation will not easily recover from the serious setback it has received by faulty organisation, insufficient supervision and downright dishonesty in the past. In the Madras Presidency the work before the inspecting agency is more to secure consolidation of the existing societies than a rapid increase of new societies.

The Registrar notes that in 8 out of 26 Districts of the Province

Moral Effect.

cultivators have now shown the inevitable development of the education they got in Co-operative Credit Societies. They are not content with co-operation for borrowing and they do not see why they should not co-operate to purchase and sell. The growth of the societies is natural and in no way forced. The department officers are well aware of the general incapacity of cultivators to manage the business of these societies and they do not too readily encourage their organisation. In spite of this, cultivators insist on making the attempt in eight districts.

Nearly 300 new members joined the Vepupura Store. This Society is

A Successful Store.

a veritable boon for nearly 3000 families. It is rapidly expanding its business and has just erected at a cost of Rs. 18,000, a godown to store the paddy which members

have hitherto been forced to sell at a sacrifice for want of storage. It built to hold 40,000 maunds of paddy and it is hoped to pass through it much larger quantity of grain every season. If this paddy business proves successful, the society has already made plans to the manufacture of rice. Co-operators in the Madras Presidency might take note of this kind of progress and take steps in suitable localities to undertake similar business.

There are seven irrigation societies in Bengal. The salbund societies

Irrigation Societies.

got a plan and estimate from the Superintendent Engineer for the construction of a dam on the river Harinmuri costing Rs. 40,000 to irrigate at least 6000 bighas. They have expected an estimate of Rs. 20,000 but they are raising Rs. 10,000 this year and borrowing the balance to be repaid over a period of 3 or 4 years.

There is considerable scope for such activities in the Madras Presidency though on a smaller scale.

The working of the milk men's union in Calcutta, a model institution

Milkmen's Union.

was unsatisfactory. Supplies began to fall off during the rains as usual and the union began to find it difficult to meet its contracts. Epidemics started among the cattle, a sudden decrease of the supply ensued and the daily total fell from 50 maunds to 12 or 13 maunds. The Milk men's Union was unable to meet its contracts from the societies's supplies and it was compelled to purchase milk at Calcutta at very high rates. The milk purchased was frequently bad and the good name of the union and the societies which it had taken 4 years to create was ruined in a single month. For several months the union was running at a heavy loss owing to its purchases in Calcutta and this loss was increased by the overhead charges which were as great for a daily supply of 12 maunds as they had been for a daily supply of 40 maunds. These charges were rent, transport, staff, etc., and very little reduction was possible.

The disaster which had overtaken them had completely demoralised the staff of the union and the societies. Even the accounts were allowed to fall into utter confusion. Hopeless devices and patched up arrangements were made to meet the situation which required very radical and drastic treatment. Drastic treatment began to be applied. Outside purchases were gradually stopped. Members of Societies who proved disloyal were dispensed with. The accounts of the union were audited and the exact situation revealed.

Accounts have been put into order in the union and the same process is now being completed in the societies. Supplies are well maintained at 30 maunds daily. Quality is again being insisted on and customers have ceased to complain. Hundreds of cattle have been inoculated against disease.

These are the points which Co-operators of our Province may take note of to serve as an example of how carelessness in such concerns may lead to disastrous results.

In the working or urban banks, punctuality in the repayment of dues by members to Co-operative Societies is sought to be secured by the reward system under which loans repaid punctually are allowed a rebate of interest. This is a better system than penalising unpunctuality: Reward system fosters less Co-operative spirit.

AGRICULTURE IN BOMBAY.

New Scheme of Development.

(From the Director of Information, Bombay)

An important step in the direction of agricultural progress has been taken by Government of Bombay who are putting into operation a scheme for remodelling the existing organisation for propaganda in agriculture and co-operation with a view to making it more intensive. In the case of agriculture the idea is to demonstrate methods and machinery of proved value on the fields of the cultivators and under the actual circumstances in which they work so as to bring home the benefits to the people.

Taluka Development Association.

Under the scheme the Taluka is to be the unit of organisation. Instead of several separate bodies as agricultural associations, co-operative development committees, etc., working independently there will be one body called the Taluka Development Association. It will absorb within itself the local agricultural associations, and development committees and will, moreover, be representative of the co-operative societies in the taluka. All members of the existing agricultural associations, development committees and co-operative societies who are willing to pay an annual subscription of not less than Re. 1 and abide by the rules and all

others who wish to join on the same terms will form the new Taluka Association. This will be mainly a deliberative body meeting twice or thrice a year to appoint the office-bearers, sanction the budget and approve the programme of work. It will appoint a small working Committee with a Secretary who will have control over the execution of the programme. At least two of the members of this Committee should be representatives of co-operative societies where any exist in the Taluka and contribute towards the funds by payment of annual subscriptions.

Method of Work.

The Associations will be required to work on the assumption that there are improvements to show everywhere, for the extension of which the local people will be prepared to spend their money. There are in fact three stages in the introduction of an improvement in a local area in which the associations can help.

First, a new thing tested on experimental farms will be brought to test in cultivators' fields, at the cost of the Agricultural Department and by its officers, if possible with the interested help of the local organisation.

Secondly, when a sufficient number of members of the local body are convinced that it will be profitable to their members they will take over the demonstration and extension under the scheme above outlined, supplying any material required and the help demanded at their own cost.

And lastly, when a demand has been created the local body would stock materials and machinery and would sell the former and hire the latter, and also charge for the services of their agent.

On the requisition of the association the services of one fieldman or Kamgar will be placed entirely at its disposal by the Agricultural Department. He will be paid by and work under the control and direction of the Working Committee. The association may also, if they wish, utilise his services as a Secretary or appoint a separate secretary from among their own members.

Government Aid.

The Agricultural Department will first make a survey of the Taluka in which it is proposed to start the work with the help of some of its experienced officers and draw up a programme for the year in consultation with the Working Committee. The Co-operative Department will do the same for its side of the work with the help of its organisers and in consultation with the working Committee.

Government will bear half the annual cost per taluka on account of the pay and travelling allowance of the fieldman, distribution of the seed and manure field demonstrations etc., up to a maximum of Rs. 1000 on condition that the other half is borne by the Association.

The rate of subscription may be raised by the general body of the Association at its discretion. Co-operative Societies within the Taluka may with the consent of their general bodies and the Registrar also subscribe towards the expenses from that part of their annual profits which they have power to utilise for public objects. Government hope that all Co-operative Societies will join the scheme and subscribe according to their means. Societies so contributing will have the right to nominate representatives to the Taluka Association.

It will not be the object of the bodies at least in the beginning, to undertake any large purchase and hiring out of implements or extensive financing of seed and manure purchase and distribution. Their main object will be to demonstrate the utility of the implements or seed or manure to the cultivators and when they are sufficiently popularised, the hire purchase and other financing can be left to co-operative societies which Government hope will spring up in increased numbers as a result of the activities of such propaganda.

The Taluka Development Association will work under the supervision of the Divisional Board constituted under the Government in October last for the co-ordination of the Agricultural and Co-operative Departments. Government will allot grants to the Divisional Boards which in turn will distribute them among the Associations on the principle stated above i. e., while one half of the cost is being borne by Government the other half is borne by the Association. The Association on the other hand is required to submit its budget and programme of work to the Board which will have not only authority to inspect the accounts but also to bring to the notice of Government any defects in the Working of the Association.

HINTS TO RURAL CO-OPERATORS.

BY A CO-OPERATOR.

The co-operators, specially those who are connected with rural life and agricultural industry can very easily recognise the four absolute requirements for carrying on the agricultural operations. These are the possession of land, the accessories for cultivation as ploughing instruments cattle, etc, human labour to carry on the work, and the profitable disposal of the harvest produce. At every stage the agriculturist has to so regulate his operations as to maintain the cost of production at an economically low level.

I shall now attempt in this article to deal with the difficulties of the agriculturist and the possible remedies to remove them. During the period when the agriculturist is engaged in the process of production, in a majority of cases he depends on the assistance of the moneylender or the trader to maintain his family and for the purposes of his profession. If he is landless, he obtains a lease from the owner of the land for a fixed period and agrees to pay him a definite quantity of the produce at the harvest time. In this lease system the land owner secures a large proportion of the produce owing to the unhealthy competition of the landless people among themselves. Of course a land owning cultivating tenant is freed from this trouble.

Secondly, the agriculturist needs money for cultivation purposes, including also the labour he has to supply for the work. He has not only to maintain his family during this period but also to labour whenever necessary. This demand in the agricultural industry is supplied by the money lender or trader who regulates the transaction to his best advantage. Unfortunately such capitalists are few in number, their resources are limited, and there is very little competition amongst them. As a result the capitalists exercise an undue influence over the producers and dictate their own terms. The agriculturist is forced then to avail himself of this kind of help which is after all financially ruinous and he becomes a prey to such capitalists. He is outwitted by the capitalist who, being a local man with the influence of his position, keeps a tight grip over the transaction and who invariably gets hold of the produce at the time of the harvest, leaving very little for the producer, to tide over till the next harvest.

The producer becomes a borrower then, year in and year out, and is kept permanently under the thumb of the moneylender or trader or both. The misfortune of the agriculturist is that his misery gets deepened by causes beyond his control as failure of rains,

infection of pests, and diseases of cattle. He also spins his own misery if he indulges in luxuries as drink.

It must be said, however, that but for the moneylender or the trader who sets free credit even under such ruinous terms agriculture as a profession could not have been hitherto carried on. The agriculturist is well aware of the difficulties of his profession. Yet his individualistic spirit precludes him from joining with others on well defined terms and making a peaceful attempt to escape from the clutches of the money lender or the trader. To give scope to the agriculturist to effectively combine among themselves against the capitalist, rural co-operative organisations have been brought into existence. These organisations are intended to secure for the weak, adequate strength by their combination and thus free them from their dependence on the capitalist.

A person who joins a co-operative organisation should possess the following qualifications.

1. He must feel that he is working in his industry under a disadvantageous system of dependence on the capitalist and that he must exert his best to get out of it as early as possible. He must be thoroughly convinced of his helplessness. He should feel an aversion towards the existing system of money-lending, but by no means any personal hatred against the capitalist.

2. He must show a dogged determination to give up the present system in which he is caught up and strengthen his organisation even though such an attempt may involve personal suffering. The sacrifice he is called upon to make is not more severe than what he has been making under the older system of moneylending. Further, such a sacrifice is capable of strengthening his own institution which will serve as a permanent solution of his economic difficulties. The agriculturist should only know to have faith in himself and in his own institution.

3. After piously resolving to get away from the older system, he should certainly not yield to the temptations which the capitalist will offer just to undermine his new institution.

4. The institution must be so organised that every member should be free from the clutches of the capitalist, except in regard to past debts which really mean the loss of a portion of the landed or other property owned by an agriculturist. It is feasible to redeem oneself from past debts where they can be covered by easy payments out of the profits earned in a reasonable time. Where this is not the case, it will be advantageous to give up landholding under economically disadvantageous terms.

A co-operative organisation must therefore be composed of members who, convinced of the ruinous character of the system in which they are placed and moved by a faith in themselves and in their institution, are determined to secure freedom from the capitalists at all costs. If this is secured, the co-operative organisation must be a success. Honorary or official organisers and organising institutions are bound to educate their co-operators in this their duty. By polite advice, by timely help to members in trouble, by disciplining members in regard to punctual payment of dues and attendance at the Panchayet meetings, by depriving the blacklegs or the weak men, for a time, of the exercise of their privileges, in short, by following the time-honoured methods of *Sama*, *Dhana Bheda*, and *Danla* with which the rural farmer is well conversant in his daily life, it is the duty of those entrusted with the management of co-operative institutions to keep steady the aforesaid qualifications among the members.

Ideal of Co-operation.

1. The following is extracted from "Industrial Co-operation" by, Catherine Webb:—

The ideal of the co-operative movement is to eliminate by means of mutual association the present competitive capitalistic system and to substitute mutual co-operation for the common good of all. Co-operation is an ideal of mutual service—'Each for all and all for each.' It is a principle of service for service. It is essentially humanitarian in its policy. It is based on the principle of equitable association. Every number is on a footing of legal equality. The possibilities of co-operation are practically boundless, its powers of adaptability are immense and the outlook is considerably enlarged when one considers the essentially democratic nature of the government and control. It exists for common good. On the ethical side co-operation seeks to promote truthfulness and honesty in all the social and economic relationships of like. Men in competitive trade may gain by taking advantage of others, but co-operators cannot profit by cheating themselves. Co-operation means an equitable association for all purposes and proceeds by a democratic form of government to promote honesty and truthfulness.

Act X of 1904 and Act 11 of 1912.

2. When the co-operative movement was inaugurated in 1904 by the passing of Act X of 1904, the main idea of Government was to tackle the rural problem in preference to the urban problem as it is interested in the improvement of Indian agriculture and it resolved to apply itself to agricultural credit. Later on, the introduction of such credit in rural

parts led to a clamour for banking, etc. Act II of 1912 was passed to give scope for the play of such activities in the co-operative movement.

Agricultural and Commercial Industry Compared

3. Agriculture is itself an industry and unlike the commercial industrial concern has to deal with varied and difficult problems connected with the employment of capital, labour and the use of credit. Agricultural industry is useful mainly in the production of food-grains and also in the production of raw materials required for commercial industry. A commercial industrial concern is intended for the conversion of the raw materials into marketable goods. The agricultural industry has to employ labour throughout the year, the output is slow but steady though it may be affected by causes beyond the control of the agriculturists such as failure of rain, locusts, cattle disease, etc. The commercial industrial concern employs labour under the factory system, collects the raw materials and labour in a suitable locality and is able to give an outturn which is proportioned to the capital and labour employed. It is not affected by the causes which effect the output in agricultural industry.

The agricultural industry is dependent for the consumption of its products on the entire world and has therefore unlimited scope for its expansion, whereas a commercial industrial concern has but a limited scope and is subject to violent competition.

In both kinds of industry, capital plays an important part. A useful application of co-operative principles is necessary and it consists in gauging accurately how far difficulties are created by capital which usually attempts to secure undue gain over labour and in formulating systems by which such difficulties can be removed.

4. *Co-operation applied to Agriculture.*—The application of co-operative principles to agricultural industry was taken up by the co-operative movement as the main industry of the people was agriculture. Agricultural industry is carried on by small landowners or where the landowners own large extent of lands, the industry is carried on by hired labour directly under the landlord or under the middlemen speculators. The landowners are exploited by the capitalists. The agriculturist generally has to mortgage his crop before the seed is sown to a money-lender who demands exorbitant rates of interest. The rural shopkeeper or retail trader gives advances for seed, food and for current expenses till the crop is marketed. The agriculturist is obliged to part with his produce at very unfavourable rates to the trader or money-lender as the agriculturist

binds himself to sell his produce only to the capitalist. If the money-lender absorbs 12 per cent for the use of capital by the agriculturist, the trader absorbs 20 percent for the advance he makes to the agriculturist for the purchase of seed grain, manure, food supply. Between the two sets of capitalists, the agriculturist loses almost all his produce, securing out a small margin for his maintenance. If in any year the outturn is low or nil on account of unfavourable season, the agriculturist becomes unable to meet the demands of his creditors and the unpaid balance becomes a debt. When the debt amount rises to a larger proportion than can be repaid in one or two succeeding years, the money-lender demands a better security than the mere bond of the agriculturist. This results in the land owned by the agriculturist getting mortgaged to the money-lender with an agreement to pay a high rate of interest. In a number of cases, the indebtedness of the poor man increases in this manner to such an extent that the debt to be discharged reaches a proportion of even 50 per cent of the value of the land and the house owned by the agriculturist.

The moneylender and the trader generally take advantage of the helpless condition of the agriculturist and ruin the agriculturist by granting facial credit and by exaggerating the claim if the agriculturist happens to be illiterate. The agriculturist has also to incur heavy expenditure to observe the social and religious customs of the land. A mortgage-debt is really an item of annual charge on the productive power of the land and the owner of the land has to share the profit with the mortgagee with this difference that the owner of the land is to bear all the losses arising from the effects of bad season, while the mortgagee is to get his income at a fixed rate according to the terms of the agreement, even free from the incidental expenses of cultivation. The mortgagor usually sinks in his debt as he has to work against such disabilities and has in the end to go down as a field labourer. Here, again, a field labourer is sweated by the landholder to secure economy in production. Should the position of a field labourer become intolerable, he resorts to emigration to other places or from agricultural industry to towns in search of better wages.

Primary societies on unlimited liability basis.

(5) *Credit.*—The co-operative movement had at the start to apply itself to the most pressing need of the agriculturist and to find out how to give scope to the agriculturist to carry on his business without sinking into a condition of slavery to the capitalist, the money-lender, the trader or both. The first duty of the movement was felt to be to free the agriculturist from the clutches of the capitalistic money-lender and trader

for its current requirements and for wiping out, wherever possible, the mortgage-debt and thereby enable him to utilise the full profit arising from the industry. Credit facilities were therefore made available in primary societies on unlimited liability basis by organising small agriculturists in an association and such primary societies were started. The unlimited liability has enabled such societies to commend credit to the desire-extent.

6. *Primary societies—Agricultural credit*—The indebtedness of an agriculturist can only be removed by economy expenditure, increase in his income and by practising thrift. Economy in expenditure can be secured by the economic purchase of the requirements and by avoiding wastage. Increase in profit can be secured by industrious application of labour and improved methods of production. Habit of thrift can be practised by the agriculturist when he is taught to look to the co-operative institution as a safe box in which he can invest his savings and draw it when required for his current needs. The agriculturist has to be educated to look the co-operative institution for giving him help in all directions.

7. *Economy in expenditure*.—The agriculturist individually buys his requirements on credit in a local retail shop with an agreement to hand over the produce at very unfavourable rates to the shopkeeper at the time of harvest. But a combination of a number of agriculturists would facilitate the buying of the requirements in large quantities and thereby cheapen the price of the articles to be purchased. The co-operative society can give the necessary credit to enable such large purchases in wholesale markets and could distribute the articles purchased to the co-operators without charging heavy profit as a shopkeeper does. The cheapness of the articles purchased depends upon the volume of trade and therefore upon the willingness of the agriculturists of a particular locality joining together and placing their indent with the society. Experiments hitherto made in this direction have been successful to some extent, but an appreciable degree of success could be secured only when the volume of transactions is considerably enhanced and when the agriculturist is made to feel that the institution is one which is intended to fight out the vested interests of the trader who has been in the field much earlier than the institution. The co-operative society should organize itself in such a way that no agriculturist with its jurisdiction is made to turn to the shopkeeper for accommodation. This sort of arrangement is called the supply society. This work can be undertaken by a credit society as its branch, but when the transactions have to be carried on a large scale, a combination of a number of societies will be found necessary to tackle the large volume of trade. Such a combination of societies is at present called a

trading union on limited liability basis. *It is really an agricultural union of co-operative societies for the benefit of the co-operator agriculturists in that area.* The good working of a co-operative society can be gauged only by the amount of its usefulness in giving accommodation to all the agriculturists in a particular area and in every direction. The passing of credit to the agriculturist to meet his current expenses is not attended with any danger since money put into such transactions is ordinarily certain of being recovered by the sale of produce provided that such credit is utilized in the productive portion of the business. The co-operative institution must not only therefore undertake the dispensing of credit, but it should also see that the credit so dispensed is utilized in productive concerns. The constitution of a rural co-operative organization is such that this work can be efficiently managed by it because of the fact that the work is handled by men with local knowledge who have to discharge a high responsibility put upon them under the unlimited liability system. Many of the agriculturists who are small landholders will by combination secure the required accommodation from a co-operative society and will reap the benefits which an agriculturist with a big landholding can ordinarily secure from a sowcar.

8. *Increase in income*.—Turning to the question of increased outturn and income, the small landholder has not got the necessary capital except his land. He is handicapped by want of knowledge required to carry on such operation and by the absence of proper credit facilities unless he combines himself in an organization. The Agricultural Department is helping the ryots in imparting the knowledge required for improved methods of cultivation, and this knowledge is sought to be given to the agriculturist through the demonstrators who will have a better opportunity to deal with the agriculturists when the work is undertaken through co-operative organizations. Each co-operator can have the facility of testing the improved method in his own farm. After securing the necessary advice in regard to improved methods of cultivation, the agriculturist co-operator can use his co-operative institution for procuring the various facilities that are required to carry out the improvements suggested.

9. *Sale of produce*.—Owing to the small quantity of produce handled by each agriculturist and the consequent cost of transport, owing to ignorance in the scientific handling of the produce, the produce is sold to small men who happen to collect them in the village or in the nearer shandi at very unfavourable rates. This becomes all the more necessary when he has to meet the demands of his creditors at the time of harvest and when he has to meet each obligations such as paying Government assessment, etc. He is also ignorant of the market conditions, local and

foreign. The agriculturist has not got the necessary advertising agency nor has he the means to convert the raw material into marketable condition so as to secure better profit. The arrangements required for removing these defects under which the agriculturists are labouring can only be secured by a co-operative organization which can bulk the produce, reduce the cost of transport, introduce scientific methods of handling produce, secure the help of public-spirited men in whom the agriculturists will have confidence and dispose of the product after securing a proper knowledge of the market conditions. Advertisement can be done cheap and, if need be, arrangements can be made for converting the raw material into marketable condition.

Thus it will be seen that the co-operative organization has to undertake accommodation of credit facilities to the agriculturists in carrying on the productive industry in the direction of supplying good seed, fertilisers, costly instruments, necessities of life, obligations to creditors, payment of assessment, etc. It can also afford facilities for taking charge of the produce and of disposing them to the best advantage of the ryot. It can also be an institution for recording the incomings and outgoings of the agriculturist throughout the year and keeping under its control whatever savings might be available to the agriculturist. It can regulate the inevitable expenses connected with marriage customs, funerals or other ceremonies. It has also the onerous duty of providing, wherever necessary, subsidiary occupation to those whose income from agricultural industry is insufficient to maintain them. It has also the duty of securing for agricultural labour a full value so as to make them continue to work in agricultural industry and to prevent, wherever possible, emigration of labour to towns as a result of attractive wages. Where the drain upon the agriculturist is heavy in discharging the prior obligations to creditors it has also to undertake the redemption of prior debts which after all would give him for his user a larger proportion of his income from the industry.

10. Though a rural credit society on unlimited liability basis is a credit institution, it is virtually an agricultural society intended to be useful to the agriculturist in all directions.

The co-operative movement has been successful to some extent in giving credit facilities in these directions, but it should not be said that a co-operative society has been so organized as to give credit facilities to such an extent as to prevent every co-operator or agriculturist going to a money-lender or a sowcar. These money-lenders have an unrivalled

agency for distribution and collection of loans. These thoroughly understand their business, and are acquainted with the means and character of individual ryots. They are shrewd, patient and economical in their management. These qualities should be developed in a co-operative organization by those who are managing them with this difference that this management would care to help the member without aiming at a profit to themselves. There is absolutely no difficulty in banking among the rural population, as an agriculturist is an absolute proprietor of his holding, subject only to the payment of Government assessment, and as he, having been connected with agricultural industry, will not ordinarily give up his profession for another so long as it is giving him an opportunity of living with a tolerable amount of comfort. The co-operative society will, if it is worked properly, secure gratefulness from its members in that it will provide for them when any serious calamity happens such as partial or wholesale failure of crops as a result of adverse seasons or insect pests.

To sum up, the co-operative organization in a rural part has to undertake the following items of work :—

(a) credit facilities for the removal of debts in case where an economic drain is serious. For instance where the debts are repayable to the money lender at exorbitant rates of interest and where the society can give facilities to extinguish the debt, both the principal and the interest, in a reasonable period of time provided the income expected to come out of the property is sufficient to secure this without in any way interfering with the owner of the land carrying on his industry and getting a decent living out of it.

(b) It should finance current expenses both for carrying on the agricultural industry and also meeting the domestic wants.

(c) It should also undertake the supply of the needs of the agriculturist by securing the purchase of the articles required in bulk and distributing them to the co-operators without charging considerable profit.

(d) It should arrange to take the produce of the co-operator and sell it in the best market possible and at a suitable opportunity so as to reimburse what it has paid to him and thereby making him eligible for fresh credit facilities.

(e) It is also an institution where, by virtue of combination, it can secure the services of competent men acquainted with trade operations and market conditions.

(f) It should supplement the agricultural industry by finding out what suitable home industry can be introduced so as to give auxiliary profession to the agriculturist to be undertaken in his own farm when he is not required to work on his farm.

It is desirable that we should take stock of what has been done by the co-operative movement in regard to agricultural industry. Though an unpleasant task, it is desirable to note down the defects we have in our own working. The defects in the working of the co-operative organisations in rural parts may be noted down below:—

(a) The co-operative credit society is not developed to an extent to provide all facilities required by every member.

(b) In the enthusiasm for assisting poorer men it has not taken into its fold the higher and the middle classes to an appreciable extent, and where the higher and the middle classes have joined, the societies had not developed so as to secure the credit facilities to give accommodation to all and to the required extent. In many cases the higher and the middle classes have utilised whatever was available in the society to the detriment of the poorer men. The remedy for this seems to lie not in taking cudgels against the higher and the middle classes but rather in expanding the capacity of the institution to provide for all. There should be no nervousness in expanding the operation but Societies should be worked with due attention and exercising proper discipline. Unless this is made feasible, there is not much use in expecting the agriculturists to place the requisite faith in the society.

12. The ideal to be aimed at is to make every co-operator who joins the institution to be absolutely independent of any money lender or trader. He will continue to borrow from them until the society is in a position to provide for all his reasonable requirements. In fact the co-operative movement in a rural part is a regular attempt at putting down the exploitation of the producers (agriculturists) by the capitalists (money-lenders and traders). This fight can never lead to a decisive success unless the agriculturists combine themselves so strongly as to accumulate, though not regular cash, at least the required amount of credit so that they may not go to the money-lender and the trader for the required accommodation. The one noteworthy feature of the co-operative organisation is that it can command any amount of credit which a trader or money-lender cannot get or will not be willing to secure. The co-operative credit organisation is a banking concern which can arrange for credit to a very large extent if a real combination of all the agriculturists is secured. The unequal struggle between the agriculturists and the capitalists will go on so long as the co-

operative organisation is not efficient to defend the agriculturist against the capitalist.

13. Another phase of the question is whether the co-operative organisation can afford to help the landless labourer employed in the agricultural industry. This question has to be solved by paying attention to the difficult problem of how far the wages given to the labourer involves exploitation by the landowner against the labourer. It is a question which has to be studied with considerable care and I do not believe that our co-operative organisation has yet taken up this aspect of the question in all its seriousness.

I do not blame the movement for it because it has not yet been able to secure success in its fight on behalf of the agriculturist against the capitalist. It is perfectly possible to think of various methods by which labour in agricultural industry can be made respectable and by which landowners can be induced to divide the profits in a reasonable proportion between themselves and the labourers.

When the land groaned under a farming or speculative system and the absentee landlords let out their lands to middlemen who made enormous profit by subletting them on the rack rent principle to poor ryots, the ryots should combine themselves and form co-operative land leasing associations and successfully compete with the middlemen speculators. The method under which this can be achieved has been indicated in the Registrar's circular issued.

CO-OPERATIVE SOCIETIES AND LOCAL BOARD TAXES IN SOUTH KANARA.

(BY MR. M. ANANTA RAO, SECRETARY SOUTH KANARA CENTRAL CO-OPERATIVE BANK.)

The struggle is after all at an end, and it is with a very great sense of relief that I am hereby communicating for the information of all concerned the fact that the District Board of South Kanara has unanimously passed a resolution exempting co-operative societies from the liability to pay the "tax on companies" which Local Boards are authorised to levy within their respective jurisdictions under the Madras Local Boards Act of 1920. The whole trouble arose out of the fact that the definition of the word "company" in the Local Boards Act of 1920 was wide enough to include co-operative societies also, though a company, as it is ordinarily understood, should be as far removed from the conception of a co-operative society as can well be imagined. In fact, a co-operative society is the last thing that a person can think of in the same breath with companies, and it would be really hard to believe that either the framers of the Bill or the members of the Select Committee which sat

over the draft, had co-operative societies also in view where they thought of authorising the new Local Boards to levy new taxes. But nothing daunted by considerations such as these, the Presidents of two of the Taluk Boards in the District issued notices to co-operative societies also charging them with the tax. The Registrar of Co-operative Societies was therefore addressed to move the Local Government to introduce an amending act changing the definition of "company" in such away as to exclude co-operative societies from its scope. We were told in reply that Government "had the matter under consideration" and that the amendment would be introduced "in due course," but nothing came of it for months together. Even to-day the definition remains unchanged. Societies had to trust to their own resources in the matter, and correspondence was therefore at once started with the District Board, praying for exemption being granted under section 111 of the new Local Boards Act. The matter came up before the January meeting of the Board, at which, however, total exemption was refused, and only societies whose "profits" fell below Rs. 200 were resolved to be exempted. The question then arose as to whether "profits" meant gross profits or net profits. Even if net profits were to be taken as the basis of taxation, unlimited liability societies (which of course formed the majority) were required by law to carry not less than fifty per cent to an indivisible reserve fund (from which nobody derived any immediate tangible benefit) and it would be wholly inequitable to let taxation proceed on that basis also. Due representation had therefore to be made to the District Board again in this behalf, and the matter was brought up again at the February meeting of the Board. Wiser counsels prevailed at that meeting, and it was resolved to keep the whole matter in abeyance till the meeting of the Board which would take place in May, presumably because it was a matter which would affect only the new Local Boards which would come into existence on and after the first of April. It was fondly believed by those concerned that the matter would rest there for the time being but it was found that the co-operators of the two taluks, the Presidents of the Taluk Boards in which had already once issued tax notices to societies, were doomed to disappointment. Fortunately, the executive of one of these Taluk Boards could not go far as to rightly understand the distinction between "profession tax" and "tax on companies," the result being that the notices issued to co-operative societies in that Taluk sought to charge the societies with "profession tax" instead of the "tax on companies." The societies therefore were advised to remain quiet till the very last day within which appeals were to be filed and then to write to the Taluk Board pointing out the illegality. The official year practically came to an end when the illegalities were thus disclosed and the concerned Board had to go without the tax. The executive of the other Taluk Board knew better, and societies in that Taluk could not therefore legally avoid paying the tax, and they were advised merely to represent to their Board that the matter might be kept in abeyance for the nonce, as the question had not been finally disposed of by the District Board. The Taluk Board did not consent to such a course, and a few of the societies had no alternative but to pay down the tax and be done with it. Many of the other societies held on with courage till the close of the year, and were rewarded at the end by the failure of the Taluk Board to put any coercive steps into execution.

Meanwhile it was thought necessary in the interest of the societies that as many as possible of the seats at the new elections to the Boards should be secured for Co-operators themselves. It cannot be said that a conscious effort in this direction was seriously made in each of the Taluks where elections were held, but at last in one Taluk in the District it was found that not less than fifty per cent of the members returned to the Board were convinced and confirmed co-operators. All the representatives who were chosen from this Taluk Board to the District Board were co-operators of what would doubtless be termed by outsiders as the "deep-dyed" variety. The May meeting so eagerly looked forward to by the co-operative societies came off in due course, and the result is what I have set down at the beginning of this article. It only remains for us now to record our thankfulness to the Presidents of the Taluk Boards who refrained from issuing tax notices to co-operative societies from the very beginning as well as to the members present at the last District Board meeting who co-operated so well with one another in our behalf as to pass a unanimous resolution doing justice to us. So far as we of South Kanara are concerned, the struggle is therefore quite at an end in spite of the indifference of the Local Government. It will doubtless be interesting to learn how co-operators in the other districts of the Presidency have fared in this matter, but it would be as well to state here that it is better to rely on our own efforts in this matter also as in other matters than to trust to the circumlocution of red tape.

INDUSTRIAL BANK FOR U. P.

The following appears in the *U. P. Gazette* dated 4th Feb 1922:—

Proceedings of a meeting of the Committee appointed by Government to consider the question of the establishment of an Industrial Bank in the United Provinces, held on Thursday, 15th December, 1921, at 10.30 a.m. in the Hall, Upper India Chamber of Commerce, Cawnpore.

PRESENT:

President.—Sir Thomas Smith.

Members.—Mr. E. A. H. Blunt, Secretary to Government, Mr. V. N. Mehta, Director of Industries, Mr. Norman Charles, Manager, National Bank of India, Cawnpore, Khan Bahadur Chaudhari Wajid Husain, Deputy Registrar, Co-operative Societies, Mr. Macpherson, Agent, Imperial Bank of India, Cawnpore.

Mr. Blunt intimated that Mr. Crosthwaite had been detained in Lucknow on Government business, and therefore could not be present. A letter from Mr. Smart, Agent, Allahabad Bank, and a telegram from Mr. Ishwar Das Varshnei were received regretting their inability to attend.

The following did not attend:—

The Hon'ble Raja Moti Chand of Benares.

Khan Bahadur Hafiz Muhammad Halim, Cawnpore.

Mr. Macpherson, Agent, Imperial Bank of India, on the suggestion of the President, was invited to attend the meeting and assist in the discussion.

2. A preliminary note, dated the 27th November, 1921, prepared by Mr. Crosthwaite was considered and the President submitted to the meeting a statement which he had called for of applications submitted to the Board of Industries for financial assistance. He had asked for this in view of the resolution of the Board of Industries that the need for an Industrial Bank was urgently felt.

These applications amounted to some 16. It was apparent that some of these were not cases calling for Government assistance, and that the money required should have been secured in the open market or from banks. A few of the application appeared to the Committee as being typical of those that required Government assistance, or assistance from Industrial Banks, being pioneer industries. The list was not exhaustive, and the Registrar, Co-operative Societies, stated his impression that if an Industrial Bank had existed many many applications would have come before it. The Director of Industries also shared this opinion.

3. The Committee felt that no details were before them to warrant the inauguration of an Industrial Bank. Even assuming the need for such a bank, the Committee felt that the terms offered to debenture-holders would be such that a very high rate, probably 12%, would have to be charged to borrowers, as it was unlikely that capital which can earn 6% in Government loans or 6% in United Provinces loan at a discount, both gilt-edged and readily realisable securities, would be attracted to Industrial Bank debentures, which would be more of a lock-up at anything under 10%.

4. After a full consideration of the various methods of meeting needs of small industrialists, it was decided that in the initial stage the Government would have to shoulder the question of finance, and it was thought that the best thing that could be done was to set up a Board of Industrial Loan Commissioners who would consider and decide upon such applications. The Committee considered such a body of Industrial Loan Commissioners should be composed of—(a) The Director of Industries. (b) A technical expert. (c) A commercial man. (d) Registrar, Co-operative Societies. (e) A representative of the Imperial Bank of India. (f) A representative of Joint Stock Banking. (g) The Financial Secretary to Government. (h) Power to co-opt three other members.

A strong point in favour of forming a separate Board of Industrial Commissioners was that with financial help at their disposal they would be able to act more expeditiously in the matter of making advances and so avoid the present circuitous procedure of loan applications being laboriously examined by the Director of Industries, the Board of Industries, the Industries Department of Government and the Finance Committee of the Legislative Council.

The demand for a lump sum would be laid before the Council, and when sanctioned, placed at the disposal of the Commissioners. It was

left to the Financial Secretary to work out a scheme whereby the account would be operated on by the Commissioners. The first grant would be purely a provisional one, but it was expected that, as soon as it was generally known that the Loan Commissioners were in a position to extend help to industrialists, a better idea would be gained of the extent of Government aid for succeeding years. It was suggested that 5 lakhs should be put in the budget for the year 1922-23.

5. The Registrar, Co-operative Societies, raised the question of such finance being made available by the Commissioners to finance co-operative banks for non-agricultural purposes. The President took exception to this and said that co-operative banks must stand on their own feet, and that the Industrial Commissioners should only concern themselves with pioneer industries and small industrialists. In this view he was supported by Mr. Blunt, Mr. Macpherson, and Mr. Charles, while the Registrar was supported by the Director of Industries.

6. The Committee unanimously felt that the above proposals were best suited to meet the immediate needs of the situation and the experience gained would eventually show whether an 'Industrial Bank' was required. The result of that experience would be most valuable. It was recognized, however, that it would be impossible, even with great caution and care, to finance such industries without running a certain risk of making losses, and for this Government must be prepared.

CIRCULAR TO UNIONS AND CENTRAL BANKS

The Provincial Union may arrange to hold classes for the training of supervisors and office bearers of co-operative societies either at Madras or at certain District Centres. The education of the co-operators especially the office-bearers and the supervising staff inclusive of governing body members of local unions seems to be an urgent necessity and this work may be undertaken by the Provincial Union if funds are available. The only reserve of money available to the Provincial Union is the bulletin subscription. It is unnecessary to point out to the local unions that they should arrange for the speedy recovery of the bulletin subscription from their affiliated societies and for the early remittance of such collections to the Provincial Union.

2. The proposal now under consideration is to secure honorary or paid staff to work for some time in each District or in convenient centres. The services of the present President of the Provincial Co-operative Union, M.R.Ry. Rao Bahadur A. Vedachala Aiyar A.V.L., will be available gratis for this kind of work and the services of one or two more will be secured necessary on payment. Such an arrangement will be useful even to the central banks as the course of instruction to be given, though mainly intended for the benefit of office-bearers of primary societies, include also audit and accountancy. For the present classes will be held in the District Centres for a period of 7 days and if need be, one or two union

centres may be selected. The subjects to be dealt with will be the following:—

- (1) Rural primary societies—their working and methods of management including account keeping.
- (2) Urban Banks—methods of management, accounting audit and banking.
- (3) Central Banks—methods of management, accounting audit and finance.
- (4) Trade and non-credit activities—methods of management, account and finance.
- (5) Societies for Depressed classes—methods of handling such organisations and finance.
- (6) Local supervising unions—efficient making of local supervising bodies and their relation to financial banks.
- (7) General principles of co-operation.

3. Each District will have to bear at present the itinerating charges of the men entrusted with work and the itinerating charges of the men to be trained. The former item to be distributed among the local unions in the District and the latter will have to be borne by the institutions concerned.

4. The Central financing banks are requested to view this requisition favourably and liberate some funds in aid of the local unions.

5. Before this scheme is eventually begun, which will be some time in August or September 1922, this circular note is sent by the Provincial Union to elicit the opinion of each local union and District Supervising Union wherever such exists, and of Central Banks with a request that they will communicate as early as practicable their views on the proposal and their willingness to bear such charges. On receipt of replies, the Provincial Union will consider the desirability of undertaking the work and of selecting specified Districts for operation.

6. The scheme proposed is not intended to be in lieu of the attempt now made by the Departmental officers and their inspecting staff but it is intended to supplement such efforts.

7. The Provincial Union hopes that the Registrar of the Province will be pleased to consider the proposal and give such help as he thinks it deserves. The Provincial Union will be very grateful to the Registrar for any suggestions he may wish to make in regard to the scheme. The Provincial Union will be prepared to work the scheme in conjunction with the Department whose help, material and moral, will be required for securing tangible results in any undertaking by non official agencies.

The Madras Provincial Co-operative Union Ltd.

MADURA-RAMNAD DISTRICT FIFTH CO-OPERATIVE CONFERENCE.

PRESIDENTIAL ADDRESS

By M.R.Ry. Rao Bahadur A. Vedaachala Aiyer Aml., B.A.,

FELLOW CO-OPERATORS:

The Co-operative movement in the District has been one of uniform progress in the credit side when one takes into consideration membership, working capital, profits and growth of reserve fund. But this progress has however not yielded its full value because of certain defects. The tests for the proper working of the Co-operative Credit movement are (1) Efficient control (2) Sound banking. Applying these tests, the rural credit societies in the District could not be said to have been brought under efficient control. We are aware of the fact that members of Co-operative Societies in rural parts, have not adequately learnt the principles of banking nor have they acquired the business habits necessary in such enterprises. It is absolutely necessary that the Village rural societies should be brought under efficient control by an expert staff maintained by the Co-operative movement or by the Government for the present on behalf of the movement.

This important question of control of primary societies was handled in your District in a number of ways. At first the societies were controlled by the Government Inspectors who were very few in number and who had wide jurisdiction in some cases over 3 or 4 Taluks. This was felt to be an unsatisfactory arrangement. The Madura Central Bank came to the conclusion that this work should be undertaken by itself. It set apart some portion of its profits for this work and did its best to undertake this work with the funds available. But unfortunately, the Central Bank had a wide jurisdiction as it was then financing the primary societies in the Districts of Madura, Ramnad and Tinnevely and the funds available for the controlling of primary societies were found insufficient. It has also to be noted with regret that the staff entertained by Government and that maintained by the Bank had not adequately interlinked themselves so as to secure maximum of efficiency. Moreover you are aware that centralisation of finance is a decided advantage while, centralisation in regard to supervision is a decided disadvantage. The supervisors employed by the Central Bank paid attention purely to collection work and visited only societies which had heavy overdues. The societies were allowed to shift for themselves as

regards their management, enforcement of discipline and the practice of Co-operative ideals. The Government staff, practically confined their work to mere audit and compilation of annual statistics. As a result of this dual arrangement the incessant continuous supervision which rural primary societies required to ensure the healthy growth of these institutions, was wanting. It was at this stage the idea of decentralisation of the work of supervision and of the formation of local unions was hit upon. The department found as the result of experience elsewhere that control of primary societies was better secured by the formation of local unions and by interlinking such unions with the Central Banks than that secured by a centralised supervising agency.

A similar arrangement was introduced in the jurisdiction of the Central Bank only 4 or 5 years ago. It takes a few years before local unions are made efficient in their working. It is hoped that the local unions will become more and more efficient in the work of supervision under the altered arrangement.

As a result of the absence of adequate arrangement for supervision over primary societies in the early stages of the movement in the District, a really discouraging feature is noticed in the working of primary societies. The overdues of members to primary societies have reached a high percentage and the primary societies have not kept up their obligations in full to the Central Bank under principal and interest. It is not worth while to notice this matter in more detail but co-operators have to adopt suitable methods for retrieving the lost ground in this respect. Co-operative banking is not a philanthropic institution. It is a school where business principles ought to be strictly taught and practised. A co-operative banking institution will prove that business methods of working are not inconsistent with absence of profiteering for profit sake.

The Credit Bank is the foundation of the Co-operative movement as no enterprise in agriculture, trade and industry can be successful without the necessary accommodation of credit and it is incumbent on all interested in the Co-operative movement to see that Co-operative Credit institutions are worked satisfactorily. Supply of agricultural and domestic requirements, supply of houses, introduction of home industries, and arrangements for the sale of produce can be developed with the help of the credit institutions if the latter are rendered strong and efficient to take up such work. The successful working of a credit society automatically induces Co-operators to take up other Co-operative activities. My advice to the Co-operators of the District is that the credit institutions

already started should be made thoroughly efficient and the Co-operators working them should be properly educated in Co-operative principles and practices.

As regards sound banking, I am in a better position to appreciate the work of the Madura Central Bank. Its working is efficient and is conducted on co-operative lines. This Central Bank was the first institution in the Presidency which recognised the principle that primary societies financed by a Central Bank should be shareholders in the financing institution along with individual shareholders and should take an active part in the management of the affairs of the Central Bank. This mixed constitution was introduced in this bank and has since been adopted in other banks elsewhere. Rural Co-operators have thus an admirable opportunity of being educated in the management and the working of a financing institution. The local unions in such a mixed constitution of the Central Bank are allowed each a seat in the Directorate of the Central Bank and this is a step which is attended with considerable advantage to the rural Co-operators. This arrangement will, it is hoped, be introduced into your Central Bank if it has not been introduced already.

Efficiency in the working of the primary societies is sought to be secured by the local unions but this agency of supervision should be linked with the Central Bank to enable the latter to satisfy itself that the local unions exercise efficient control over primary societies. Such interlinking is sought to be secured by allowing a representative of each local union a seat in the Directorate of the Central Bank. This alone does not appear to be sufficient to make the union effective in their working. The local unions should federate themselves into a council of supervision for the District, and this Council and the District Bank should connect themselves in a suitable way so as to secure efficient control over rural primary societies and sound banking.

The working of such a District Federation has been attempted in the Districts of Vellore and Salem. The local unions in each District are members of the District Federation. The general body of the Council is composed of all the governing body members of local unions, each local union sending a representative. A small executive committee is selected out of the Managing Board to regulate the business of the Council. This arrangement is no doubt not strictly democratic, but it is a representative institution which is expected to safeguard the interest of Co-operators connected with each society affiliated to each local union. The local

unions contribute each $\frac{1}{2}$ of its receipts to the District Council and this fund is utilised by the Council for the benefit of all local unions by rendering such common service as is found necessary. Defects have, no doubt, been noticed in the working of these councils but such defects will get remedied in course of time. The formation of such District Federations seems to be a suitable method for devolving the Co-operative movement upon a non-official agency.

The Co-operators of the Madura District are requested to bestow their thought on the best method of securing efficient control over primary societies and of interlinking such agency with the financial institution.

The Madura Central Bank has been relieved in its work of financing primary societies by the starting of a Central Bank at Tinnevely for the societies in that District and by the starting of a Central Bank at Srivilliputtur and Satur in the Ramnad District. This relief is also an advantage to the co operators who look up to this Central Bank as the resources available can be utilised by them alone. The Central Bank is now in a position to set free money so as to give scope to rural Co-operators joining the institution in large numbers and to undertake various kinds of Co-operative activities such as credit, supply, sale of produce and small industries. It seems to me that the present is a very favourable opportunity for co-operation to expand in the District at a rapid rate. The District has now an Assistant Registrar who is likely to remain in the District for some time. I may notice the misfortune of the Co-operators of the District in having had to do with 4 Assistant Registrars in the space of 8 years. The Assistant Registrar now in charge may, it is hoped, be retained in the District for some time and may contribute towards the consolidation of the work in the existing societies and towards suitable expansion.

It struck me that I might tender some suggestions to the rural Co-operator and to those who are in the management of primary societies. I was tempted to call these suggestions as advice as I have had the privilege of working in different districts for a number of years and I have had occasions to notice the various causes which impede the progress of growth in the Co-operative movement. I beg your pardon for the use of the word advice.

(1) A Co-operative institution in a village should cater for the needs of all the residents in the village. Rich men (I believe real rich men are very few) should not be excluded on the ground that they do not want

immediate help. They need not wait to join this economic institution till they become poor. The poor men should not be excluded on the ground that they are not owners of tangible immovable property. On the other hand, the Co-operative institution should help such men to secure better living. However poor a man may be, his capacity for labour is itself a valuable asset provided he has good character and an earnestness to live an honest life. The rich man will certainly join your institution if you work the institution in such a way as to cater for his needs. The poor man will happily join the society when he is made to live in an environment which gives opportunity for labour so as to give him a decent living.

(2) The Co-operative Society should supply all the needs of its members throughout the year. There does not seem to be any difficulty in this direction with a well developed Central Bank. The arrangement for securing this has to be developed by perfecting the organisation of primary societies and the local unions. The method by which this can be arranged has been described in detail in one of the circulars of the Registrar relating to the holding of an annual meeting of local unions. I request the Co-operators to follow the circular and I am confident that considerable progress can be attained in that direction.

(3) Punctuality is a virtue which should be brought home to the Co-operative members and disciplinary measures should be enforced without partiality. In doing so, lapses from unpunctuality from causes beyond the control of the Co-operators should be sympathetically dealt with. Business habit must be cultivated not only by preaching but also by practice.

(4) In supplying all the needs of the members, the Co-operative institution, as an agent should undertake:—

- (i) to supply the domestic and agricultural requirements by purchasing them in bulk and retailing them to the members as cheap as possible.
- (ii) to dispose of the produce of members in bulk to wholesale merchants and to Co-operative distributive institutions intended for the consumers in urban areas.
- (iii) to provide for labour when labourers are in need of them to supplement the agricultural labour.

(5) The Panchayetdars have a heavy responsibility to discharge in order that the societies which they manage may have the necessary

credit required from the Central Bank. A rural primary society may be likened to a retail shop and the Central Bank a wholesale shop. Unlike the wholesale shop in trade, it stores credit or credit-worthiness in it and the retail shop dispenses credit to co-operators in place of articles. Hence the aim of co-operators should be to conduct the retail business satisfactorily so as to attract more credit in them and to supply to the Central Bank the necessary basis of credit. The Central Bank commands indefinite credit if it can show the prescribed amount of share capital and if it can convince the public that the borrowers from it are safe and sound institutions. Hence I should draw the serious attention of the panchayetdars to the fact that they should collect as much share capital from the members as is practicable and that they should invest such amount in the Central Bank to enable it to raise the required credit. If the primary societies can only show signs of proper management, the promissory notes of such institutions can be discounted with Commercial Bank or Pro. Bank and more accommodation of money can be secured. By their good work, the Panchayetdars will be conferring benefit on themselves and on the Central Bank.

(6) I wish to give the co-operators an idea of a short term loan system introduced in the Co-operative movement. Co-operators have to ascertain the method adopted by money lenders and traders in a locality or advancing money to the agriculturists to meet the current needs and to carry on agricultural industry and to follow a similar method, omitting of course the profiteering tendency. In some places, a trader or money lender advances money to the agriculturist when he is in need for buying ploughing instruments or for purchase of seed grains and for other requirements in agricultural industry with the condition that the advance should be returned in kind at the time of harvest or soon after, the value of the produce returned being calculated at a certain low rate of price and that when the borrower has to sell his extra produce, he should do so only to the creditor and not to any one else. The borrowing agriculturist is thus prevented from securing a proper value for his produce. Sometimes the agriculturist borrows from a trader or money lender food grains to maintain his family in the off-season and agrees to repay a similar quantity at the time of harvest with an addition of 25% as interest in return or the accommodation for a few months. This is called Thavasa Vatti. The agriculturists are thus obliged to look up to the money lender or the trader for necessary accommodation for all his requirements. The money lenders or traders are men acquainted with the condition of each ryot and are shrewd business-men who have facilities to use for their own benefit the difficulties of the agriculturists. There does not seem to be any exaggeration when it is said that the agriculturist who goes to a sowcar or trader for all his accommodation does so at a loss of at least 25% both in the way of interest payment and in the low value he gets for produce passed on to him.

(To be continued.)

CO-OPERATION IN KOLAR.

The following is an extract of the presidential speech of Mr. K. S. Chandrasekara Iyer at the Kolar Dist. Co-operative Conference.

Here, as elsewhere in India, the great bulk of the registered societies, numbering some 138, are simple credit societies; and this (apart from the comparative ease with which these can be administered) is no matter for surprise having regard, on the one hand to the great demand for money that everywhere exists for purposes productive as well as otherwise, and on the other, to the need felt by the middle and poorer classes for simple, modes of investing their savings on good security and at reasonable rates of profit. Four more societies are both credit institutions as well as stores; while 2 are purely stores. Of the remaining 23 registered societies 10 are grain banks, in addition to which there are stated to be several more which have not yet been registered, a fact which tends to show that the ryots are beginning to understand how helpful these banks are in enabling them to tide over the difficulties of bad and uncertain seasons in a dry district like Kolar. Six are agricultural societies concerned with the supply of seed manure and implements; this number is evidently capable of considerable expansion, judging by the fact that the existing societies have not been able to cope with the large demand that exists for improved ploughs, sugar cane mills and other requirements. Industrial co-operation is rather inadequately represented by some 7 societies for the benefit of weavers, sericulturists and others, which suggests either that the efforts to develop this side of the work are not sufficiently energetic, or that the response to what effort there is, has not been satisfactory; most probably both these factors may co-exist. Not much attention seems to have been devoted to the furtherance of cattle insurance, a matter in regard to which much useful work in the interests of the agricultural classes can be done by combined action.

Passing on to the financial aspect of the work, I understand that the total working capital of all the societies in the district amounts to about Rs. 7,56,000, which, seeing that it works out on an average to only about Rs. 65 per member, can hardly be deemed adequate; and of that again Rs. 3,85,000 has been derived from share capital and Rs. 1,20,000 from deposits, making a contribution of rather less than Rs. 45 per head. I have not the figures relating to the monetary transactions of the current year; but those of the past official year said to have exceeded 24½ lakhs, resulting in a net profit of Rs. 43,900. The reserve fund stood at Rs. 72,000 which, so far as that is an indication of stability and of the power to command credit on the part of the general body of societies, may be looked upon as fairly satisfactory.

Loans were issued to the extent of a little over 7 lakhs; it would be interesting to know what proportion of these loans was taken for purely productive purposes and how much for purposes which, though not productive, could not be altogether avoided. Loans aggregating Rs. 6,54,000 were recovered; but of the loans still outstanding fully one half is said to have been overdue, which does not speak very well for the value placed on the enforcement of the punctual repayment of loans.

What is much worse, there is reason to think that societies do not as a rule appear to realise the moral no less than the legal obligation they are under, to discharge strictly, and punctually their own debts to others. From a statement of seventeen debtors' societies in the Kolar District that has been placed in my hands, I find that nearly all of them have made default in respect of interest as well as of some or all instalments of principal to the extent in the aggregate of well over one-half of the loan amount due, and that the default, which in many instances has been persistent, is noticeable both among newly formed institutions and those of some years' standing. I allude to this disagreeable circumstance because the ultimate stability and success of the co-operative movement in the district, no less than the fair name and credit of local societies as a whole, are likely to be very prejudicially affected by the slackness in business methods (to use no harsher expression) on the part of so many of them. Now that it has been mentioned, I dare say, both the officers of the department and the executive of the societies concerned, as well as the governing body of the creditor Banks, will look carefully into the whole question of the indebtedness of societies,—the proper investigation of loan applications, the nature of the security to be accepted, the scrutiny to be exercised over the initial disbursements of loan amounts to societies as over their subsequent distribution among members, the facilities to be provided for prompt realisations,—and endeavour to place matters on a really satisfactory basis.

I may also refer to the serious defalcation that occurred recently in connection with one or two important societies in the Gold Field as a further illustration, if any were needed, of the dangerous extent to which the business side of the working of society is apt in practice to be neglected.

Apart from departmental supervision and a regular system of thorough outside audit, it seems to me highly essential that the general body of the members of a society should themselves take an active and intelligent part in controlling its management, meeting at frequent intervals, discussing their common requirements, watching the conduct of affairs, and setting it right where it goes wrong. It has been observed in other countries like Germany, Italy and Ireland that wherever general meetings were held frequently and were well attended, the administration of the society was always good; and where it was otherwise, the condition of the society was bad.

Proceedings of the Business Conference held at the Office of the Assistant Registrar of Co-operative Societies, Mangalore, on the 13th and 19 of March 1922.

I. *Tribute to the late Mr. F. B. Hemingway*:—This Conference records its keen sense of the loss sustained by the Co-operative movement in the untimely death of Mr. F. B. Hemingway, till recently Registrar of Co-operative Societies in the Madras Presidency.

II. *The Departmental Examination*:—This Conference recommends to Unions that supervisors on probation, should not be confirmed before they pass the examination proposed for the Inspectors.

This Conference recommends to Unions that in the case of supervisors already confirmed in their posts, it would be desirable to allow the next increments in their pay only after they pass the examination.

This Conference is of opinion that candidates for the examination should be given liberty to answer the question papers either in the English language or in any of the vernaculars of the respective areas.

This Conference thinks that the written examination may be supplemented by a practical examination also, with a view to test the working knowledge acquired by the examinee in connection with the actual administration of co-operative societies. This Conference is of opinion that it is both desirable and necessary to grant a suitable certificate to each of the successful candidates at the close of the written and practical examination.

III *Co-operative Tour*:—In view of the fact that Union General Body meetings will take place already once by the close of April next, this conference is of opinion that it will not be practicable to cause general meetings to be held in the month of May, as they would have to be held if a tour is to be made, as was done last year, by a party consisting of representatives of Unions and the Central Bank. The tour may therefore be dropped this year.

IV *Agricultural Activities*:—At this stage, Mr. M. Govinda Kidavu addressed those assembled, upon the value of bone-meal as manure and suggested some ways and means by which societies may interest themselves in promoting the use of bonemeal by agriculturists for manurial purposes. He also recommended the use of the Meston plough and suggested that societies might exert themselves in popularising it further among cultivators.

It was resolved that the promise of the Assistant Director of Agriculture to supply bone-meal free to some societies this year, may be carried out in the case of the following societies:—

The offer of the Agricultural Department to supply Weston ploughs at a cost of about Rs. 13 per plough was also resolved to be taken advantage of and the representatives of the following societies, present at the Conference, placed the formal order for a plough each :—

The Assistant Director of Agriculture undertook to deliver the ploughs at the office of the Asst. Registrar of Co-operative Societies, Mangalore, before the expiry of two months, the respective societies being required to arrange for their conveyance thereafter. The cost will be collected from the different societies after delivery.

V. Union Administration Reports:—The Conference thinks it necessary as well as desirable to lay down uniform lines on which the different unions might be instructed to prepare their annual administration reports. The Board of Management of the Central Bank may be requested to draw up a set of appropriate headings under which the several factors necessary to be dealt with in union reports, may be classified.

VI. Additional registers in societies:—This Conference is of opinion that it is necessary for societies to maintain dividend distribution registers, as well as registers for showing the expenses incurred in connection with decrees and executions. The forms in the Madras Co-operative Manual may be adopted.

VII. Recoveries in societies:—In view of the fact that parties have to incur several different kinds of unauthorised expenses in order to prosecute execution proceedings successfully in Civil Courts, and in view also of the fact that the concession at present given to societies for the recovery of overdue loans by revenue process is not such, that societies can easily and effectively take advantage of it, this Conference requests the Registrar of co-operative societies to represent to the District Judge, the necessity of issuing a suitable circular to the different Munsifs' Courts to take special steps to safeguard the interests of co-operative societies.

This Conference also thinks it necessary that a deputation consisting of the Assistant Registrar, the two Hon. Asst. Registrars and Messrs. U. Mangesha Rau, and M. Shiva Rau, should wait upon the District Judge of South Kanara in order to make suitable representations to him in the matter.

VIII. Transfers of supervisors:—After consultation with the different unions, it was resolved that the following transfers may be made among supervisors:—

K. Subbanna, from kasaragod to Puttur.

K. Shama, Rau, from Puttur to Kasaragod.

IX. Copies of by laws of societies:—It was announced at the Conference on behalf of the co-operative Printing Press of the district that printed copies of the by laws of societies could be made available at 1½ annas per copy. It was resolved that Unions should arrange early for obtaining not less than 500 copies each and distributing them among the concerned societies. The societies in the Malayalam area of the district, will arrange through the Asst. Registrar for getting Malayalam copies from Malabar or elsewhere.

X. Annual reconciliation of figures:—With regard to the reconciliation of accounts between the Central Bank and primary societies once a year, the pass book and draft certificate that had been prepared for the purpose were shown round. It was agreed that the pass books should be sent to societies as soon as possible after the 31st of March every year, and that the societies should return the pass books to the Central Bank together with the certificate of reconciliation, after comparing the different items and setting right any differences.

XIII. Additional Local Union:—Resolved that separate Local Unions may be formed with centres at Kumb'la, Uppinangady and Cūrpur.

XIV. District Conference:—Resolved that the idea of holding a District Conference this year, be dropped. The idea of holding the ordinary annual general meeting of the Central Bank at the time of the next Business Conference is commended to the Board of Management of the Central Bank.

XV. Prizes:—This Conference is of opinion that it would be desirable to continue the system of prize giving for another year, in spite of the disappointment caused by the meagreness of the response, so far received.

The Subject for essays from adults, may be "Ways and Means for developing non-credit co-operation in South Kanara district."

The prize to be awarded to school boys, may be awarded for the best original story to be written on the benefits of co-operation. The story may be written either in a narrative form, or in the form of a drama.

XVI. Interest Rates:—Resolved that the question of reconsidering the rates of interest on deposits and loans may be postponed to the next Business Conference. It does not seem advisable to change the rates at present.

XVII. *The Malabar Relief Fund*:—This Conference is of opinion that it would not be totally unobjectionable in strict law for societies to contribute to the Malabar Relief Fund, out of the Common Good Fund.

XVIII. *The "Kannada Sahakari."*:—The idea of converting the "Kannada Sahakari" into a journal of general interest, from being a purely a co-operative magazine, was placed before the Conference. The Conference approved of the idea, but recommended to the promoters of the Journal that not less than 8 pages in each issue, should be reserved for co-operative matter. It was unanimously agreed that all the co-operative societies in the district (other than Fishermen's societies and other than the societies in the Malayalam area of the district) should become subscribers to the magazine. It was also resolved that the District Advancement Association may be requested to give a grant-in aid to the magazine in order to make it self-supporting in the initial stages.

XIX. *The Arecanut Trade Deputation to Bombay*:—The report of the Arecanut Trade Deputation to Bombay was briefly explained and recorded.

XX. *Non-credit work outside the district*:—The Trade Inspector's report of observations in the areas visited by him, outside the district, was also briefly referred to. The question of development of joint purchase on the indent system was discussed. It appeared necessary to place the Trade Inspector on special duty for a period of at least 2 or 3 months in order that he may actually arrange for joint purchase on the indent system and demonstrate its possibilities. The Conference requested the Assistant Registrar to carry out this resolution in an area to be selected by the Trade Inspector, himself.

XXI. *Local and Municipal Taxes*:—The steps that had been taken so far in the matter of getting exemption for co-operative societies from Local Boards and Municipal Taxes were explained to the Conference. The Conference prays that Government might be pleased to take immediate steps to amend the Local Boards and Municipal Acts of 1920 so as to exempt co-operative societies from the liability to pay the taxes in question.

Joint Development Boards:—This Conference thinks it necessary for Government to constitute Joint Advisory Boards in this Presidency also as in Bombay for the co-ordination of work of the different Development Departments.

XXIII. *Additional Honorary Assistant Registrar*:—This Conference is of opinion that the time has arrived when Government might be

pleased to appoint at least two additional Honorary Assistant Registrars in this district, besides the two already in existence.

XXIV. *Co-operation in Agricultural Schools*:—This Conference prays that Government might be pleased to make suitable arrangements for imparting a knowledge of co-operative principle also in the vernacular agricultural schools projected by Government.

XXV. *Rules for the preservation and destruction of records in societies*:—This Conference thinks it most necessary for suitable rules being found by the Local Government under section 43 of the Co-operative Societies Act, providing for the preservation and destruction of records in societies.

XXVI. *Procedure in dormant societies*:—This Conference is of opinion that the procedure suggested by Rao Bahadur A. Vedachala Ayyar, when Acting Registrar of co-operative societies, for working in dormant societies should preferably be prescribed by rules to be formed under section 43 of the Co-operative societies Act, rather than be left to be introduced in the by-laws of the concerned societies.

XXVII. *Confidential records in societies*:—This Conference prays that Government might be pleased to amend the Co-operative Societies Act, or frame a rule thereunder, so as to provide for declaring all records relating to property statements of members and borrowings by societies to be of a confidential character thereby preventing such records from becoming available to parties, who are strangers to the transactions in question.

XXVIII. *Expansion of the Business of the Central Bank*:—The Conference is convinced of the usefulness and desirability of hundi cashing business being undertaken in the Central Bank and a branch of the Central Bank being established for that purpose at Mangalore. The establishment of such a branch will also serve to develop the possibilities of undertaking the sale of produce of the producers' societies in the district, on the lines of the work done at the Buramati Branch of the Bombay Co-operative Central Bank. The idea is hereby commended to the Board of Management of the Central Bank.

XXIX. *Premises for the the Central Bank at Mangalore*:—The Conference is unanimously of opinion that the Central Bank should make early efforts for the acquisition of suitable premises for conducting the affairs of the proposed branch as well as for housing some of the more important co-operative institutions at the headquarters of the district.

PROCEEDINGS OF THE FIFTH MADURA-RAMNAD DISTRICT. CO-OPERATIVE CONFERENCE:

The fifth Madura-Ramnad District Co-operative Conference was held at the Victoria Edward Hall, Madura, on the 16th and 17th April 1922 under the presidency of Rao Bahadur M. R. Ky. A. Vedachalam Aiyer Avergal, B. A., retired Ag. Registrar of Co-operative Societies, Madras.

The President-Elect arrived from Madras by the Ceylon Boat Mail on the 15th April and was received at the Railway Station with due honour by the Joint Secretaries of the Conference, the Assistant Registrar, Madura, and a few members of the Reception Committee.

The Conference commenced on the 16th April punctually at 8.30 A. M. when 107 delegates and 28 members of the Reception Committee and a few local visitors including the Assistant Registrar of Co-operative Societies were present. Letters regretting inability to attend and wishing the Conference every success, from the Hon'ble the Minister of Development, the Registrar of Co-operative Societies etc., were read. After prayer, Rao Bahadur A. Vedachalam Aiyer was duly installed in the chair when Mr. K. Rama Aiyangar, the Chairman of the Reception Committee, read his welcome address, reviewing the progress of the movement since the last Conference held five years ago at Watrap presided over by the late lamented U. N. Krishnaswami Aiyar of Coimbatore. The President, then read his address in Tamil, his first pronouncement as a non-official after a record service of over 10 years in the department as Assistant Registrar, joint Registrar and Registrar. His address was a master-piece of high ideals with practical knowledge and grasp of the local needs, written in easy Tamil and delivered in a very clear and impressive style. He laid special stress upon Industrial Co-operation and the reclamation of the Kallars. After the election of a Subjects Committee, the President formally opened the Exhibition in the upstairs where the fine cotton textile handwoven fabrics of the Madura Sourashtra Co-operative Society, the dhoties and towels of the Dindigul and Paramakkudi Sourashtra Co-operative Societies and the Kallar Industries and the brass and silver works of the Madura Viswakarma Co-operative Society, the handspun yarn from Kunnuvarancottai Co-operative Society, were all on show. With this the morning sessions of the first day finished.

After luncheon at 3 P. M., the Conference re-assembled when very interesting papers and reports were read by delegates, the following being the most important of them:—

Rameswaram Pandithar (Barbers) Co-operative Society.

Veerapandi Co-operative Credit Society

Paramakkudi Urban Bank,

Periakulam Municipal Menials Employees, Co-operative Society.
Madura District Public Servants Co-operative Society
Periakulam Co-operative Stores.

At 4.30 P. M., the Conference proper broke up for the day and the Subjects Committee met. During the course of the discussions in the Subjects Committee, the President gave very lucid and learned expositions on every draft subject. One notable feature during the proceedings was the keen interest evinced by the many non-English knowing Co-operators.

On the Conference meeting at 8.30 A. M. on the second day, the President moved from the Chair the first resolution expressing the great loss sustained by the Co-operative Movement by the death of Rao Bahadur K. Ramaswami Aiyer, the founder of the Madura-Ramnad Central Co-operative Bank, Ltd., and F. R. Hemingway Esquire I. C. S. The resolution was passed by the Conference standing in solemn silence. The resolutions appended hereto were also passed at the Conference.

In the evening, Mr. K. Ranga Rao of Usilampatti spoke upon the reclamation of the Kallars which subject is now engaging the attention of the Government. The President then delivered a separate address in Tamil on this important subject which was much appreciated, and closed the proceedings of the Conference with an ardent appeal to the Co-operators of the two Districts to forge ahead in the movement with fresh vigour and perseverance. With the usual vote of thanks, with garlanding and distribution of flowers to the President, to the Assistant Registrar, to the delegates coming from far and near, to the Secretary of the Hall and to the Proprietor of the Minakshi Cinema Co., for having specially worked their electric fans and lights, the Conference terminated.

The delegates, members of the Reception Committee and visitors were all comfortably lodged in the Mangammal Choultry of which two blocks were reserved for the purpose and special arrangements were made, for their boarding. The Conference, as a whole, was attended with complete success.

RESOLUTIONS PASSED AT THE CONFERENCE.

1. Resolved that the Government be moved to grant as in the Bombay Presidency a rebate of 75 per cent commission charged in respect of remittances made by Co-operative Societies to Central Societies especially in view of the recent increased rate of Money Order Commission.
2. Resolved that the Government be addressed to reduce the limit fixed in respect of remittances between Co-operative Societies through Government Treasuries from Rs. 150 to Rs 25.
3. Resolved that the question whether all unremitted collection on account of Supervision Fund made by primary societies shall vest in the local unions as soon as they are formed, be referred to the Board of Directors of the Central Bank.
4. Resolved that the Government be requested to amend the Co-operative Societies Act if necessary and to allow the issue of encumbrance certificate free to liquidation of primary societies, in respect of property involved in unlimited liability and sought to be brought for sale.

5. Resolved that the Government be approached to give adequate loans for the starting of Industrial co-operative societies and that for the present a sum of Rs. 50,000 be set apart for the Madura Section of the Co-operative Department with a view to finance the starting of a (i) Ginning Factory at Usilambatti (ii) appliances of improved patterns for the manufacture of iron safes and locks in the Dindigul Lock and safe Manufacturing Society and the Viswakarama Co-operative Society &c.

6. Resolved that the Government be requested to allot a sum of Rs 25,000 as a subsidy for the improvement through Co-operative Societies of the handloom industry in the Districts of Madura and Ramnad as it is in contemplation to start a whole sale society for the above purpose following the example of the Bombay Government.

7. Resolved that a District Council of Supervision be informally worked for a year or two and be registered when funds are available from the Local Unions, with the representatives of Local Unions selected as honorary workers throughout the District, as members at present, for the purpose of co-ordinating the activities of Local Unions, for rendering such common services as co-operators want, and for the expression of Non-official opinion on Co-operative matters, and that for the purpose Mr. T. V. Muthuswami Aiyar, Manager, Madura-Ramnad Central Co-operative Bank Ltd., be appointed as convener.

8. Resolved that the training of Supervisors of Local Unions and office bearers of primary societies, who wish to be trained at the expense of the institution concerned, be undertaken by the District Council of Supervision, as soon as the same shall be formed and that the District Bank be requested to spare, as far as possible out of its Supervision Fund a sum adequate to meet the cost of the training staff, until the District Council of Supervision is able to meet the cost from its own funds.

9. Resolved that the Local Unions be used as the agency, for the Agricultural Demonstration conducting experiments in improved methods of agriculture in villages, by selecting Co-operators to conduct experiments in their fields under the Supervision and guidance of the demonstrator.

10. Resolved that the Co-operative Societies do undertake subsidiary occupation for labourers and others that may be in need of labour and that the cottage industry of hand-spinning and hand weaving be encouraged by such societies wherever profitable.

11. Resolved that the Conference is of opinion that the Kallar co-operative societies should not be liquidated, but that they should be given a much longer period for the repayment of their dues, under principal and interest to the Central Bank, on the necessary financial relief being given by the Government either by taking over the liabilities of the societies to the Central Bank, or by giving the required guarantee to the Central Bank.

12. Resolved that Government be requested to reconsider and cancel the order withdrawing the exemption from stamp duty granted in regard to cheques used in current account for withdrawals of money by co-operative members.

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Madras. }

V. C. RANGASWAMI,

Secretary.

THE LAW & PRINCIPLES.

OF

CO-OPERATION.

By H. CALVERT. I. C. S.

Registrar, Co-operative Societies, Punjab.

Second Edition.

PUBLISHED BY

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1921

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Sungudi or spotted sarees made of mull or ordinary kasa or handloom woven cloths, in several patterns, red or black colour, with or without border or lace. The value of a cloth ranges from Rs. 7 to Rs. 50 according to the lace and kind of cloth used. (ii) Palukka sarees from Rs. 4 to Rs. 15 each. (iii) Coffee colour sarees from Rs. 6 to Rs. 20 each with lace or silk borders. (iv) Superior silk sarees in different designs made to order only.

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(i) Fine lace uppers in 120s to 200s in various fashionable varieties from Rs. 3 upwards. (ii) Handloom woven dhoties. (iii) Fine lace turban cloths. (iv) Superior mulls dyed in rose colour in full or half called Saya Vayshtie. (v) Inferior cloths dyed in red, ordinarily worn by labourers, fishermen and similar classes.

II Dyed Yarns.

Madura fast red, chocolate colour, black colour, etc. dyed on Madura Mill yarn from 20s upwards can be supplied to any extent.

Preference will always be given to orders from sister Co-operative Societies. We are also prepared to book wholesale orders for goods with special specifications.

TO LET

THE Madras Bulletin of Co-operation.

VOL. XIII].

JUNE 1922

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NOTES AND NEWS.

A new scheme of development has been introduced by the Government of Bombay for remodelling the existing organisation for propaganda in agriculture and co operation with a view to making it more intensive. The details of the scheme are published separately. In the case of agriculture the idea is to "demonstrate methods and machinery of proved value on the fields of the cultivators and under the actual circumstances in which they work so as to bring home the benefits to the people."

2. The scheme is to form a Development Taluq Association composed of local agricultural associations and development committees and representatives of co-operative societies. The members who join the agricultural association are to pay an annual subscription of 1 Rupee per annum. The association will meet twice or three times a year, appoint its executive and sanction the budget and the programme of work. A working committee will conduct the affairs of the association and at least two of the members are to be representatives of co-operative societies.

The proposal is to test experiments in the cultivation fields at the cost of the Agricultural Department and by its officers and the association is to secure the services of one fieldman to be entirely placed at its disposal by the Agricultural Department."

Government is to bear half the annual cost per Taluka on account of the pay and the travelling allowance of the fieldman, distribution of the seed and manure, field demonstrations up to a maximum of Rs. 1 000 on condition that the other half is to be borne by the Association. It is hoped that the Bombay scheme will be successful. So far as Madras Presidency is concerned, everybody is aware of how District Agricultural Associations were once started in every Taluka and District and how a Central Agricultural Committee was working at Madras. It was found that in spite of financial support from Government, these Agricultural Associations could not successfully carry on the work in many places. It is believed that the Agricultural Associations at Coimbatore, Kumbakonam and Tinnevely are working even now. The Coimbatore Association carries on the holding of the cattle show, the Kumbakonam Association issues a periodical and the Tinnevely Association has converted itself into a co-operative organisation. The failure of the Agricultural Associations is ascribed to the fact that they were centralised at the District Head Quarters and that the ryots in the village parts had not opportunities for conducting these associations. The Central Agricultural Committee was dissolved owing to want of adequate support from the District Associations. The proposed Bombay system is an improvement over the system which proved a failure in Madras.

The Acting Registrar of Co-operative Societies, Rao Bahadur A. Veda-chala Aiyar, suggested a scheme, for North Arcot District which is given below :—

“The Agricultural Department has deputed four or five demonstrators for this District to undertake work in some Taluks of this District such as Polur, Vellore, Cheyyar and Tiruvannamalai. The best way by which co-operators can bring home to the agriculturists the improvements which have been found to be successful by the Agricultural Department is to utilise the services of the demonstrators in the villages in their charge. Improvement in agriculture can be secured with the help of the expert adviser by taking him to an agriculturist in his natural environment at his home, and in that environment persuade him to try a better method of agriculture, better seed, better implements and better cattle. The cultivator will himself do the work, and when he secures a large net profit for his own labour aided by the advice of the demonstrator, his conversion to better farming becomes complete and permanent. A co-operative society is a useful agency in undertaking this work. And decidedly a co-operative union is in a much better position to introduce improvements in agriculture in the societies affiliated to it. It therefore seems to me that a union should embrace as its function the supply of improved varieties of seed, stocking of food grains and fertilisers, manure,

seeds and improved agricultural implements. The co-operative union should spend its energy, through its governing body members and with the help of the demonstrators persuade the agriculturist to reap the benefit of the advice of the Agricultural Department. Every co-operator is a man who by his attitude of mind will be ready to receive help from a demonstrator and this arrangement will secure expert knowledge in agriculture being demonstrated to the illiterate cultivator who cannot read a book but who can surely read a field and the crop it grows. I shall not fail to mention the fact that when the Joint Sale of produce is attempted and worked up to a successful stage it is possible to arrange also for converting produce into a marketable form with the aid of the requisite machinery. Co-operative organisations may be floated for keeping rice hullers, decorticators of ground nut, and bone crushers and installations for crushing sugar cane.”

It is just possible to evolve a useful scheme of development in rural areas with the assistance of co-operative local unions, co-operative trading unions and district unions. Credit and trade operations are being controlled by primary societies, local unions and district unions. These can very well undertake development work in the direction indicated and will be very useful in liberating the required finance in credit and trading organisations. Co-operators are requested to consider this aspect of the question. It is hoped that the Development Department will, with the help of its advisory board, evolve a scheme suited to this Presidency according to which, the Agricultural and Co-operative Departments can carry on its united work in regard to agriculture through non-official agencies with the financial help which the Development Department can give as is being done in Bombay.

Co-operators have been anxious to find out the system under which Labour Union has been formed in Puttur and the by-laws connected with the institution. A copy of the by-laws of the Society is published elsewhere in this bulletin. The society takes up the contract of repairing or making a road from a local body and the members who are all labourers do the work and divide the remuneration among themselves thereby eliminating the middleman contractor. The capital required for the undertaking is supplied by the financing bank and when the institution works a number of years, it can secure its own working capital in the shape of accumulated profits and reserve.

We are given to understand that Government have appointed or is to appoint a small special staff in the first instance on an experimental basis whose sole function will be to assist the ryots in the matter of working these panchayats. Neither the Agricultural Department nor the Board of Revenue could undertake the supervision of these panchayats while the Revenue Officers had neither the time nor the inclination for it in some cases. Just as in the Co-operative Department the initiative and guidance imparted by the officers specially entrusted with the work have been of the utmost value, so also here the Government hope that the small special staff, consisting of one Deputy Collector with experience of co-operative work and six Inspectors of the Deputy Tahsildar's grade trained in the rudiments of forest management in such manner and for so long as the Chief Conservator may think necessary, will impart a valuable impetus to the formation of the new forest panchayats and the improvement of the existing ones.

The scheme proposed is a useful one and might be experimented upon. It will be an advantage if the Special Department will enlist the services of the co-operative local unions and its staff and arrange to get incessant and continuous supervision over such village forest panchayats. It is also suggested that in the formation of forest panchayats the panchayat members of co-operative societies may ordinarily be given seats in the managing committee. The co-operative unions and the co-operative panchayats will, it is hoped, undertake this honorary work as it is likely to produce beneficial results to agricultural co-operators. Management by associations will in the long run produce permanent benefits than the management by state officials especially when the interests of the agriculturists are involved.

* *

The Mysore Economic Board has decided the following at the Agricultural Associations meeting held on the 11th March 1922.

Promotion of Village and Agricultural Association and Labour Unions in towns and villages.

The chairman invited discussion on the following opinion furnished by Dr. Coleman on the subject.

"I do not think any useful purpose will be served by attempting to establish Agricultural Associations where a demand for them does not already exist. Our experience has been that the most useful organised work in connection with agricultural improvement is done by already

existing co-operative societies and I believe we should pin our faith to these societies. During the past year, no less than fifty-five co-operative societies in the state were engaged in some form of agricultural work. Most of these took up the work of introducing improved varieties of crops while some also took up the work of introducing improved implement and manures. Efforts to organise seed growers' association met with very little success. Under these circumstances, it seems to be advisable to devote our chief if not our whole attention to enlist the services for the work of agricultural improvement." The board accepted this view.

* *

Krishika Mitran is a Tamil monthly periodical which is being issued from Adayar, Madras. The co-operative movement welcomes such a journal as it is intended to disseminate useful information about the improvement of agricultural industry. More than three fourths of the population are dependent for their livelihood on agriculture and the journal has a wide field of usefulness. Agricultural labour is at present not suitably organised and remedial measures are urgently called by all interested in agriculture. The dignity of labour whether agricultural or industrial has to be clearly understood by the people at large and labour should be organised in a business-like way.

This journal will form a good supplement to the activity of the Provincial Union in the issue of a co-operative bulletin. The co-operative movement and the rural co-operative societies will be very useful agents in educating the agriculturists about the various improvements in agriculture and for the benefit of the agriculturists co-operators are advised to subscribe through their societies for the *Krishika Mitran* and make the journal available to the agricultural co-operators who are members of co-operative societies. A study of three issues which have just been received shows that it will be a very useful publication to the agriculturists and the co-operators in rural parts. We wish the enterprise success in its endeavour to ameliorate the condition of the agriculturists generally and of agricultural labourers in particular. The co-operative movement will, it is hoped, render substantial assistance in educating the rural co-operators to encourage the societies to subscribe to the journal but also to "follow up" the education of matters of agricultural interest by discussing the various topics dealt with in the publications when co-operators meet for discharge of business connected with co-operative societies.

The Co-operative movement in the Travancore state as disclosed by the Government Order issued on 20th December 1921 shows that a steady progress has been maintained during the last year in the growth of the number of societies, membership and working capital.

A noteworthy special feature of the movement in that state is the growth of communal societies. There are 50 societies for Nairs, 2 for Yellalas, 4 for the artisan classes, 1 for Muhamadans, 31 for Christians, 11 for Christian Fishermen, 12 for Aryans, 2 for Eluvas, and 19 for Hindu and Christian Pulayas. Ordinarily the formation of communal co-operative societies is to be deprecated but when circumstances force the formation of such societies, it cannot and should not be avoided but it will be to the advantage of the movement when such societies join local unions for purpose of supervision and the Central Bank for purpose of finance. The Central Bank at Trivandrum is admitting all primary societies as members and local Unions when formed will cement the working of the various communal societies.

* * *

This is the only financing institution in the Travancore state. It has on its rolls 116 individual and 81 society members. But there were 226 societies working in the year. It is apparent that all primary societies have not yet affiliated themselves to the Central Bank and that only those societies join the Central Bank which require credit accommodation and when they require it. This is a defect in the financial arrangement which should be remedied at an early date. The affiliation of primary societies to the Central Bank is a prime necessity as on the strength of such claim for credit accommodation, the primary societies can successfully attract deposits. The Government notes with regret that there was no tangible improvement in the deposits attracted by the societies. The reason for such a state of affairs has to be found in the absence of facilities to repay deposits in time by primary societies.

Another point to be noticed is the fact that agricultural societies have as their paid up share capital a sum of Rs. 1,50,189 but a very small and insignificant portion of this amount has been used by the primary societies in the purchase of shares in the Central Bank. There does not seem to be any necessity to invite share capital from non-member individuals when the societies are in a position to put forth more share capital therein. It is required by the Central Bank to enable it to raise the required amount of credit. Some arrangement will have to be devised by which the paid

up share capital amount will gravitate to the Central Bank and be used in the purchase of shares in the Central Bank. The System in force in the Madras Presidency is to enjoin all co-operative primary societies to take sufficient number of shares proportioned to the credit accommodation required. The primary societies have not kept up their engagements with the Central Bank under principal and interest as the result of bad collection work in the dues of members to their primary societies. The remedy lies in the formation of local unions and until this is secured the Central Bank aided with the Government staff should keep a close watch over the working of primary societies. The dues to the Central Bank are 54 per cent under principal and 36.4 per cent under interest and the dues to the primary societies by members are 36.7 per cent under principal and 45.5 per cent under interest. The Central Bank in the absence of local unions, should undertake a thorough overhauling of the financial position of each society financed by it and should suggest methods for the recovery of the dues in each society. Punctuality is a duty which must be taught to each co-operator and to each co-operative institution and must be undertaken by the Central Bank and the Co-operative Department till local unions are formed.

* * *

Store societies did not thrive in the state. The causes which operated against the successful working of stores are said to be (1) lack of proper and capable business men (2) want of loyalty on the part of members (3) absence of credit purchase facilities. As remarked in the Government Order, the store societies should confine their operations solely to such articles which could be purchased in bulk and which are likely to be consumed in large quantities and they should make arrangements to buy the articles required in suitable markets and at proper times. Co-operators in the Presidency would do well to note these observations when dealing with store societies.

* * *

Sir Horace Plukett formulated a three-fold agricultural policy, "better farming, better business and better living." Better Farming is the business of the Department of Agriculture to promote. Better, more efficient and profitable method of doing business which the ryots should undertake can be achieved through their co-operative societies. These will lead to better living. Without a rural civilisation with centres of social and intellectual activity in every rural district, it may not be practicable to keep the population on the land. They will be caught by the lure of the cities.

The above remarks in the *Irish Homestead* can advantageously be noted by the co-operators of this Presidency.

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The *Irish Homestead* notes the following.

"A definite agricultural policy should be followed by the agriculturists. They should organise distribution, production and marketing in every village so that requirements can be purchased at best prices, so that production can be centralised and made more efficient and marketing can be pushed through the farmers' own organisation with the energy of self-interest. These include all agricultural business. If farmers think individual capitalists will buy for them better than themselves, capitalist companies can manufacture for them better than they can through their own societies and capitalist organisations can market more profitably for them than they can for themselves, there is nothing to be done. Co-operators place more confidence in their own organisation than in capitalists over whom they have no control."

This policy has to be pursued by co-operators everywhere and they should back-up trading unions or other central institutions for such purposes wherever they have been established.

* * *

The following remarks in the *Irish Homestead* in regard to the condition of agriculturists in an agricultural country is worth perusal by co-operators.

"Famine befalls the country which is purely or mainly agricultural. When a nation has all its eggs in one basket, woe be to it if that basket fall. If a country is agricultural only and a leading crop fails, then its people have nothing to fall back upon, nothing to trade for food and they sit down face to face with death. So they have done after that fateful fifth of August 1845. So they have done in India again and again when the Monsoon rains failed. After the great famine of 1876-78, when millions died of hunger the Calcutta Government appointed a Famine Commission to ascertain the cause and the remedy. It reported in 1884 that Famines must be recurrent in India until at least a fifth of the people obtained other employment than agriculture."

SOME IMPRESSIONS OF THE CO-OPERATIVE MOVEMENT IN ENGLAND.

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During a recent visit to Manchester, England, I took the opportunity of making some personal investigations of the co-operative movement in England, and shall pass on some of my impressions to the readers of the "*Mysore Economic Journal*." Manchester stands intimately connected with much of the economic and industrial history of England. It was the scene of the long activities of Cobden and John Bright, and the Free Trade Hall standing in the heart of the City is a memorial to those stirring days. It is here also that one finds the centre of England's spinning and weaving industry. To fully realize the extent of this great business one has only to take a train or motor car ride in almost any direction from Manchester, and try to count the number of factories en route. There are scores and scores of textile factories employing tens of thousands of operatives, while their raw materials come from and their finished products in both wool and cotton go to all parts of the world. But in addition to these things it should not be forgotten that Manchester and its vicinity is the house of co-operation, and the great importance of this contribution to progress may be appreciated from John Ruskin's statement: "Government and co-operation are in all things the laws of life; anarchy and competition the laws of death."

The great precursor of the movement is without doubt—Robert Owen (1771-1858), and concerning him and his work, G. J. Holyoake has said: thus, by his work and teaching Robert Owen "set men's minds upon the track of co-operation," and helped to lay the foundations of the co-operative movement and so earned the title "the father of co-operation." It was in 1844 that the real founding of the movement took place. A little group of workers at Rochdale, just close to Manchester, desiring to improve the social condition of themselves and their community resolved to start a co-operative society. There were twenty-eight of them, and their total capital amount only to £28. They have ever since been known as the "Rochdale Pioneers." I paid a visit to Rochdale, and stood for a long time gazing at the little, old building, which was the Pioneers' first store. I asked the officer of the present society who accompanied me if this first store belonged now to the society, and he replied, "No, we would like to get it, but the owners knowing its sentimental value to us have put an almost prohibitive price upon it." I said,

"How foreign to the whole spirit of co-operation is their attitude. They presume to make a great profit out of a value which they themselves have had no part whatsoever in creating. Whatever value there is in that old building has been created by the thousands of co-operators all over England, and yet the proprietors wish to appropriate to themselves all that advantage which others have created. This is one of the worst abuses of unearned increment and private property with a social value that I know of." It was a very small stock of butter, sugar, flour, candles, and meal that was offered for sale on the 21st of December 1844, when the shutters were taken down and the door opened, amid the jeers of the assembled lads and the scorn of the curious people. One local grocer prophesied that "the farthing candle would soon burn out," and said that "a wheelbarrow was sufficiently capacious to remove all the stock."

The phenomenal growth of the movement has proved the faith of the pioneers. In 1844 there were 28 members with a capital of £28. In 1845 the membership of the society numbered 74, while the trade amounted to £710. In 1919, the parent society had a membership of 24,000; its share capital had reached £429,000; and its trade for the year amounted to £779,000. The question naturally arises—what were the principles which inspired these pioneers and what objects did they have which have produced such marvellous results? The first object was to start a retail store, where good quality and correct weight goods might be sold to members, and the "profits" from the sales were to be divided among them, each one receiving a share according to the amount he had spent at the store. Housing conditions in Rochdale were extremely bad; so the second object was "the building, purchasing or erecting of a number of houses in which members who so desired might reside." Another object was to relieve the evils of unemployment and low wages in their community by "the manufacture of such articles as the society determined upon, to provide for the employment of those members who were without employment, or who might be suffering in consequence of repeated reductions in their wages." "A fourth object was the renting or purchasing of an estate or estates of land, to be cultivated by those members of the society who might be out of employment or whose labour might be badly paid." Thus was anticipated even in those early days—Productive co-operation. "The final object—towards which the attainment of those others were but steps—was no less than this—that as soon as practicable this society shall proceed to arrange the powers of production,

distribution, education and government; or, in other words to establish a self-supporting home colony of united interests or assist other societies in establishing such colonies." In a word the object of the early co-operators was "unrestricted co-operation on the part of all the members for every purpose of social life."

That these principles have been abundantly justified are proved by the statistics of the co-operative union which I quote from the People's Year Book 1921, page 49:

"In this regard the figures for 1919 are not only expressive but impressive as well, revealing as they do a collective membership exceeding 4,000,000; share and loan capital to the approximate total of £100,000,000; a collective turnover amounting to £325,000,000; an army of employees mustering 190,000 in round figures, and a wages and salaries bill to the tune of £21,000,000.

"As to the advance in 1919 that is specifically denoted by the increase of 287,000 in membership, the increase of nearly £18,500,000 in share and loan capital; the increase of £76,000,000 (in round figures) in sales; the increase of net surplus by over £4,000,000; and the advance in wages and salaries to the amount of close on £6,230,000. . . .

"As to the march of the movement since the pre-war year 1913, the increase shown by the comparative figures for the period of 1913-19 are sufficiently indicative, showing as they do that the membership of the Union has increased by 1,170,000, and that share and loan capital has increased by £44,000,000; while the increase in the turnover amounts to £195,000,000, and the increase in net surplus to over £7,500,000. Co-operative employees furthermore have increased in number by 44,000 and odd and the wages and salaries by £12,500,000 approximately. In other words the membership since 1913 has increased 19 per cent, share and loan capital by 80 per cent, sales by 150 per cent, the net surplus by 53 per cent., the number of employees by 31 per cent, and wages salaries by 147 per cent."

The Census figures of 1920 report the co-operative membership in Great Britain as follows:—

Membership of Co-operative Societies.

	1921	1911
England and Wales	3,879,146	2,342,484
Scotland	680,165	418,047
Great Britain	4,559,311	2,760,531

Now, to arrive at the full strength of co-operation in Great Britain one must multiply the above total by 4 or 5, as every member probably represents a family of several persons. That will give a grand total of not less than 18,000,000 co-operators out of a total population of 42,767,530, or one person in every three in Great Britain is a co-operator, and this really astonishing growth has been experienced in the short period of 76 years.

As I have already said the movement began with a retail, but other departments were soon added. First, came Producers' Co-operative Societies; then the Co-operative Wholesale Society; and then Foreign Trading, Shipping and Banking. It was an eye-opening experience to visit the palatial central premises of the Co-operative Wholesale Society in Manchester. That great organization owns: Flour Mills, Food Factories, Boot Works, Textile Mills, Soap Works, Printing Works, Clothing Factories, Farm and Fruit Lands, Coal Mines, Tea Plantations, Motor Works, Steamships etc. From such a small beginning, see what a mighty movement has come to spread its influence for good. England is the home of co-operation, but the principle has travelled and is now operating all over the world. It manifests itself in different countries according to local needs. As for instance in England, we find distribution has been more largely emphasised; in Germany and other European states it has been credit societies and banking; in Ireland agricultural societies have been greatly successful. India began with credit, but now rightly is developing along the further lines of production and distribution.

I was greatly disappointed in not being able to visit Ireland, as I wished to study at first hand in Dublin and vicinity the Irish application of co-operation. It is common knowledge that the movement under such leaders as Sir Horace Plunkett and others has produced wonderful transformations in the economic and social condition of the peasants of Ireland. The Irish Agricultural Organization Society was established in 1894. This society has, at an expenditure of about a quarter of a million sterling, built up the pioneer farmer's co-operative movement in English speaking countries. The example and success of Ireland have been followed by England, Scotland and Wales and now by the United States of America. It is teaching Irish farmers "Better business" in the most practical of all ways—by getting them to do it, and not merely to talk about it. The Irish co-operative movement, as it seems to me, is more in line with the needs of India, and I hope for the times when the Indians co-operators will take as their motto all through the country—Better Business on the Farms, in the Work-shop, and in the market place. If

India is to compete in the world market, she must produce more and better quality of goods.

It was a great pleasure while in London to meet and have a chat with Mr. H. W. Wolff, whose writings are so well known in India. I wended my way to the Reform Club just near Trafalgar Square and was cordially received by Mr. Wolff. We drew up our chairs before the fire, and spent a very pleasant half an hour together. Although getting up in years now, Mr. Wolff still takes a deep interest in things Indian and especially all matters co-operative. In India, he agreed with me that in addition to the credit societies there must be fostered also enterprise for increasing and bettering production. If India is to be saved from the dislocation and unemployment which may attend the incoming factory system, there must be developed a much better home or cottage industry for the village workers in India, and co-operative societies can be used greatly and efficiently to that end.

I had the privilege also of meeting and hearing Professor Sidney Webb's lecture at the London School of Economics. He dealt with the history of the co-operative movement. He and Mrs. Webb are publishing shortly a new study of the Co-operative Movement in England. It promises to be a worthy work.

I enjoyed an interview in Manchester with Professor F. Hall, M. A., Advisor of Studies in connection with co-operative education. This department is doing a fine work along educational lines. The objects of co-operative education are, primarily, the promotion of co-operative character and opinions by teaching the history, theory and principles of the movement, with economics, and industrial and constitutional history in so far as they have bearing on co-operation; and accordingly, though not necessarily of less import, the training of men and women to take part in industrial and social reforms and civic life generally. The syllabus, a copy of which I have, deals with the principles of co-operation, Industrial History, Economics, Citizenship, Sociology and Ethics, Education, Propaganda and Public Speaking, Emergency classes and Technical classes.

That is the kind of educational work that the movement should be undertaking throughout India. I was pleased to see this very thing advocated in the "Bengal, Behar, and Orissa Co-operative Journal" by Professor Mukherji, M. A. In an article on "Co-operative Education" he makes appreciative reference to the Co-operative College in Manchester and makes a strong plea for the establishment of All-India Co-operative College and founding of chairs in co-operation at the various Indian universities.

The principle of co-operation in contradistinction to competition has long since past the experimental stage; it is now firmly established as one of the greatest forces in our modern life. The experience of England points to the fact that India's hope of economic solution must lie in the application of that same principle. Among the many Americans who visited England last summer were a group of economists who expressed their opinion of English co-operation in these words which will bear repeating here:—

“While the external features of the various activities which we saw were in themselves impressive, we were impressed most of all with the fact that the directing genius of the huge business is located—by the democratic choice of the members—in the hands of the directors, who are themselves workmen, and who conduct its affairs without remuneration after their own day's work is done. England has given to us many valuable suggestions during our summer here, but none of greater importance than is found in the success of the co-operative movement.”

The motto of the movement is a worthy one for India in these new days of political responsibility: “Each for all, and all for each.”

“The real unseen and all we see,
Is pregnant with that happier time,
When o'er the earth, and every sea,
“Ours” shall supplant the “Mine” and,
“Thine.”

The Mysore Economic Journal.

SYSTEM OF FINANCE ADOPTED IN THE CO-OPERATIVE MOVEMENT OF THE MADRAS PRESIDENCY AND GROWTH OF CENTRAL BANKS.

RAO BAHADUR. A. VEDACHALA IYAR, B. A.

When the co-operative movement was started in the Madras Presidency in 1905, the Registrar of co-operation had to explain the principles of co-operation to the people and to select suitable places where the people were convinced that co-operative principles could be applied with advantage by setting free all credit facilities for the benefit of persons who joined co-operative societies. The first co-operative society was started on a limited liability basis and the members were asked to accumulate their own savings and to give accommodation to the needy members. Fortunately the President of the First Society (the late Dewan Bahadur M. Audinarayana Iyer, a retired eminent officer of the Revenue Department) furnished the funds necessary for carrying on the work of the

society. A few more societies were started later on under the unlimited liability system but funds were not forthcoming from among the members sufficient to meet the needs of the members. The Registrar of co-operation got the sanction of Government to secure the advance of loans to co-operative societies from Government equivalent in amount to the deposits obtained by members of such unlimited liability societies. The members of such societies did not contribute any amount as share capital but they paid only a small entrance fee at the time of admission. Deposits from members and non-members and Government loans then formed the only sources of working capital in co-operative societies. These were limited but there being no share capital, the whole of the profits in such societies was taken to the reserve. The small and limited amount of money available in the societies was utilised in giving small loans to small agriculturists for cultivation expenses, food supply, etc. Even in Urban areas, societies were registered on unlimited liability basis to secure advances from Government equivalent to the amount secured as deposits from members and non-members. The Government loans were free of interest for the first two years and were charged with a low rate of interest and made repayable in 7 to 10 years. This method of financing co-operative societies, though successful to some extent did not satisfy the aspirations of the co-operators who wanted a much larger accommodation for all their wants. The agriculturists who joined co-operative institutions had prior debts charged with heavy rates of interest and felt that they should get some relief in that direction also. Moreover the co-operators wanted credit accommodation repayable in 4 or 5 years for productive purposes such as purchase of agricultural instruments, purchase of cattle, building of houses, etc.

2. A Central Bank undertakes to connect the primary societies with the money market. The money market may be defined to be an organisation with no territorial jurisdiction where money can be borrowed at rates of interest varying with the conditions of supply and demand. The Central Bank practically offers the money market this amount of security it has as paid up share capital and reserve to serve as a guarantee for any loss and brings to the notice of the investors the safe method adopted by it in the distribution of money to the primary societies and the guarantee it gets against any loss in such a distribution from the primary societies. Primary Societies on unlimited liability basis are allowed as a matter of convention to borrow to the length of one-eighth the net assets of members. But this power can be exercised by each institution

only when the investors are satisfied of the solvency of each and this information is available only to local investors. The larger money market does not, however, undertake to take cognizance of this security in such co-operative society and therefore the non-local investors do not resort to such societies for their investment. The banking institutions registered under the Indian Companies Act or under the Presidency Banks Act find themselves unable to deal with Co-operative Primary Societies spread over all parts of the Presidency because of the expenses involved in the investigation of the solvency of each and in the collection of dues from them. Central banks are formed to undertake this responsibility. In view of securing more funds, the Registrar organised a Central Bank at Madras on a limited liability basis with share capital subscribed by individual shareholders and introduced in it ordinary deposit banking. This bank got fixed and current deposits. Deposits were taken for a year and loans were given at first for a similar period to co-operative societies. The volume of deposits in the Madras Central Urban Bank became large and it gave a stimulus to the movement to start co-operative societies in different parts of the Presidency. It was also found by experience that owing to the fact of the close supervision of the affairs of the Madras Central Urban Bank by the Registrar and of the audit undertaken by Government free of cost, deposits which were received for one year practically remained in the bank for a much longer period as the result of renewal of such deposits. As a result of this attitude on the part of the depositors and of a regular flow of fresh deposits in the bank, the Madras Central Urban Bank was able to repay the matured deposits in time even though the primaries failed to keep up to their engagement in a few cases. The reserve funds of primary societies were lodged with the Madras Central Urban Bank. The Madras Central Bank raised credit to the extent of 10 times its paid up share capital and invested its reserve funds in Government Pro Notes. After the Madras Central Urban Bank was working for some time, Government loans to primary societies were stopped and the loans already given by Government were repaid year after year.

3. The next stage of growth was the grant of long term loans repayable in instalments in two to five years. The clamour for such loans became insistent and this was attempted as the Madras Central Urban Bank was able by that time to attract a large volume of deposits which remained in the bank without being withdrawn even though they were deposits for a year.

Repayment to depositors was made punctually from the collections of primary societies and from fresh deposits.

4. Co-operators wanted more credit accommodation in all parts of the Presidency and the Registrar found that the Central Bank at Madras would not be able to cope with the situation. He made an experiment by starting a similar Central Bank at Salem with a possibility of helping it with the required accommodation from the Madras Central Urban Bank in the early stages. This proved a success as the Salem Central Bank tapped deposits which otherwise would not have come into the movement. Meanwhile primary urban banks on limited liability basis in various places showed that the depositing public had confidence in co-operative institutions. Encouraged by these factors, central banks were started in Trichinopoly and Coimbatore with individuals as shareholders.

5. The next stage of growth relates to the system of accumulating share capital in rural primary societies which previously had not collected any share capital. Share capital was recovered from the members of rural primary societies proportioned to their borrowings with reference to the capacity of the members in each tract and it was found that the rural primary societies had accumulated a large amount as owned capital in the shape of share capital. This circumstance was availed of by the Registrar in starting central banks with individual shareholders and with societies as shareholders, the latter using their paid up share capital in their societies for investment as shares in the central banks. Such a mixed constitution was introduced in the central banks at Madura, South Kanara and Chingleput. This arrangement was useful in giving a chance to the co-operators of rural primary societies to get acquainted with the intricacies of finance and management of central banks and to bring on a common platform the individual shareholders who had no rights of borrowing and the societies which had the right of borrowing. The central banks subsequently started were all under the mixed constitution and the individual shareholders who were useful in furnishing the required share capital were allotted shares only when the societies were unable to invest the required amount of share capital. It became clear that the primary rural societies should secure more share capital for investment in the central banks and should secure the investment of the whole of the share capital in them by investing them in shares in the central bank. Such an arrangement was introduced in Vellore with the result that two-thirds of the paid up share capital of the Central Bank at Vellore were owned by the societies and the remaining one-third from individual shareholders. The central banks allot shares to individuals only when more share capital is wanted for raising credit and when the investment by primary societies of share capital is not practicable. In the fullness of time the share capital of Central banks will mostly be owned by the societies and the primaries will therefore be expected to take responsible part in the

management of the Central Banks. Thus, it will be seen that primary societies should first build up their share capital and should invest them in the central banks so that they may virtually secure entire control in the affairs of the central banks. It is to secure this that a very large number of central banks have made a provision in the by-laws casting an obligation on the primary societies to invest the whole of their paid up share capital as shares in the central banks. The co-operative movement has to keep this point in view in working central banks successfully and in expanding the credit power of central banks to cope with co-operative activities in the future.

6. The next move was in the direction of securing more financing central banks. This led to the flotation of the Christian Central Bank whose main function was to finance co-operative societies for the benefit of the depressed classes in the Presidency. This is a specialised effort for financing primary societies intended for the benefit of a special class of people.

Every district was considered as the unit for the establishment of a central financing bank with a mixed constitution where individuals and primary societies were shareholders. But in some districts it was found that there was more than one place where central banks could be started and in which more share capital and more deposits can be secured for the movement. The expediency of starting smaller central banks was adopted wherever this was practicable. Such an arrangement is advantageous in one respect, viz, that a smaller central bank is in a fair position to deal with the borrowing societies with greater knowledge than a single district bank located at the Dt. Head Quarters. In fact all trading towns of some magnitude may be used in the long run for the starting of central banks or for opening responsible branches of Dt. Banks. This point deserves the consideration of co-operators especially in districts where central banks have to deal with more than 150 or 200 societies and where personal touch between the lender and the borrower is difficult of realisation. The local knowledge which is available in a smaller area will be very useful in dispensing credit to the primaries and in having a closer supervision over the financial condition of the societies. Co-operators should try to secure this by adopting suitable methods of decentralisation devised with reference to the local conditions in each district.

7. The conversion of the Madras Central Urban Bank into an Apex Bank of the Presidency is the next move with a view to consolidate the finance structure of the co-operative movement. All the Central Banks which had only individuals as shareholders and which were started in

the early stages of the movement were first converted into Central Banks of a mixed constitution with individuals and societies as shareholders. All the central banks are admitted into the Provincial Bank as members. The individuals who hold shares in the Madras Central Urban Bank were designated as preference share holders entitled to a guaranteed dividend of 9 per cent and the central banks are allowed to hold shares in the Provincial or Apex Bank to the extent of 4 lakhs.

The central banks started all over the Presidency are each separate in their transactions handling as its main function the distribution of credit to primaries with local knowledge and trying to get profit proportioned to the credit it handles. The Provincial Bank similarly handles the distribution of credit to the central banks and undertakes also balancing the transactions of the central banks by taking their surplus and by distributing the same to the needy central banks. The Provincial Bank accepts also deposits from the public, takes loans from commercial banks and undertakes the custody and investment of reserve funds of Central Banks. In theory the provincial banks may be regarded as a group of central banks. The central banks generally tap the deposits in a specified area which are local and connect the co-operative movement with money market while the provincial bank pays deposits all over the Presidency and attracts huge deposits the repayment of which on due dates can be possible only for a bank of such magnitude and connects the movement with a larger money market. The Provincial Bank will be the pivot of the co-operative financial machinery of the Province and will be the connecting link in future with other provincial banks when necessity arises and with an all India co-operative bank should one come into existence. One important point to be borne in mind in working financing central banks is to float shares which are *not* withdrawable. In this Presidency, shares in central banks were made withdrawable at first in a year and later on in 4 to 5 years. This provision had to be inserted in the by-laws to coax capitalists to join these institutions but it was found that commercial banks were unwilling to set free even a limited amount of credit on the strength of paid up share capital with withdrawable shares. The commercial banks were justified in their view as the alteration in the basis of credit from time to time will necessarily vary the credit accommodation. Co-operators connected with central banks appreciated this difficulty and all the central banks have amended their constitution by making the shares non-withdrawable.

Another point to be noticed in the working of central banks is the question whether the liability of shares should be secured by being entirely

paid up or whether a portion of it can be kept in reserve. At the commencement of the movement, it was thought that keeping a portion of the share capital liability in reserve was more advantageous as the amount involved in such liability can be recovered at the time of liquidation and will be outside the working capital and as the paid up share capital system would merge the entire share capital amount with the working capital. But keeping a reserve liability involved the central bank satisfying itself from time to time that the members were solvent to the extent covered by such liability. This could not be effected without enquiry. Moreover credit could not be raised to the extent of 8 times such reserve liability as in the case of paid up share capital. All the central banks have suitably altered their constitution and have removed from their by-laws the provision for reserve liability.

(To be Continued.)

BY-LAWS OF THE PUTTUR CO-OPERATIVE LABOUR UNION, LIMITED, NO. 4040.

Name and Address

1. The Puttur Co-operative Labour Union, Ltd., No. 4040, is registered as a Co-operative society under India Act II of 1912. Its address shall for the present be Puttur, Puttur Post. Uppinangady taluk, South Kanara District. Its operations shall ordinarily be confined to the Uppinangady taluk.

Objects.

2. The objects of the Union shall be to promote the economic interests of manual labourers, skilled and unskilled, by obtaining contracts for the execution of public and private labour works by offering tenders or otherwise, and by undertaking and doing job work, and to encourage thrift, self-help and co-operation generally among the members by the provision of Accident and Sick Funds, Old Age pensions and the like.

Liability.

3. The liability of the members of the Union shall be limited to the share capital subscribed by them.

Membership.

4. Any co-operative society in the Uppinangady taluk, registered under India Act II of 1912 and any labourer over 18 years of age is competent to contract residing within the limits referred to in by-law 1 shall be eligible for admission as a member, but no person can

claim it as a matter of right. With the previous permission of the Registrar, it shall be competent to affiliate to the Union any society outside the Uppinangady taluk.

5. Applications for admission as members and for allotment of shares shall be made to the Secretary in the form, if any, prescribed by the Union for the purpose. Every such application shall be disposed of by the Board of Directors who shall have authority to grant admission or refuse it without assigning reasons.

Share capital and share subscriptions.

6. The capital of the society shall for the present be Rs. 10,000 made up of 500 I class shares of Rs 10 each and 2,500 II class shares of Rs 2 each. The entire value of each share shall be paid on allotment.

7. Every member shall take at least one share but no member shall take more than 25 shares. Every member shall pay an entrance fee of 4 annas for every share taken by him at the time of taking the share, provided that the total payment of entrance fees by any one member for all the shares taken by him shall not exceed Re. 1.

8. No society once affiliated to the Union shall be permitted to disaffiliate itself without the sanction of the Registrar, who may grant such permission, provided that there is no liability outstanding against it in favour of the Union, and provided also that there is no uncompleted contract or job work assigned or entrusted to any member of the society by the Union.

9. No member shall be permitted to withdraw any of the shares held by him in the society within five years after the date when such shares were taken by him. But a member may withdraw shares with the consent of the Board of Directors after such period, provided firstly, that he has given at least six month's notice of withdrawal, secondly, that the total amount of share capital that is permitted to be withdrawn in any one year does not exceed 10 per cent of the aggregate paid-up share capital of the society as it was on June 30th preceding, thirdly, that there are no debts due from him to the society, and fourthly, that there are no debts due to the society in regard to which he has stood surety. When a member withdraws shares under this by-law, he shall be paid back the share capital actually paid by him with the dividend declared, if any.

10. Should a member cease to be eligible for membership either on account of the removal of his residence from the limits prescribed in by-law 1 or for any other cause, the society shall remove his name from the list of members and shall pay back within a reasonable period to such member the share capital actually paid by him with the dividend declared, if any, after deducting therefrom the money, if any, due from him to the society.

11. If a member dies, his membership shall *ipso facto* cease.

12. No member shall be permitted to transfer his share or shares or create a charge in respect of the same in favour of another member or person except with the previous sanction of the Board of Directors.

13. With the sanction of the Board of Directors a member may, at any time, increase the number of shares held by him so as not to exceed the limit of 25 shares laid down in by-law 7.

Funds.

14. The funds of the Union will ordinarily be obtained from the following sources:—

- (a) Share subscriptions;
- (b) Deposits and other savings;
- (c) Contract or other monies and advances made to the society; and
- (d) Entrance fees and miscellaneous receipts.

15. It shall be competent to the Board of Directors to borrow funds other than members or from institutions registered under the Indian Companies Act or under the Co-operative Societies Act, provided that the interest payable on the borrowed amount from persons other than members shall not in any case exceed 7% per annum, that interest payable on the borrowed amount from members shall not in any case exceed 8% per annum and that interest payable on the borrowed amount from institutions registered under the Indian Companies Act or under the Co-operative Societies Act shall not, in any case, exceed 8½% per annum, and that the aggregate indebtedness to members or to non-members shall not, in any time, exceed 8 times the paid up share capital plus the reserve fund.

Labour Contracts.

16. The Union may obtain contracts for the execution of public or private labour works by offering tenders or otherwise, may undertake job work or daily labour of any kind within the capacity of the members and may get the same carried out through the joint labour of all or any of such members.

17. No one who is not a member of any society affiliated to the Union or who is not an individual member of the Union shall be employed by the society except to such extent as may be necessary to supplement the labour of such members employed in any undertaking.

18. Any member of any affiliated society or any individual member of the Union who desires to maintain himself by labour shall be free to work on his own account in any undertaking not taken over by the Union, so long as his labour is not indented upon by the Union; but every

such member is expected to offer his labour to the Union whenever it is demanded.

19. The secretary shall supply to the persons employed in any undertaking all the tools and implements required therein. Each of such persons shall on his part be responsible to exercise all due diligence and reasonable care in using the tools and implements supplied to him and shall be liable to make good to the Union the full value of such damage as shall have been done by him beyond that due to reasonable wear and tear, the decision regarding it to rest with the Board of Directors. A person who fails to make good such damage within such time as shall have been fixed by the Board of Directors for the purpose, shall be suspended from work from the time of such default until he discharges his liability, and the amount of such damage shall be recoverable as if it were a debt due from such person, with interest at the rate of 2 pies per rupee (or fraction thereof) per month (or part thereof) until recovery. The Union shall have full power to set off any unpaid wages of such person against such amount.

Management.

20. Subject to such resolutions as the general body may from time to time pass, the management of the affairs of the Union shall vest in a Board of Directors, consisting of seven members of whom three shall be elected by the representatives of affiliated societies from amongst all the members collectively of all such affiliated societies and the remaining four shall be elected by the individual members of the Union from among themselves. The members of the Board of Directors shall hold office for a period of one year. The Directors so elected shall hold office until their successors are elected. The Board of Directors shall have power to co-opt from time to time not more than two other persons, whether members or not, for consultative, administrative or deliberative purposes, the persons so co-opted also having, during the period for which they have been co-opted, the same rights, powers and privileges as the ordinary members of the Board in particular and of the Union in general. *Interim* vacancies on the Board shall be filled up by the remaining members of the Board. A President and a Secretary shall be elected by the Board of Directors including the co-opted persons from among themselves. The Secretary shall himself be the Treasurer of the Union.

21. The Board of Directors shall, among other things, have power.

(a) to raise funds as deposits and loans and to settle the terms thereof;

(b) to admit or reject applicants seeking admission into the Union

(c) to allot or to refuse to allot any or all of the shares that may be applied for by societies or individuals already admitted or who desire admission;

(d) to apply for and obtain contracts for the execution of public or private labour contracts or job works or daily labour;

(e) to determine the extent to which persons who are not members of affiliated societies or individual members of the Union may be employed in any undertaking of the Union and to fix and pay their remuneration from time to time;

(f) to determine the wages or other remuneration payable to persons employed in any undertaking in accordance with the nature of the work, the state of the labour market and such other considerations and to pay it in full or in part at such times and places, and in such manner, as may be determined by the general body;

(g) to appoint such staff and establishment as may be deemed necessary, to fix their remuneration, to determine their duties, and when necessary, to fine, suspend, or dismiss them;

(h) to give advances to members of affiliated societies or to individual members of the Union, to be liquidated by labour in such manner as may be determined from time to time, and to take written agreements from such members with or without sureties providing for an enforcement of the contract in accordance with the provisions of the Workmen's Breach of Contract Act XIII of 1859;

(i) to take prompt steps for the enforcement of such arrangements by labour, cash payment or otherwise as they deem fit.

(j) to give to the labourer members of affiliated societies and to individual members of the Union, for proper reasons stated, leave of absence and partial or periodical exemptions from labour for the Union; and

(k) generally to conduct the business of the Union in accordance with these by-laws and the provisions of law relating thereto.

22. The Board of Directors shall distribute the labour or job work at the disposal of the Union in such an equitable manner that every labourer member of every affiliated society and every individual member of the Union gets an equal amount of work consistently with his capacity for the same.

23. The Board of Directors shall meet from time to time to conduct the business of the Union. The President, when present, shall preside at all meetings of the Board, the Directors present selecting another to the

Chair, for the time being, in case the President is absent. No resolution of the Board shall be carried into operation unless at least three of the Directors present (including the co-opted members, if any,) vote in favour of it. The President or Chairman, as the case may be, shall have a casting vote in case of a tie. No Director, elected, nominated or co-opted, shall vote on any matter in which he is interested otherwise than as Director.

25. Should a member of the Board of Directors absent himself from four consecutive meetings of the Board, he shall cease to be a member of the Board of Directors but may be reinstated by the Board of Directors.

26. Acknowledgments shall be given for all monies and other items received into the Union. Such acknowledgments shall be signed by the Secretary or by such other person as is specially authorised for the purpose by the general body. For loans borrowed from non-members or other co-operative societies the acknowledgment or bond shall be executed by at least three of the Directors, one of whom shall be either the President or the Secretary.

27. All remittances intended for the Union shall be addressed to the President or the Secretary either of whom shall have authority to receive them as well as to operate upon any current or other account or accounts that may be opened to the credit of the Union.

28. The Board of Directors may from time to time make subsidiary rules, for regulating their work and shall cause such rules to be entered in the minute book of the Union. Subject to such rules the President shall exercise a general control over the affairs of the Union, and the Secretary shall be responsible for all the executive work of the Union, the maintenance of the accounts and the safe custody of all the monies, documents and other property of the Union. In all legal proceedings relating to the Union, the Union shall be represented by the Secretary. All agreements, bonds, cheques and bills executed by or in favour of the Union shall be executed by or in favour of the Secretary.

General Meetings.

29. The Board of Directors shall convene a general meeting of the Union once a year or oftener, whenever necessary, for the conduct of business. The following among other matters shall be dealt with by the general assembly:—

(a) The annual reports and statements due to the Registrar.

(b) The audit certificate of the Registrar.

(c) The amendment or repeal of existing by-laws or the enactment of new by-laws.

(d) The election and removal of members of the Board of Directors.

(e) The honorarium or other remuneration, if any, that may be allowed to the Directors (co-opted members included).

(f) The settlement of the procedure and other rules for the payment or part payment of the wages or other remuneration payable to labourers for the work done by them.

(g) The expulsion of a member.

(h) The consideration of any complaint which any individual member may prefer against the Board of Directors; and

(i) The returns that may be prescribed by the Local Government.

30. The general body of the Union shall consist of (1) the members of the Board of Directors. (2) the delegates representing the shareholding societies and (3) individual members of the Union. No delegate shall be recognised as such, unless:—

(a) he shall have been duly appointed as such by the society of which he is a member, by a resolution of the Panchayat, Managing Committee, Board of Management or General Body of the society, and

(b) a copy of the resolution of such appointment duly certified to be a true copy by the President or the Secretary and bearing the impression of its seal, is previously sent to the office of the Union or brought by the delegate on the occasion of the General Meeting.

No society shall appoint more than one delegate for a general meeting.

31. One-half of the total number of delegates and individual members of ten, whichever number is less, shall form the quorum for general meetings. The President, or, in his absence, one elected by those present from amongst themselves for the occasion, shall preside at all general meetings. Every delegate and every individual member shall have one and only one vote. All questions shall be decided by a majority of votes of the delegates and individual members present and voting, the Chairman having a casting vote in case of a tie. No one shall vote on any matter in which he is interested otherwise than as a mere delegate or individual member.

Profit.

32. Twenty-five per cent of the net profits of each year as declared by the Registrar shall be carried to the Reserve Fund. A sum not exceeding $7\frac{1}{2}$ per cent of the net profits may be set apart as a Common Good Fund to be utilised for the giving of medical and other relief to the

indigent members. Out of the balance that remains after the setting apart for the Reserve Fund, and if deemed fit, for the Common Good Fund also, a dividend not exceeding $6\frac{1}{4}$ per cent shall be allowed on all the shares subscribed in proportion to the amount paid up on each share. Out of the balance a sum not exceeding the average working expenses of the society for 3 months may be carried forward to the next year; out of the amount thus carried forward, the General Body may, in its discretion, sanction the distribution of a bonus among the members of the staff of the Union not exceeding one month's salary of each of such members provided, however, that the total amount thus distributed as bonus, together with the pay that may be allowed to the Secretary, shall not exceed 25% of the net profits of the year. The balance that remains thereafter shall be distributed as bonus among the members of affiliated societies and individual members in proportion to the wages earned by each in the course of the year to which the profits relate.

Note.—These by-laws are published for the information of Co-operators as a demand is made by them for a set of such by-laws. In publishing these by-laws Nos. 11, 12, 34, 35, 36, 37 and 38 have been omitted as they have been published in Mr. Hemingway's Co-operative Manual in pages 186-200 under by-laws Nos. 10, 11, 56, 57, 58, 59 and 60.

THE 4th NELLORE DISTRICT CO-OPERATIVE CONFERENCE.

The 4th Nellore District Conference of the Co-operators was begun at 3 p. m., on the 24th June. Representatives from about 50 Societies in the District were present besides a large number of visitors. Among the co-operators were Messrs. K. V. Raghavachariar, P. Venkatesam, P. Venkatakrishniah, T. Malla Reddy, M. Rami Reddy, K. Venkata Rao and others. Messrs. S. Ramiah Pantulu and A. Narayaniah, retired Deputy Collectors, and V. Narasinga Rao, V. Rajagopaul Rao, C. Venkatakrishniah, A. Pattabhiramiah, Vakils, were some of the visitors who were present at the Conference. Proceedings were commenced by the Chairman of the Reception Committee, Mr. O. Viswanatha Rao, who read out his address in Telugu. The following is the brief extract of the speech:—

The Co-operative movement began in the District in 1906 with one credit society at Gudur. In 15 years the movement has so far developed that there are now 207 societies, 4 Unions, 2 Urban Banks and 1 District Co-operative Bank. He said the co-operators are deeply indebted to Messrs. K. Nageswara Rao, V. S. Lakshminarasimha Rao and N. Ranganathachari who spared no pains to spread the movement in the District. The position of the District Bank at the end of last year was as follows:—

Its working capital was Rs. 3,98,215, share capital was 48,492, deposits amounted to Rs. 95,034.

Last year a dividend of 7 per cent. was declared and the position of the Agricultural Societies in the District was as follows:—

There are, 6,285 members and Rs. 46,409 was in the shape of share capital. There is a reserve fund of Rs. 9,108 and they borrowed to the extent of 3,36,955. Last year, except a sum of Rs. 5,198 lent on the security of immovable property, all the rest was given on the personal security of one or more members. He pointed out that the Agricultural Societies represent all classes and communities. There were in the District at the end of last year 3 Co-operative Productive Societies, of which 2 were Weaver Societies at Vinjamur and Nernur, the 3rd being a Soap Stone Society of Sydapuram. There were in the District 35 Societies formed exclusively for the benefit of the Panchamas and Christians. In some Societies Panchamas were freely admitted as members and they were also Panchayatdars in some Societies along with the representatives of the other communities. He then said that we should not be satisfied with mere figures but that we should see whether they are coming up to the ideals of a Co-operative Society which may be expressed thus—By means of mutual association to eliminate the present competitive system and to substitute mutual co-operation for the common good as the basis of all human society. This idea of mutual service, each for all and all for each, is the basic principle of co-operation. The Co-operative Society seeks to promote truthfulness and honesty in all the social and economic relations of life. Its most distinguishing feature is that every member is on a footing of legal equality; it exists for the common good. It proceeds by a democratic form of government to promote honesty and truth. He then pointed out that the various kinds of Societies in the District fell far short of the ideal. He then urged the various delegates to work up to the ideal and not rest satisfied with mere numbers. He then drew the attention of the audience to certain difficulties which the Societies were labouring under. First, the high rate of interest in the Co-operative Societies. In villages it is very easy to raise money at 9 per cent. interest. Co-operative Societies are now charging Rs. 10-15-0 per cent. per annum as the ordinary rate and a penal rate of Rs. 18-12-0 per cent. per annum in case of default. He then urged the members to see that the rates are reduced and that the old rates be followed, i. e., 9½ per cent. ordinary rate and Rs. 12-8-0 per cent. per annum penal rate. This, he said, could only be done by increasing the deposits in the District Bank. The second difficulty was the department was enforcing new rules by insisting upon a copy of property statement being submitted even in the case of short term loans, though this was dispensed with in the Manual. This, he said, would cause great delay in the matter of short term loans. The third difficulty was that many of

the Secretaries of the new Societies did not know how to keep accounts. He urged the members to start training classes for all the Secretaries of the Co-operative Credit Societies. He then took up the question, "in what ways and by what methods should the movement be expanded in the District?" First, taking the question of Agricultural Societies, he pointed out that agriculture was the main stay of the villagers in the District and therefore there should be agricultural producing societies and also agricultural distributing societies and quoted examples from Denmark and Ireland. A society like the Nidamangalam Agricultural Manure Society in Tanjore was, he said a great desideratum. Such a Society, he pointed out, might as well act as a Union for a joint purchase of different kinds of manures, different kinds of seeds and also distribute them among the various Societies at a cheaper cost. He also said that in areas of ghee production, Society or Union might be organised for collection of pure ghee and joint sale thereof. The district being noted for its cattle, he pointed out that they may also organise some cattle breeding Societies as in the Bombay Presidency. He then said that Societies may be organised in the various High Schools for students to serve as agencies for joint purchase and sale of stationery, paper, books, etc. He then pointed out that in Nellore Town a House Building Society may be organised for the benefit of the poor and the lower middle classes. He pointed out that there are a good many among such persons who own good sites in a compact locality and who are willing to become members, provided money is lent to them at a cheaper rate. He said that no Building Society could thrive unless Government or local bodies give them long term loans covering a period of 20 or 25 years at a cheap rate of interest and he pointed out examples from England, America and Bombay Presidency. He next urged the formation of Societies for purely non-credit work, such as Societies for weavers which have good prospect before them during the present Swadeshi revival. He then urged for the formation of a Trading Union as soon as possible. He then pointed out that the Co-operative Societies might be made the medium for distribution of loans under Agricultural and Land Improvement Loans Act. He then pointed out that the deposits in the District Bank were mostly from the rich and that they should try to attract deposits from the poorer and lower middle classes and urged that, in pursuance of the above object, the Bank may start a scheme of provident fund deposits as was done by the Madura-Ramnad Central Bank—(vide *Bulletin* March issue of 1922.) He then urged that the Unions should gradually become autonomous and independent and that the interference of the Department should be reduced to a minimum in the case of all

good Unions and that thus the movement should grow to be a really people's movement.

Lastly he urged that the Agricultural Department was not co-operating with the co-operative movement as it ought to and that in their joint efforts lay the real progress and good future for the agriculturists.

After the address of the Chairman of the Reception Committee, the President, Mr. M. Chengiah Pantulu was proposed to the chair by Messrs. K. V. Raghavachariar and T. Malla Reddy. Then the President of the Conference, Mr. M. Chengiah Pantulu, who is also the President of the District Banking Union, made an extempore speech in Telugu and urged upon the formation of more Weaver societies, a Milk Supplying Society and a Building Society at Nellore and also Societies for co-operative production of mica in the District. Then Reports of a few select Societies, viz., Labour, Gandavaram and Kondayapalem, were read. Then the delegates constituted themselves into a Subjects Committee and draft resolutions were considered. The next morning, the Conference again assembled at 8 O'Clock and sat till 12 O'Clock for the discussion of resolutions. The following resolutions were passed.

At the end, the Assistant Registrar M.R.Ry. V. Ramayya Pantulu offered his remarks and said that he would do his utmost to help in the development of the Unions and try to give effect to the various suggestions put forward by non-official co operators.

With a vote of thanks to the Chair, the conference came to a close at about 1 P.M.

RESOLUTIONS PASSED AT THE 4TH NELLORE DISTRICT CO-OPERATIVE CONFERENCE.

I. (a) That since large funds are necessary for expanding the Co-operative movement in the District, the people of the Nellore District be approached for getting in more deposits in the District Co-operative Bank.

(b) That with a view to encourage the poor and middle classes to deposit their savings in the District Co-operative Bank, the scheme of provident fund deposits started in the Madura-Ramnad Bank be introduced in this Bank also.

II. That the Government be requested to authorise the Department concerned to deposit the provident fund amounts belonging to the Local Boards and Municipalities and also the abkari deposit amounts in the District Bank.

III. That the rates of interest now charged by the Co-operative Societies are far in excess of the prevailing rates in the villages, that therefore the old rates of interest may be restored and that even if it is not possible to revert to the old rates completely, the penal rate may at least be reduced to two pies per rupee.

IV. That this Conference of Co-operators offers its heartfelt thanks to Mr. A. S. Krishna Rao, M. L. C., the President District Board and the members thereof for the deposit of Rs. 50,000 of Railway cess accumulations in the District Bank and requests them again to deposit the balance of their accumulations also at an early date in the District Bank.

V. That this Conference is of opinion that trust funds may be permitted to be deposited in Co-operative Central Banks and that the Government be requested to take steps to amend the Trusts Act and the rules framed by the High Court in this matter. Resolved further that Rao Saheb P. V. Sreenivasa Rao, the representative of the District in the Legislative Assembly, and Mr. T. V. Seshagiri Iyer be requested to take steps for getting the Trust Act amended in the Assembly.

VI. That every Co-operative Society should have a Post Office within a radius of 6 miles from each Society and that since the villages mentioned hereunder are badly in need of Post Offices, the Postal Authorities be requested to take steps for locating Post Offices near the said villages:—

- | | |
|--------------------|-----------------|
| 1. Minagallu | 6. Gandavaram. |
| 2. Pedoor | 7. Yellayapalem |
| 3. Amencherla | 8. Kodoor |
| 4. Dandigunta | 9. Vegoor |
| 5. China Cherukur. | |

VII. That this Conference is of opinion that in villages where there are no village panchayets, the Co-operative Societies should themselves undertake the duties of village sanitation, primary education, petty repairs, and elementary technical education.

VIII. That this Conference requests the Government to grant long term loans at specially low rates of interest to housing societies meant for the poor and the lower middle classes.

IX. That this Conference is of opinion that an agricultural society be formed in this District with the object of preparing manure out of bonemeal and distributing the said manure among the ryots of this District.

X. That this Conference is of opinion that the Co-operative Societies in the District should encourage handspinning and hand weaving among co-operators as cottage industries and should, in pursuance of the above object make joint purchase of the necessary articles, distribute the same among the villagers and that they should also maintain no less than two hand-looms in each Society. This Conference also requests the departmental officials to help them in taking joint purchase of cotton and other necessary articles.

XI. That a trading union be established in the District and that every Co-operative Society should try to get the necessary articles under the indent system through the said trading union.

XII. That societies be organised in the District by the Department for doing purely non-credit work.

That in pursuance of the above object

- (1) a milk supply society be organised at Nellore;
- (2) a society for wood cutters be organised at Amencherla;
- (3) and cattle breeding societies be organised at convenient localities in the District.

XIII. That supervising unions should, as far as possible, be made independent in their work.

XIV. That the Co-operative Societies in the District are requested to freely admit Adivi Andhras and other depressed classes as members and grant them necessary loans; and resolved further that if any Society expresses its disinclination to admit them as members, a separate society be organised for the benefit of the said depressed classes.

XV. This Conference requests the Government to grant the same concessions to Co-operative Societies in the matter of Money Order commission as in the Bombay Presidency, i. e., 75 per cent., remission.

XVI. That the members and panchayatdars of the rural credit societies are requested to be punctual in re-payment of their loans and follow the co-operative ideals.

XVII. This Conference requests the Government to direct the heads of the various departments to deduct from the monthly salaries, the dues of the Government servants and the Municipal employees who are members in Co-operative Societies.

XVIII. That a grain bank be established in the District and that as far as possible, the system of collecting grain interest be stopped through its operations.

XIX. That it is necessary and expedient to take early steps for the organisation of a Co-operative Life Insurance Society.

XX. That every Co-operative Union in the District be affiliated to the Provincial Co-operative Union.

MADURA-RAMNAD DISTRICT FIFTH CO-OPERATIVE CONFERENCE.

PRESIDENTIAL ADDRESS

By M.R.Ry. Rao Bahadur A. Vedachala Aiyer Acl., B.A.,

It is to avoid this sort of wastage by the agriculturist co-operators, that short term loans are mainly given to members of primary credit societies in rural parts. Such loans should be repaid at the time of harvest or soon after, when the agricultural produce can be sold profitably. In dispensing such short term loans in primary societies care should be taken to see that the society is in a position to give the necessary accommodation whenever wanted by the agriculturists. Unless this is done, the agriculturist co-operator cannot be expected to get out of the clutches of the sower.

2. A system has been devised according to which a primary society will be placed in possession of the required credit accommodation from the central bank throughout the year. A primary society will at the end of each year work out the probable amount of short term loan each member would require in the next year by consulting the members and by consideration at a panchayat or general body meeting and arrive at the amount which all the members may require. The total amount required will be intimated to the local union with a loan application to the central bank furnishing all the particulars required to enable the central bank to sanction the loan. The local union will collect all such applications and recommend the grant of loans in all deserving cases by considering such applications at the annual general body meeting, or at a special governing body meeting. The central bank will scrutinise all such applications, accord necessary sanction, and intimate the fact to the societies concerned and the local union. The societies will execute the prescribed bonds and send them on to the central bank for compliance from time to time on the requisition of the primary societies concerned. The central bank will thereafter issue loans from time to time within the sanctioned amount and the primary society will draw from the central bank whatever sum it may require within the sanctioned limit.

3. This system has been tried in one or two districts with success and is recommended for adoption wherever it has not been introduced. At the annual general body meeting of a Union the Governing Body members of the Union and the Panchayatdars of Co-operative Societies will, along with the inspection staff find it easy to dispose of speedily such applications for loans. It will be an occasion when such demand for the credit accommodation of primary societies can be scrutinized with care. The inspecting agency will be available to explain the financing position of each society to the Governing Body members. The official

Assistant Registrar who will also be present will also have a fair opportunity to gather the required information about the condition of each society, the capacity of the Panchayatdars, the method followed by each society in the management and also in enforcing disciplinary action in regard to overdues. This arrangement will virtually decrease the correspondence relating to loan applications.

4. The Central financing bank will at the end of the year and as soon as such forecasts are received from the Local Unions will be in a position to find out the amount of accommodation which it will have to provide in the course of the year and will make suitable arrangements by providing itself with the required share capital as its basis of credit. This is not a difficult task for the financing banks. Every District Bank has got credit accommodation in the shape of overdraft with the Madras branch of the Imperial Bank. The Provincial Bank at Madras is available to give the necessary accommodation to Central banks as it has also Overdraft with the Imperial Bank. The entire movement has at present an overdraft accommodation of more than 30 lakhs which can be used for short term loans. If this amount is used adequately, it is perfectly possible to carry on transactions under this item to the extent of 2 crores. This system has not been properly understood by the Co-operators and by the office bearers of primary societies. It is by the use of this short term loan system that we can bring into the movement the richer and the middle classes whose wants for current expenses can necessarily be met by the financing arrangements available in the Co-operative movement.

5. The working of the system of grant of short term loans in primary co-operative societies involves equally the responsibility of repayment by the borrowers at the appointed time at the harvest or soon after the produce is sold. The Panchayatdars have also to exercise their discretion properly in scrutinising such short term credits and to see that the amount set free is utilised for productive purposes contemplated. The panchayatdars being local men are competent to find out how far the short credit loan given to a member is within his repaying power out of his produce or his agricultural income. They should scrutinize the repaying capacity of each member with care.

6. In working this system, the borrowing member in each such society will execute documents in advance for the short credit accommodation, allotted to him for the year whenever he uses the credit accommodation, he will execute an agreement in favour of the society agreeing to hand over the produce which should be specified to the value of the sum borrowed subject to the payment of interest at specified rate, the value of

produce being calculated at the retail rate prevailing in the village, and to allow the society to sell it when it thinks it fit and to credit the sale proceeds when the produce is sold, the loss if any arising from transaction being borne by the borrower who will be responsible for it. Any gain arising from the transaction being borne by the borrower who will be responsible for it. Any gain arising from the transaction will be credited towards the borrower's account. The society will debit against the account relating to the sale of the produce the incidental charges of storing, transport etc, and will also get a commission of at fixed percent on such transactions.

This arrangement enables the panchayatdars to scrutinise the borrowing of each member and his power of repayment. When the produce is actually received by the society, the member executes a bond to the society holding himself responsible for any loss arising in the actual sale of produce. Invariably the agricultural co-operators cultivate the same crop the produce of which they usually sell to meet their money obligations, such as payment of kist, repayment of old debts or interest on debts contracted and return of loans for current expenses. Such produce has generally a good commercial value and is sold whenever demand for payments arises for agriculturists. They generally sell produce in small dribbles to petty retail buyers and secure thereby only very low rates. The borrowing members of the co-operative societies might hand over to the panchayat the produce which they intend to sell to meet the obligations to the society at the prevailing rate. The society will get the produce, credit it as a deposit by the member and issue a loan on the security of such produce and credit the loan so raised towards the dues to the society under principal and interest. The produce so collected will be sold at a suitable time in consultation with the members concerned. The members of the co-operative societies who are not indebted to the society might act similarly and receive advances on the deposit of their produce, to be recouped or repaid as soon as the sale of such produce is over. Such members will get the required accommodation but have to make good the loss, if any arising from the transaction.

The system described above will enable a credit society to cater for all wants of the members, rich or poor, owning property or not. The arrangement under which the society takes the produce of the producers and arranges for giving advance on such security to members and for recouping its advance is one which is to play a very important part in the promotion of non-credit activities in the co-operative movement. It seems to be desirable and necessary that all persons connected with the co-operative movement (central banks, unions, supervisors, inspectors, honorary assistant registrars and assistant registrars) should get themselves fami-

liar with the system and educate the co-operators and the office-bearers of primary societies to undertake this work with care and caution. The method of accounting in working the system should be thoroughly understood by the persons charged with the work.

The financing arrangements now available in the co-operative movement, as noticed already, are sufficient for the introduction of the system in any part of the Presidency. In fact the system is intended to systematise the present arrangement in regard to grant of short term loans. Money is lent to the cultivator for seed, labour and is repaid out of the sale of his crops. A well managed commercial bank will invest its deposits in loans of this nature and will accept pro-notes obtained from co-operative societies for loans of this nature along with bonds executed by co-operative members as collateral securities. The produce gathered as the result of this arrangement serves as a valuable security which can be converted into cash at any time. The central banks will use these bonds for obtaining finance in the money market. The primary society on unlimited liability basis ensures safety. The bonds in proof of the produce pledged given by co-operators ensure punctuality of repayment and central banks will guarantee to the commercial bank punctuality as regards repayment. The commercial bank can re-discount co-operative paper under these conditions and will be able to give in definite credit accommodation as it is now doing for similar transactions with traders and industrial concerns. The agricultural industrial concern must be suitably organised so as to secure adequate credit facilities from the commercial bank. The system now proposed is suited to secure that end. The principal points to be borne in mind in working the system are

1. Collections should not be re-loaned by the primary societies to the members. They must be sent intact to Central Banks.

2. Central Banks should similarly transmit the sums so remitted to the commercial banks.

3. Central Banks should so adjust their working that the engagements with the commercial banks are kept up even though the primary societies may delay payment owing to causes beyond the control of the agriculturists. This arrangement is a first step in the attempt of a co-operative society or a federation of such societies to sell the produce of co-operators on a limited scale and will pave the way for the formation of a society or a federation of societies for the sale of the producers' produce. The system under which the sale of produce of co-operators can be organised has been dealt with by the Co-operative Department in a leaflet issued in February, 1921 and published in the co-operative *Bulletin*. Co-operators are requested to study the system and experiment upon it in

suitable areas where competent business men are available. In speaking about short term loans, co-operators would do well to undertake in disbursing short term loans the wholesale purchase of the articles required by co-operators and their retailed distribution to members. This sort of activity is called a supply organisation. I would draw the attention of the co-operators to the leaflet on trading unions issued by the Registrar wherein the system under which the requirements of the co-operators for domestic arrangement and for agricultural operations can be advantageously met by co-operative methods.

These are the various directions in which the benefits of co-operation can be brought home to the members of co-operative societies in rural parts. A systematised effort should be made by persons interested in the movement to take the co-operators on to practise these kinds of activities with care and caution.

Urban Credit Banks have not yet been started in all centres of trade and those that are in existence have not expanded suitably so as to bring within its operation all the wage earners, artisans, craftsmen and others in such urban areas. Small industries can come into existence and flourish satisfactorily only when Urban Credit Co-operation gives the necessary aid. The Madura Town Bank, a strong and well conducted institution, can be made more useful if smaller banks are started in different parts of the town or for persons following a particular profession and such small banks can be financed by the Town Bank. This suggestion if carried out will secure centralisation in finance and decentralisation in management. There is infinite scope for work in this direction without in any way straining the finances of the Madura Central Bank. It is by the expansion of such activities that a demand for the expansion of stores in Urban areas will be stimulated and that an extensive Co-operative market will become available for the producers in rural areas.

Non-credit activities. There was some progress in the District in this direction. Stores registered in the District were 7 in number. They are said to be not as successful as they should be owing to the fact that the transactions are not carried on in a large scale and that management charges are heavy. Frequency of inspection of such institutions by really capable hands is not yet available. The real reason for such failures is the absence of co-operative spirit in its proper intensity in urban areas. Education and propaganda to create the spirit must be undertaken on an extensive scale.

The Madura Sowrashtira Society is doing useful work and can be converted into a wholesale society for the benefit of the weaving population

in the District if it is suitably organised to undertake extended spheres of activity.

In all non-credit activities, Co-operators have to withstand the opposition of traders, capitalists and middlemen who have built up business with a background of capital and knowledge in trade. Co-operative institutions which undertake such work should have considerable credit facilities and should secure capable and efficient managers and there should be proper audit from time to time. Where such activities are undertaken without these arrangements, you are bound to fail, and such failures in the infant stage will retard the progress of such activities. Money is available in this District for such co-operative enterprises as the result of the efficient working of the Central Bank. More men of leisure are wanted to run such activities and to educate the co-operators who join such institutions in the principles and practice of co-operation. This work of educating the co-operators is a very important one and has to be undertaken even at some cost both by the Central Bank and by the Department. Co-operators and those interested in the movement have to apply themselves to this question and lay out a well thought out scheme.

12. *Labour.* The problem of securing adequate wages for agricultural labourers is an important one and requires to be handled carefully by the co-operative organisations. It is a known fact that in some portions of the country where there are dry lands or single crop wet lands, agricultural labourers are unable to secure labour throughout the year. A co-operative Society situated in such an area should devise methods to introduce home industries which will be suited to the locality and which will provide labour to those in need of it. One home industry which, I understand, can be practised without considerable amount of investment and without complicated training is spinning yarn and producing home spun cloths with the aid of the country shuttles of an improved pattern. The present attempt by the people to introduce into villages these industries on a large scale for furthering the production of home spun cloths is a very favourable opportunity provided the spirit on the part of the consumers to have a partiality for such products is kept up. The scheme is sound economically on the weaving side. It may not be so in regard to the production of hand made yarn which may not give a living wage. It may, however, be useful to convert the unemployed time of labourers into a useful channel for the benefit of labourers. It is hoped that co-operators will carefully formulate a scheme to be introduced in places wherever it is profitable to do so to provide labour for those whose agricultural labour is insufficient. Should this work be undertaken on any large scale, the Sowrashtree Co-operative Society

can be usefully made to serve as a wholesale institution which will supply the raw materials and the machinery required and which will undertake the disposal of the finished products in suitable markets.

Vegetable gardening is another subsidiary profession which can be made very profitable especially in villages situated in a radius of 5 or 6 miles from towns or centres of trade. If producers should combine for this purpose cheap transport can be secured and the produce can be disposed of in bulk with the aid of distributive societies.

Milk supply. This question can be similarly handled and the agriculturists in the neighbourhood of towns can be profited.

13. Agricultural labour societies can be organised by taking leases from big mirasdars and rich landholders and the profits of middlemen can be tapped to the advantage of labourers. This arrangement can be introduced and experimented with success in the Periyar irrigation area probably in the Cumbum valley and in Madura and Melur Taluks.

14. Co-operators regard the middlemen as a parasite upon society but he performs a necessary and complicated function. If co-operation is to succeed, the place of the middlemen must be taken by an equally efficient organisation. The agricultural producers must effectively combine into an organisation for all purposes connected with agricultural industry and the consumers must equally combine for distribution. The two organisations must interlink themselves in a suitable way so that both may work without ill-will and with the main idea of securing production for purposes of consumption and not profit. The profiteering concerns of capitalists work with an eye for profit at every stage. One who is interested in the Co-operative movement will wish to see a wholesale society which will arrange for the sale of produce of the producers and supply the produce to a wholesale society for the distribution of such products to the consumers. The two wholesale institutions should pool their resources and work preferably small industries to start with, to convert the raw materials into marketable goods for the consumers. This is probably an ideal which may take a very long number of years to realise but all the same it is an ideal which co-operators may keep before them to be realised in the future.

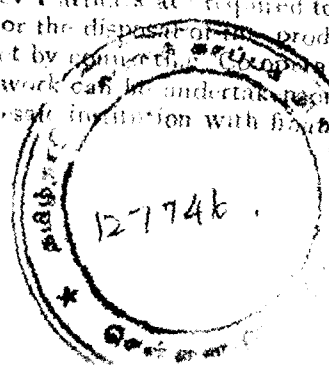
15. Non-official Co-operators or non-officials interested in the progress of the Co-operative movement in the District can give a considerable impetus to the movement by taking active part in the activities in different parts of the Districts of Ramnad and Madura within the jurisdiction of the Madura Central Bank. It is perfectly possible to enlist a few gentlemen to do the work of Honorary Assistant Registrars and I believe that Govern-

ment will be prepared to enlist such men if such men will undertake the work in a limited area. Being non-officials and moving closely with the ryot population, they are expected to use their influence in furthering the cause. Trade activities which require careful handling can be usefully undertaken under their supervision and guidance.

16. I am done with what I intended to speak to the co-operators of the District on subjects connected with the movement in the District. I have been asked by Co-operators to undertake the duties of the President of the Provincial Union for the year 1922. I take this opportunity to lay before the Co-operators of the District the working of the Provincial Co-operative Union as this Conference gives me an opportunity to meet the co-operators of the District.

The functions of the Provincial Co-operative Union are to do propaganda work and to co-ordinate as far as practicable the co-operative activities in the Presidency except the Andra parts which have a separate union for a similar purpose. It should at present give agricultural co-operation cohesion and strength, determine its policy and course, defend its interests and make known its achievements. It undertakes to publish a bulletin in English and in Tamil which deals with the varied problems arising from time to time in working the Co-operative movement in this Presidency and elsewhere. It undertakes to focus the opinion of Non-official co-operators. Its usefulness may not be felt direct but all the same it is a necessary institution. The sphere of its usefulness can be indefinitely expanded provided adequate funds are forthcoming and provided co-operators and Co-operative institutions take an abiding interest in it. On behalf of the Provincial Co-operative Union, I appeal to all the representatives of the Co-operative Union and Societies in the District to join the Provincial Co-operative Union. Local Unions can become members of the Provincial Co-operative Union and can send representatives to it. The local unions can communicate with the Provincial Co-operative Union on any subject of importance they are called upon to decide and the Provincial Co-operative Union will be able to tender its advice in consultation with Co-operators from all parts of the Presidency.

I may also inform the Co-operators that the Provincial Co-operative Union may usefully attempt to be helpful to all trading institutions and to all credit institutions undertaking joint trade by buying for them whatever articles are required to be purchased in Madras and elsewhere and for the disposal of the produce of the Co-operators in the Madras market by connecting the Co-operative institutions with wholesale traders. This work can be undertaken properly as an agent of such institutions till a Wholesale Institution with financial responsibility is floated at Madras.



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Madras.

V. C. RANGASWAMI,
Secretary.

THE LAW & PRINCIPLES. OF CO-OPERATION.

By H. CALVERT, I. C. S.

Registrar, Co-operative Societies, Punjab.

Second Edition.

PUBLISHED BY

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1921

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In this edition, all amendments to the Act suggested by Local Governments have been discussed. Much new matter embodying the opinions of all the chief writers has been added. Special chapters are included on "What is Co-operation?" "Co-operation and its Alternatives," "The Objects of a Co-operative Society," "Liability" and "Interest." The latter two subjects are treated historically, as well as practically. Full explanations and notes have been inserted so as to make this work the most complete handbook on the subject in the English language.