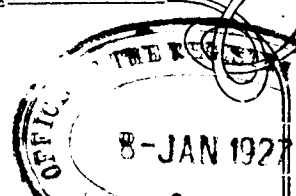


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The Madras Bulletin of Co-operation

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. XIV.]

JULY 1922

[No. 1.

CONTENTS.

	PAGE
NOTES AND NEWS. —	1
RETROSPECT AND PROSPECT	9
AGRICULTURE IN POLITICS	13
COCOANUT STEM-BLEEDING DISEASE.—	15
SYSTEM OF FINANCE ADOPTED IN THE CO-OPERATIVE MOVEMENT OF THE MADRAS PRESIDENCY AND GROWTH OF CENTRAL BANKS— M.R. Ey., Rao Bahadur A. Vedachala Aiyer, Acl. B.A.	17
A RESUME OF “SOME ASPECTS OF CO-OPERATION IN GERMANY, ITALY AND IRELAND.”—	22
AGRICULTURE IN THE CENTRAL PROVINCES	37
THE LAND PURCHASE SCHEME	37
CO-OPERATIVE EDUCATION	38

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TO LET



THE Madras Bulletin of Co-operation.

VOL. XIV].

JULY 1922

[I

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NOTES AND NEWS.

A conference of officials and non-officials interested in the departments of agriculture, industries, and co-operation in Bengal was convened at Calcutta on 12th July under the presidency of the Minister of the Development Department. The Governor of Bengal opened the conference.

With reference to the charka spinning, the Minister said, that "although he did not believe that the salvation of the country could be attained by that alone, he thought that co-opted as a side industry, it might exert great influence on the economic development of the country's clothing industry and he had asked the Industries' Department to take up charka spinning and handloom weaving, and the Co-operative Department to organise societies among weavers to put them on a sound financial basis." In regard to cottage industries, it had been his ambition to revive them and he hoped the Industries Department could render substantial help to such industries and those on a small factory scale established in rural or semi-rural areas. He further showed that the Industries Department has been concerned chiefly in investigating the industrial resources and the possibilities of their development, that the main problem was the financing of industries, and for small industries co-operation offered the best solution.

In the Madras Presidency there are organisations called 'Trading Unions' which are limited liability concerns with co-operative credit societies as members and which have been started to supply in bulk the requirements, domestic and agricultural, of the members of its constituent societies, and to arrange for the sale of their produce. The Trading Unions and the non-official co operators in rural areas can undertake the development of the hand-spinning and the handloom industry, thus giving labour to the unemployed, and assisting the weaver against the crushing capitalistic traders.

So long as consumers are prepared to utilise the products of the charka and the handloom, Trading Unions can easily have a good market and they can therefore advance labour charges and raw material without any prospect of loss.

A declaration from our Minister of the Development Department similar to the one made by the Bengal Minister would go a long way towards removing the hesitation on the part of the Government staff in the departments of Co-operation and Industries, to encourage hand-spinning and handloom weaving. The Central Banks are financially competent to make the necessary advances to the Trading Unions and the latter are equally so, to secure the produce and dispose of them without any financial loss.

It is hoped that the Registrar of Co-operation will either himself or with the concurrence of the Minister of Development issue instructions to his subordinates to aid the development of this side industry which will open a subsidiary occupation to the agriculturist who is in dire need of some such supplementary earning. Similarly it is hoped that the Director of Industries will place the advice of his expert staff in the development of this cottage industry which has wide potentialities within itself to benefit the rural labourer.

The presidential address of Mr. S. Muthia Mudaliar B. A. B. L. of the South Arcot Co-operative Conference on July 27th, chalks out an ambitious line of co-operative programme which, if carried out by the Minister in charge, "will certainly bear the first and sweetest fruits of the new dyarchical government, which will effectively dispel the calumny that has been deservedly or undeservedly heaped on it." We are not hopeful whether it would be possible for the Department of Co-operation to initiate all the

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activities which have been laid down. The formation of land mortgage banks to distribute loans on mortgage and to issue land bonds, supply societies for seeds, manure, and machinery, sugarcane societies to supply machines, fertilisers, etc. and produce jaggery, societies for spinning and weaving and selling the finished product, co-operative oilmills, production societies for "soap manufacture, button making, jam manufacture, making of lozenges, biscuits, sweets and pickles" are the lines of progress indicated in the address.

On the subject of local possibilities of industrial development, the following extract from the address will surely engage the thoughts of every enthusiastic co-operator in the district. "Silk weaving, gunny weaving, blanket weaving, cotton dyeing, weaving of Kambayam cloths, mat weaving, cloth printing, boat-making, fish curing and other small cottage industries exist in this district and some of them are languishing for want of support. Co-operative Societies for each should be organised and a fresh impetus given to them. Panruti in this district is famous for its dolls, and societies which will buy and export them to foreign countries where they will find a profitable market may be formed." While commending the address for its fertile ideas, we would earnestly request our co-operators to pay attention to the latter portion of it which deals with the need for the education and training of the co-operator. What is needed to-day is the spread of the co-operative spirit and faith among the members, which will make them identify their interests with those of the movement, the training classes for secretaries, the creation of local leadership, and efficient business methods of work in the societies.

The fourth report of the Institute for the year ending 31st March 1922 has a great value to the organisers of co-operation in this presidency. The Institute works through a Board of Management of 39 members which includes 14 members elected by branches, and also through a Standing Committee elected from the Board. The Standing Committee forms sub-committees from itself to attend to special branches of work. There are five branches of the Institute for the four linguistic areas and for Konkani. The leaflets issued during the year about forming Taluq branches and libraries, and arranging for conferences, show the organising capacity of the Institute. It also serves as an information bureau of the progress of co-operation in the Bombay Presidency. "A Taluq list of

co-operative societies denoting population, the number and kinds of societies and agricultural farms and stations in each Taluka was prepared and issued to the branches."

On its propaganda side may be chiefly noted the preparation of magic lantern slides, on co-operative credit and stores, which are largely in demand in the several branches, the publication of three Gujarati books on co-operation by the Gujrat branch and a Kanarese drama by Mr. Ananda Row of Mangalore, the improvement of the Library and the Reading Room in Bombay, the starting of small libraries by the Gujrat and Karnatic branches, the arrangement of ten local co-operative conferences during the year, and the issue of two more journals in Sindi and Kanarese, thus bringing them up to 5 periodicals.

In regard to training classes, the Institute has increased its activities. In the English Training Class on Co-operation conducted for ten days and mostly attended by students, 14 appeared for the examination and six passed. The continuation classes held periodically round the year was attended by 12 students of whom three appeared for the examination and passed. The Honorary Organisers' class, begun for the first time, had the same course as the English Training Class and also some supplementary lectures, and was attended by seven students. The Bank Managers' class, also newly started, had a practical and theoretic course for three months; and the examiners finding a poor material in the students, have not recommended the issue of diplomas, but only the grant of certificates that they have passed through a period of training. They have also suggested certain changes in the courses of studies and advised "greater caution in admitting candidates to this class." "5 classes were conducted for training of junior secretaries during the year by the several branches at which 168 received training and 79 passed the examination prescribed." The future of the movement lies in the hands of the rising generation, and not a moment should be lost in interesting the students in co-operation. The Institute's request to the Registrar "to move Government to nominate a representative of co-operation on the University Senate," is a very wholesome move fraught with immense possibilities in leavening the university courses of studies with the subject of co operation and introducing the spirit of co-operation in the student life.

On its educational side, the development of Night Schools is chiefly to be mentioned. The Night Schools started from the liberal donation of Sir Vitaldas Thakarsay and managed by the Registrar have now been handed over to the Institute, the expenses of inspection to be met hereafter from the Education Department. Under the scheme (of Sir Vitaldas)

number of schools not exceeding 40 at a time are to be started in backward areas for the benefit of illiterate co-operators, each school being run for two years. Education is entirely free, and students who pass the examination receive each 5 Rs for the first year's course and 15 Rs for the final course. The teachers besides their pay get bonus of Re I and 4 Rs respectively per student, passing the first and second year's course. The scheme came into operation from June 1918, and since then up to end of March 1922, 84 schools were opened, 412 students were examined in the first year's course of whom 312 passed the test, and 257 were examined for the second year's course of whom 191 passed the test. The total cost during the period including pay and travelling allowance of the two inspectors came to Rs 32,251. With a view to prevent those who received education in the schools lapsing into illiteracy soon after their school training ended, for lack of any inducement or opportunity for further reading, it has been proposed to encourage the starting of continuation classes and the formation of small libraries at certain selected centres".

On the practical side of encouraging new forms of co-operation the Institute has been engaged in spreading ideas of cooperative housing and framing by-laws for starting a Housing Union to supply credit to the housing societies.

Other points of interest which may have a practical value to Madras co-operators, are (1) the formation of a representative committee to arrange the last year's Provincial Co-operative Conference which "prepared a list of subjects for discussion and invited notes thereon," (2) the formation of a vocabulary committee by the Gujrat branch "consisting of some eminent literary men, to coin new words and frame apt phraseology in Gujarati, appropriate to technical terminology in current co-operative literature," (3.) and the joint session of the last agricultural and co-operative conference, arranged by the Institute on the suggestion of Dr Maun.

The Institute has received a Government grant of 5000 Rs for last year, and expended Rs. 15,826-13-6, the excess of expense over income being Rs 913-8-7. Its assets by way of cash, deposits, and investments come to Rs 10,206-3-2.

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We would request our co-operators and specially those interested

Co-operative Bank-
ing in The Madras
Presidency.

and actually engaged in co-operative finance to go through the second of the series of articles on the *Development of Co-operative Banking*, from the pen of Rao Bahadur A. Vedachala Ayar published in this bulletin. The

present article deals mainly with the question of the maintenance of fluid resource for the prompt repayment of deposits. After showing the difference between commercial and co-operative banking, and the difficulty of the Central Banks "to make the required adjustments to cover the unpunctuality of rural primary societies," Mr. Vedachalayar traces the history of the Provincial Urban Bank through its different stages, the advisory stage, the interlending stage, and the stage of centralisation as the medium for the distribution of credit facilities to all Central Banks. He then narrates the experience gained in deposit banking, the interlocking of large sums as fluid resource on the recommendation of the co-operation committee, the modifications made by the local government on the subject, the method of cash credit account with the Madras (now) Imperial Bank which permits of an overdraft to the amount of 35 lakhs, and the unification of all Central Banks into a federation with the Provincial Urban Bank as the Apex Bank, thus making credit available to any Central Bank to meet the obligations of the depositors. The article concludes how the crisis of 1920 was tided over by increasing the rate of interest for deposits and loans, by the overdraft given by the Madras (now Imperial) Bank and by interdicting relending of collections. The subject will be continued in the next issue.

Elsewhere is published a resume of 'Some aspects of Co-operation in Co-operation in Germany Italy and Ireland' by Mr. M. L. Darling I. C. S., formerly Joint-Registrar of co-operative societies, Punjab. The book is a mine of valuable information on the working of village bank unions and central banks, supply and sale societies, and urban banks in Germany, the co-operative stores in Italy and Ireland and the co-operative farm and labour societies in Italy. It is surprising that the German village bank should be able to command more confidence and thus attract deposits at a lower rate of interest than the Government securities. Punctuality of payment, loyalty from the members, centralised organisation, efficient control by the audit unions, strong reserves and able management are chiefly to be noticed in the German Co-operative system. The small granary societies to sell the rural produce, and supply seeds, manure and machinery are well worth a study with a view to their application to India. The chapter on stores forms a valuable lesson to our co-operators to understand the causes of their success. The co-operative farming by tenants on their individuals holdings distributed to them by the society which takes large leases from landlords, and by labourers under the collective management of the society, is very interesting and useful reading

while the achievement of ignorant labourers in Italy in combining for contract, works reveals the marvellous possibilities of co-operation. The book is a very useful contribution on the subject of co-operation, specially useful to India, as the author has studied the movement with a view to their adaptability to Indian conditions.

We would gladly commend to our readers the extract published in this bulletin from the *Irish Economist* (May) on the National Land Bank in Ireland by Mr. Diarmid Coffey. It was started in Jan. 1920 on the model of the Land Mortgage Banks in Germany to give loans to societies for purchasing lands. The extract will show about the method of their working. It is a point to be noted that of the 45 land purchasing societies formed, only two conduct collective farming. The others divide the land among the members who pay the purchase price as annuities." The average annuity payable is about 1£-15sh per acre which is calculated to pay off capital and interest in 31 years." The State (Dail Eireann) aid comes to about 56% of the total loans made to the societies till the early months of 1922. The Bank, started at a time, when Ireland was passing through a bloody revolution, has not been able to issue land bonds but has lately begun a system of transferable deposits at three and a half per cent interest and not withdrawable for ten years. The writer of the article refers to a proposal of the Bank that it means "to insist on a certain proportion of such deposits coming from each new district which applies for a loan for land purchase." The Bank has limited the dividend to 5%; and hence it is in a position to issue loans at a lower rate of interest and pay higher rates for deposits.

Major Sir John Keane, Bart, D.S.O. in the *Irish Economist* of May has reviewed the present condition of Irish co operation under the title of "Retrospect and Prospect" from which we have extracted certain passages elsewhere in this Bulletin. Our readers may know that the prevailing societies in Ireland are the General Purposes Societies which are merely stores combining sale of eggs and dairy produce with supply of agricultural requirements. Their condition is in no way encouraging. Many of the societies do not function at all, general meetings are very poorly attended, the managers become all powerful as the committee is indifferent, 50 per cent of the working capital is borrowed, and accounts and other returns are never submitted promptly. In a most impressive style Mr. Keane hammers the

Mr. Keane then deals with the finance:—

"In examining the present position the question of finance must not be overlooked. We find here, what is common knowledge to all working co-operators, that a large proportion, 50 per cent. of the capital (including reserves) in the movement is loan capital mainly provided by the banks. Recourse to the bank is a necessary and correct practice in every business but not to the extent here indicated. It is good business to borrow in order to finance a short maturity transaction, such as the timely buying of a season's seed and manures, or to hold in cold storage butter in anticipation of higher prices. In such cases the security is liquid, and the accommodation is only for a definite purpose and for a short period. It is not good business to borrow for fixed expenditure, such as building, normal stock in trade, or to finance long standing credits to members. Much of the co-operative borrowing is of this kind, and so long as it continues the movement will always be fettered. The effect of this borrowing belies a fundamental article of the co-operative faith. Banks demand individual security; rules provide that bank guarantors cannot be removed from the committee of management. This virtually takes the management out of the hands of the large body of members and makes the whole business individualistic and capitalistic rather than democratic and co-operative. If this brought the benefits of individualism in the form of buoyant business and unrestricted profits it might have its redeeming side. But it does not and cannot. Capitalism, individualism, proprietary management, it does not matter what you call it, as distinct from co-operation, implies the taking of risks in return for the full reward obtainable. The reward of this risk is often, and and unjustly so, commended as profiteering. But the motives prompting a co-operative committee who are also bank guarantors will be different from those actuating the same men in their private affairs. While they will have to face the risks, they are, at least directly and personally denied the reward. Prudence and caution, even parsimony and shortsightedness, will be the keynote of their policy. These causes, which have their roots in family finance, account largely for the somewhat stagnant life and squalid surroundings of some of our societies, and sounder finance must prevail before any real improvement can result."

Co-operators might advisedly bear the observations in mind and arrange for a satisfactory solution of the finance question. Mr. Keane also suggests some remedies and these may well be considered by co-operators of this Presidency

"In considering any scheme for reform it is essential to cultivate a correct sense of values. The co-operative movement, like the human being,

has both its spiritual and its material side. The body is what the spirit makes it. If the spirit is poor and feeble the practical results will be likewise. "The letter killeth, but the spirit giveth life". The co-operative movement is, in its rules and constitution, thoroughly democratic and it must reflect in its practical working the spirit and will of its members. If they are lukewarm and apathetic the whole body will be stagnant and unprogressive. If things to-day are not as good as they should be, the rank and file, not the officials, are to blame. They are the masters. If they are not satisfied with their servants, the remedy lies in their hands. Any change for the better, therefore, must come from within and from below, and to be lasting and effective it must be a change of heart, finding expression in will and power to succeed, not merely some mechanical change in rules and constitution. Nobody would suggest that any existing short comings are conscious and deliberate; of course they are not. They are due to lack of understanding, for which better education is the only cure. To maintain, therefore, a sense of value, education must be given a foremost place, because it alone will give the power to conceive and the will to accomplish.

My first practical proposal has, therefore, an educational purpose. To many the term education implies schools, text books, academies, universities, professors and others physical paraphernalia. But there are many men and women in the world poorly versed in book learning whose higher sense as well as whose practical understanding are better developed than the so-called intellectual products of our school and universities. There is a danger of setting too high a value on mere knowledge and technical ability. The best school of all is the world and contact with our fellow creatures.

In its present form the co-operation movement fails in this important respect. It affords a mere parochial outlook to most of its members. This must always be the case so long as each society is watertight from its neighbour, and the only co-ordinating link between them is at the centre in Dublin. There are, and always must be, a number of questions both of local and general interest which neighbouring societies should be given a constitutional opportunity to discuss and resolve upon without the expense and inconvenience of a journey to headquarters. Moreover, this opportunity to meet and resolve should be frequent and easy. It is not sufficient to argue, as has been argued, there is nothing to prevent societies coming together now. But who is to take the initiative and bring them together? What is everybody's business is nobody's business. The initiative is the business of the central body. It will be necessary to develop at such local meetings a sense of responsibility. To meet, talk, piously resolve, fade away and forget will educate little, if at all. These local bodies should be made a part of the fabric of the movement, the

mouthpiece of the societies they represent, the channel of communication on other than routine matters between the societies and the central body. They should be an organic part of the constitution, governed by rules and endowed with powers. Decentralisation, in fact, is the first step towards education.

It is not appropriate to enlarge now upon the powers these local bodies should be given, or what areas they should comprise. These are matters of detail for expert enquiry. It is, however, necessary, to deal with the argument invariably opposed to any scheme of decentralisation, namely, that it has been tried, and failed. No thought-out scheme of devolution has been tried. A scheme for district conferences has been attempted; these conferences were merely *ad hoc* bodies summoned to consider matters referred from headquarters, with no powers or real organic status, and too scattered to be really representative.

It is suggested that local bodies should have at least the following powers:—

- (a) Election of delegates to sit on Central Committee.
- (b) Promotion of new societies within their area.
- (c) Consideration and settlement, where possible, of local disputes between societies.
- (d) On invitation, to advise societies in their difficulties. No doubt many other powers will occur, but some powers must be given if real and living results are to follow."

Co-operators will notice that what is proposed here is being attempted to be carried out in this Presidency by local unions. He further insists on securing proper management by well-paid hands. His remarks are quoted below:—

"I now turn to another, and no less important, aspect of the future on which the reform already indicated should have an important bearing. In as much as success is measured by hard facts, co-operators must not allow ideals to unduly influence their plans. There is one serious handicap which must be faced, and that is the weakness of human nature. The committee man is unpaid, and is generally a working farmer. He is pitted against a professional competitor who stands to reap the full reward of his enterprise. Human nature being what it is, this is a great handicap. After nearly 2000 years of Christian ethics the old Adam still persists, and man will not work for others with the same zeal and devotion as he will work for himself. Co-operators must face this fundamental fact. If this line of reasoning is accepted, it follows that the paid manager will always be a potent force in co-operative life more so

than in proprietary business. Good management implies brains, and brains are scarce, and can command good salaries. From this it appears to follow that success will incline to those societies which can afford adequate managerial salaries. A big salary can only be carried by a big turnover, and so the general tendency will be toward larger societies. It is unwise to hazard a figure; but as an abstract case, aiming at optimistic efficiency, I postulate a manager at not less than £5000; with a trade of £50,000, as efficient for a general purposes society and one that should be able to counteract the human limitations already indicated.

He advocates that officials should relax their hold and trust the people. His suggestions are worth consideration.

"Not alone in co-operation, nor yet in Ireland, indeed in all public affairs, there seems to be a strong reluctance on the part of those who hold the power to trust the people. This is not unnatural. The trained and suave official, with his well ordered files and carbons, his neat minutes and agenda, his rules and regulated routine, views with dismay the dislocation that must follow if things are turned over to plain unlettered men who know little of office technique and have scant regard for rules and precedent. Children are often noisy and rough, break things and make messes, but the child must precede the man. So in democracy you must break eggs to make omelettes.

AGRICULTURE IN POLITICS.

Agriculture in politics is the heading of an article in the *Irish Homestead* in its issue of 3rd June 1922. The article contains some observations which are pertinent and useful for the agricultural co-operation in India. Some portions are extracted below:—

"When people are elected to represent every interest, as a rule they have no clear ideas about any interest. The group system makes for honesty and clear-sightedness. The men representing particular interests must have a real knowledge or they will not get elected, and statements made with real knowledge always command respect. What we think all this will tend to, will be a new phase of representative Government, in which there will be intensified organisation of interests in the country, perhaps finally culminating in something like national guilds, each guild represented by its spokesman in the Parliament of the country. It may take a couple of generations for this to be effected. But there are already intelligent politicals who foresee this, and we have had Commissions advocating the organisation of Fishery guilds or Dairy guilds with councils representing the organisations with control over the economic

policy of the industry. A great deal of thought and discussion will be needed to find a true foundation for such sectional organisations and to provide a just balance between them. With regard to agriculture, we welcome the creation of a farmers' party, because it will mean that the intellectuals of agriculture will gradually come to the front. Agricultural policies will be based on real knowledge, and there will be less woolly and confused thinking. The first programme of the farmers' party is not very controversial, and is made up mainly of ideas which have often been advocated before, the completion of land purchase, agricultural education, support of drainage and afforestation schemes, opposition to tariffs on agricultural requirements, decreasing transport charges, making road and asylum maintenance a State concern, the provision of State loans to farmers, also co-operation with other interests in trade revival and extension.

The farmers' associations in the country should prepare for that eventuality and encourage among farmers the starting of rural libraries and the creation of agricultural clubs for discussion of policies and the clarifying of ideas. Their representatives ought to be trained to put a case clearly without loss of temper and with that moderation which does not excite hostility among other sections. We think they will make the greatest impression if they have worked out a theory of a rural civilisation and the organisation of agriculture for social and business purposes and have thought out a true balance between State aid and self-help. A great many interests will be pressing their claims on whatever Government is established, and if a special interest puts forward claims which would swallow up revenue unfairly, it will do the cause of agriculture more harm than good and will unite all other parties against it, and even what is just may be denied in the general antagonism against an immoderate demand on State credit. The more the farmers' party concentrate on self-help, the more likely are they to get help. We advocate a study of what organised farmers have done for their industry and themselves in Germany, Denmark, Holland, the United States, and elsewhere. In the European countries mentioned, a true relation between self-help and State aid has been worked out, and can be studied in such volumes as Cahill's report on agricultural co-operation, in the numerous works on Danish agriculture, or in Mr. Henry Wolff's excellent books on agricultural organisation. In Denmark for thirty years the farmers' party was the most powerful in the State, and it was not reactionary, but progressive, and it was responsible for many measures of social reform which benefited labour and the townsmen equally with agriculture. The

story of this can be found in Mr. Howe's recently published volume. If the spokesmen of Irish agriculture can refer to precedents and are themselves familiar with Continental policies, they will be able to urge their case most powerfully and effectively. Otherwise their case may be overturned by some clever fellow who is less averse to reading than the farmers' advocate. We do not expect many agricultural reforms resulting from the new party in the Third Dail, but we will be disappointed if the election which follows does not see a strong party led by intelligent men with clear ideas putting the case for the greatest industry in Ireland and in the twenty-six county area practically the only industry, the industry on whose success the population depend for their living and on which the State must largely depend for its revenues.

COCOANUT STEM-BLEEDING DISEASE.

BY S. SUNDARARAMAN, GOVERNMENT MYCOLOGIST, MADRAS.

Agricultural Co-operators will find this article a useful one especially those who are connected with the cultivation and rearing of Coconut trees.

Where is the disease found? Coconut trees suffer from a disease somewhat resembling the bleeding of animals. It has been noticed in Ramnad, Madura, Tanjore, Tinnevely, South Kanara, Malabar and Chingleput districts. It is found under different conditions of soil and drainage but the attack is severe in trees growing in places which are water-logged or alkaline in nature where soil does not get enough air.

2. How is it known to the people? It is called in Tamil "Saru-ozhughal noi" (oozing of juice); in Telugu "Lakka uragadam" (exudation of lac-like fluid) and Malayalam and Kanarese "Rakthakari-roga" (blood oozing disease.)

3. Symptoms of the disease: The first sign that the disease has entered a tree is, when you see a reddish brown liquid coming out from the surface of the stem. This liquid is reddish brown in colour. When it dries up, it turns black. If this portion of the stem is cut with a knife or chisel, the stem inside, instead of being reddish is yellow and is also rotten. In the first stage, this rotting is found only in one place. In advanced cases when the liquid comes out from more than one point in the tree the whole stem inside turns yellow and becomes rotten. If the stem is rotten inside, the tree does not produce any coconuts. The top of the tree becomes smaller and smaller day by day and later on dries up,

If a young tree gets this disease the whole stem rots and a big cavity is formed in the central portion. If this portion is cut with a knife a yellowish fluid comes out in large quantities. Such young trees die very quickly. It is not possible to do anything to save these trees. The whole tree should be dug out, every bit of the root should be carefully removed and burnt in a place.

4. How is this disease cured? This disease causes greater harm to younger than to grown-up trees. If the damage is only in one place, the easiest and most effective remedy is to cut out the diseased part from that particular portion. The rotten portion should be completely cut out with a little of the healthy tissue, say, about one inch. By this means tree-owners may be sure that all the rotten matter has been removed from the stem. It is very easy to find out how much should be cut, because the rotten portion is yellow and can be easily distinguished from the healthy portion which is red and shows the colour of flesh. Bits of the rotten tissues should not be allowed to lie about in the garden, because other trees will get the disease from these bits. Coconut garden owners do not pay sufficient attention to these instructions. They think that the disease is brought about by God's curse or weather or bad star. They should clearly understand that rotten diseased bits lying about in the garden contain germs of the disease which can very easily infect other plants. Therefore, it is very important that the gardens should be kept in a thoroughly sanitary condition, and that all diseased materials in the garden should be gathered and buried deep in a pit, preferably burnt. In cutting out the rotten portion inside the stem, care should be taken to remove every bit of the diseased portion and to apply hot tar over the cut surface immediately. An ordinary 1-inch chisel and a hammer are required for cutting. As the cut surface is wet the tar will not stick well. The surface is therefore dried by passing a lighted torch over it. Tar is known to every one and can be had from every bazar. It is heated and applied over the cut surface. For this treatment to be successful it is very important that all the rotten matter in the stem should first be completely removed.

5. To mention an instance, in Sholavandan in Madura district 100 coconut trees were noticed showing this disease. In every tree the rotten portion was completely removed with a chisel and hot tar was applied to the cut surface. All these 100 trees are now healthy, free from disease and are now bearing bunches of coconuts.—*Mysore Economic Journal*.

SYSTEM OF FINANCE ADOPTED IN THE CO-OPERATIVE MOVEMENT OF THE MADRAS PRESIDENCY AND GROWTH OF CENTRAL BANKS.

By M.E.Ry. Rao Bahadur A. Vedaohala Aiyer Aul., B.A.,

II

8. In any scheme of co-operative credit banking and finance, one has to note the following. In commercial deposit banking, the bank generally deals with customers acquainted with business principles. These customers of commercial banks know well that they will lose their trade or profession by unpunctuality in keeping up their engagements. Only short term credits are allowed ordinarily in commercial banks and when renewals are made, the commercial bank has a second chance of scrutinising the financial position of the customers at each renewal.

In co-operative banking, the primary rural societies on unlimited liability basis are the chief customers of central financing banks. The primaries are unfit to use short term credits for a period of 3 months with a chance of renewal as is allowed in commercial banks. Many of the Co-operators connected with such rural primary societies are not well trained in business principles and have to be guided in the management of their institutions either by the central banks or by some other agency, official or non-official. The rural primary societies are naturally slow to feel their responsibility as regards punctuality and even when they are made to realise this responsibility, they are not in a position scrupulously to practise punctuality owing to causes beyond their control (seasonal troubles which affect the yield in agriculture and depression in trade which affects the sale of agricultural produce for reasonable prices). In consideration of these disabilities in which the rural primary societies are placed, co-operative central banks in the Madras Presidency have been devised and are expected to undertake the arduous task of keeping up punctuality with the commercial money market, and at the same time making the required adjustments so as to cover the unpunctuality of rural primary societies. There will thus not be any advantage if primary societies are called upon to observe the business rules of commercial banks by connecting them direct with the money market. It has to be borne in mind that in primary societies members normally default in their repayments to the extent of 25p.c. even when the societies are conducted under proper guidance and control, and such defaults mount up to 60 percent when control is slackened or when causes beyond the control of agriculturists intervene. Co-operative central banks have to tackle the question of proper financial arrangement in times of agricultural distress, partial or entire, and the Co-operative Department has to advise the central banks in time to take over such crisis by making suitable adjustments. Commercial business

rules will be useful to some extent in the working of co-operative central banks. Defined rules similar to those adopted by commercial banks are not available for co-operative deposit banking in India except as the result of experience gained by such banks from time to time. Moreover, the central co-operative banks have to be careful in the selection of its depositors by accepting only such kind of deposits which they can profitably use and for the re-payment of which on the due date they could make adequate arrangements.

These factors are important and should be given due consideration when any scheme of finance is proposed in the co-operative movement whether the scheme relates to deposits, borrowings etc.

9. *Deposit banking*.—Central banks. The system of deposit banking under which deposits are received for a definite period will be ideally successful if the sums so received are utilised in loans or otherwise invested so as to be repaid before the due dates of repayment. This ideal state of banking could not be practised to any large extent in co-operative banks or even in commercial banks. It does not appear to be necessary to follow this ideal in evolving a scheme of finance in the co-operative movement. Experience hitherto got in co-operative banking has shown that deposits in co-operative central banks (this is true also of commercial bank deposits) for specified amounts remained in the banks from year to year. A large sum of money was found to be available to be used by such financing banks in the grant of loans for a period much longer than that for which deposits were taken. The amount which can be used should be determined in respect of each central bank as the result of experience. The Madras Central Urban Bank with its strong financial resources attempted the work of receiving deposits payable at the end of a year and of giving loans for a longer period (2 to 5 years) at the outset and for 10 years later to enable co-operator borrowers in primaries to repay their loans in easy instalments from out of their savings and within their repaying capacity. The Madras Central Urban bank was successful in this method of dispensing credit and was able to meet the obligations to depositors by a careful handling of finance out of fresh deposits and out of collections from primaries. Such an arrangement was also tried at the outset in some central banks in the mofussil such as Salem, Trichinopoly, Madura and Coimbatore. These banks were made to feel their responsibility to adjust their resources suitably and to keep up to their engagements with the depositors. These central banks in the mofussil discharged this responsibility with care and caution with the advice of the departmental officers and they were also suitably assisted by the Madras Central Urban Bank before it was converted into a Provincial bank. This system is now followed in all central banks. The Madras Central Bank

felt the moral responsibility of assisting the central banks in times of difficulty and the Registrar of the Province advised the banks which had surplus to help these in difficulty. The Registrar then allowed inter-lending between central banks and there was smooth sailing in keeping up to the engagement with the depositors. After the Madras Central Urban Bank was converted into a Provincial bank, it took up the functions of the distribution of credit directly without the intervention of the Registrar except as an advisor. Interlending between central banks was interdicted by the department and the surplus of central banks was passed on to the needy central banks with the intervention of the Provincial bank which took in the surplus of the central banks at $\frac{1}{2}$ p. c. higher than the rate offered by it to ordinary depositors. The Provincial bank ceased direct transactions with the primaries except in special cases and in Districts where there are no central financing banks.

10. In 1911, the All-India Committee on Co-operation made a thorough scrutiny into the financial aspect of the co-operative movement and pointed out the disabilities arising from the deposit banking practised in the co-operative movement under which loans were given for a much longer period than the period for which deposits were received. It suggested the desirability of compelling central banks to keep fluid resources sufficient to meet their obligations to the depositors. While laying down a scale of fluid resource to be maintained by co-operative central banks, the committee suggested a rule that the fluid resource to be maintained by central banks should be as high as possible to secure a proper margin of safety. At first the central banks forecasted the probable receipts under repayment and the normal receipts under fresh deposits and maintained the required balance of fluid resource by keeping either cash balance or gilt edged securities readily saleable at all times such as Government Promissory notes. The intentions of the depositors with regard to renewals was ascertained in advance and the amount of fluid resource to be kept was thus determined. The central banks attempted to keep fluid resources with reference to the standard fixed by the committee on co-operation which is given below :—

- (a) 50 per cent of fixed deposits maturing in the next year,
- (b) 100 per cent of the amount dealt with
- (c) 75 per cent of the savings deposits provided such deposits are accepted only up to a fixed maximum from an individual and provided a brief notice of withdrawal is insisted on. The central banks found it to be a matter of difficulty to maintain this standard. The observance of this standard necessitated the backing up of a large sum of money

in gilt edged securities at a low rate of interest and deprived the movement of the use of a large amount of money. Moreover gilt edged securities, though readily convertible into money were subject to violent fluctuations in their value and some central banks had to suffer appreciable loss on this account. The Committee on Co operation however recommended to allow central banks to treat as fluid resource cash credit with a recognised commercial bank of standing and position. The Madras Bank (now the Imperial Bank of India-Madras branch) was approached and an overdraft account with it, was secured in favour of the Madras Central Urban bank. The overdraft is subjected to a uniform rate of interest payable once in 3 months on daily balances. This arrangement enabled the central banks in the Presidency (which had secured also similar accommodation proportioned to the solvency of each) to secure required amount of fluid resource without keeping a heavy cash balance, a wasteful item, and without investing any large amount in Government promissory notes. The overdraft allowed by the Madras Bank (Imperial) to the co-operative central bank amounts at present to about 35 lakhs. Even with the advantage of counting as fluid resource the cash credit with the Imperial Bank, the standard fixed by the Committee on Co-operation was found too high. The local Government (Madras) has fixed the scale noted below as a working arrangement for the present.

(a) 50 p. c. of fixed deposits that mature in the next period of 30 days.

(b) 50 p. c of current deposits.

(c) 25 p. c of savings deposits provided they are payable after one month's notice.

This scale is applicable to all central banks and the Provincial bank except in regard to current account in the provincial banks for which 30 p. c has been allowed as a temporary and experimental measure.

A stray institution of a central bank carrying on deposit banking under such conditions is likely to feel the financial pressure more frequently than a federation of such institutions is expected to feel. Hence the central banks have federated themselves in the Provincial bank so that the financial pressure felt at any time in any central bank may be met by the Provincial bank, by the excess of deposits in other central banks. This is one line of defence.

Another device adopted is to connect co-operative central banks with the Madras Bank (Imperial Bank of India branch) an institution which has a large amount of security, good business management and which is backed up by the cash balance of Government. The overdraft with the

institution can be expected to be available at any moment's notice. A similar arrangement subsists between the Provincial Bank and the Imperial Bank, Madras. This arrangement of linking the central banks in the Madras Presidency with the Madras Bank (Imperial) results in the working of central banks more safe and free from frequent crises. This is the second line of defence. The Provincial Co-operative Bank allows overdraft or cash credit to the central banks to the extent to which it is backed by its overdraft with the Madras Bank. This is the third line of defence. Central Banks invest their reserve funds or other sums in Government securities. This is the fourth line of defence. But the financing banks could no afford to keep much in this shape, as interest realisable on such securities falls below the rate paid for deposits by such institutions. There is also the possibility of the reduction in value of these securities which will go to lower the capital value of the investment.

These are the various devices that have been designed to avoid the difficulties of deposit banking. The maintenance of fluid resources in any or some of these forms have become a necessity for the financing banks to enable them to keep up their obligations to the depositors.

The department keeps a close watch over this question of keeping adequate fluid resources in the central banks and in the provincial bank where deposit banking is carried on in a large scale. A quarterly examination of fluid resources of each central bank and the Provincial Bank is made by the Registrar and a report submitted by him to Government and the latter issues a review thereon. Special registers are maintained in central banks to watch the fluid resources available for each kind of deposits month by month and even from day to day.

In spite of the various safeguards adopted in the working of deposit banking in the central banks and the Provincial Bank, these institutions felt considerable difficulties about keeping adequate fluid resource between January to December 1920 when financial stringency was felt in the money market. Central banks were then advised (and they acted up to the advice) by the departmental officers to stop loans to primary societies except emergent ones, to revise the rate of interest payable to depositors, and to revise correspondingly the rate of interest on loans to primary societies. Organisation of new societies was stopped for some time. Primary societies raised the rate of interest on loans given to their members. The Madras Bank gave at the time of crisis an overdraft accommodation of 20 lakhs to the central banks and the Provincial Bank. Reloan-

ing of collections was interdicted in the primary societies and in the central banks. These arrangements provided against the withdrawal of matured deposits as higher rates were offered, fresh deposits were received at higher rates of interest, and the balance of money available after retaining adequate fluid resources was liberated to meet the emergent demands of co-operators in primary societies.

A RESUME OF "SOME ASPECTS OF CO-OPERATION IN GERMANY, ITALY AND IRELAND"

"I have read many books on co-operation, often works of deep interest but few that I found of much practical assistance to the builder, and it is for the builder rather than for the architect that I have written. This method naturally involves much technical detail. To make the latter intelligible and if possible readable, a number of individual societies have been described. Primarily I have written not to show co-operative achievement, but the actual working of the movement." Thus the author introduces his book to the reader, which shows wherein lies its interest. With the practical experience and study of the co-operative societies in the Punjab for over three years, Mr. Darling has selected the useful details of the movement in Europe which will open our eyes to the strength and weakness of the co-operative movement in India and thus prove a valuable instruction to our co-operators. By comparison and contrast he brings to light many of the strong points of co-operation in India and wherein they require additional building up.

1. Village Banks in Germany:—Germany has been able to maintain her agriculturists on the same average holding as in India, though leading a higher standard of life, only owing to the efficiency of her village banks. Many of the societies combine supply also with banking. The *Duisdorf Village Bank* which may be taken as the type of unlimited liability societies, supplies the requisite machinery for the agriculturists which is the main reason for the productivity of land. The President renders all manner of assistance for scientific cultivation. The village bank consists of a general committee, a board of supervision, and a general assembly. The average membership of societies is very much large (99) which prevents the formation of corporate brotherhood, and

* By Mr. M. L. Darling I.C.S., Formerly Joint Registrar, Co-operative Societies, Punjab.—Printed by the Superintendent, Government Printing, Punjab. 1922.

the moral aspect of the movement coming to prominence. Few meetings are attended. "Some societies attract members to their general meetings by providing refreshments or holding lotteries in which the prizes are agricultural implements, a rake, a hoe, and the like." Owing to the absence of defaults, the need for building up a strong reserve to meet them is not felt; and the margin between the borrowing and the lending rate is only within one%. Deposits at call are paid very high interest. The maximum amounts that may be given to a single member are fixed annually in the general meeting. Mortgages as collateral security are largely received and non-members are admitted as sureties if they belong to the same village and are well known—unco-operative methods agreeable to the efficiency of the village bank but rarely suited to India.

In Pomerania and Saxony the existence of the landlord and the peasant have tended only to limited liability societies as neither of them wish to risk and pledge all their property for the other. Absence of a corporate spirit, larger area of operation, heavier work, and the system of paid workers are the result. Large dividends are paid and there is no system of building up reserves. The system of cash credit accounts for the members is a highly useful institution but rarely suitable to India "where habits are lax and members improvident." The main strength of the German village bank is the confidence it has evoked and consequently the large deposits which it commands. In Italy and Ireland the movement is not so prosperous owing to the lack of efficient central banks to attract capital and provide credits for the village banks. What India needs to be taught is the habit of depositing in the rural credit societies. This can come only with a more corporate spirit and a sense of confidence in the societies. "We must educate our members and educate them ceaselessly and as it is easier to educate a small class than a large, we shall be well advised to keep our societies small."

II. The strength of the village bank is to be sought in the efficient service of the federations and the unions in Germany. Of the two federations, the *Raifissin* and the *Imperial*, the former is purely non-official, without state control or state aid and is solely dependent on the contributions of the central societies conducting banking and trade. These societies unions and Primary societies are members of the general assembly of this federation. With a view to expert management there are a number of special committees dealing with various forms of co-operation. These committees are represented in the general committee of 51 members representing the unions, central and primary societies, according to a fixed proportion. From this committee 14 expert members are selected who do

carrying of the profits to the reserve till a minimum of 100£, is reached (4) the requirement of two years' notice, for withdrawing from societies which have invested large capital for warehouses, or otherwise, six months notice (5) security for credits, (6) and regular stocktaking by the committee and the Board of Supervision, and by the auditor.

Apart from these smaller supply societies, are the wholesales financed by the Central Bank and affiliated to the Audit Union. Usually the president of the wholesale is the president of the Central Bank and the Union. Thus banking, trade and audit are "welded into a single whole," the main feature of German co-operation, and the chief cause for its efficient service. The Wholesale at Coblenz is the biggest supply society. It has a number of warehouses at several places where it collects goods till they attain sufficient bulk and stocks at the centre, goods which are in large demand. Other goods it gets only on the indents of members. Members may also buy outside, which must surely embrace the sales of the society. Goods are sold at an average of only 3 percent added to the cost price." The shares are limited to 1000 of £5 each. The member societies are supplied on credit to 10 percent on the total value of the members' property in a society; or their cash credit accounts in the central bank are debited with the amount of the bills of purchase.

IV. The *sale societies* flourish only when the supply is large and consequently the producer finds the difficulty in marketing. It is a welcome sign of social economy that the tendency in Ireland, Italy and Germany is towards the joint meeting of the consumers' wholesales and the producers' wholesales, thus bringing the two interested parties together. In Bavaria the central banks carry on grain sales by operating a large number of local granaries through purchasing agents who are advanced £100 each to pay the cultivator and to store grains in local warehouses. Though these central banks are able to trade efficiently by the strict supervision of these granaries and by the appointment of expert managers who regulate the sales according to the market fluctuations, in places where its vast organisation cannot swallow the smaller sale societies and where the oppression of the local dealer has brought together the cultivators to resist it, there have grown up small *Co-operative Granaries of Peasant Proprietors*.

In Upper Palatinate such societies are large in number. At Tirschenreuth a society has grown from very small beginnings. Formed in 1899 by the combination of 8 village Banks, it has ousted out the local dealers by zealous propaganda and the creation of a sense of loyalty among the members. Started as an unlimited liability concern, it borrowed £. 1350 for constructing storages and buying machinery out of which only £. 450

remains to be paid. The chief strength of the Society lies in its reserves to which it carries every year 50 per cent of the profits. It buys outright by direct cash payment according to the quality of the grain. By cleaning and grading the oats and rye, it has earned a good reputation for its supply. By teaching the cultivation of grains of fine quality, and by supplying manure in return for their produce, it has improved their lot and enriched their farms. Its sales are easily done as the military authorities buy the whole produce. Having societies as its members it raises loans easily but deals with the members of the village Banks direct, in regard to marketing produce. Another society at Erding where individuals are also admitted as members apart from the 14 village Banks, and which is a limited concern, has grown strong by carrying all the profits to the reserves during the first ten years; and has now "Special Funds for pensions and gratuities, for the improvement of seed and for objects of common good." To have societies as members is always good as loans can be raised on their credit and as the supply may be remitted in bulk through them. The disadvantage in starting an independent granary of individual members is that they may withdraw at any time and capital cannot be raised so easily. The chief reasons for the success of these sale societies are good management, good farming and supply of fine grains, a strong reserve to meet market fluctuations and, last but not least, the state aid for initial outlay on warehouses in the shape of loans at cheap interest and free grants.

V. Another form of sale societies is *the milk societies in Bavaria*. They are unlimited concerns. They first created a steady market for themselves, by delivering milk cooled and cleaned and preventing adulteration by certain tests. For these processes, and for converting the excess supply to curds and creams, machinery was needed and the Government came forward to assist by free grants and loans at nominal interest. Members are obliged to bring their milk only to the society. The management is by local men, and the transport of the milk to the towns is done by members by rotation.

VI. *The Vinegrowers' Societies* illustrate the difficulties in marketing produce which has to be converted to some other form before being sold. The grapes have to be made into wine. Such societies are able to bear losses in certain years only because they build up a strong reserve.

VII. One of the most valuable contributions of the book is the study of the application of the principles of the working of the *Land Mortgage Banks in Germany* to Indian conditions. The author has selected two banks for a study of their working, the Agricultural Credit Association at Dresden, and the Bavarian Agricultural Bank at Munich, which are

to the Housing Societies Central Banks. The Development scheme official also issues second mortgage loans to the value of 90% of the house property at four and a half per cent on the guarantee of the municipality for erection of houses. No house building scheme can be easily started by the middle or working class without substantial assistance from the state or philanthropic gentlemen. When once the site has been bought and construction begun, in Germany it is easy to get loans from land mortgage banks on the mortgage of the house in building. The author gives an example of how 100 members by raising 50£ each built 20 houses and on their security got a large loan to build more houses and in this way supplied a house for every one among themselves. Societies for house purchase by members is increasing of late. By paying in cash one fourth of the total price and mortgaging the house for the remainder, a member becomes the owner. The conditions of sale are that he should continue his membership and whenever he sells, "the society retains the right of repurchase for the original price less depreciation". In such sale societies shares are larger than in those which only let houses. The latter societies get loans on mortgage and pay them in about 50 years annual equal instalments. Many a society in Germany by gradual repayments of loans from rents has come to own a large number of tenements which they let very cheaply to members. Many a society has passed through crises by paying speculative prices for sites and making costly building contracts which could not be made up from the rents of members. This has naturally led to the withdrawal of members from the society and consequently of their share money. To prevent such difficulties, no share should be allowed to be withdrawn, and large shareholding should be discouraged by limiting the shares which a single member can take. Liability is always limited to the shares in these societies. No member is allowed to increase the rents.

The great lesson to be learnt from the working of these housing societies is that their financial strength mainly depends on the following factors:—(1) A small proportion of the working capital should be provided by the societies. (2) A small dividend should be fixed and the rest carried over to the surplus. (3) A small per cent should be written off every year for depreciation. (4) The buildings constructed should be solid structures. (5) No share money should be allowed to be withdrawn.

XI. For the development of *Urban Banks*, purely out of the co-operative zeal of members, one should turn his attention to Italy. The variety of professions represented in the membership, and the existence of various branches of these banks speak of the popularity of the movement.

These banks supply the farmer and the labourer with easy credit. They differ from the Central Banks in taking individuals as members apart from societies, and from the village banks, in operating over a wider area with a larger membership. They are un-co-operative and tend to a commercial concern because they take every form of commercial business as discounting bills, and making advances against securities, goods and valuable articles. They increase the value of the share in proportion to the increase in reserves, they charge the commercial market rate on loans and compound interest on arrears, give large dividends, and deal largely with non-members. The co-operative character of the banks is chiefly to be seen in the issue of loans generally, on personal security and exceptionally, of loans of honour at cheap interest on the character of the member which is ascertained by the local committees, and also in the large saving deposited by the members. Their financial strength is to be sought in their efficient management. The managers are by themselves very able men. The committee of the bank consists of business men who meet once a week and check the accounts of members every quarter. The Syndic of five is not a very active body and the annual general meeting is very poorly attended. The margin between the lending rate and the interest for deposits is between 3 to 4 per cent which is amply sufficient for expenses, building up the reserve, and distribution of a large dividend. The average ratio between deposits and share capital and reserve put together, is 11 per cent. The financial weakness of these banks lies in the absence of assistance and control from Central Banks and Audit Unions. They hang loose independently of each other. Their method of issue of loans is chiefly to be noted. A Register of maximum credits for each member is kept which is revised every quarter, a very wholesome but a laborious procedure. The sanctioning committee of loans meets once a week. Cash credit accounts can be opened by the members on the security of their promissory notes which should be renewed every six months and are scrutinised every quarter. The permission to renew the loans every six months gives immense facilities to the farmers in operating on their credits. Deposits can be recalled at any time, only a few day's notice is required.

The *Urban Banks* in Germany work quite on a different method. They are affiliated either to the Prussian Central Bank or the Dresden Bank from which they get their loans. They are also affiliated to the Local Audit Unions. In Germany the share value is never increased, the dividend is limited to 6 per cent only, the rate of interest is one per cent less than the market rate, deposits are paid higher rates and non-members are not given any credit though they can deposit and draw from it; all these show that the German system is more co-operative. The liabilities

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The *Urban Banks* in Germany work quite on a different method. They are affiliated either to the Prussian Central Bank or the Dresden Bank from which they get their loans. They are also affiliated to the Local Audit Unions. In Germany the share value is never increased, the dividend is limited to 6 per cent only, the rate of interest is one per cent less than the market rate, deposits are paid higher rates and non-members are not given any credit though they can deposit and draw from it; all these show that the German system is more co-operative. The liabilities

of members are unlimited, which is hardly practical and dangerous too, in an urban bank of large and diverse membership. Before loans are given, enquiry is made of the members' character and credit through local agents and each application is decided on its merits, quite unlike the system of maximum credits in Italy. In many points both the Italian and the German banks work on the same model. Owing to the pressure of competition from commercial banks, the German banks also do some commercial business as advancing money on the scrips to 60 per cent of their value and against pledged goods. Mainly there is the system of cash credit accounts secured by bonds with sureties, and no specific loans are made. There are the same large deposits by the members. The Board of Supervision meets every fortnight for sanctioning loans, checks annually the loan account of every member, and examines their securities. But the major work of the banks is done by an expert committee of three members who are paid officials.

XII. The history of the co-operative store in Italy and Ireland is strewn with many a wreck owing to the cunning manoeuvres of the traders to crush it. Again the co-operator has won through a series of struggles and difficulties. In Italy the co-operative store is daily growing owing to the efforts of the Catholic and the Socialist parties, the former standing for independent village stores federated together and the latter for a centralised store spreading out into branches. The easy credit given on the security of the fluctuating stock in the stores by the National Institute of Credit and the Catholic Bank at Milan, have led to the enormous growth of these stores carrying a heavy liability to these banks. The Alpine Hill Societies are examples of small village stores, independent and self-sufficient. They have a value to India in their humble origins and modest scale of operations. In Ireland the General Purpose Societies combining sale of eggs with the supply of household requirements are serving a useful purpose in the economy of rural life. All these societies have many a lesson to teach the Indian co-operators. Stocks should always be kept low and rarely credits should be allowed except on the responsibility of the manager. The store should not take up bank business such as accepting deposit or issuing loans as management will be difficult and secondly they may lead to "speculative purchase or too lavish credit." It should be small and the liability limited to the shares. The sale should be at market rate, a small rebate may be given on the custom of the member, though it involves a laborious procedure, and the remainder of the profits should be carried to the reserve. A big store on a large scale is always an ambitious thing.

manage and will be successful only if there are "(1) wholesale purchase; (2) standardisation of orders to get the lowest possible rates (3) and direct dealings with the producer". Every thing rests on the appointment of an expert manager who knows what to stock at the proper season which will command quick sales. As it is natural for the committee to be inactive and for the manager to grow all-powerful, there should be a touring Inspector to take stock and audit the accounts. Annual stock-taking should be made compulsory. Sometimes members should be deputed to check stock every quarter. Training classes are necessary for committee members and secretaries to instruct them on the economics and finance of the co-operative store. More than all, wholesale societies are needed to supply the stores with their requirements.

XIII. Agricultural co-operation has reached its high water mark in the *Italian co-operative farming*. The rackrenting landlord and unemployment have been the exciting causes among the two parties in Italy, the Catholic which stands for family as the unit of society living with other families in the purely Christian spirit of corporate brotherhood, and the Socialist which aims at the extinction of the individual and his mergence in a collective society of joint production. Catholic societies with members as their tenants paying a certain amount of rent, flourish most where cultivation, as in the vine and the olive, needs individual attention, personal skill and small holdings. Socialist societies which conduct large farming on the wage system flourish most where cultivation of large holdings, as in rice and wheat, is economical and gang labour is quite sufficient. The former suits places where tenancy cultivation is common, the latter where there are a large number of field labourers.

The individualistic societies which are mostly in common in the district of Bergamo, get a large farm from a landlord for rent and distribute it to the members on lease for about 12 years on condition that they do not sublet and pay the fixed rent. Many a society in its enthusiasm to release itself from the clutches of the middleman contractor, has come to grief by fixing a higher rent for the landlord. On the expiry of the lease, the land is distributed again to the members with a view to an equal allotment of good and bad lands, and the rent also is revised for each land. This leads to much heart burning to prevent which, needs a great deal of tact on the part of the management. It speaks much of the co-operative spirit of the members that some of the societies are able to pay one and a half times the rent as guarantee money to the landlord. The appointment of a trained agriculturist in these societies has greatly facilitated better farming. Good seeds and manure are supplied by the societies for

purchase, and costly machines are let on hire. The stimulus to produce arises out of the ownership of land during the period of lease.

The rent is paid by the members in cash and in part produce. Some societies undertake to sell the silk cocoons of the members. In one society members are asked to cultivate in a fixed portion of the land tomatoes which are conserved by a factory which it conducts, and are also sold. The main produce of the field the member utilises for himself after paying the due rent to the society. Thus from the grapes the members make their own wines and sell them as they like. Some societies conduct a store which supply household requirements, and a bank to issue loans and receive deposits. Some insure members against old age. No dividend is distributed. With more economic gains to the farmers, a tendency to restrict admission is to be found in the heavy entrance fee of £15 demanded in some societies.

The *Collectivist Farms* round Ravenna are a standing example of the possibilities of socialistic agricultural production. Bidding high against the rackrenting middlemen, these labour societies had to pay a heavy rent in the beginning, which they did, by contributing money shares, free labour and their savings deposits. Here also land is distributed to the members for every two years and one third of the annual produce of his land is given to each member. The stimulus to work is to be found in the larger returns for a member according to the yield he shows in his land. Owing to the disproportion of lands and members some members may not get any land at all and they will be given preference in the next distribution. Every member is paid a wage for the labour he gives to the society, sometimes free labour is also required. The manager conducts all the tillage, and the society owns implements, livestock etc. Manuring, ploughing and thrashing are done for the whole farm collectively. The member does the rolling, weeding and reaping for his land. He also pays generally one third of the price for the seed, the manure, and the insurance charge on his crops. Some lands of the societies as the meadows are cultivated in common. The chief reasons which have made extinct the self-interest of the ignorant labourer and evoked his co-operative spirit to work for the benefit of the society are to be sought in the existence of Trade unions which comprise the very same members which consequently easily enforce a rigorous discipline among them, and whose committee members sit also in the committees of the co-operative farm societies, guiding and assisting them, in the state aid which has made it possible for them to own their lands and increase the economic prosperity of the members, in the conscious understanding of

their helplessness if they are devoid of combination, and the able management of the farms by expert managers who punish slackers. The whole produce is pooled, and after meeting the expenses of farming, rent to the landlord, and a share of the produce to the members, the profits are carried over to their shares. Some of the societies conduct a store and do some banking also. It is a noteworthy feature of some of them that they undertake labour contracts outside, thus giving work to surplus members when they do not get any land, during the slack season of agriculture. It should also be mentioned that pure collectivism of joint production on the wages system without any distribution of land has only led to decreased production in the town of Alfonsine and the Society there has changed to the system just now mentioned.

It stands to the credit of the farm societies that 60 of them are cultivating 50,000 acres out of which 20,000 are owned by them. The live and dead stock of 26 societies are valued at 100,000£ and their annual produce at more than 300,000£. When we find that any labourer is admitted without any entrance fee on the payment of the usual share money, provided he is only a Trade Unionist, and also that any new member has as good a claim as the old member of the society to the land distributed, is it anything impossible for the mass mind to rise above family interests and work for the common good? No doubt, with large profits there is a cry for their distribution. But a moral sermon from the managers hushes it up and the labourer is satisfied with it. Building up of theatres, forming a common good fund, schooling for members' children, milk supply for infants, free medical assistance, insurance against old age, all these have been possible because profits were not distributed.

XIV. Economists who would like to develop industries in infant countries like India, without the introduction of capitalism, will find a mass of useful material in the *Labour Societies* of Italy which undertake large contracts for buildings, roads, etc. Some of them, to prevent competition from able workmen in their own ranks, put "illegitimate pressure" on them to bring them into their fold. The Trade Union assists them by not admitting any one as a member who does not join a Labour Society. Another weakness in these societies is the possibility of less turnover as the member may not have the incentive to obtain the maximum profits for the society. But on the whole their achievements are nothing small. "Four lignite mines and 3 or 4 iron and steel foundries started during the war have recently been taken over from Government. Co-operative glass furnaces and printing presses also have been undertaken. Of these the most ambitious are societies of metal workers formed to repair and even to build ships." At the end of 1920 there were about 2500 societies of which nearly three fourths belonged to the socialist

organisation." The success of these societies is mainly to be credited to the Co-operative Spirit of the members themselves, specially when we find there is not that efficient audit which is the main feature of the German system.

The Labour societies which have greatly increased in the district of Ravenna, may be generally divided into "The General Association of Braccianti or Manual Labourers" and the several associations of skilled workers. Work which the former is unable to do is given over to the latter. The Braccianti have ousted the middlemen contractors by bidding them successfully in the auctions for contract, and now undertake building contracts, apart from the co-operative farming of 1000 acs round Ravenna. The State finding that the best way of calming socialistic agitation lies in the encouragement of these societies, is giving large loans to them. The National Institute of Credit finances them to nine tenths of the wages due to them for their work, and the pay bills for the contracts are credited to their account. It also gives initial loans to buy implements and machinery but instead of paying the loan direct, it pays the bills of purchase. The wages and hours of labour are fixed by the "Labour Exchange, a joint organisation of all Local Trade Unions." The able supervision of the managers prevents slack work and absence. In a society of masons and cement workers "each member takes in turn to supervise the work of the society for a week". When work is slack, it is fairly distributed so that the weaker are protected by the strong. Pay is differentiated according to the quality of the work. There is a foreman for each section, "who is responsible for all implements and materials used, for the correctness of the pay sheet and for general discipline". Fear of Trade Union keeps the member straight. The share money is small and the only condition for admission is that he should be a member of the Trade Union. Work is done on contract. These societies have increased the wages of the workmen, shortened the hours of labour, and by starting the Common Good Fund are assisting "the aged and the infirm" among them, and insure also the lives of members.

XV. The author concludes that the co-operative spirit can only be evoked by holding training classes for those engaged in the movement, by general meetings for co-operators, and by creating a number of local leaders who should be expert managers guiding the movement with a religious zeal.

XVI. It has been considered proper to give a detailed resume of the whole book with a view to show the real value of the book to co-operators, to interest them in the several forms of co-operation in Italy and Germany, and to stimulate thinking wherein India needs building up.

AGRICULTURE IN THE CENTRAL PROVINCES.

(The following is extracted from the June number of the Mysore Economic Journal.)

The Central Provinces have 1392 farms only eleven of which are Government farms. The Agricultural Department distributed 12,029 maunds of wheat seed, 3112 maunds of paddy seed, 2,77,683 maunds of cotton seed, over 1½ million sets of sugar cane and 1477 maunds of miscellaneous seeds. It sold implements to the value of Rs. 62,725 and books and bulletins to that of Rs. 2280. This distribution was made through the agricultural unions and the farms. That so many private farms exist is eloquent testimony of the extent to which the work of the Agricultural Department is bound up with the agricultural economy of the Central Provinces.

The Co-operative Department is doing its best to help. In the Sehora Dt. Co-operative Credit Societies have taken up the work of propagating the improved varieties of wheat supplied by the Department: 32 of them have already been organised to this end and are being financed by the Sehora Central Bank, their members being given seed on the saiwai system which means that the Bank and the members take equal shares of the out-turn. An experienced agriculturist has been posted to Sehora in order that the societies may have the help they need on the agricultural side.

Co-operators may take note of the above. Demonstrators of the Agricultural Department have been posted in several Districts and co-operative organisations may with their advice and help undertake similar activities on a large scale in this Presidency.

THE LAND PURCHASE SCHEME.*

The land purchase scheme introduced in Ireland by the National Land Bank in 1920 is described below:

"The societies are all registered under the Industrial and Provident Societies' Act, and their usual method of procedure is as follows. On the approval of a plan for the purchase and division of an estate, a society is formed, consisting of those persons who wish to be, and are accepted as, persons to share in the division. These are the ordinary shareholders; there may also be associate members, who are interested outsiders who are anxious to help the society with advice or money. One fourth of the purchase price of the land is then deposited with the Bank, and the Bank advances the money on mortgage for the purchase of the

* With kind acknowledgments to the Irish Economist July.

land. The society generally holds the land in common for a short period while it is being fenced, drained and generally improved, and as soon it is ready for sub-division it is parcelled among the members as agreed upon. The work of draining and fencing is carried out by the members jointly, and an incentive to work hard is given by the fact that members who do not do their share are liable to suffer in the division of the lands. In some cases the society lets the land for a year or two in order to give an opportunity for improving it. The income in these cases goes to paying the annuities and other charges, and the balance, if any, to the reduction of the mortgage. The Bank, of course, has the right of vetoing any such arrangement. In cases where there are woods and bogs or rough grazing lands on the purchased estates these are held in common by the society, and in the case of woods, may be sold on maturity for the benefit of the society as a whole. The Bank exercises restrictive rights to prevent trees being cut without re-planting. Where there is a residence attached to the lands it may be divided into two or more houses for members, or, if it be more suitable, let or sold as a private house.

So far there has been no difficulty in collecting the annuities in spite of the disturbed state of the country. There has been some difficulty in preventing unauthorized subletting, but the rules of the societies prevent a member from selling his holding. If he wants to get rid of it, he can return it to the society for the price he gave for it.

The land purchase schemes are a striking example of the adaptability of the co-operative idea to all forms of life, and their success may be regarded as a new triumph for co-operation.

CO-OPERATIVE EDUCATION.

The extract given below from the *Irish Homestead* of June 24 (1922) deals with co-operative education which co operators might with advantage study. Co operators of this Presidency should devise a scheme of Co-operative Education out of their own resources supplemented by Government subsidy if such is forthcoming as in Bombay.

"We referred in a recent issue to the extraordinary developments of agricultural co-operation in California, and the importance attached by co-operators there to trained business ability in the management of their associations. It was because they realised that the best business ability and technical competence must be in their service if they were to

succeed, that they did succeed. We in Ireland are far behind other countries in the importance attached to co-operative education. Where co-operators take their movement seriously, where they regard co-operation not only as a business, but as a theory of civilisation, and hope to make it dominant in the life of their nations, they do everything to secure a profound knowledge of co-operative theory and practice among the officials who are to act as managers and secretaries of their associations. They realise they cannot go into big business undertakings without intellect equal to the task, and in Germany, Denmark and elsewhere there are long courses of study prescribed for those who would be managers and officials of co-operative societies. In Ireland the ability and knowledge equal to the management of a huckster's shop is to often regarded as sufficient for the management of an agricultural store. A knowledge of co-operative theory, the history of the movement, its great development in other lands, are not considered necessary. In India where the co-operative societies are rapidly becoming the modern and scientific substitute for the ancient communal life of the village, they are realising that co-operative organisation in the grand manner cannot be effected without trained intellects and economic knowledge of a wide kind. The Bombay Central Co-operative Institute has set itself to train and educate officials for co-operative societies and we read with the greatest interest the programme of studies in junior and senior training classes. When a movement realises the importance of education and sets itself resolutely to provide it, we may be certain of great results in the future. The man with the widest outlook and the greatest knowledge will build up the greatest and most efficient organisation. The men who know of nothing which has been done outside their own village will never create organisations which will transcend the local level of efficiency. Let us see what Indian co-operators expect their officials to understand.

They must first of all have a knowledge of Co-operative legislation, the structure of co-operative agricultural societies, learn the keeping of accounts, the making of balance sheets, management of societies, the working of Co-operative Unions, banking, and various forms of co-operative association. They are expected to perfect this theoretical knowledge by visits to typical agricultural and credit societies, and to study on experimental or private farms advanced methods of agriculture, so that they may see how better business may help better farming. That is the knowledge required in the Junior course. In the Senior course the lectures deal with general economics, land, labour, capital, rent, wages, interest, profit, consumption of wealth, the theory of Co-operation, history

of its development in Europe and Asia, possibilities of development, purchase of requirements, sale of produce, insurance, dairying, urban and rural banks, co-operative stores and moral aspects of co-operation &c. All this again is supplemented by visits to typical societies, central banks, store and housing societies, where the theory is illustrated by reference to practice. Continuation classes go still more widely into the subject. Books like Cahill's exhaustive report on agricultural co-operation in Germany, Sir Frederick Nicholson's big report on agricultural banks, or Mr. Henry Wolff's illuminating works on the same subject, Harold Faber's works on Danish Co-operation, Mr. Smith Gordon's book on Rural Reconstruction in Ireland, and many other works by economists of international repute are prescribed for study. Essays are set on such subjects as the possibilities of co-operative farming, the co-operative handling of produce, land tenure and its relation to farming, agricultural education, rural industries, how to make rural life attractive, famine and its preventive measures, farmers' finance, the lives and work of prominent co-operators, international trade on a co-operative basis, and theories of social reconstruction and the place of co-operation in it. Now, it is perfectly clear that officials who have undergone such a training will be a thousand times more efficient than if they had been left to work out problems of the societies they manage by their natural untrained intelligence. It is by their eagerness for knowledge that nations develop from third rate into first-class civilisations. It was by intellectual eagerness Germany developed in a little over half a century from a congeries of backward states into one of the most wealthy and powerful states in the world. Until we develop the same eagerness for knowledge and the desire to apply it, we must remain what we are, let us confess it in spite of our national vanity, a very backward community with great mature intelligence in its people but as uncultivated as their fields.

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Vol. XIV.]

AUGUST 1922

[No. 2]

CONTENTS.

	PAGE
I. NOTES AND NEWS —	41
II. CO-OPERATIVE FINANCE.—	
SYSTEM OF FINANCE ADOPTED IN THE CO-OPERATIVE MOVEMENT OF THE MADRAS PRESIDENCY AND GROWTH OF CENTRAL BANKS. M.R.Ey., Rao Bahadur A. Vedachala Aiyer, A.M. B.A. ...	49
III. CO-OPERATIVE DISTRIBUTION.—	
(a) THE NON-AGRICULTURAL CO-OPERATIVE STORES SOCIETIES IN THE PRESIDENCY OF MADRAS. ...	58
(b) COLLECTIVE CAPITAL. From 'Scottish Co-operator' ...	63
(c) THE STORES MOVEMENT IN SCHOOLS AND COLLEGES ...	67
IV. CO-OPERATIVE PRODUCTION.—	
SHARING PROFITS WITH EMPLOYEES. From 'Irish Economist' ...	69
V. CO-OPERATIVE EDUCATION.—	
(a) CO-OPERATION AND EDUCATION IN ENGLAND AND INDIA ...	71
(b) A NEW CO-OPERATIVE EDUCATIONAL CENTRE ...	78

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NOTES AND NEWS.

Co-operators will note that in the Madras Presidency agriculturists are in need of capital for short term purposes, and co-operative credit organisations are expected to handle the required short term credits for the agriculturists throughout the year, before cultivation, during the season of cultivation, and after harvest, when the produce has to be marketed. Central Banks have been fitted up sufficiently strong to undertake the work. The non-official co-operative agencies and the Departmental men interested in the cause of the movement, should put in the required enthusiasm for the use by the farmers, of these short term credits, by educating the co-operators and the financing banks in this respect, and by liberally setting free such credit at the proper time and in sufficient quantity.

The Cochin Co-operative Conference held its sittings for two days, on the 4th and 5th August, under the presidency of Mr. G. K. Devedhar M.A., Vice-President of the Central Co-operative Institute, Bombay. Mr. Devedhar, one of the pioneers of co-operation in the Bombay Presidency, and whose connection with the movement extends over a period of 15 years, expressed his high hopes and deep interest in

THE MADRAS BULLETIN OF CO-OPERATION.

... progress, when he said "Co-operation is the life spiritual in practical affairs and as such there must be at least as many co-operative societies in the State as there are temples and places of worship." After referring to the remarkable development of Co-operation in Germany after the war, and specially to the financial strength of their village banks, he showed how the latter were the main foundation of all forms of co-operative activity, because "credit was the basis of all business, it was based as much upon character as on property, and the village bank was a school of business where the humblest man could obtain his diploma." Two great lessons of his address are his insistence on self-help and the danger of State aid in co-operation, and secondly, the warning he gave in regard to the overdures of the credit societies. He then referred to the local needs and products, and showed how the needs of the home and agriculture can be supplied by stores and supply societies, and how the local produce as cocoanut, arecanut, coir, and pepper can be sold through Sale Societies.

.

The resolutions of the Conference are marked by a desire for the efficient control and audit of the Primary Societies and the unification of the societies towards the closest possible organisation. Two resolutions of the Conference point to a new departure in the working of the movement, the one which urges "co-ordination among Government Departments connected with problems of rural reconstruction" and the other "which requests for Government facilities to dispose of manufactured articles" through co-operative societies. The appointment of a committee under the presidency of Mr. Devadhar to formulate rules for starting a Cochin Co-operative Institute augurs well for the movement if the committee expedites business. We will only express our hope that the enthusiasm evinced during the Conference will not wane and that the standing committee will steadily work round the year to carry out the resolutions of the Conference.

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The report of this society for the year 1922 published in the Bengal Co-operative Journal of July is mainly valuable as indicating the civic interest it has evoked in the rural parts. "It is to teach our countrymen how to co-operate with the local bodies in their fight against malaria. Even here our task is superhuman, considering the colossal amount of ignorance and the want of public spirit in the villages, where the rank weed of petty

The Central Co-operative Anti-Malarial Society.

spirit and party jealousies and unhealthy love of the "grow space" There are 24 societies which maintain 10 medical officers on a subsidy basis, and a vast dispensary system in the share system, such as charities, while the Local Boards supply them with medicines gratis. The societies are local agencies in the villages of Bengal for the purpose of carrying out minor or real anti-malarial measures within their respective villages." Their work consists in filling up ditches in the dry season and pouring kerosene over accumulated waters. One notable feature of these societies is "that each householder is given a printed book in which he enters every week the number of days during which members of his family suffer from fever. The compilation of these figures by the societies has shown to the villagers how they have been able to eradicate 90 per cent of the malarial diseases in their area. To show the rural enthusiasm for civic improvement, the report describes the achievements of a few societies. One rural society subscribes monthly Rs. 20, gets a monthly grant of Rs. 25 from the Local Board and has a deposit of Rs. 500 from the donations of members. Another society of 27 members whose total population is only 500, has taken up the excavation of a decayed tank. The societies have built up a reserve of Rs. 10,000 and show a monthly income of Rs. 1,000. The Central Society has a fund of Rs. 31,000, giving an annual income of Rs. 3,000 which it uses mainly for grants to rural societies. One painful fact to note is the decline in the co-operative spirit in the societies, with the absence of the leading men who organised and conducted them. The report being only a record of the achievements of the societies, we are not in a position to understand the details of their working.

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This is a society of very recent growth described in the July number of the Bengal Co-operative journal. It combines credit with farm operations for the production of good seeds to be supplied to members. The farm also has a demonstration value as the members receive a practical knowledge of irrigation by chain pump and the use of good manure and seeds. The farm (a single plot of 14 bighas) got a good potato harvest this year and "notwithstanding a prolonged draught and consequent bad harvest everywhere around the locality, the wheat and lentils are thriving." The farm is run as a co-operative society. Credit is given only for agricultural requirements and limited to twice the share capital of a member which is fixed at Rs. 10 per share. The seeds are sold only for cash, and to non-members if there be any surplus. We would be glad if more light is thrown on the following points in regard to the

The Dabaria Co-operative Agricultural Society.

working of the society:--1. Whether the manager of the society is an agricultural expert. 2. Whether the farm consists of individual holdings of members who cultivate under the supervision of the society. 3. Whether the farm is owned or got on lease by the society and cultivated collectively through labourers, the seeds of the farm being sold to members and non-members for their own individual farms. 4. Are the members cultivators or only landlords? 5. Is any rebate paid to labourers on their wages? How is the produce of the farm divided between the members and the society? 6. How is the cash realised by sale of seeds distributed to the owners of the produce, if it is individual farming, and towards the dividend and reserve? 7. Whether the society is limited or unlimited? 8. Is there any limit to the number of shares a member can take?

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The Annual Report of the Bombay Social Service League for 1921 mentions 78 credit societies functioning for 5250 members. The average membership per society works to 67. The share capital amounts to Rs. 50671-1-7 or, on an average, to Rs. 649-10-1 per society. Their total deposits from members and non-members amount to Rs. 58,706 of which Rs. 22,350 are deposits of the Agents of the Tata Mills and Rs. 10,800 of the Currhimbhoy Ibrahim Working Men's Institute. The figures do not give the exact deposits of members only. The loans issued amount to Rs. 16,040-4-3 or Rs. 41-2-5ps per member. The amounts recovered come to Rs. 1,80,001-3-5 or Rs. 34-4-7ps. per member. It is highly creditable to the movement that the loan advances rise up to such a high figure and that the recoveries total 83 per cent of the advances. It is also happy to note that two societies are composed of women workers only.

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There are five stores conducted by the League. Of these we will deal with the medical store later. The total sales for all the stores come up to Rs. 1,04,513; the deposits from members as well as non-members amount to Rs. 20,164. It would be better if the League publishes detailed statistics in regard to the working of the stores. From the present figures it is not possible to know the number of members, their deposits, the sales to members as well as non-members, the cost of management, the value of stock bought and the net profits or losses.

A new activity undertaken two years ago, in the Parel Settlement, was the co-operative laundry. As the idea of washing at a common shop from which they could hope to get prompt washings and annual bonus also, was new to the labourers, the laundry worked at a loss during the first year. The report for the last year mentions that "the concern has shown signs of success."

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Another enthusiastic venture of the League was the starting of the Co-operative Club for students on the model of the Toynbee Hall. A hostel has been started for about a dozen students in the labour quarters at Parel with a view to harness their enthusiasm for social studies and service. About Rs 3000 worth of furniture has been bought by the League for the Club. The Club is self-supporting. It is hoped that the club will centralise and give a shape and a form to the idea of social service; and the atmosphere and tradition built up by the Club will draw towards it enthusiastic social workers for enlivening and uplifting labour life in Parel.

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Another society working on co-operative lines in the Parel Settlement is "The People's Medical Relief Society." This society owes its existence to the liberality of Dr. D. H. L. Batliwalla, L. M. & S., who has presented his dispensary at Parel to the society in memory of his father. Here patients are treated by a doctor, the medical stores sell medicines at cheap rates, and "there is also a nursing home for the benefit of the people". Labourers take shares in this store. The Quarterly Report of the Social Service League from April to May 1922 says that 141 cases were treated and the cash receipts amounted to Rs. 360. The dispensary is a growing institution with immense prospects before it for benefiting labour.

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The Savings Banks for boys in the Currhimbhoy Ibrahim Workingmen's Institute is an institution which can be usefully started in many of the Night Schools for employees in other presidencies. The Quarterly Report mentions that there were 115 boy members in the Savings Banks and their total deposits amounted to Rs. 269 at the end of June 1922. Many a youthful employee, freed from the discipline of the home and trying his premature freedom in unthrifty ways

wly earned wages, will get in the Savings Bank, the early thrift, and value its usefulness for accumulating his little earnings for dress and other comforts which his home can ill-provide.

Co-operation can save labour, instil habits of discipline, thrift and organisation, and redeem it from the clutches of the money-lender and the trader only if there are sincere and earnest workers to guide the movement for a long time to come. Labour cannot of itself understand the value of co-operation and steady loyalty to the movement, unless in the initial stages it is persuaded to combine by expert and enthusiastic managers. The Social Service League has been able to achieve so much because of the existence of a zealous band of missionaries under its flag.

We would like to draw the attention of the Government, social workers and employers of labour to the resolutions passed on the development of co-operation among factory workers at the All-India Industrial Welfare Conference which met on the 6th of April last in Bombay. They lay out a well ordered programme of work for the furtherance of Co-operative Credit, Stores, Boarding, and Housing among the workmen. The Conference rightly requests the Government and the municipalities to provide sanitary dwellings for the unskilled workmen and render aid to the housing societies of skilled workmen. It urges on the employers to "contribute liberally to Central Co-operative or Social Work Institutes existing in their respective localities". With a view to create a conscious unity among the workers of the several mills, make easy the credit transactions by localising the area of operations, the Conference has recommended "that millhands' societies should be organised preferably on a locality basis rather than separately for each mill." To encourage thrift among labourers, the third resolution urges the introduction of the "system of regular monthly subscriptions and savings banks where possible." To give a home to the young employee, ignorant of urban conditions of life, to save capital to the labourer who is forced to spend all his paltry earnings in the purchase of domestic requirements from retail traders, and to give better food and lodging to the wage-earner messing in wretched hotels, the Conference recommends the formation of Co-operative Boarding Houses, Consumers Societies, and Co-operative Hotels respectively.

Mr. N. V. Joshi, M.Sc., B.A.L.A.E., Forest Assistant to the Imperial Agricultural Bacteriologist, in his paper read at the Ninth Indian Science Congress, Madras, 1922, has come to certain conclusions from his own original experiments, on the methods of preventing nitrogen losses in dung and urine during their storage. He says that there is a large wastage of nitrogen by storing the urine freely exposed to air. He has found that straw and soil as absorbents of urine to conserve the nitrogen are practically useless. To prevent the access of air, he suggests that the surface of the urine should be covered "with a layer of some kind of oil such as kerosene, mustard, or coconut". He says that "this method has proved effective in preventing losses of nitrogen from the urine." He draws another conclusion from his experiments that "since greater losses of nitrogen occur in the mixture of cattle dung and urine, it is advisable to store cattle dung and urine in separate pits instead of following the prevalent practice of mixing them in storage."

In the notes of the same journal, Mr. T. S. Venkataraman has given the benefit of his experience in the Sugarcane Breeding Station at Coimbatore in regard to the "cheap and efficient method of propping sugarcanes" Where farmers grow thick sugarcanes, they use ropes and other things to support their weight and prevent their bending. Mr. Venkataraman says that galvanised iron wires, cut and formed into loops as figures of eight, may be fixed on nails screwed to bamboos placed at suitable intervals and tied into knots. These loops may be doubled, if the crop grows very tall. During the harvest, these loops may be lifted up and kept on the nails driven at the top of the bamboos. The bamboos and the nails can be used for a period of 5 years, while "the ropes and trash" used will have to be renewed for every crop. Calculating on this basis, he says that when the older method was practised, the cost came to Rs. 80 per acre per annum, whereas the present method costs only Rs. 35.

CO-OPERATIVE BANKING IN THE MADRAS PRESIDENCY.

DEAR SIR,

From your last issue which has followed me into my holiday resort I am glad to be able to gather the main facts recorded in the late Mr. Hemingway's last Annual Report. Evidently through some miscarriage in the post, the Report itself, of the despatch of which I was advised, has not reached me.

The two points in the Report—practically one as springing from the same source which severally you and the Provincial Government have singled out to remark—are of so great importance that, alarmed at the appearance of such a canker in the system which has hitherto borne so good a record, I feel moved to add to your own and to official admonition my own warning endorsement.

There is nothing more dangerous to a co-operative business movement than the desire to "make a show", be it of the number of societies or be it of the amount of business done. Both these things have wrecked many a good beginning. The "show" to be made should be in the quality of the institution created, be the number of such institutions very small. Therefore, if the *Sirkar hukum* should prefer number of banks to quality, I would snap.....at him. Numbers will follow, once the quality is good.

And those arrears are an ominous defect. The Government really in its strictures understands its case when it speaks of business-like practice as incidental to the granting of cheap and easy credit. The initiating of sound business notions and the training of business habits are really quite as commending objects as the granting of cheap loans. Give me a man well grounded in business ways and I shall be certain that he will do well. Cheap Credit without business ways is almost certain to prove a snare and an occasion to falling.

From the very first I have been advisedly careful to point out that a good leader in co-operative banking will forgive anything rather than default in repayment. If there should be good ground to permitting deferring payment, a renewal can at any rate be granted. But that renewal must be granted on grounds which should not be taken as a matter of course.

I believe that you have now legal power to penalise a defaulting borrower. That power should be put to use. Once defaulters are tolerated in practice, there is no telling where that handicap may lead to. Madras Presidency has hitherto done so well but one may well hope that it will be able efficiently to guard against the spreading of the above referred to.

Believe me,

Dear Sir,

Yours, Very faithfully,

Henry W. WOLFF.

SYSTEM OF FINANCE ADOPTED IN THE CO-OPERATIVE MOVEMENT OF THE MADRAS PRESIDENCY AND GROWTH OF CENTRAL BANKS.

By. M.R. By. Rao Bahadur A. Vedaohala Aiyer A.M., B. A.,

III

II. Deposit Banking in Primary societies:—

Urban banks are conducting deposit banking on much the same lines as the central financing banks but they have not been yet compelled by rules or by departmental instructions to maintain strictly the fluid resources with the help of which repayment of deposits can be secured on the due dates without failure. The members of urban banks being small traders, wage earners, salaried people, artisans etc. may be expected to repay loans within the periods for which deposits are taken. Even in such primary societies there are people whose repaying power is so small that they want a longer period for the repayment of loan given to them. Repayment of deposits is met from the collections from the members, which are expected monthly and from fresh deposits. This arrangement can be worked successfully only when there is a free flow of deposits. This might be possible to some extent in the case of fixed deposits though such a position is not free from difficulties but certainly the urban societies will find it almost impossible to deal with current deposits and savings deposits. At present some of the urban banks are doing such business also but it can be regarded as safe business transaction. This much is clear that urban banks cannot handle fixed deposits of thousands satisfactorily as, if they do take them, they will have to stop reloading of collections for two or three months till their matured deposits are repaid. The handling of current accounts and savings deposits is discouraged in urban banks owing to the difficulty of keeping the required fluid resources. As a matter of fact the Urban Primary Banks on limited liability basis do mostly carry on their transactions with the help of local deposits. If steps are taken to ensure the retention of adequate fluid resources, it is likely that the profit may get reduced but the Banking will be placed on a safe basis. The movement as a whole is much benefited because of the urban banks tapping local deposits. Every endeavour has therefore to be made, to encourage the growth of such limited liability banks in urban parts so as to benefit wage earners, artisans and weavers in towns and in villages of importance. At the same time a certain amount of fluid resource should be insisted on to be maintained in each urban bank which deals in deposits returnable in a year and which uses such deposits in loans repayable in a longer period. Such Urban Primary Banks cannot

be directly connected with commercial banks as the latter will not be prepared to allow cash credit to such small organisations. The proposals on this point under the considerations of the co-operators and the Co-operative Department are given below :—

(1) The Urban Banks which deal in large amount of deposits should take sufficient number of shares in the Central Banks for the area within whose jurisdiction the urban banks are situated, so that they may have the necessary borrowing power with the financing bank kept unused, to be eventually used in times of emergency. This proposal necessitates the maintenance of fluid resources by financing banks to set free, when desired, the credit wanted. This is the legitimate function of a Central Bank. The central bank would have had to provide such fluid resources if the deposits now in urban banks had been put into central banks and lent by them to urban banks. The objection that may be urged by the central bank to take up such a duty will be that they are working on a very small margin of profit taking into consideration the rates offered to the depositors and the rates charged by them on loans to the Primaries. This objection is a reasonable one and co operators must accede to the demands of financing banks to leave a margin of $\frac{1}{2}$, $\frac{3}{4}$, or even 1 per cent to make provision for the required amount of fluid resources. Primaries should pay a slightly higher rate for securing such accommodation. Besides the central banks will have to be provided with a larger amount of overdraft from the Provincial Banks to meet this contingency and they will have also to pay a slightly higher rate to the Provincial Bank.

(2) By insisting on the surplus of urban banks being deposited with the central banks at such rates as the constitution allows and by interdicting the investment of such deposits in other banks for higher rate of interest. As regards unlimited liability societies, there are a number of urban banks under the unlimited liability basis. They take deposits without maintaining any sort of fluid resource and when difficulty as regards repayment of deposits crop up, they send in their applications for loans to the central banks. Some primary societies pay the dues of the central banks by getting deposits. When the central bank feels itself unable at times to make arrangements to give loans to the primary societies to enable them to repay deposits, the primary societies complain that owing to the unsympathetic attitude of the central bank, they had to disappoint the depositors. Primary societies in rural parts are not trusted by depositors because they are not sure of a proper management of such societies by the office bearers in regard to loan transactions and because

these primary societies have not got sufficient facilities to repay the deposits on the due dates. On the other hand depositors freely invest their money in central banks because these institutions, if managed properly, are expected to arrange for repayment on the due dates. The Co-operative movement has worked its financial arrangement fairly well to create confidence in depositors to invest their money in central banks; but it has not yet organised a satisfactory arrangement by which deposits can be expected to be secured in primary societies.

Co-operators and others interested in the co-operative movement, freely and rightly criticise the movement by stating that primary societies are mostly borrowing institutions from central banks. This condition of the primary societies is due to the absence of proper arrangements for the tapping of local deposits. Deposits from members or non-members are borrowings whose repayment on the due dates should be secured. Hence it is incumbent on all interested in the growth of deposits in primary societies to devise and carry out an arrangement under which confidence will be created in the minds of depositors so as to make them invest their money in primaries. A satisfactory arrangement is sought to be secured by the central banks helping the primaries in keeping the required fluid resources.

The duties of the central banks must therefore be recognised to be the affording of facilities in the shape of fluid resources to the primary societies. If this is accepted, the primaries will be in a position to tap local deposits and thereby strengthen the movement. In theory, primary societies are branches of central banks with a mission to tap as much local deposits as possible for the benefit of the movement. The maintenance of fluid resources by central banks on behalf of the primaries is sure to result in a free flow of deposits into the primaries. As the movement grows in strength, the attempt must be to give scope to the primary societies not only to take fixed deposits, but also to deal in savings deposits and current accounts. In the Madras Presidency, current accounts are not allowed to be operated upon in rural primary societies but attempts are now being made to secure savings deposits in such societies. This attempt will be a failure unless suitable provision is secured in central banks for setting free the required fluid resources. If the central banks have to undergo any loss by this arrangement, the primaries should meet such a loss.

The suggestions made in regard to urban banks can be applied to rural primaries as noted below:—

(1) By insisting on rural primary societies on unlimited liability basis to keep undrawn the required credit to serve as fluid resources with reference to deposits handled by such societies.

(2) By insisting on financing banks to provide such fluid resource in consideration of the reserves of such societies being kept with them permanently at a lower rate of interest.

(3) By insisting on surplus of societies being invested in the financing bank which has to provide such fluid resources. Unless this is done the primary societies especially in rural parts will assume the position of an unadulterated borrowing institution from the central bank with no chance at all of its rising to the position of an institution helping itself in finance.

Some people wish to solve the difficulties of deposit banking by prohibiting the primaries and even the central banks from dealing in current accounts on the ground that the co-operative institutions are incompetent to deal with banks which transact only in one kind of deposits. Besides the current account system is a useful method of saving to the depositor and out of this method fixed deposits generally grow. If the proposed prohibition is adopted the co-operative movement will assuredly suffer in its financial aspect.

In regard to savings deposits, the Government wish to put in a number of restrictions with a view to ensuring safety in dealing with such deposits. But it seems to be desirable to allow discretion to central banks who can be trusted to undertake the work with suitable safeguards. The Registrar as an auditing officer may point out to the institution whenever adequate safeguards are not available in working the savings deposit system. Beyond this it seems to be inadvisable that Government should regulate it by rules or instructions.

IV

12. Commercial banks accept deposits repayable on demand or at short notice and for comparatively short periods which can be approximately gauged. Co-operative banks also deal with such kind of deposits and it must use its discretion wisely in the distribution of loans to the primaries. Hence it is desirable that the co-operative financing banks should make a distinction between long term business and short term business. The commercial bank with which the co-operative movement in the Madras Presidency viz., the branch of the Imperial Bank of India, has given overdraft to the central banks not for the purpose of financing short term business but for the purpose of serving as a fluid cover to facilitate the repayment of deposits where however the overdraft or cash credit available is not required at times in

part or in whole for this purpose, it might be very sparingly used for the issue of short term loans to primaries provided the central bank is satisfied that the amount so drawn will be recouped by the collections from the primaries and by fresh deposits in a reasonable time.

Credit facilities to primaries may be classified as follows:—

(1) short term loans for the production of crops and the preparation and the marketing of the same. Money is lent to the cultivator for seed, labour etc, and is repaid out of the sale of his crops. Similarly short term loans are required by the agricultural co-operators for buying the necessities of life either through their credit societies or through separate trade co-operative institutions.

The commercial banks are at present financing trade and agriculture through merchants and money lenders who are middlemen and who adjust the transactions with the producers by making suitable arrangements with the bankers for repayment of cash or by renewals. If co-operative societies are to take the place of such middlemen as they ought to they should organise themselves in a suitable way to keep up their engagements with the commercial banks or with the Madras branch of the Imperial Bank. The question for consideration is which link of the chain of co-operative banking should undertake this work. It appears to be self-evident that rural primary societies usually composed of members who are, by nature of their inaptitude for the business, incompetent to undertake such work, should not take up this business directly. The next available link is the central bank. The work proposed can be undertaken by a central bank with advantage as the managing directors are recruited from a better class of people and as it can afford to employ expert staff. The Provincial Bank is no other than a group of central banks with a separate financial responsibility, leaving out of account the preferential shareholders as distinguished from society shareholders. The Provincial Bank by virtue of its constitution is not competent to dispense such credit directly to primary societies but it may, if necessary, connect itself with the commercial banks for purpose of such short term credits and transfer the credit so obtained to the central bank. The Central Bank can handle the distribution of credit satisfactorily and with adequate local knowledge. The co-operative movement in this Presidency has to take up this problem seriously and devise suitable arrangements to give what is generally called "hand loans" or "crop loans" which are returnable in a period of 6 months or 9 months out of the sale of products at favourable rates soon after the harvest is over or the produce is marketed. The purposes for which such loans can be given are noted below:—

(1) the purchase of seed or farming implements of trifling value (2) the purchase of manure and fodder (3) the hire of labour for cultivating purposes (4) the hire of farming implements (5) the cost of preparation for and transport of crop to market (6) the payment of rent or revenue on a date between sowing and marketing of the crop (7) irrigation charges (8) food expenses (9) clothing etc., (10) all other domestic and agricultural requirements. Primary societies will execute a separate set of promotes in favour of central banks and such pro-notes can be deposited with commercial banks and necessary credit drawn upon. All repayment of such crop loans made by individual members to their primary societies must be passed on by them to the central bank and by the central bank to the commercial bank. The central bank will be in a position to know that the money advanced is utilised for crop purposes and also the nature of the crops on the security of which it is invested. Central banks can connect themselves with the local branches of the Imperial bank and carry out the system successfully. The Imperial Bank of India will, it is learned, give infinite accommodation in this direction if the central banks make arrangements acceptable to the Imperial Bank. The central bank will hold itself responsible to repay such loans at the stipulated time to the commercial bank and it will have to take necessary action with regard to defaulting societies. Such transactions might advisably be had between the central co-operative banks and the Imperial Bank through its branches. The real difficulty in working this arrangement in this Presidency will be the securing of short term credit accommodation for such purposes at a uniform rate of interest from the Imperial Bank. The bank will allow credit accommodation at the bank rates prevailing from time to time. This is an acceptable proposition and rural co-operators have to be educated as to the changing conditions of the money market. Probably if the co-operative movement becomes a steady and trustworthy client, the Imperial Bank of India may consider the possibility of liberating such short term credit at a fixed rate of interest, for each year taking the average rates prevailing in the preceding year.

Rediscounting of the co-operative paper is accepted by the Imperial Bank under a definite understanding that the borrowings of a central bank do not ordinarily exceed 8 times its paid up share capital and that the Registrar certifies that the central bank is conducted efficiently on business lines. In all cases of short term or crop loans, reloading of all collections should be absolutely prohibited in the primaries as well as the central banks. The reloading of such collections tends towards the

primary societies becoming unpunctual to the central banks and creates financial difficulties to the latter.

Under the crop loan scheme, the central bank will in reality be a surety or intermediary taking a commission for the services and the strength of the primary societies is the crucial matter. This is an argument in favour of permitting central banks to raise credit beyond the conventional limit of 8 times the paid up share capital which is the standard now enforced on central banks by Government. But a commercial bank will not care to accept the position that the primary societies are to be looked up to for the safety of the money advanced and will not advance the required credit direct to primary societies. The commercial bank will readily give the required credit accommodation only when the central banks which stand as surety are themselves in a sound financial position with proper management and could be trusted to undertake the work with financial responsibility.

The central bank should undertake the responsibility of selecting the primary societies which can safely be given this sort of accommodation and it can make the selection on the advice of the department or on the advice of any official agency on which it can rely. The central banks have adequate facilities to know about the condition of primary societies directly as well as through the supervising agency devised locally for the work of supervision. The certificate of the Registrar in such matters can be useful to a certain extent but too much value in business propositions should not be attached to the moral responsibility in a Registrar. Long term business relates to loans given for long periods. They are for purposes noted below:—

- (1) the purchase of bullocks and agricultural implements of considerable value.
- (2) the purchase and improvement of land,
- (3) the payment of old debts,
- (4) construction of houses.
- (5) ceremonial purposes.

The existing financial arrangements in central banks are sufficient for this purpose provided the proposals for their safety and eventual expansion already made are carried out. But it is certainly unwise to stretch the uses of deposit banking to the extent of central banks giving credit accommodation to primary societies for a period of 10 years; for the repayment of old debts or for other purposes. Such long term loans are required to redeem the poor agriculturists from the heavy load of prior debts incurred at heavy

rates of interest. In the absence of such long term loans, poorer people cannot clear their debts, by repayment in small easy instalments spread over a number of years fixed with reference to the repaying power of each borrower. As a matter of fact owing to such facilities, really deserving cases of poor people suffering under heavy debt could not be helped by the co-operative movement.

In view of providing this kind of accommodation to primary societies it was considered desirable to invite long term deposits repayable after a period of ten years or more by paying slightly higher rates of interest so that the agriculturists may get loans for periods shorter than the dates of repayment of such long term deposits. If this arrangement is made feasible the deposit banking now working in the co-operative movement will thereafter confine itself to the accommodation of short term loan to the agricultural industry and of long term loans repayable in 2 to 5 years.

To satisfy the sentiment of the depositing public who place higher value upon the security of tangible immoveable property, it is proposed to offer for such long term deposits or debenture stock mortgage bonds of immoveable property and to negotiate such mortgage bonds obtained by primary societies from members and to secure the issue of a debenture bond on long term deposit receipt. This transfer of long term loans of central banks to the debenture stock holders whose claim for repayment arises long after the dates of repayment by primary societies, will avoid the difficulties of deposit banking in maintaining a large fluid resource.

The primary societies on unlimited liability basis offer the mortgage bonds obtained from the members, as collateral security to the central bank, and raise a loan to the extent of 50 per cent or 75 per cent of the amount covered by such mortgage bonds by executing a promote with the further stipulation that the society will be responsible for the entire loan thus raised and the interest due from time to time, even though the sums due under the mortgage bonds are not realised on the due dates. The central bank in turn discounts the co-operative paper with the Provincial Bank and the latter, with a trustee who is appointed to issue debenture bonds on the strength of the securities offered. The debenture bonds are tenable for a period of sixteen years or twenty years subject to the payment of interest at 7 or 7½ p. c., which ever rate is offered as likely to attract the capital required.

The principal and the interest payable on the mortgage bonds will be collected by the primary societies and transmitted to the trustee through the central and the Provincial Banks. The debenture holders will

be paid the interest yearly by the trustee through the central banks selected by the debenture holders. The redemption fund will be lodged in the Provincial Bank to be made available at the time of redemption. The mortgage bonds will be retained in the primary societies themselves. To avoid the possibility of keeping up a specified set of mortgage bonds as security for each series of debentures, debentures are to be floated on the strength of mortgages for the whole Presidency with the only condition to be observed by the trustee that the debentures issued are supported by mortgage bonds kept with the Primary Societies to the value of 50 per cent or 75 per cent of the loan received under this system. The "floating" charge on these mortgages appears to be valid in law. The debenture holders are given a floating security. The old mortgages can be replaced by the new mortgages as the debentures would be a floating charge and would not be enforceable on redeemed mortgages. This scheme will virtually enable the co-operative movement to raise enough money to meet the want of co-operators by utilising the many lakhs (75 lakhs) of perfectly good securities of co-operators of unlimited liability societies to a much larger extent than is possible through the Central Bank whose basis of credit is small and whose power of borrowing is limited to 8 times their paid up share capital.

Each Central Bank might get a series of debentures issued by the trustee for the amount required by it with reference to the security offered by it instead of the Provincial Bank being allowed to deal with the whole. The Provincial Bank which is now a federation of Central Banks would be a proper institution to handle the scheme as it will get all the surplus of Central Banks and undertake to distribute the surplus to needy Central Banks. If the Provincial Bank is excluded from the debenture scheme, conflicting interests will operate between the Central Banks and the Provincial Bank, the former may get money by debentures floated while the latter has surplus money. More over the fact that the Provincial Bank raises debentures on its responsibility supported by collateral securities of mortgages bonds of Primary Societies on unlimited liability basis and by the bonds of Central Banks is likely to secure success for the scheme. The High Court may permit trust funds to be used in the purchase of debentures.

THE NON-AGRICULTURAL CO-OPERATIVE STORES SOCIETIES IN THE PRESIDENCY OF MADRAS.

1. It is no doubt true that every human society is bound by certain common interests in the daily transactions of life. And this bond is universal in certain vital things of life as consumption of food and clothing. The appeal is easily made to bring men together for starting a society to supply articles of consumption for every home, for man has to eat and live; but every organiser of consumers' societies has to think and think twice whether he will be in a position to supplant the present agency for the distribution of the necessities of life for each home. The trader is solely engaged in the task of gathering commodities for sale. Do the members of the organisations started, command the necessary leisure to give some part of their time for the conduct of the store? The trader stocks only the articles of universal demand and knows when to indent for them, if he is to get them cheap. Does the Managing Committee of a Store possess sufficient knowledge of trade to understand and buy cheaply? The trader is very keen in getting a steady flow of customers. Does the Committee feel sure that the members will buy only in their store? The trader keeps a proper account of his trade and has ever an eye on profit and loss. Does the Committee feel that they can conduct the store on strict business lines? There is the stimulus of the profit that makes the trader do efficient business. Here every man's business can easily become no man's business. Is group loyalty to a common interest so advanced as to make every member identify his interests with those of the society? Do the members know constitutional methods of action and have the courage to change the Board of Management if it is apathetic and appoint new members or know only individually to grumble and mock at its inefficiency? Criticism when constructive is useful and wailings have nowhere brought better conditions.

2. A store functions for its customers. Every effort then should be taken to have steady members rather than large membership. I know of a store which was started with a flourish of trumpets and 200 members took shares worth 5 Rs. each, most of them thinking that they would get dividends as in a joint stock concern irrespective of their purchases. A dozen members, with a small share capital, who make it a point only to buy in the store will be able to show a larger turnover than a store having larger membership and larger share capital. Success of a small store will lead to steady increase in the membership while greater numbers in the beginning may make it difficult to manage the store and retain the members' confidence, and thus lead to its collapse and the consequent loss of prestige and reputation for the movement. The District Reports

f the Asst. Registrars have a dismal tale to tell of "the initial enthusiasm in any locality which usually wanes within a year or two." purchases are to increase, the dividend on the shares should be as low as possible and the bonus on purchases as high as possible. Sometimes the Managers of the stores choose a locality not suitable to attract members for purchases and which has yet to build up its influence as a trading centre. No merchant ever thinks that customers will come in search of his goods but attracts their attention by choosing a proper site. Further, in the place of the stimulus to earn which keeps the merchant constantly absorbed in pushing his trade, the diffused interest of the members should be watched by periodical enquiries of their purchases and reminding them of their failure to patronise their own store.

3. The members may be loyal but the management may be bad: and this in turn leads to the decrease in membership. Such are the reports of the several Asst. Registrars about the working of the stores during last year in our Presidency. "Confidence in Office bearers generally or in one or two Office bearers actually in charge of the work is not reposed and in a few instances such confidence as was reposed was abused. The result is that members in general get disgusted; the disgusted members, however, do not move and take steps to reconstitute the Board of Management. In fact no members are found willing to take up the management lest they should share the fate of their predecessors." Another Asst. Registrar remarks about "the want of proper efforts on the part of the Directors to do their part of the duty however much honorary it might be. This made some of the members disloyal in not purchasing the articles stored and to deterioration in stocks of certain commodities purchased." Hence it is absolutely necessary that the Managing Committee should consist only of those who consider it a duty to purchase their goods in the store and who can find time to supervise the work. The Salem Asst. Registrar refers to the need for efficient supervision from the Directorate if at all the store movement is to be developed. "The Directorate had not the primary inclination to examine the working of the stores and often a careless or dishonest Secretary has abused the trust of the Directors. The stores do not get the benefit of supervision from the non-official agency. The departmental supervision could not be made effective owing to want of spare men to attend exclusively to the audit of stores."

4. Without central control, any local management may become slack and the Secretary all in all, gradually absorbing the concern as his own.

Either there should be a touring Staff of Inspectors in each district paid and maintained by a District Council of Supervision representing the several stores or the Government should keep a separate Audit Staff for the stores. The latter may be condemned as officialising the movement more, then let co-operators put their shoulders to the wheel and find leisure and energy to enthuse loyalty into the members and create strict business dealings in the stores by their supervision.

5. A society should grow and can never be created by enthusiasm in the initial stage. Such enthusiasm leads to larger membership and a costlier establishment. The establishment becomes a heavy burden with the declining membership, for, its salaries should be paid while the shareholders make up the deficit. The Assistant Registrar of Vizagapatam refers "as the main reason for the loss in societies to their having entertained a heavily paid establishment with no adequate turnover." The Assistant Registrar of Coimbatore refers to expensive management as a part cause for the losses incurred during the last year by the Coimbatore Store. No retail merchant keeps any big establishment, for he knows his profits will only come to about a clerk's wages. But a co-operative concern cannot get a full timed man for nothing. By the very nature of its undertaking it has to keep an establishment. It is always better not to ambitiously go in for wholesale purchases in the beginning with a view to bring the movement in direct relation with the producer and thus oust out the big merchant, but to be a customer of the latter and try to make the profits made by the retail seller. For, then only can the establishment be small.

6. It is often considered that a store should get good things at a cheaper rate. It requires expert knowledge to buy cheap and only articles in demand. The committee of a certain store in Ramnad district ordered for almonds and asafoetida in large quantities to make a profit out of them to be remitted for the relief of the Punjab sufferers in the year 1919 and found to their bitter experience that they had to be forcibly sold to each member who might as well have been asked to contribute for the said purpose. The Salem Assistant Registrar refers to the failure of the said in his division in the following terms:—"The chief cause lies in indiscriminately getting articles without reference to the ascertained requirements of the members whom they are intended to serve. In their anxiety to cater to all the wants of the members, articles are often stocked in and allowed to be stored for indefinitely long periods without quick turnover." What is needed primarily is not the supply of goods at cheap rates

but the payment of a bonus on even a small sale of articles whose demand is certain and thus the creation of capital for the member as well as the building up of the reserve of the society.

7. In a trading concern like the stores, it is essential to build up reserves for, making all reasonable calculations in storing stock, the fluctuations in price may lead to losses which will have to be made up. Trade depression during the last year has greatly affected the profits of many of the stores and many a weak member may leave the stores, if heavy losses are incurred and consequently the prices of articles are increased beyond the market rate to make up the losses, or the bonus or dividend is reduced. Hence to tide over such situations it is necessary to have a strong reserve.

8. But the difficulty also lies in getting trained secretaries. Less turnover in co-operative societies means less profits and less reserves. Less profit means inability to finance co-operative propaganda and training. It is the latter that creates the co-operative spirit and better working of societies. The Government at this moment should come forward, as in other Presidencies of Bengal and Bombay, to assist the Provincial Co-operative Union to start training classes for secretaries. Then only it is possible to have secretaries who will be the "guide, philosopher and friend of societies." Then only it is possible to have efficient clerks who will keep separate ledgers for stock, and keep up-to-date accounts of purchases and sales.

9. The last year's report about the urban stores in this presidency is a sad commentary on the public life in Madras. Unfortunately a business movement like co-operation which shows the actual profit and loss in its balance sheet, brings to light the type of members that work it, while in a big political movement, no member need feel any failure as it does not directly touch his personal interest, and as it can point to moral gains, difficult of exact measurement and capable of elastic interpretation. 103 stores in 22 districts show only sales to members to the value of Rs. 17,50,137 of which about two thirds worth of stock has been sold in the four districts of Coimbatore, Madura, Madras, and Tanjore where four premier urban stores flourish. The average sales for each society work to the value of Rs. 16,506 for the whole year, or Rs. 46 per day. The working capital comes to an average of Rs. 5,926 per society and that too because of the large trade in the big stores above mentioned. The cost of management comes to about Rs. 808 per society or Rs. 67'3 per month. The net loss per society works out to Rs. 128.

10. What is the way out? Failures do not matter, provided there are local leaders who show determination and zeal to enlist loyal members and

push the movement at any cost. One thing is certain, that this is not the time to expand the movement of stores. The existing stores have to be organised. Many of the difficulties which arise owing to indiscriminate purchases by local stores may be solved by starting a Wholesale under a District Council of Supervision. But here too caution is needed and the experience of the North Arcot Wholesale in supplying articles to the Agricultural Trading Unions is before the public. The Assistant Registrar remarks, "It has been proved beyond doubt the inadvisability of attempting the centralisation for the whole district of the purchase of the articles available locally and also procurable easily by each trading union separately. In case of articles such as cloths, ragi, etc., that are generally obtained outside the district, the centralisation of purchase was of immense benefit." A district conference of the managing committees of the several stores to consider the ways and means of strengthening the existing ones is the immediate step to be taken.

11. The management of co-operative societies by laymen demands a type of character to which India has been a stranger. It is true that the communal type dominates India and that members of a community or a caste division, feel themselves bound by their Panchayets and communal conventions. But organisations which make cross cuts in the several communities and group them for a certain common economic interest are only recently developing. The Caste divisions by stereotyping the professional groups did not allow that scope for intermixture and new groups founded on common objects. No economic struggle or danger brought together the several classes of people to organise themselves in a disciplined manner to bring to bear the pressure of their numbers over the vested interests. For centuries communities have lived apart in the same village without the one understanding the other.

12. But the new international trade of India with the outside world has increased the standard of life and so created demands for goods which require the efficient agency of the middleman trader to supply. It has also led to the growth in the exports of raw produce which again require the services of commission agents to market them. Towns have grown in trading and administrative centres and thus brought together people of different sorts whose civic brotherhood is yet to develop. The State, not being national, has been specialising only in creating the machinery of administrative order, and hanging loose from the people for more than a century, have made the latter indifferent to public questions. Occasions for the public to be trained in

civic matters are now only arising under the New Reforms. The masses have been placed in a state of blissful ignorance. The little learning in the country has been purely academic, divorced from problems of national life and practical knowledge of men and things.

13. The sense of confidence in the masses that they can achieve many things by combination has yet to arise. They have yet to learn under modern conditions of life the value of loyalty to new interests, and discipline to new institutions. To combine for civic purposes, to look beyond one's family interests, or to show enlightened self-interest, to view membership in larger units than the family with a high sense of duty, are qualities to be achieved by doing, and not by listening to lectures. Politicians may try to build up national unity by playing with words and sentiments and by pointing to common dangers. But unless trained to work for common purposes, unless Indian nationalism gets enriched by various associations for civic and economic pursuits, the mass mind will only admire political leaders, hoping to achieve success through them, without any efforts on its part. It is given to co-operation to do this humdrum task of training the masses in habits of group action and self-government. The failure or success of a society rests with its members. They require the initial guidance to make them combine and work for common economic ends. But it is a pity that local leaders are few and far between. It is in the rural Primary societies that the villager should learn the power of organised action and the method of using his voting right for greater political ends. It is in the urban banks and stores that the townsman should realise his civic brotherhood and get his training for combined action to improve his municipality. Every political party badly feels the want of national spirit to combine and sacrifice for a common cause. Every party feels that the activities of a member in working out its programme ceases with his payment of the admission fee. Then why not all co-operate to create self-reliance in the masses of the immense possibilities of united action, by working the co-operative movement?

COLLECTIVE CAPITAL.*

[BY "COWLAIRS."]

Your very opportune and pithy leader on the above topic will meet with general agreement. Somehow of late we have got away from our settled habit of considering "First things" first, and the tendency would seem to be to let capital and trade be the sport of chance circumstances. It is an indisputable fact that the majority of our retail societies are

* With kind acknowledgments to the *Scottish Co-operator* July 29th.

having to cope with a steady, regular demand on their capital. While all are aware of the situation, no solution is forthcoming, which is surely a serious reflection on our boasted mutual sympathy and interests. This unprecedented trade slump is just the best opportunity that could be had to fully test co-operative principles, and it will be to our discredit if we do not practically demonstrate the great doctrine of "Each for all and all for each." Naturally, some districts have been harder hit than others, but even in the more fortunate the results are similar, and vary only in degree. In many instances, the drain on capital would have been more apparent if the retail societies had not adopted the wise policy of working down their stocks, though naturally this had a most unfortunate effect on the Wholesale productive factories. But, while the prevailing experience has been of a general nature, in these times there is always a possibility of a slump in a particular trade, or neighbourhood, which would compel members of a local store to have recourse to their savings for maintenance. An abundance of withdrawable capital is not a complete safeguard to meet an indefinite contingency, and a substantial balance of collective capital is the surest bulwark against any possible calamity, and creates a complacency among the members which ensures that they will not be unduly disturbed by any incidental untoward event. There are various methods of establishing a collective capital responsibility. Some of the older societies have gone a good way towards solving the problem by making a proportion of their shares transferable only and not withdrawable. But later experience has proved this to be a very doubtful expedient, as transfer regulations are cumbersome and inconvenient to both the society and its members. To gain the favourable opinion of the working classes in financial matters, the simplest possible formalities must be imposed on all their transactions. Their very needs require that any dividend accruing to them must be available at any moment, and it is this feeling of readiness by which they can obtain what belongs to them that encourages them to save. The very nature of the constitution and objects of a retail society rebels against the idea of fixed capital. It could hardly be otherwise when we consider that we seek to benefit all classes of society, and even the very poorest are enabled by an unconscious process to become thrifty, in addition to getting the best possible value which their earnings and resources can secure to them. The few societies that have adopted the policy of transferable shares confine themselves to £1 per member, and the relation of the transferable to withdrawable capital would be so small that it would be altogether inadequate to produce restraint were a panic to happen. In a paper written by Mr. Deans away back in 1906, the relative value of transferable capital as

against withdrawable shares is fully discussed, and the conclusion comes to that the system of withdrawable shares is best suited to modern times, though by their adoption we forego a modicum of fixed capital. Having satisfied ourselves that the policy of transferable shares is not the wisest provision for secured share capital, we turn to review the only other form that collective capital takes, and that is our reserve fund accounts. These were established to provide against adverse changes in the fortunes of societies, many of which (like the present trade slump) it would be impossible to anticipate. Unfortunately, in the race for dividend records, retail society directors took too short a view of the importance of collective capital, and many are suffering from this studied neglect. But, when we consider the magnitude of the present depression, it is a matter of general congratulation that so few of our societies have been compelled to encroach on their general reserve fund; and the accumulation of this collective capital has proved a beneficent asset for the common good. Reserve funds are regularly earning interest that deepen the foundations of any society, as no individual has any claim on them more than another, and it is surprising that at this late day in the history of our movement we are seeking to make it unassailable in its most vulnerable part. Having concluded that ample reserve funds are the best form of collective capital, the problem presents itself as to how best we can increase the provision of these, and that, without altering any of our present rules. A general experience is that trade is declining, and, naturally, the volume of our profits, so our reserves get a smaller allocation on that account just at a period when the need is greatest. Some rules require a minimum 2½ per cent. allocation, but it would be all to the good if boards of management raised this to 5 per cent. for a period, and very few members would take occasion to complain, once the reasons for this policy were fully explained. Another method of accelerating the growth of our collective capital fund is to credit it every quarter with the interest it undoubtedly earns. It is quite logical to argue that this interest is the distinct property of the society, and should no more be spent among the members than the fund itself, and I believe the general body of our members would be easily reconciled to that view. From extended observations, I feel sure that a sense of security on the part of the members that their capital is safe and always ready for them does more to ensure their loyalty than an extra penny on dividend declared under strained conditions, and I have seen the trade fall more frequently under the one condition than under the other. It is remarkable with what fortitude members have borne a considerable reduction of dividend under adverse conditions at times, when

by such means they are assured their capital has been rendered safe. Therefore, let "Safety first" be the motto when allocations are made to balance-sheet accounts, and, no matter what funds suffer, make sure that collective capital has ample allocation made to it. A shilling or two to each member is of little account to them, but collectively mean a few hundreds to the general well-being of the society, and will be in hand against the time of need. In following that course we will be conferring a double benefit on the movement, for our federated productive societies must of necessity have a large proportion of transferable capital which is locked up in buildings and machinery, and the source of this collective provision is undoubtedly the reserve funds of retail societies. Co-operators have no fault to find with capital unless it be its scarcity. Their grievance is with the system that permits a small section of the community to share its undoubted benefits to the exclusion of the majority of human kind. As I believe an ounce of practical experience is of more value as a guide than a ton of precept, I supplement details as to how the foregoing recommendations have worked out in the society of which I am a member, and which has very religiously attended to its collective capital fund. For quarter ending 13th June our membership was 11,328; sales £217,791 and surplus, £22,597. Our reserve fund was allocated £800 (nearly 4 per cent. of the net surplus), and now stands at £42,928. In addition we have a reserved expense fund of over £6,000, so our total reserves are approximately £50,000, against a share liability of nearly £225,000. The interest on this substantial reserve enabled a balance of £257 to be carried from that account to profit, and in this all the members participated. What has been done in one society is possible in all; the one thing essential being the laying down of the right policy and steadfastly pursuing it. Collective capital is the beau-ideal of the co-operative movement, and a very slight sacrifice on the part of our thousands of members would enable the S.C.W.S. to come to the rescue of those societies that have been badly hit financially. All our institutions are so completely interlaced that any set-back to one might reflect on a majority with far-reaching consequences. It is largely in our own hands to prevent this by seeing to it that the wholesale is kept well supplied with capital, and that particularly designated "collective capital."

THE STORES MOVEMENT IN SCHOOLS AND COLLEGES

The co-operative store can easily prosper among the students in schools and colleges. There is a definite need among the students for the purchase of books and stationery. There is no fear of decline in the customers, as the student body is a close and compact one, ever permanent in every school. The teachers can easily supervise the management of the store by the students, as the latter are under their tutelage. There is no fear of overstocking as the demand is certain, and the dealings of members with outside shops can be easily prevented by the teachers.

Every student of the high school and the college classes may be asked to take only a single share, not more than one rupee. The lower secondary and primary class boys need not take any share but should be encouraged to buy their things in the school. The share capital may be withdrawn by the students when they leave the school. Books may be ordered on the V.P. system from the publishing firms and wholesale merchants. In regard to buying stationery which will have retail sales round the year, the urban banks may advance small loans to the stores to a maximum of twice the share capital which is to be invested with them, or the school authorities may assist the store with a small loan. To give a standing and status to the stores, all the teachers and lecturers should take one share each. The managing committee may consist of the teacher, and two student representatives of each class of the school or college. A teacher in the school or the school clerk may act as part-time clerk of the store on a small wage. If the institution is big and sales large, a special clerk may be appointed with the approval of the teachers in the managing committee. The daily cash balance will be kept in the school treasury. During the initial years the profits should be carried over to the reserves so that the store may be able to draw on its owned capital for investment in purchases of stationery. It will not be necessary to increase the owned capital every year as it is intended only to build up just enough rolling capital to invest on the estimated monthly stationery.

The secretary should be elected from among the students of the final year in a high school or the intermediate students in a college. In a first grade college the selection should be from the students of the B. A. and Honours classes. Only students from the fourth form should be allowed to elect the secretary. The election will have to be approved of by the headmaster or the teachers' council, if there is one in the school. The managing committee may depute any one among themselves to take stock and check the accounts every month. The Headmaster may appoint any teacher to audit the store. To interest the students in the work, the

student representatives may be elected twice annually from each class. The secretary will be the correspondent of the store in regard to purchases. But each order will have to be approved of by the class teacher and the student representatives.

In the initial stages the store will require the guidance of an enthusiastic teacher to keep proper accounts and order for purchases. Great caution will be needed to see that the concern does not become purely manned by teachers. It is also necessary that masters should only persuade boys to join the store by explaining to them the benefits, and not force any one to do so.

The sales should be at the market rates and not at the lowest possible price. When a small capital has been built up, the profits should not be distributed to each member but form a common good fund. A certain part of it should form the fund for the whole school and another for each class according to its purchases. The common school fund may be utilised for the expenses of the students' associations, part expenses of football matches, and other recreative objects of the whole school. The class fund may be used for holiday excursions, scout camps, poor boys' scholarships and book fund for each class.

The Assistant Registrar of Malabar refers in his last year's report to the Brennen College, Tellicherry Co-operative Union. He reports the increase in the number of members from 69 to 79 and the share capital from Rs. 81 to 154. Members have invested Rs. 300 in fixed deposits. The object of the union being the supply of articles at the cheapest price and not profit, it has made a gross profit of only Rs. 17-7-9. It has sold stock for Rs. 1856-0-9 during the last year. The Kumbakonam College conducts a store and such stores may be usefully developed throughout the Province.

It is hoped that the Minister of Education will take the necessary steps to initiate and encourage the store movement in the schools. Many a social activity in the schools stops for want of a common good fund. The store may achieve it for the school. The students will get a training in co-operative methods of work and understand the possibilities of co-operation. They will feel their corporate brotherhood as sons of the same Alma Mater. They will get some practical knowledge of trade and book-keeping; and the blame against the present institutions that they are secluded cloisters for cramming theoretic knowledge will cease. The students will know how to serve their less fortunate brethren who, in more cases than one, have to stop their education for want of a paltry sum to buy books or pay fees. The store will become an enduring tie among the students, creating a new interest in the school and giving a wholesome vent to their energies.

SHARING PROFITS WITH EMPLOYEES.

BY (F. W. RYAN.)

(Sharing Profits with Employees. By James A. Bowie, M.A., Lecturer in Economics Department of Industrial Administration, College of Technology, Manchester. (Pitman's Industrial Administration Series) 218 pp. 1922 Price sh. 10-6d.)

Present Position of Production.

"The employing classes, almost without exception, subscribe to the doctrine of personal and individual incentives. They believe in the freedom of trade from governmental control or taxation, in clear elbow-room for private initiative, and in giving similar inducements to Labour to produce through a system of payment by individual results. "Labour, on the other hand, seems to aim at doing away with private initiative both for the employer and the employee. It subscribes to the doctrine of nationalization, it opposes in many cases, at least in theory, the principle of payment by results, and pins its faith in common ownership and communal control."

Features of the Industrial Machine.

Professor Bowie, indeed, has taken a gloomy view of the present position in Great Britain.

"That the present system (of industrial production) urgently requires alteration is undoubted. Nobody is satisfied with it. Labour under it is resentful, morose, disgruntled and feckless; Capital is wary, unsettled and timid, and whatever we may think of the criticisms advanced against it, and the ill-judged remedies proposed, there is no getting away from the actual fact that at present the system is working most inefficiently."

"A few more years of such industrial friction and British prestige and trade will be ruined, the industries we kept captive here because of our efficiency will have flown back to the source of their raw material and the only hope remaining for our crowded industrial masses will be emigration. Some remedy for this deadly dry-rot is urgently needed."

A New Orientation in Industry.

In the dark desert of industrial life thus presented there has appeared making for peace and progress, from time to time in the past, in isolated instances and here and there functioning in the present, the germ of an idea of a new orientation in industry, a change in the relation of employer and employee.

This part of the book gives in summary just what the average reader wants to know without having to find the information for himself out of special text-books or in blue-books or numerous reports, the causes of success and failure of various schemes the present limited extent of the movement; and why in its present operation it is a negligible quantity in the question of industrial unrest.

Conditions of Success in Profit sharing.

We reach, in the conclusion of the book, the form and scope of Voluntary Contributory Co-partnery, as a practicable solution of the present industrial deadlock, no longer to be considered as either the hobby of a benevolent employer or the fancy of a doctrinaire, with outlines of principles to be followed by those who may wish to draft a scheme to be put locally into operation.

From the exhaustive analysis made of the factors in the whole field of industrial endeavour and the particular results of profit-sharing schemes which have been attempted in actual fact Professor Bowie reaches the following position:—

Every industrial innovation must justify itself on one of two grounds; either it must sweeten social relationships or promote the efficiency of production. Does cash profit-sharing justify itself on either of these?

Briefly put, the conclusion reached in this book is that it does not. From the point of view of increasing production it is incomparably inferior to an equitable system of payment by results. As a means of promoting industrial integration by improving the status of the wage-earner, it is, apart from special cases, quite ineffective.

The further we move from the cash nexus and the donating principle the nearer we approach to a true solution of the problem. Co-partnership, as commonly conceived, avoids the pit-falls of mere cash distribution, but retains the gifting element. This means that workers with no desire for shares and no knowledge of the rights and obligations involved, have these responsibilities thrust upon them.

The wrong method is to give and then try to enlighten the worker as to the meaning of the gift. The primary necessity is Education. The worker desires a higher status than that of a mere wage-earner. This cannot be an unmixed blessing. Greater power means greater obligations, new functions mean new knowledge, higher earnings, heavier risks. The first and fundamental condition of success in co-partnership is, therefore, a sound knowledge of the responsibilities involved in share-holding.

This can be guaranteed only by asking Labour to sacrifice something for the greater good it hopes to attain. Voluntary Contributory Co-partnership (which makes it possible for the worker, if he so wishes, to purchase his share in the concern) satisfies this test. It implies appreciation followed by desire and effort and is, therefore, selective in principle. It permits of real control because it implies real ownership of capital, and it offers Labour a vital investment for higher wages, while at the same time obliterating the too heavily underlined distinction in modern society between owners and workers. (Extract from the *Irish Economist* Aug. 1922).

CO-OPERATION AND EDUCATION IN ENGLAND AND INDIA.

It was in the early decades of the 19th century when by the Industrial Revolution the economic divisions of the society were dislocated, unemployment stared in the face of many a workman, and the policy of protection led to dearth of foodstuffs, when into this ferment thus caused, the Revolutionary ideas from France added another force of freedom and equality, enthusing confidence in the meanest worker to claim a better life, that Labour began to bestir itself, to combine and struggle for just wages, universal education and franchise. It was an age when the working-class mind suddenly awoke to realise its innate powers, and craved for self-expression. The age created many social reformers and philanthropists who worked with a missionary zeal to uplift labour. Labour produced its own leaders actuated by an ambition to spread culture and education among their own class.

Robert Owen himself a labourer, then a manager of a factory, organised a system of education for the working-class children and a co-operative store to supply articles of consumption to the workmen. He preached the need for education, and self discipline among workmen: He was moved by an enthusiasm to found a better social order of co-operative production and sale. He expounded the idea that a man's character and intelligence are formed by his environment and not by his birth. He showed by his system of education for his employees and their children, how any one could be raised to a higher life of culture and refinement by good surroundings. Though princes visited his institution, no result came out of it. But the co-operative societies which derived inspiration from him devoted some part of their profits for education. In 1821 the Co-operative and Economic Society, London, set apart some money for the education of its members' children. A Library and a Debating club were attached to the co-operative society at Birmingham in 1828. In

1834 the weavers at Stutton Ashfield "believing that knowledge is power" used a room in the co-operative society for lectures and a school. From 1835 the followers of Owen started an organisation with 18 missionaries to spread the new ideas of a co-operative social order throughout England. They were called "*Rational Religionists*." With the religious zeal of new converts they boldly faced the trouble from the capitalists and the ignorant mobs. The capitalists disliked them for their ideals of socialising the instruments of production. The ignorant mob disliked them for their preachings on temperance and self-discipline. But the early attempts at co-operation failed because of the idealism of the working classes.

It was at Rochdale in 1844 that the co-operative store took its deep root. One of its objects was to arrange for the education of its members. This example was followed in many other places. Libraries and clubs were started. Lectures were arranged on co-operation. The co-operative movement in the early half of the 19th century was not only an economic organisation combining the labourers to start distributive societies, but supplied the educational stimulus for the members, moved as it was with a spirit of leading a fuller life. But in the latter half of the 19th century the movement settled into practical business and lost the enthusiasm of its early years.

Thomas Cooper "shoemaker, musician, journalist and poet," who had taken a larger part in the humane education of the early period deeply laments in his autobiography the narrowed aims of co-operators in the eighties of the 19th century. "In our old Chartist times Lancashire workmen were in rags by thousands and many of them lacked food. But their intelligence was demonstrated wherever you went. You would see them in groups discussing the great doctrines of political parties. Or they were in earnest dispute respecting the teachings of socialism. Now you will see no such groups in Lancashire. But you will hear well-dressed men talking of co-ops, and their shares in them and building societies. And you will see others like idiots leading small grayhound dogs, covered with cloth in a string." (Life of Thomas Cooper by himself, quoted in the Adult Education Report of England Page 29). The fact is, much of the voluntary work of the co-operative societies has been taken over by the state. The growth of Primary Education and the spread of Public Libraries deprived the movement of its educational work. Neither the co-operative societies formulated any educational schemes with the changing needs of the times. The organising and administrative work threw into shade the educative campaign.

But the humanistic spirit in the movement persisted. The spirit of loyalty to the store and the condition of unlimited liability in credit societies created a bond among the labourers for greater public ends. The co-operative movement found to its own cost that only the spread of liberal education would lead to that spirit of brotherhood and combined action which are vital to its success. During the latter years of the 19th century it assisted Labour in its educational work of starting Working Men's Colleges. It arranged for lectures and classes in co-operation with the Universities. Thus to the Labourer the co-operative societies have become an enduring tie and a part of his life. In towns they form the recreative and educational centres for workmen. And like local festivals and institutions in rural parts they have assumed a traditional and orthodox importance in his life. The present generation born in a "stimulating world" of labour organisations, working men's colleges, social service leagues, libraries and conferences, and brought up through a course of compulsory education, have carried their culture and inspiration to the co-operative movement. So we find a new spirit in it to educate and organise its members on the co-operative basis. In 1914 a committee was formed to survey the educational aspect of the movement and devise methods of spreading the co-operative ideal. They suggested the need for the co-ordination of all associations and the constitution of a central education committee on a representative basis. Similarly they advised the formation of Local Education Committees which should consist of the members of the local societies. The Committee also suggested the appointment of an Advisor of studies. From that time two permanent assistants have been appointed. A scheme of opening a co-operative college was decided a few years ago, and a College has been established at Holyoake, Manchester. (Vide Appendix for Courses of Instruction.)

The new socialistic tendency in the Labour Party has roused up the co-operative societies from their slow process of consolidation against the forces of competition and capitalism to the vision of a co-operative state which will end at one stroke all the existing evils. The cry of nationalisation of capital and industries had its effect on the co-operative movement. Co-operation then, not only has to train experts in business management of societies, and to infuse the spirit of loyalty in its members but has also begun to inculcate the ideas of evolving a new social order. The industrial history of the last century to bring home the evils of the present capitalistic regime, the economics of agriculture and industries to teach the methods of agricultural farming and factory management on the co-operative basis, economic geography to give a general training in the marketing of commodities, the history of the co-operative movement to instil its ideals in the minds of members, co-operative banking, administration,

and accounting to train managers and secretaries, elocution and public speaking to train propagandists, citizenship and politics to educate the members on methods of political action for co-operative ends, form the different subjects of the classes held under the supervision of the Central Education Committee.

The Committee prepares the syllabuses for the several classes and sends them also to the Local Education Committees. Instruction by correspondence is also given. It also arranges for Summer Schools and Week end Schools for its members at different centres. "In 1918 residential Summer Schools were held at Bradley Court, Scarborough, Maidenhead, Plymouth, Ayre (Scotland) and Larne (Ireland). The main subjects of study were co-operation and political action, Co operation and after-war problems, co-operative control of raw materials, industrial history, taxation, wages and wage problems, and the total number of students in attendance was 520." (Page 238 *Adult Education Committee Report*).

The Women's Co-operative Guild is actively interested in these classes, specially for married working class women. "In order to make the teaching arrestive and provocative of action" the Guild "groups the teaching of principles around immediate practical reforms in co-operation and citizenship."

The co-operative societies then have an influence over the workmen and any system of adult education as organised by the state can only be possible with their active help. "The hope for a widely extended system of humane education lies in building on the social impulses and interests resulting from co-operation for common ends rather than upon an appeal to individuals *qua* individuals or an attempt to 'corral' the human atoms wandering through the world like lost spirits." (*Cambridge Essays on Adult Education* Page 119.)

In India the educational aspect of the co-operative movement is too meagre to be recorded. The work that has hitherto been undertaken, consists of starting some Primary Schools, some Reading Rooms in urban centres, and occasional conferences. The stage has not been reached for a systematic education of members on the economics of co-operation. Training for co-operative organisers and secretaries is yet in the elementary stage. The Bombay Central Co-operative Institute has taken the right lead in the matter. It has organised a divisional branch for each language area to which are affiliated the Taluqa branches. Each division arranges its own conference. The Gujarat Branch has been the pioneer in the publication of vernacular literature. The Poona Branch has taken

up lectures on topics of co-operation for students of the Agricultural College. The Institute and the branches conduct Training Classes for secretaries. The Institute is gradually developing its courses of studies for the continuation classes for co-operators, and for training Bank Managers. It also conducts 40 Night Schools for the education of the illiterate peasantry with the liberal donation of the late Sir Vitaldas Thakersay. It maintains a Reading Room and a Library and issues occasional leaflets. Its magic lantern slides on co-operative credit and stores are very largely used by the branches. It conducts four periodicals through its branches in the respective vernaculars and a Co-operative Quarterly in English.

The Bengal Co-operative Organisation Society conducts a Quarterly in English and Bengali, arranges for public lectures, and publishes a few pamphlets every year. It organises District Conferences and holds an annual conference. It has started a Bureau of Information and Advice. The Society has appointed a worker of the Social Service League as a Travelling Lecturer who delivers Magic Lantern Lectures in the mofussil. A Training Class for the Secretaries of Rural Societies for 5 weeks was conducted last year by the Narayanganj Central Bank.

The Bihar and Orissa Federation composed of an Advisory Council of 10 elected members and managed by the Registrar, trains Auditors, Inspecting Clerks, Bank Clerks and Managers. Some of the Central Banks conduct Sunday Schools for Panchayet members of rural societies, an allowance of six annas being paid for each member who attends. Generally they are taught the 12 main points of co-operation, the bye-laws of primary societies and the system of keeping accounts. It is noteworthy that some Central Banks start Primary Schools for children, give scholarships for poor boys, and one bank "has voted Rs. 5000 towards the cost of the buildings of the newly started Banki High English School, the ordinary shareholders agreeing to forego claims to dividends during the next 15 years." But it is not encouraging to note that no active steps have been taken for strengthening the movement by co-operative propaganda.

The Punjab Co-operative Union is mainly an auditing agency of which the Registrar is the chairman. Though in the matter of co-operative propaganda it cannot excel Bombay, in its training of society-paid Auditors and appointment of Government Auditors or inspectors it is a model institution to be followed; for it insists on high standards of training and qualification and thus brings into the movement men of ideals with a high sense of duty who will prove its real bulwark. "The Registrar insists on taking only those who have graduated with a course in economics and only very few society-paid Auditors are selected for the post of the Government Auditors. The high educational qualification with economics is a very important asset for the inspectorship as the Inspector has to do very little audit. They are

generally recruited from the agricultural class and make really *Enthusiastic Co-operators*. (italics ours). In spite of this initial qualification, they have to undergo training both in the field and the class. The training class course consists of a series of lectures on rural economics and the subjects of the lectures are very interesting. But there is little training in accountancy which is best done in field work." (page 23 Co-operation in four Indian provinces. Report of a tour made in December 1921 and January 1922. Government Printing Press, Burma.)

The Central Provinces federation whose liquidation has been recommended by a recent committee is an example of the failure of the non-official agency to take complete control of the movement. Its control over society-paid auditors has been very inefficient and the committee has recommended the re-transfer of their control to the Department. There is no proper training for Government Auditors. A training class for secretaries and co-operators has been started from 1920. The only propaganda done is by the travelling accountants of the unions, who amidst their multifarious duties are expected to find time to explain co-operative principles and methods.

The Madras Provincial Co-operative Union started so early as 1914, has been able to conduct so far only the co-operative *Bulletin* in English and in two vernaculars, Tamil and Telugu. The Telugu Bulletin has been handed over from last year to the Andhra Provincial Co-operative Union. Rao Bahadur A. Vedachala Ayar is trying to organise Co-operative Training Classes with the financial assistance of the Government and the Societies. Co-operative propaganda is limited to the holding of the annual conferences while local conferences in the mofussil excite some interest in the movement, among co-operators.

The need of the hour is the creation of a band of missionaries who will spread the new light of co-operation and strengthen the foundation of the movement. Prof. P. Mukerjee at a public meeting in Calcutta held under the auspices of the Bengal Co-operative Organisation Society on 23rd July 1921 has proposed a scheme for founding an all-India co-operative college at Allahabad. He has also suggested the starting of Professorial Chairs for co-operation in the several universities. He has outlined a scheme for training preachers of two kinds, to be called local and divisional instructors and has urged that Provincial Unions should take up this task. He has also emphasised the need for the popularisation of the movement through "public lectures, conferences, exhibitions, pamphlets, prizes, medals and publication of journals."

Without aiming anything ambitious, it would augur well for the movement in Madras if co-operators could join hands in right earnest with the Provincial union in making successful the co-operative training classes scheme formulated by Mr. Vedachalayar. Financial difficulty faces, of course, every one, the poor labourer as well as mighty empires. But unless the initiative is taken and questions of strengthening the movement are, then and there, solved by co-operators, the founding of the movement on popular basis will only remain in the realm of hope.

APPENDIX.

(Courses of instruction in the Co-operative College, Manchester, quoted in Prof. Mukerjee's pamphlet on Co-operative Education)

Section 1

Co-operation

- History and principles of co-operation
- Economics of co-operation
- Co-operative problems
- Co-operation and social problems
- Co-operative control of raw materials
- Co-operative finance
- Co-operation in agriculture
- Co-operative production
- International co-operation
- Co-operation in Ireland
- Co-operation in Scotland
- Co-operation in Denmark
- Co-operative statistics and statistical methods

Section 2

History

- General history
- Constitutional history
- Industrial history 1066-1910
- The Industrial Revolution
- Economics and Industrial history of the 19th Century
- Reform movement of the 19th century

Section 3

Economics

- Economics of industry
- Money, prices and banking
- International trade and foreign exchanges
- History and principles of taxation
- Public finance
- Economic theories
- Social Economics
- Wages
- Economic and social problems
- Trade unionism
- The organisation of trade and commerce
- The welfare of the group
- Women in Industry

Sections 4 & 5

Citizenship, Sociology and Ethics

- Citizenship
- Local Government
- Central Government
- Political science
- Sociology
- Ethics

Section 6

Education

- History, Theory and Organisation of education
- The art of teaching
- Co-operative education: its history and organisation

Section 7

Propaganda and public speaking

- The organisation of propaganda
- Elocution and public speaking

Section 8

Emergency and special Subjects

- The co-operative movement and taxation

Section 9

Technical Subjects

- Co-operative management
- Co-operative book-keeping and accountancy
- Co-operative secretaryship
- Co-operative auditing
- Co-operative administration (covering the work of co-operative committees.)
- Commodities of commerce
- Economics of business organisation
- Modern business methods and office organisation
- Statistics and statistical methods
- Commercial law
- Co-operative law
- Advertising

A NEW CO-OPERATIVE EDUCATIONAL CENTRE.*

On Saturday the 5th August at 2-30 p. m. was opened the new Buildings in King's Street, Glasgow which is to be the office of the Scottish Sectional Board of the Co-operative Union. With it are also housed the National Co-operative Publishing Society Ltd., the Co-operative Party Scottish Council, the Glasgow and District Conference Association and the Co-operative Women's Guild. It is a three-storied building with a hall behind. About £16,000 had been collected for its erection and many societies have paid at the rate of 6d per member.

In the absence of the Chairman Mr. George Thompson (S. C. W. S.) Mr. James Bayne presided. The occasion was a historic one which drew the leading lights of Co-operation to the meeting as the building was to be a memorial for all those Co-operators who have either fought or died in the war, and as the veteran pioneer and leader of co operation for over a quarter of a century, Mr. James Deans was to be presented with a purse of £1000, a bound volume

* (With kind acknowledgement to the Scottish Co-operator of August 12th for the extracts of speeches).

of co-operative memories published by the National Publishing Society, and a diamond ring for his wife, as a token of humble gratitude and respect of the co-operators towards him. It was one of those occasions, when men and women lifted to an emotional region of idealism, feel a new orientation of life and the close kinship of mankind.

After the opening ceremony was over, Sir William Maxwell proposed the toast of the co-operative movement in a stirring speech which must have awakened even the most inert co-operator to a sense of duty and loyalty to the movement. Talking on the historicity of the occasion, he first emphasised the national importance of such a building, which is to be "a new centre of co-operative usefulness, where the propaganda, the educational and the conciliatory work of co-operation would find a home." Referring to the builders of the movement, he said, "The self-sacrificing work and complete faith of the founders in the movement's principles should never be forgotten for we are the direct heirs to the results of their noble efforts." He appealed to the members to be steady even in darkest moments as the present, and greatly valued the moral side of the movement "It had always been a difficulty with him to understand men who were continually teaching and preaching morality in every walk of life and yet treat the co-operative movement with contempt."

His exhortation to the members not to be enticed by cheaper prices outside, but to be loyal to the consumers' societies may be usefully pondered over by co operators in this presidency. "Formerly it was the individual trader who boasted that he could do the best for the consumer. To day it was united capital concentrated in their various centres. But that should not discourage co-operators. The so-called low prices of the multiple shops could be met if co operators could think a little less of high dividends. Some societies by adopting this policy were winning in the race. It should be their duty to educate their members to the fact that low prices and high dividends were inconsistent. With the change of circumstances methods should be elastic enough to meet successfully the new opponents. In this endeavour both wholesale and retail must co-operate. Complete loyalty could only be attained by thorough confidence between the retail societies and the great federations, of which they were the proprietors. It was somewhat discouraging to know that some societies were content to purchase only about 50 or 60 per cent. from their own federations, while others could attain 98 per cent."

Referring to the larger purpose of co-operation, Mr. Maxwell said "the greatest hindrance to the progress of the movement was the apathy and indifference of the members in matters social, educational and political. It was for them to keep a continual crusade to awaken the people to a sense of their responsibility and power. If this war was undertaken in a half-hearted or perfunctory manner they would deservedly fail, but if entered in earnest enthusiasm the reward would be overwhelming."

The highly-strong note of idealism in his concluding words will find its true response in the hearts of every co-operator in different lands and

climates. "The Co-operative movement stands for a higher morality in trade and commerce; It stands for a higher and higher conception in our dealings with others; It stands for the brotherhood of mankind. Yea, it stands for more. Its ideals include, if properly carried out, those beautiful words that are carelessly repeated day by day: 'Thy will be done on earth as it is done in heaven.' That is worth working for; it is worth fighting for; aye, it is worth dying for."

After the reply of Mr. Robert Stewart to the toast of the co-operative movement and the presentation of a cheque for £20 to the Treasurer of the Building fund, Mr. Alexander Buchanan proposed the toast for 'The Scottish Section, its Agencies and the new premises.' He confined his speech to what the Scottish Section has achieved for co-operation and the need for making the resolutions of the co-operative conference mandatory. "The Section only a little time ago was the intelligence department in every sphere of the movement. They had to be experienced in the conducting of business, and see that every thing started on right lines with the new societies. They were accountancy experts to see that the most reliable men were appointed auditors. They had to instil into committees the need for the building up of reserves and the making of provisions for proper depreciations, and had to be continually on the watch over societies. To-day there was hardly that need for supervision. Societies had grown, and to day they could afford to pay for brains. But other work had devolved on the Section and to-day that work was largely in education, in consolidating and buttressing the movement against every attack, and the societies must be up and doing to give them every assistance. To-day people were talking about a National Society, but this was a waste of time so long as the present practices were permitted. There must be amalgamation. Was it co-operation where they found more than one society in a town and that town, probably not very big? Was it co-operation where they found three or four different societies' vans in one street? He had every sympathy for the men who were proud of their own street, but they must be taught that co-operation was national and even international. And the findings of the union should be made compulsory. They must have their congress, really the parliament of the movement, and no more pious resolutions, no more attending congress, going away again—and that was all. Unless something of the nature of compulsions to accept decisions came into being, a national society and a co-operative commonwealth were a long way off. Let them pool their energies and place the Section in such a position."

After the reply to the toast, the pleasant function of presentation to Mr. Deans was gone through, and the proceedings ended with his thanksgiving speech for the honour done to him. Occasions like these chasten the feelings, steel the heart, and evoke the inner light in man to pursue the path of service and brotherhood.

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Registrar, Co-operative Societies, Punjab.

Second Edition.

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Vol. XIV.]

SEPTEMBER 1922

[No. 3.]

CONTENTS.

	PAGE
NOTES AND NEWS.—	81
THE CO-OPERATIVE CONSOLIDATION OF HOLDINGS SOCIETIES, PUNJAB. ...	87
SIR VITALDAS DAMODAR THAKERSAY	89
CENTRAL BANKS :—	
By M.R.Ry. Rao Bahadur A. Vedachala Iyer Avl. B.A.	91
CREDIT ALLOWED BY CENTRAL BANKS TO PRIMARIES :—	
By M.R.Ry. Rao Bahadur A. Vedachala Iyer Avl. B.A.	95
A CO-OPERATIVE INSURANCE SCHEME :—	
By M.R.Ry. K. Raja Row Avl.	100
AMENDMENTS PROPOSED TO THE CO-OPERATIVE SOCIETIES ACT II OF 1912.	102
CO-OPERATIVE AND AGRICULTURAL DEMONSTRATION WORK IN THE CENTRAL PROVINCES FOR THE YEAR 1920-21.	107
THE THIRD COCHIN STATE CO-OPERATIVE CONFERENCE RESOLUTIONS. ...	109

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NOTES AND NEWS.

Co-operative tenants.

In Germany the occupier is also the owner of his land, and is secure of a return for all his improvements in the shape either of annual yield or else of selling value. So far as he is a tenant, he as a general rule farms under a pretty long lease which enables him to manure freely and till well without fear of being dispossessed of his rightful reward.

In the Madras Presidency except in the deltaic tracts and Malabar, the occupier is also the owner of his land and in the deltaic tracts, the tenant must secure a long lease. The tenants being poor, the landlords are unwilling to stake long leases on such men. But they will certainly be prepared to give long leases provided such leases are backed by a Co-operative Society for the due fulfilment of the contract. Co-operators are requested to form co-operative organisations in which tenants are members and to arrange for long leases being obtained from big landholders who lease out their lands for cultivation. Tenants backed by co-operative organisations can afford to pay a higher rent to the landlords if only leases are obtained for a longer time. The co-operative movement should take up this aspect of the question of agricultural labour and make efforts to put it on a satisfactory basis.

•

Improvement of Agriculture German Agricultural improvement has been the result not of State aid but of self-help, self-instruction and co-operative organisation by the farmers' own efforts. The land-holding classes were the pioneers of improvement and insisted on heavy manuring and intensive farming.

A similar advancement can be secured here by Co-operative organisations and education. Farmers have to think out economic improvements and methods to increase the yield and lower the cost of production. It is the fertilising matter, the labour and care, the cleaning, digging and ploughing, harrowing and hoeing which make the good crop. The existing credit organisations can render this service to farmers; only they should be worked in a suitable way to finance the agricultural operations in every direction.

Education to Agriculturists. What the ordinary farmer needs above all things is Education. This does not mean addition of knowledge of a technical sort but a mere flexible habit of mind and susceptibility to ideas that is acquired from acquaintance with a different atmosphere. Farmers are insufficiently educated and short of capital for the business they have in hand. They do not take advantage of the technical assistance that is now at their service. Their business training is at fault. They show no adaptability in their buying or selling. These defects could be remedied by co-operative organisations specially formed for the purpose or by Credit Societies. To carry on successfully any calling, men with brightness of intellect, quickness of apprehension, keen power of distinguishing between what is good and what is bad, men of complete education are needed. The average farmer with his huddling knowledge brought to bear in his calling, cannot be successful.

Co-operative Credit and Agriculture. It is Co-operative organisation which can give a dependable supply of credit, absolutely indispensable to modern farming, on the lines of self-help. It is competent to place better machinery for buying and selling, to stand together for common interests, and to be open for new light on "better farming, better business and better living". It will organise common action among those who carry on national agriculture.

Co-operative Organisation and Agriculture. Co-operative organisations must become available for production and marketing; for larger production of more marketable produce; for creating new markets where the farmer will stand on equal

footing with organised trader buyers, for the obtainment of funds by means of credit provided on sound economic lines. Co-operative movement must expand its activities suitably to secure these objects and it is perfectly possible for the movement to undertake this work with the Co-operative financial machinery now in existence. The financing institutions with the Provincial or Apex Bank at the top have been built up on sound lines and are available to be used by the agricultural Co-operators through their organisations.

The following are extracts from the audit order of the Provincial or Apex Bank issued by the Registrar.

The Madras Central Urban Bank. "The paid up share capital of the Bank rose from Rs. 4,77,700 to Rs. 5,22,950. The additional share capital was contributed entirely by central banks. As the need for further share capital is likely to be felt soon and as the question of increasing the maximum number of shares which a central bank may hold has not yet been finally disposed of, the Registrar would advise the Bank not to extinguish any of the preference shares from out of the surplus profits of the year.

"The deposits outstanding against the bank at the end of the year amounted to Rs. 63.12 lakhs as against Rs. 51.07 lakhs in the previous year. The net amount due to the Imperial Bank on the last day of the year was only Rs. 3.96 lakhs as against Rs. 10.49 lakhs on the last day of the previous year but the overdraft was largely utilised during the year. The loans outstanding against central banks amounted to Rs. 65.48 lakhs at the end of the year against Rs. 52.74 lakhs at the end of the previous year. No loans were given to primary societies during the year. On the other hand the indebtedness of primary societies was further reduced from 9 lakhs at the beginning of the year to 2.85 lakhs at the end of the year. This sum (Rs. 2.85 lakhs) includes the amounts due by a few liquidated societies.

"During the year, the Bank earned a divisible net profit of Rs. 1,28,688-1-1. This excludes a sum of Rs. 9,432-9-0, the interest which was overdue on June 30th, 1922. Under By-law 26, one-fourth of the net profits or Rs. 32,172-0-3 should be carried to the Reserve Fund. The balance of Rs. 96,516-0-10 together with the sum of Rs. 11,219-12-1 carried forward last year or Rs. 1,07,735-12-11 is available for distribution in accordance with the Bye-laws. A sum of Rs. 72,720 will be required for payment as dividend, contribution to the building fund, bonus to employees and to carry forward a sum equal to three months' probable working expenses. Out of the balance available a

sum of Rs. 9600 (value of 60 shares at Rs. 160 each) should be added to the preference share redemption fund. Any balance left after distribution according to Bye-law 26, should be added to the Reserve Fund."

The Madras Central Urban Bank has power to secure a maximum share capital of Rs. 6 lakhs of which 5,22,950 have been paid up; the balance, 77,050 have to be contributed by the Central Banks. This amount could be paid up by the Central Banks if the Madras Central Urban Bank would amend its by-laws permitting the Central Banks to invest a higher sum than the limitation laid down in the by-laws, viz., 25 per cent of the paid up share capital of the banks or Rs. 15,000. Probably the limit may be extended to 50 per cent of the paid up share capital of the Central Banks or Rs. 30,000. This step should be taken as early as possible to enable the individual shareholders to exercise the privilege of getting redeemed some of their shares.

The reserve fund at the end of June 1922 was Rs. 1,92,412-13-4 and the amount added for 1921-22 was Rs. 57,587-2-8, thus making a total of Rs. 250,000. This gives the Madras Central Urban Bank the borrowing power of 25 lakhs.

The Madras Central Urban Bank has an overdraft of 16 lakhs with the Madras Branch (Imperial Bank) and the Central Banks of the Presidency have a good background of credit to be utilised by them for financing short term credits to co-operative societies if the latter develop co-operative trade.

The Tanjore District Manure Co-operative Society Nidamangalam.

This Society has passed through another successful Co-operative year with 30th June 1922. The efforts taken by the managing committee to spread better varieties of seeds and manure among the ryots in the district will bear fruit only with the co-operation of other members. The audit order notes that the disintegrator kept by the society for making bonemeal is not well utilised by the members and that the latter do not realise the value and cheapness of the bone manure. Bones have not been properly collected by the members during the present year as during the last. We are glad to give publicity to the experiments of Rao Sahib A. Seturamayyar, the energetic Secretary of the Society, in finding out that the compost made of bonemeal, green manure and silt manures. The Government Agricultural Chemist has testified to this fact that the compost makes 50 per cent of phosphoric acid available for

the crop; and we join with the Assistant Registrar in requesting the members "to collect bones, crush them in the disintegrator maintained by the Society, prepare the compost, and thus avail themselves of this substitute".

The Society has disposed of bonemeal produced by itself, to the value of Rs 502-12 as, and seeds and manure worth Rs. 5810-1-8 ps, of which Kolanji and Cambodia cotton seeds and fish manure form the major part. It is also increasing its usefulness in many directions as popularising the triangular harrow in taking out weeds, and the preservation of cattle manure by the box system. We heartily appreciate the work of the Board of Management and the able Secretary, Rao Sahib A. Seturamayyar.

Retrenchment in Mysore. The energetic retrenchment committee which has been pruning the expenditure of the Mysore Durbar laid its drastic axe on the Co-operative Department of that State and suggested.

"(a) that the two Assistant Registrars as well as the probationer appointed to the Department may be withdrawn.

(b) that seven Inspectors may be abolished as agreed to by the Registrar and

(c) that court fees at the usual rate may be ordered to be levied on suits filed before the Registrar under Rule 16 of the Rules under the Co-operative Societies Regulation."

But the Government have very wisely distinguished between true and false economy and refused to accept the first recommendation regarding the abolition of the Assistant Registrars, holding that the Registrar and his Personal Assistant would not be able to efficiently supervise the 1,500 Co-operative Societies that are now working in the State. The second recommendation about reducing the number of Inspectors by seven has been accepted but we are not sure that it is a wise measure. The saving that will be effected by it cannot be much while in keeping the societies efficient the Inspector is perhaps more helpful than the Assistant Registrar. Moreover, Local Unions are conspicuously absent in Mysore and there is no private agency which can take up the work of these Inspectors. The third recommendation has been partially accepted by the Government; fees at half the rates imposed in Civil Courts will be levied on suits that will be brought by societies before the Registrar against defaulters. It is urged in favour of this levy that the exemption hitherto prevalent benefited only defaulters. When that, however, is the case, we see no reason for not levying the full fees in such cases. This levy, we believe, will bring in a revenue which will be sufficient to meet the cost of the seven Inspectors whose abolition is proposed, and as the Government could not have imposed the levy in order to increase their general revenues, we suggest that the posts of the Inspectors should be retained.

The Fourth Annual Report of the Bengal Organisation Society for the year 1921.

The new activity of the year is the appointment of a travelling lecturer to do propaganda work in the moffussil. The society has also utilised the magic lantern slides prepared by the Bengal Social Service League. The lecturer has visited 14 places in the moffussil during the whole of last year. Only three public lectures were arranged during the whole year, on "self-help and village sanitation", "Co-operation and the poverty problem", and "co-operative education". The report remarks that "owing to the prevailing unrest in the country, it was not found possible to arrange more public lectures". 3 pamphlets on sanitation, housing and education have been published during the year. A new method of propaganda which may be attempted in other provinces is the publication of songs and poems on co-operation which the Bengal society has done. "The labours of the housing committee, strenuous and sustained as they have been, have so far not been productive of any tangible results owing to legal difficulties". The Government, apart from its annual grant of Rs. 1980, has given a special grant of Rs. 1000 for propaganda work. The society has expended Rs. 7181-8 as during the last year, and had a closing balance of Rs. 4045-14-9.

Report of the Training Class of Secretaries of Rural Co-operative Societies affiliated to the Central Co-operative Bank, Narayan-ganj (Bengal.)

The report of this class published in the May number of the Bengal Co-operative journal throws much valuable light and guidance for working out the scheme in our presidency. About 40 secretaries attended in four groups. Each group stayed for 8 or 9 days. The class was held for five weeks during last year, commencing from February twenty second. Every secretary paid six annas for establishment charges, and four and a half annas per day for boarding. The arrangements were simple. A female cook was engaged on a salary of three rupees per mensem, simple mud utensils were bought for the mess, a house rent of 15 rupees was paid, and the same building was used for boarding, lodging and the class. The instructor was given a stipend of five rupees. The report mentions that including the travelling expense, the expenses did not come to more than Rs. 3 per head. But the fact has to be noted that the Divisional Auditor arranged the class, and the classes were conducted by the Inspector and the Supervisor. So no travelling expense was incurred by the class in regard to lecturers; and the instruction has been honorary, barring of course the small stipend given to one of the instructors. The course of training has been mainly concerned with teaching the administrative side of rural primary societies.

THE CO-OPERATIVE CONSOLIDATION OF HOLDINGS SOCIETIES, PUNJAB.

Much has been talked and written about the evils of fragmentation but it is to the practical genius of Mr. H. Calvert, I. C. S., Registrar, Co-operative Societies, Punjab, that the country is indebted for bringing the question of the consolidation of holdings to the practical realm. The problem is fraught with immense difficulties—the reluctance of the landowner to part with his ancestral property, the fear of the tenants that they may lose their occupancy rights, the difficulty of settling the land allotment with an absentee landowner, the mortgages on the land, the obstructions of the Village Munsif, as he may lose his income from disputes, the rights of minors—in fact to tackle the problem means raising up a host of thorny complicated questions which must be solved before the next step is taken. It is a matter for surprise that Mr. Calvert has been able to surmount all these by the formulation of very practical by-laws for the working of societies started for the consolidation of holdings.

The repartition is purely voluntary and to infuse the necessary confidence into the ignorant farmer, that no danger impends by such a repartition, the whole arrangement has been made temporary for four years after which period the land may be appropriated according to the old division. The only condition is that during the four years no member should ask for a redistribution of lands as finally fixed by a two-thirds majority of the general body. The allotments as fixed by them are binding on the member. The principle of the groupings is first discussed in the general body, then the details of the scheme are formulated by the committee and approved, they are again brought before the general body for confirmation. Even after the confirmation, a dissatisfied member may take this case for arbitration. The Inspectors of the Co-operative Department, being sons of rural farmers, are at an advantage in persuading the villagers, and nothing is done without a full consent of the members. The societies for the consolidation of holdings are started only in places where co-operative societies are already functioning. The hearty co-operation of the revenue officials has greatly furthered the movement. The Department has wisely resolved not to force the pace for, a large number of consolidations, followed by dissatisfaction of landowners, will create an atmosphere quite unfavourable to their success, whereas a few reallotments, with the unanimous consent of the owners got after a full deliberation, trial, and experience, will be an asset to the future progress of the scheme. It is the object of the Department that villagers, should themselves, after realising the benefits of consolidations, unani-

mously decide for repartition. So no objection is placed before the members who, during the period of four years, want to change their temporary occupancy right of the new groupings into permanent ownership.

About 60 societies have been started till September 1921. In 45 villages the repartitions have been effected. The net result has been that 10,906 fields have been consolidated into 2071 fields comprising an area of 65,000.5 Kanals. The average area in Kanals per field before and after consolidation, works to 31 and 6 respectively. Mr. Calvert notes that "the average size of the field before consolidation was three-quarters of an acre and now it is four acres." Though the by-laws require only a temporary repartition, in almost all the villages "the owners of the land have converted it into a permanent one from the very start."

The economic benefits of consolidation, of which Mr. Calvert says it is too early to speak, have been not of a small order. Rents have increased for the new lands, wells have been dug where the larger fragmentations in the old fields made them expensive, canal water is more economically used as the number of channels for the different fields has been lessened, uncultivated fragments have been brought into cultivation, Meston ploughs which are too big for small fields are now used; as Mr. Calvert says "the year's work marks a step forward."

The idea underlying the whole scheme is that the human material should be made ripe to approve of any compulsory law passed by the State for the consolidation of holdings. The initial step has already created a band of missionaries in the villages who will not be hostile to any State legislation for the reunion of land fragments. Mr. Calvert proposes a very large expansion of such societies before the State undertakes such a work. But he suggests the need for some land legislation so that the societies may not be hampered in their work of consolidation. The repartitions made by a guardian should not be allowed to be questioned by his minor and be taken as done in good faith. The mortgage deeds should also be permitted to relate to the lands exchanged. The nearest relation's consent for an absentee in a foreign land should be deemed sufficient for repartitions. Punjab is to be congratulated on the success of the scheme and it is hoped Madras will benefit by utilising their experience.

SIR VITALDAS DAMODAR THAKERSAY.

The death of Sir Vitaldas Damodar Thakersay in August last removes from the life of Bombay one of its most prominent figures. It deprives the co-operative movement in the Presidency of the services of a distinguished worker in the cause whose ability and acumen won for him a high rank among Indian co-operators. His services as founder and chairman of the Bombay Central Co-operative Bank would alone entitle Sir Vitaldas to the gratitude of all interested in the welfare of rural India. Along with his friend and co-worker, the Hon. Mr. Lalubhai Samaldas, he planned the starting of this institution in the early days of the movement in the Bombay Presidency, when public opinion had still to be educated about the meaning and value of co-operation, and when such little progress was being made from year to year that doubts were entertained whether the movement would get a permanent footing in the Presidency. And the institution that Sir Vitaldas brought into being was planned with such care and deliberation that it retains its original constitution to this day; and it has weathered crises and responded to the demand of an ever-growing movement in a manner which has elicited no small admiration. About one of its features there was considerable difference of opinion at the time of its establishment. This was the arrangement for getting Government to guarantee payment and interest on the debenture capital which the Bank was permitted to raise with a view to stabilise its finances and to take in hand the task of financing agriculturists for land improvement and debt redemption. The recent financial crisis in the Central Provinces was in a sense a blessing in disguise, for it has shown to co-operative bankers in all parts of India—what Sir Vitaldas and his colleagues realised so early as 1911—that the financing of agriculture is a hazardous and unsound business unless the financing institution commands a substantial amount of long term capital. As the movement grew, co-operators in various parts of the country have also begun to realise that while capital for ordinary purposes of agriculture can be raised by their Central and Provincial Banks without much difficulty, the raising of long term capital, for purposes such as land improvement or debt redemption presents a special problem which is more or less incapable of solution without State aid in some shape or other. To Sir Vitaldas belongs the credit of having been one of the first to have appreciated this aspect of the duty of the State towards those who contribute so largely to the public revenues.

But Sir Vitaldas' interest in the co-operative movement did not begin and end with the Bank with which his name is inseparably associated.

Even before the starting of the Bank he was a generous supporter of the cause and helped a number of societies directly and indirectly by the grant of loans and donations. He assisted in the organisation of agricultural credit societies in the early days of the movement and the important group of societies on the Nira Canal owe their existence mainly to his organising ability. Sir Vitaldas was also one of the first to appreciate the need for extending the benefits of co-operative credit to industrial workers and organised, some ten years ago, a group of societies in his own mills. He was a prominent figure at the Provincial Co-operative Conference and a vigorous debater. In the earlier years of the movement he also came into contact with co-operative workers from other provinces at the Annual Registrars' Conferences. While along with the late Mr. Gokhale he took a leading part in shaping, in the old Imperial Legislative Council and in the Select Committee, the present Co-operative Societies Act which was placed on the statute book in 1912. Along with several social thinkers and economists, Sir Vitaldas felt that co-operation could not progress on sound lines in this country unless the human material that went to make up our rural credit societies had enjoyed the benefits of the bare rudiments of education. He was a keen supporter of Mr. Gokhale's scheme of universal education and at the Provincial Conferences he used again and again to urge co-operative workers to induce societies to compel members to send their children to school so that the next generation of rural co-operators should be literate and not uneducated. Like the forceful personality that he was, Sir Vitaldas was not however, content with suggestions and discussions. He endowed a handsome fund for the promotion of education among members of rural societies and by the aid of this donation, night schools for adults have been started in various parts of the Presidency, and an experiment in adult education initiated which opens out large potentialities for the development and extension of education in rural areas.

Sir Vitaldas was also a promoter and patron of the Bombay Central Co-operative Institute and at the time of his sudden death he was engaged in pushing ahead a scheme for a building for the Institute. The Institute has, with the approval of a public meeting of the citizens of Bombay, decided to perpetuate Sir Vitaldas' memory by appealing to the general public and to Co-operators for a memorial fund in aid of this building which will be named after Sir Vitaldas. It is expected that large donations will be received from Sir Vitaldas' friends and admirers whose numbers were not inconsiderable, and from individual Co-operators and from Co-operative institutions in the Bombay Presidency by whom Sir Vitaldas' memory is cherished with affection and reverence. Let us hope that friends in Bombay will succeed in these efforts and raise a worthy memorial to one whose life should be a source of inspiration to all workers in the cause of Co-operation and to those others endowed with riches, who can only by a life of service like his, redeem their debt to their Maker, and to the world He created.

CENTRAL BANKS.

Closely allied with the question of finance in the Co-operative movement is the regulation of the work of the central banks by competent management. In this Presidency when deposit banking by Co-operative agency was started, it was considered desirable to secure for the management of central banks educated persons of considerable local influence so as to create confidence in the depositors and it was for this reason central banks were started in district headquarter Stations or in places of commercial importance where educated persons are generally available in larger numbers than elsewhere. But as the transactions in central banks began to expand it was found to be a necessity to secure managers of central banks who are in possession of the necessary qualifications for the work expected from them. As the resources of central banks in their early growth were slender, the central banks got the loan of the services of Government Inspectors who had been trained in such work. These were called Managers or Secretaries of central banks but they had no seats on the Directorate. The unpaid Secretaries in some central banks who had seats on the Directorate were given an honorarium proportioned to a percentage of profits usually not exceeding 12½ percent.

The question that has been felt keenly by the Departmental men was whether the Registrar should not be given powers to license the managers of central banks and to interdict the banking institutions employing unlicensed managers. It was decided after careful consideration that it was unwise for the Departmental officers to interfere with the Departmental management of central banks even in the case of selection of efficient managers with business experience in accounting and banking. The Departmental advice to central banks to entertain efficient managers was sufficient to secure the desired object in view, as the Departmental officers' audit certificate of sound management is a valuable factor in the procuring of outside credit from commercial banks and private investors.

2. It seems to be desirable to centralise finance in a central bank even though the area of operations is large and to keep smaller central banks in suitable localities where men of business habits are available or to decentralise the working of bigger central banks by opening branches with financial responsibility in places where less efficient men of business may be available. Where central banks lose touch with the client primary societies by the fact of their number becoming large and local knowledge becoming insufficient, decentralisation of some sort must be considered and secured. Decentralisation is educative, forms character, makes for safety and secures economy. Such decentralisation is sought to be secured in some provinces by the formation of guaranteeing unions. The liability of such unions is limited. The duties of a guaranteeing union comprise

the assessment of the credit of each society belonging to it but not the credit of individual members of a society, inspection, advice and propaganda. Unions do not handle cash and they make no profits. The guaranteeing unions are expected "to provide, when well organised and taught, for the decentralisation of detailed central from the remote central bank with local knowledge which must grow more and more attenuated as its business increases, to a body the central of which can be co-operative because proximity is secured by the by-law which restricts its jurisdiction. The guarantee given by a guaranteeing union consists of an undertaking to make good any deficiency resulting from the default of any other society to the union after exhaustion of the unlimited liability of that other society's members to the extent of a sum equal to the guaranteeing society's own maximum borrowing during the 12 months immediately preceding the enforcement of the guarantee". The above is a short description of the guaranteeing union system.

In this Presidency central banks have been designed so as to handle finance in a centralised institution and it was held also that the supervision work over primary societies cannot be satisfactorily undertaken by the central banks. At best the supervision by central banks confines itself to the collection of dues. Central banks will have to employ paid agency for supervision but local unions can get a better return out of such staff. Decentralisation of finance and of the working of principal central banks can be secured by creating smaller central banks. I will prefer to call central banks as district banks and the smaller ones for each local area as banking unions. Finance will be centralised in district banks and control over loans, etc., will be decentralised in banking unions. The latter will become responsible for the sums borrowed by its affiliated societies, as it will stand as surety and hold as security its paid up share capital and the reserve fund of primary societies affiliated to it. This is a more specific form of guarantee understood definitely by the contracting parties than the guarantee in a guaranteeing union. Responsibility will be felt by a person dealing with finance provided that the amount of loss he will have to meet is definite and can be ascertained before he recommends the grant of loans. Such a position is not available in a guaranteeing union if a rural primary society has to become liable on account of the discretion exercised by its representative in the guaranteeing union as regards the grant of loans to societies. This seems to be a repugnant position. Decentralisation can be secured (1) on the side of supervision by formation of local unions (2) on the financial side by opening branches or by forming smaller banking unions with the finance centralised in the major

central or district bank. A co-operation committee of the Central Provinces was of opinion that they were not in favour of any system under which supervision is entrusted to unions without any accompanying financial responsibility for it is in such responsibility that the vitalising element of the union is really to be found. Unions without financial responsibility are composed of representatives of societies and are virtually sub-committees of central banks dealing with the supervision, and the Directorate of the central banks is another sub-committee dealing with finance. Such supervising unions play a very useful part in co-operation in the Madras Presidency.

The question of supervision apart from the mechanical audit is a difficult one. It is understood differently in different provinces. The tendency in some provinces is to concentrate this responsibility in the Registrar giving him adequate powers and rules under the Act to secure better inspection and by giving him adequate staff to secure audit with the aid of the audit fees to be levied from co-operative institutions. If co-operators are assured that this work of supervision, control, and audit of every type of societies when centred in the hands of the Registrar and his staff whether paid by the Government or by the societies in part or in whole will be satisfactory, this arrangement can be expected but there does not seem to be satisfactory grounds to think that it will be so. We have to analyse the work involved in supervision, control, and audit.

In primary societies on unlimited liability basis the work of a supervising agency or of an auditing agency is different from that of urban and primary societies and central banks on limited liability basis. What the rural primary societies want is continuous inspection month after month by the supervising staff to see that accounting and management are carried on regularly and in accordance with the by-laws. Such an agency need not be experts in auditing and in dealing with all the intricate methods of banking which are found in urban banks and central banks. The latter deal intensively in various kinds of transactions. The staff deputed to supervise and control the rural primary societies have to be equipped only with the elementary rules of accounting and banking. The accounting to be practised in such societies must be as simple as possible so as to be within the competence of the office-bearers of such societies. The inspection must be very frequent, at any rate, till the panchayatdars have trained themselves to get the work done accurately and systematically. Such an inspection or supervision work of primary societies is sought to be done in the Madras Presidency by the formation of local unions composed of representatives of primary societies. The central bank contributes one-fourth rupee on every loan transaction of Rupees one hundred, and primary

societies one-half rupee on every such transaction for hundred rupees. The union local gets these contributions and entertains the staff it can with reference to the funds available. The Government staff also pays attention to this work when the union staff is insufficient. The work of the union is regulated by its executive who are the representatives of primary societies and who receive a training in this direction.

The functions of the Departmental staff in areas where the local union undertakes supervision are:—

(1) to conduct a close and searching investigation every year into the condition of each society in all these aspects of account-keeping, management, etc.

(2) to furnish a certificate with accurate statistics at the end of each year closing with 30th June about the assets and liabilities and the profit and loss in each institution.

The attempt in the Madras Presidency is to strengthen the union staff so as to secure the successful carrying out of item (1), leaving item (2) alone, to be dealt with by the Government staff. The time, however, has not yet arrived to reserve the work involved in item (2) alone to the Government staff. Even under this system the primary societies are asked to pay a certain amount of contribution for the work of supervision and audit but the fund is administered by a local body of co-operators whose attention to work with local knowledge and influence is expected to be better than what can be expected of a Registrar, with his retinue of lower and higher officials in the arrangement for supervision.

The control over urban banks, stores, noncredit activities, and central banks is however of a different nature. Here expert staff with knowledge of higher forms of accounting and banking are required. The systematisation of work in this direction is a necessity. The work of control over these institutions need not be so continuous as in the case of rural primary societies. In these institutions the management is in the hands of educated men and the institutions can afford to keep adequate and well trained staff. The levy of audit fees from such institutions has not been accepted in this Presidency, not because Co-operators feel that a systematised audit is not wanted, but because the institutions are not strong enough to contribute adequately to the arrangement. Co operators of these institutions in this Presidency insist that this work of audit should be done well and by Government for some time longer till the institutions can be reasonably expected to bear the whole or any portion of the charge. Where the co-operators have to depend upon the Government Department alone for getting the work done, in regard to all kinds of activities, they

might pay the fees and be done with it. It seems to be a safe view to hold that Government itself should not take this work on its shoulders, as it could not discharge the responsibility satisfactorily, however well manned the supervision and inspectorate staff may be. Centralisation of supervision will never be successful and Government departmental and centralised supervision will be condemned by the public in a very short time. The chances of devolution of this work to non-official agency will be put off indefinitely and there will then be few opportunities for training the co operators to manage their business.

The Madras system will be far more advantageous in the long run than the system of levy of audit fees and administration of such funds by the Government department with contributions by Government. It is not contended that the system of supervision by local unions is perfect but it can be improved suitably as a result of experience gained in working it. In two districts the local unions have federated themselves into a district union and this example is expected to be followed by others in the Madras Presidency. As regards urban banks, and central banks the formation of a federation for audit purposes will be a useful method of solving the problem when co-operators interested in such institutions feel that they should take up the work themselves.

CREDIT ALLOWED BY CENTRAL BANKS TO PRIMARIES.

Co-operative primary institutions on unlimited liability basis undertake to pay their dues to their creditors, depositors and central banks whether the engagements of their members are kept up or not. These institutions pool the credit of the members and raise loans from outside in the shape of deposits or loans. In fixing the credit of such institutions the principle followed is to calculate and find out whether the institution is capable of discharging a specified amount of debt within a specified point of time. This calculation is, however, based on the repaying power of borrowers to whom the credit is to be distributed. This method of calculation however satisfactory in principle, cannot be put before the money market so as to be appreciated by it. The money market is at present capable of judging the stability of an institution by certain standards applicable to trade. The co-operative societies have therefore to conform themselves to the standards of credit recognised by trade. There is very little chance of the money market being available for the co-operative institutions intended for the benefit of the agriculturists unless these

standards are kept up. The liability or rather the agreement to take the risk of loss in a co-operative rural society and to keep up to the obligation to the creditor is cast on each individual member to the full extent of his net assets. On this condition, the creditor will be prepared to allow credit to the extent of a fixed proportion of the net assets of all the members. The valuation of such net assets is, however, not at present secured by a financially responsible functionary. The obligation to maintain the net assets of members in fact till the outside debt is discharged is not legally available against the members. Hence the creditor is not disposed to take into consideration the full net assets of all the members and to allow a higher proportion of credit which is usually allowed in the money market on tangible assets. The usual proportion of credit allowed on tangible net assets is 50 per cent owing to the indefiniteness in the valuation of the net assets and to the absence of legal provision to keep intact and unencumbered the net assets of the members of a co-operative society on unlimited liability basis, the creditor (usually the central bank) is advised as a sort of convention to allow credit up to 12½ per cent of the collective net assets of all the members of such a society.

The above gives the principles to be followed in assessing the credit on account of long term loans allowed to primary societies, on unlimited liability basis. But when short term or "crop" loans are given to primary societies, the amount of such credit is proportioned to the efficiency of management of such institutions and to the arrangements made for their supervision and repayment of loans in time. Where primary societies on unlimited liability basis are started for people in economically depressed condition who are unable to put forth tangible assets as security, credit is regulated with reference to the repaying power of the individual members and for a period within which they are expected to repay the amount. A careful analysis will have to be made by such societies as to the saving power of its members and they have to offer convincing particulars to the creditor about the capacity of the members to repay the loans within the stipulated time. Managers of central banks or the Directors should make a close investigation in such cases and set free the required credit which can be safely advanced. Excess of such credit allowed to such people is likely to encourage them to use credit to their disadvantage and the non-liberation of the necessary credit is also likely to drive them into the hands of sowcars and the liberation of such people from the sowcars, which is the main object of the society, will thereby get frustrated. It is in regard to this aspect of credit banking, men of experience having knowledge of the economic condition of the economically depressed people should be consulted and a careful watch should be incessantly kept up by the financing institutions over the primaries directly or by an

efficient and well conducted supervising agency. The Department is at present expected to give adequate assistance in the matter.

Another phase of the question is the credit allowed on the security of produce. A co-operator attached to a co-operative society on unlimited liability basis might raise the credit from his society, whenever he wants, on a pronote executed by him agreeing to hand over a specified quantity of a particular produce which he expects to get at the harvest, and on the strength of such pronotes, which can be pledged as collateral security, the primary societies can draw credit from the financing bank. When the harvest is over and the produce is handed over to the society, the member's dues on account of loans previously obtained will be cleared by a pronote for the advance made on the security of the produce handed over to the society and the last pronote will be cleared as soon as the produce with the society is sold. At the same time the society will clear its dues to the financing bank.

The financing central bank will negotiate the bonds of primary societies with a commercial bank when it is unable to finance such transactions from its own funds. Under this system the central banks need not confine themselves to the limit of one-eighth of the net assets of the members in a society as the loans given are for short periods and are practically secured on produce which after all is equivalent to cash. Care should, however, be taken that advances are made on produce which are readily marketable. In such cases, the advances may be made by central banks to the primary societies to the extent of one-fourth of the net assets wherever tangible assets are available, or in the case of share societies, without such net assets, to the extent of 16 times the paid-up share capital and the reserve.

Whatever may be the merits or demerits of the scheme of guaranteeing unions introduced elsewhere in some provinces, it is possible to secure decentralisation in finance by making other suitable arrangements by modifying the by-laws of the existing local unions so as to secure both the present object of supervision and the prospective object of financial responsibility. A method by which the desired object may be obtained is indicated below in a rough sort of way.

The share capital of the affiliated societies may be invested in the union, and the union will take sufficient number of shares in the central bank equivalent in value to the amount of paid-up share capital collected by it from its affiliated societies. The union will tap as much of local deposits as possible and invest such amounts in the central bank at certain rates agreed upon by actual remittance of money or by book adjustment. The union may endorse all the loan bonds of primary societies

and thereby offer to serve as a guaranteeing agency against any loss in such transactions with the central bank. The amount of credit which may be raised by such unions may be a fixed multiple which the central bank may allow with reference to the paid-up share capital invested in it by the union. This multiple need not be 8 times as is usually allowed in the central banks. It may even be higher, but should be regulated with reference to the efficiency of the working of the union in its financial aspect. There may be two committees in the union, one of which will attend to its financial operations and the other to supervision. Such a system has the advantage of decentralising the financial operations without reducing the credit power of the central bank but it can only be introduced in such unions as are able to manage the work efficiently. A trial may be made in selected centres and the result of it may be watched. This arrangement may also to some extent relieve the central bank of a direct control over a large number of credit transactions with unlimited liability societies and may enable it to pay better attention to the financing of trade operations and to the transactions connected with limited liability societies. The volume of trade transactions is bound to increase sooner or later and they have to be regulated at any rate in the infant stage by a powerful financial machinery like the central bank.

In the case, however, of limited liability societies the creditor has to look up to (1) the procedure adopted in the distribution of loans and the care exercised by the directorate in such cases (2) the managing capacity of the directorate (3) and the kind of undertaking, speculative or otherwise, for which the co-operative society liberates its finance (4) the amount of share capital paid up which it accumulates to serve as the guarantee for the risk undertaken (5) the reserve fund out of the annual profits accumulated by the society so as to serve additional guarantee to the risks involved. The creditor to the society has therefore to satisfy himself that a limited liability institution is keeping up to its standard as regards items (1), (2) and (3) and that reasonable attempts are made to strengthen from time to time the share capital and the reserve. The credit to be given to such institutions has therefore to be cautiously distributed with reference to the various considerations set forth above. The maximum of credit to be allowed is fixed at 8 times the paid-up share capital and the reserve. The minimum is the paid-up share capital and the reserve. The maximum is fixed at 8 times the paid up share capital and the reserve. The maximum is understanding that the nature of the transaction attempted by the society is such that the maximum loss in such transactions by a co-operative society is not likely to exceed the amount of paid-up share capital and

the reserve. Credit has to be allowed to such institutions with care and within the margin of safety but the credit should not be fixed so low as not to secure the desired advantage contemplated by the society.

Thus it will be seen that the credit raised in a co-operative society is not merely dependent on the assets of its member or on the paid up share capital but it is also fixed with reference to the character of its members. The standard credit now in practice though apparently expressed in the terms of the net assets of members or in terms of share capital and reserve so as to suit the money market is really in accordance with co-operative principles.

In case of co-operative stores, the creditor has to take into consideration the fact that the money advanced by him is practically on the security of goods purchased by the stores with the aid of his credit accommodation and that there is not much of speculation as the stores do not sell goods on credit. But at the same time it has to be borne in mind that unless the management of the stores is composed of competent men, they may sink the money in the purchase of readily non-saleable goods which may depreciate in value by dryage and by indifferent handling, not to speak of the loss arising from deficiency in stock brought about by various causes. In advancing money to stores, the financing institutions will have to make a careful note of the points above set forth and must be satisfied that the utmost loss arising from the transactions will not exceed the amount of the paid-up share capital. In practice credit is usually allowed up to 5 times the paid-up share capital and the working of the stores is closely watched by insisting on the presentation of a balance sheet by a responsible functionary once in three months.

Industrial co-operative concerns, except very small ones, could be financed by the existing co-operative financial machinery as such concerns require long term advances at the initial stage, repayable in instalments in a period of 20 to 30 years. But the co-operative finance machinery hitherto built up can be easily fitted up to distribute the credit suitably to such concerns provided the required credit accommodation can be secured either under the debenture scheme of raising long term deposits or with the help of Government loan.

Central banks hitherto bear in mind that they should secure for their management men of business knowledge who can deal with commercial concerns and will tender proper advice as to the credit accommodation which can be made available for each undertaking. No doubt they might get some advice from the Departmental officers. But the central

banks should not place undue value on such advice. It may be that some Departmental officers may not have adequate knowledge to enable them to tend advice satisfactorily. Some of them, as experience has shown, might be over-enthusiastic over their pet schemes and press them on central banks regardless of their financial result. The Directorate of central banks should therefore realise their responsibility to the General Body of shareholders and guard against the possibilities set forth.

The principles to be followed in the liberation of credit by central banks to primary societies have been generally described and there may be occasions when these have to be modified in special cases on specified grounds but within the margin of safety. Similarly, the central banks can command indefinite credit with the commercial banks in the case of crop loans when such loans are handled in a business-like way.

A CO-OPERATIVE INSURANCE SCHEME.

BY M.R.RY. K. RAJA ROW AVL.

Life Insurance is a necessity among the middle classes. The rich are above want and do not care to insure their lives. The labouring classes in urban areas are not so well educated as to appreciate the benefits of Insurance. In the rural areas the labourers and agriculturists attach a sort of bad omen to it and are even afraid to talk of their death. It is very difficult for an Insurance agent to approach the poor in towns and villages and convince them of the advantage of Insurance. At a lesser cost and with better advantage successful business in Insurance can be done amongst the middle classes.

Our object as co-operators is twofold in tackling with the middle class insurance. (1) It is they that take to insurance of their lives and are contributing much towards its development under the proprietary concerns. The proprietors are acting with greed and selfishness and doing all the mischief of a money lender whom the co-operative movement is trying to put down. (2) Propaganda is very easy amongst them and business is sure to be successful as they really need insurance and appreciate its benefits.

Audit. Insurance is a technical subject requiring supervision and audit at the hands of an actuary himself.

A Co-operative Insurance Scheme. The Industrial Insurance Company of Bombay is believed to be not feeling confident about its small policies. Actuaries of Indian experience expressed themselves much against the acceptance of small policies as they would involve more work

and risks and bring in less income. If the premium rate is high, they become less attractive. It was with some difficulty the promoters of the Industrial were able to prevail upon an actuary to accede to their request of accepting small policies. It may not be worth the trouble for us to carry insurance to the masses at the outset.

Detailed Working of the Scheme. The amount of share capital paid up or subscribed has much to do in promoting or winding up of a company. If the capital is high, it is considered as a healthy sign by the intending policy holders and business increases by leaps and bounds on account of this faith. If it be low, there is no security held out to the public to safeguard their interests when any serious risk overtakes the Company.

(a) It is therefore useless to expect the shareholders who are also policy holders to invest their savings under such risky conditions for a small interest of 6 to 7½ per cent.

(b) It is necessary that the shareholders be paid 7½ to 9 per cent interest on their investment and further more a small amount of dividend may also be promised to them when their share amount is returnable after 15 years. The amount for which ordinary insurance can be accepted may be put at Rs. 5000 maximum and 500 minimum subject to re-insurance of bigger amounts in proprietary concerns for the time being.

Public bodies have to be consulted and statistics compiled regarding the number and amount that may be expected under small policies from the subordinate staff. Then it will be necessary for an actuary of Indian experience to fix the rates for such policies.

Initial Expenses. The *Oriental* and the *Empire* had to work at high expense during their early stages.

Government has to be approached to give us concession in permitting her Doctors to examine our policy holders at a uniform rate of Rs. 4 per head irrespective of the amount assured. This would save us Rs. 6 per head on the average.

4. Shareholders should be paid 7½ to 9 per cent on their investments with an addition of some dividend to attract more capital. Any amount that the Insurance Act permits of investment beyond the required sum may profitably be invested in co-operative concerns. The deposits required under the Insurance Act may be permitted by the Government to be lodged in the Imperial Bank of India, Ltd., because the Government paper depreciates in value considerably, besides fetching a low rate of 3 to 3½ per cent interest. This restriction of the Government not to allow any deposits required under the Act, to be made in any shape or

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form under the Government itself which pays a better interest and does not depreciate in value like the stock paper, operates very heavily on the Insurance Company.

5. It is very advantageous to the Company and the Policy holders to take out Single payment policy. It would be very convenient if Co-operators were to devise means to solve the above problem.

Concessions. Printed and tabulated guaranteed surrender values have to be issued to policy holders.

Investments. It would be preferable to start land mortgage banks and lend out our surplus to such institutions or remodel our existing institutions on the same lines with more direct control and reasonable security.

Expansion. An actuary may be consulted whether collective insurance of all members in a society irrespective of age and health will pay, when the agent's commission, medical fees, etc., are saved to compensate for the risk we undertake in accepting bad lives of unequal ages.

AMENDMENTS PROPOSED TO THE CO-OPERATIVE SOCIETIES ACT II OF 1912.

BY. M.R.V. M. ANANTA ROW AYE, B.A., B.L. PUTTUR (S. KANARA).

Preamble.—For the portion from "promotion of thrift" to "persons of limited means," substitute "the economic interest of agriculturists, artisans, labourers and other persons with economic needs in common, and of thrift, self-help and a spirit of co-operation among them."

Section 2.—The definition of the word "member" should be revised so as to make it clear whether a company, association or body of individuals, incorporated or not, is to come within the definition. Definitions of "limited" and "unlimited" liability and "employee" should also be added.

Section 3.—Add the following:—"Provided that the Registrar may with the general or special approval of the Local Government, delegate to any society or any office-bearer of any such society, all or any of the powers and functions of the Registrar under this Act."

Section 4. Proviso (2) Insert "main" or "primary" between "the" and "object," as an ordinary agricultural society may well have the supply of agricultural requirements on the sale of produce as one of its objects.

Section 5.—In the case of Central Banks especially, the limits stated in Clause (b) may well be placed higher. The Registrar may be invested with discretion to fix suitable limits for different classes of societies.

Under the Companies' Act no subscriber to the Memorandum of Association is permitted to take less than one share, and the joint-holding of a share is forbidden. Similar provisions should be introduced in this Act also.

Section 6.—It should often be desirable to have co-operative societies of persons who work throughout the day at the same place or in the same locality, town or village though they may reside in different places. In clause (1) (a), therefore, the words "or work for gain" may be added after "reside."

A maximum number of member societies should be prescribed for central societies also (say, seven).

The wording of sub-section (1) seems to imply that when societies are organised, it is sufficient if there are ten persons above the age of eighteen years, no matter if the others are minors. Also, after a society is registered, the sub-section does not lay down any prohibition against minors being admitted to membership. The language should be revised so as to remove all scope for such construction. Persons of unsound mind or otherwise incapable of contracting, have also to be kept out. Village societies especially have to be prevented from getting into all kinds of scrapes that might result in their dealing with minors and such other legally incapable persons.

Sub-section (2) may more appropriately be tacked on to section 5.

Section 13. It seems desirable to apply the "one man, one vote" principle to limited liability societies also.

The principle of "no proxies" should be made to apply clearly in the case of individual members also, of societies.

Section 14. sub-section (2). The words "or charge" have to be omitted from sub-section (1) as well as from (2) (b), since no charge should be permitted. Immediately after the words "one year" before the semi-colon in clause (a), add "and has satisfied all liabilities due to the society."

It would be a most necessary protection to have a provision, immediately after this section or in another appropriate place, to the effect that members of registered societies should not transfer their interest in any immoveable property unless they have fully discharged their liabilities to the societies.

Section 16. A register of members may also be included among the things to be kept open to inspection of societies free of charge.

Section 17. sub-section (3). The time may be said to have arrived when Collectors should have very little direct connection with the

co-operative movement in their official capacity. The words "the Collector" have to be deleted altogether.

A doubt seems to have been expressed whether it is incumbent on officers of societies to produce cash balances also before inspecting officers. It may be suitably provided for, as it also seems to be necessary as well as desirable.

Section 19. (1) The lien should be converted into a charge in view of the decisions of some courts.

(2) Societies should be given rights of priority not only in respect of loans obtained by members but also in respect of all misfeasances committed by members, officers or employees of societies.

(3) Societies should be given a prior claim on land also, purchased or redeemed from moneys borrowed from societies.

Section 20. After "debt" add "or other moneys" in the two places where it occurs.

Section 22. (1) "One month" in proviso (ii) might be raised to three months or more.

(2) Similar provisions as that in sub-section (1) should be made for cases of members becoming insane or otherwise incapable of contracting, after they are once admitted to membership.

Section 24. Provision may be suitably made here or by a separate section, making the legal representatives of deceased members liable personally also for amounts due from deceased members, to the extent of the benefit they might have received from the amounts due to societies.

Section 28. The language of the clause relating to stamp-duty should be so changed that the exemption may clearly apply to awards of arbitrators also.

Section 29. Central societies or federations should by their very constitution be empowered to lend to other societies, without obtaining separate sanction therefor. It is therefor proposed that the whole section may be recast as follows :—

(1) A registered society, of which other registered societies are or may become members and whose main-object is the creation of funds to be lent to them, may make loans to other registered societies.

(2) A registered society not covered by sub-section (1) shall not make a loan to any person other than a member.

Provided that with the general or special sanction of the Registrar, a registered society not covered by sub-section (1), may make loans to another registered society,

footing with organised trader buyers, for the obtainment of funds by means of credit provided on sound economic lines. Co-operative movement must expand its activities suitably to secure these objects and it is perfectly possible for the movement to undertake this work with the Co-operative financial machinery now in existence. The financing institutions with the Provincial or Apex Bank at the top have been built up on sound lines and are available to be used by the agricultural Co-operators through their organisations.

The following are extracts from the audit order of the Provincial or Apex Bank issued by the Registrar.

The Madras Central Urban Bank. "The paid up share capital of the Bank rose from Rs. 4,77,700 to Rs. 5,22,950. The additional share capital was contributed entirely by central banks. As the need for further share capital is likely to be felt soon and as the question of increasing the maximum number of shares which a central bank may hold has not yet been finally disposed of, the Registrar would advise the Bank not to extinguish any of the preference shares from out of the surplus profits of the year.

"The deposits outstanding against the bank at the end of the year amounted to Rs. 63.12 lakhs as against Rs. 51.07 lakhs in the previous year. The net amount due to the Imperial Bank on the last day of the year was only Rs. 3.96 lakhs as against Rs. 10.49 lakhs on the last day of the previous year but the overdraft was largely utilised during the year. The loans outstanding against central banks amounted to Rs. 65.48 lakhs at the end of the year against Rs. 52.74 lakhs at the end of the previous year. No loans were given to primary societies during the year. On the other hand the indebtedness of primary societies was further reduced from 9 lakhs at the beginning of the year to 2.85 lakhs at the end of the year. This sum (Rs. 2.85 lakhs) includes the amounts due by a few liquidated societies.

"During the year, the Bank earned a divisible net profit of Rs. 1,28,688-1-1. This excludes a sum of Rs. 9,432-9-0, the interest which was overdue on June 30th, 1922. Under By-law 26, one-fourth of the net profits or Rs. 32,172-0-3 should be carried to the Reserve Fund. The balance of Rs. 96,516-0-10 together with the sum of Rs. 11,219-12-1 carried forward last year or Rs. 1,07,735-12-11 is available for distribution in accordance with the Bye-laws. A sum of Rs. 72,720 will be required for payment as dividend, contribution to the building fund, bonus to employees and to carry forward a sum equal to three months' probable working expenses. Out of the balance available a

Section 39. A three-fourths majority, such as that stated in sub-section (1) may be hard to obtain. It may be changed to a simple majority among those present at a general meeting. It may in addition be provided for that the resolution should be confirmed at a subsequent general meeting.

Sub-sections (3) and (5) provide that the dissolution order shall not take effect before two months. Much inconvenience is likely to be felt if no steps are taken in the meantime. An amendment should therefore be introduced to the effect that a liquidator may at once be appointed with power to take immediate possession of the books and assets, pending the result of the appeal, if any.

Section 42. Clause (2) (d). The liquidator should be given power to refer disputes to arbitration also.

Clause (2) (b). Levying contributions from estates of deceased members may also be provided for. Besides, it has been suggested that the wording of the clause seems to prohibit the liquidator from modifying his order determining the contributions of members from time to time. It is thought that under the law as it stands, a liquidator cannot use the unlimited liability of the nonborrowing members of the society until he has exhausted all possible steps against defaulting members. The language of the clause should therefore be made more comprehensive.

Clause 4. Immediately after this clause, a new clause, to be numbered (5) has to be added as has been done by Act X of 1920 in the Madras Presidency providing for summary recoveries.

Clause 5. This has to be renumbered as (6) and the words 'save as provided in sub-section (5)' have to be added at the beginning, as has been done by Act X of 1920 in the Madras Presidency.

The liquidator should be empowered (a) to enforce the attendance of all defaulters, their sureties and other contributories of a cancelled society (including non-members), and (b) to compromise the claims of the society with the sanction of the Registrar in the same manner as is provided in section 234 of the Indian Companies Act.

Section 43. Co-operation having been made a transferred subject, it should be provided for that the rules should not be made as an act of the executive without the sanction of the legislature.

The making of rules for the preservation and destruction of the co-operative societies and for declaring certain registers of co-operative societies to be confidential may be provided for, say, between clause (h) and clause (i).

Clause (1). A query has been raised as to whether a dispute relating to a debt due to a society by a member is one between the member and the society or between the member and the committee or officer of the society. The language needs to be made clear and comprehensive. (2) In cases where sureties discharge loans to a society should they be driven to the ordinary courts for their remedy against the principle debtors? The language used in clause (1) has been interpreted by the Advocate-General of Madras to mean that such disputes cannot be referred to the Registrar for decision. It would be desirable to make the language wide enough to

cover such cases also. Otherwise sureties may not think of paying up at all on behalf of their principal debtors. (3) The English Friendly Societies Act directs that all disputes shall be dealt with in a certain manner. The provision here also may be changed similarly. (4) A provision should be inserted in the Act itself to the effect that arbitration decisions should not be liable to be called in question in any court. If the Act is silent about it, it may well be a question whether any rules framed under the section may validly make such a provision. Clause (n). The Act should confer upon societies similar powers to deal with the interest of members who become insane or otherwise incapable of contracting.

Clause (o). Power may be given for prescribing the objects of loans and the rates of interest also on loans.

Section 47. It is desirable to prohibit not only the use of the word "co-operative" but also the use of any of its Indian vernacular equivalents.

CO-OPERATION AND AGRICULTURAL DEMONSTRATION WORK IN THE CENTRAL PROVINCES FOR THE YEAR 1920-1921.

An extract was published last month in this Bulletin from the Mysore Economic journal about agriculture in the Central Provinces. That would show the agricultural propaganda that is going on in that province at a very rapid pace. It is to organisation that we should look for, as its main cause. The popularisation of better varieties of cotton, wheat, sugarcane and paddy seeds, the vast changes in methods of cultivation as double cropping of wheat and rice, single transplantation, line sowing, green manuring, rotation of groundnut with cotton and wheat, and irrigation of certain crops, and the larger use of implements as iron ploughs, sugarcane mills, fodder cutters, iron pans, and Poona furnaces, have been possible on a large scale owing to the excellent organisation of the department. The appointment of extra assistant Directors for each division of a circle to supervise the work of agricultural assistants and their subordinates, has greatly facilitated the rapid spread of the movement. While our province is slowly moving towards the formation of seed farms in private lands under Government supervision, the agricultural department of C. P. is already working under its supervision 1381 farms of various crops to supply seeds to the farmers. The demonstration farms in every district under the management of the Department and the number of Demonstration centres visited by the demonstrators are certainly larger than in our province. Agricultural improvements have been brought to the very door of the farmer because of the Co-operative agricultural associations in the Taluqs and the large number of seed unions.

Generally each Tahsil has an agricultural association which at least meets twice a year when the agricultural assistant collects the orders for seeds. The western circle shows the most activity among these associations which sell fertilisers and good seeds and hire out agricultural implements to the farmers. In this circle eight associations are conducting sale shops. Ten taluq associations and Unions gave on hire

145 ploughs and realised Rs. 3104-3 as, thus making a profit of 32.7 % on an outlay of Rs. 9490. The daily rate of hire ranges between 3 to 4as. About 6206 acs have been ploughed with these ploughs, thus saving to the farmers 37266 Rs, calculating the savings at Rs. 6 per acre over the country plough. "Some of the associations helped considerably to relieve the strain caused by the fodder famine by importing grass and Kadbi from other districts and distributing the same to the areas so affected". It is a noteworthy feature of the Demonstration work in the western circle that the Akola District Board has contributed Rs. 200 to Murtizapur Taluq Association and Rs. 100 to the Mangrul Taluq Agricultural Association for propaganda, and "that interest of a similar nature is being evidenced by other Taluq Local Boards." There are 27 Associations in the western circle and the average attendance in the meetings is about 10. The Harda agricultural association in the Northern Circle hired out three winnowing machines, sold wheat seeds for 20 acs of land and bought an Olpad thrasher worth 90 Rs. for demonstration to the farmers.

The Agricultural Associations have in turn led to branch activities among the farmers. Pig-killing clubs have been started in several places, to prevent them from destroying sugar cane and other crops. The Akot Association has organised a society called the "Mundgaon crop Protecting Society." It consists of 50 members. Each member pays a certain sum per acre for watching the field. And the watchmen are supervised by the members of the society. This has greatly decreased the watching expenses and prevented the misappropriation of crops by the watchmen themselves. In the district of Amraoti 24 Village Agricultural Associations have been started during the year but the report says of them that "owing to famine conditions no substantial work could be recorded."

The department has furthered the formation of seed unions which are now about 62 in number. The unions undertake to propagate and distribute cotton, paddy, wheat, and sugar cane seeds to the farmers. Some unions also take up the hiring out of iron ploughs to the farmers. The Gaigon Union keeps a studbull for the use of the Villagers.

The recent organisation of co-operative credit societies in the Sehora Tahsil (Jubbulpore district) for joint purchase and sale of seeds is to be noted by co-operators in this presidency. The department finding the difficulty of finance, if seed unions are organised separately, has tacked on this work to the co-operative credit societies. They were about 20 in number consisting of 410 members and 12 more have been added in the current year. They get wheat seeds from the Evans' seeds Store, a branch of the Sehora Co-operative Store, which stocks seeds from Government farms. The Central Bank finances these societies. At the end of the harvest, the seeds are returned with *Sawai*. They are again stored up in the societies for the next crop and "the *Sawai* is utilised 1. for repaying in small part the loan of the Central Banks 2. for paying to the bank the year's interest on the loan 3. and for building up a fund for agricultural improvements, primarily for buying ploughs to hire out to members." The bank and the department have appointed two officers in the Tahsil, one to look after the co-operative side, and the other, to introduce agricultural improvements.

Let us take stock of the part played by co operation in our province in introducing agricultural improvements. The number of seed unions have increased from 6 to 12 during the last year. The cooperative unions of Amalapuram, Nattrampalli, and Tiruvannamalai have done some work in furthering the sales of seeds and manure. The Co-operative societies of Salem have bought seven monsoon ploughs. The Tanjore Co-operative Societies have not functioned properly in selling the fishguano bought by the department for them. Some 5 societies in the west coast have made some manure purchases. The Mayavaram co-operative Stores have not been able to sell the cambodia cotton ordered from the Department of Agriculture.

Only with the increase in seed farms, demonstration farms and centres, improved varieties of seeds, better manures, and better implement can be quickly propagated. The order of the Development Department on the Madras Agricultural report for the year 1920-1921 mentions that over three-fourth million pounds of improved cotton seeds have been distributed. The Central Provinces Report for the same year mentions that 2,77683, maunds or 227,70006 pounds of cotton seed, were distributed. Only with the growth of seed unions and agricultural associations, agricultural improvements can be rapidly spread among the farmers. There should be a whole-hearted coordination of the departments of agriculture and co-operation among the higher as well as lower grades of officials if rural life is to be economically enriched.

• THE THIRD COCHIN STATE CO-OPERATIVE CONFERENCE 4TH AND 5TH AUGUST 1922.

OLLUKARA AGRICULTURAL CENTRAL FARM, TRICHUR.

President, G. K. Devadhar, Esqr., M. A.,

RESOLUTIONS.

Compulsory preparation and submission of asset statements by Societies and their members.

1. The Conference resolves that all Co-operative Societies in the State be compelled to prepare the asset statements of their members, that such statements should, whenever necessary, be got by the Cochin Central Bank certified by the Registrar; that none of the Societies as would furnish the statements be allowed any credit accommodation with the Central Bank; and that the same rule be enforced in the case of any member of a Society who failed to furnish the Society with required information regarding his assets and liabilities.

Formation of Supervising Unions.

2. Resolved that the Registrar be requested to form groups of Societies situated within a compact area to undertake the work of supervision so as to develop them ultimately into Supervising Unions on the lines of Unions in Madras Presidency.

Appointment of a Supervisor by the Central Bank.

3. Resolved that the Cochin Central Co-operative Bank be requested to appoint a Supervisor at its cost to audit the accounts of the Societies affiliated to the Bank and to supervise their work generally.

To facilitate recovery of dues by Societies.

4. The Conference resolves that the Government be requested to extend the same privileges of recovery to decrees or awards given by the Registrar or an arbitrator as are at present extended to the decisions of the Liquidators appointed by the Registrar himself.

Starting of Co-operative Stores and Training of Managers

5. The Conference is of opinion that Co-operative Stores be started, and for this purpose an attempt should be made to get managers trained in their business.

Printing of Co-operative Registers locally.

6. This Conference recommends that all the forms and registers that are to be printed hereafter for the benefit of the Co-operative Societies be, as far as possible, printed locally.

Compulsory Deposits by members in Societies to provide Capital for liquidation of old debts.

7. (a) The Conference recommends that all Societies should adopt the principle of compulsory deposit from every member to the extent of not less than 5 per cent on the total loans borrowed by him from the Society, which should be his deposit with the Society, not withdrawable within 10 years, and bearing 6 per cent interest; and that all funds made available in this way be utilised by the Society concerned for the liquidation of old debts of its members paying much higher rates of interest thereto, and not for the repayment of deposits that have already been attracted.

To issue leaflets explaining the above scheme.

(b) The Conference further recommends that its Secretaries be requested to draw up a leaflet explaining the benefits of this scheme of compulsory deposits for circulation among the Societies, and to report to the next Conference the action taken by the Societies and the results achieved therefrom.

Assistance and Guidance to Industrial Societies.

8. This Conference recommends that Government Department capable to help the Industrial Societies be requested to render the necessary assistance in the direction of either securing work or orders for them or disposing of the articles manufactured by them at profit.

Establishment of the Cochin Central Co-operative Institute and Appointment of a Committee for the purpose.

9. (a) With a view to securing a sound, healthy and comprehensive growth of the Co-operative Movement in the Cochin State, this Conference resolves that a "Cochin State Central Co-operative Institute" be formed on the lines of the Bombay Central Co-operative Institute for the purpose of carrying on a systematic, steady, and active

propaganda in Co-operative principles and Co-operative methods of working for the benefit of the Co-operative organisation in the State and further resolves that a Committee consisting of the following gentlemen be appointed to settle the lines, frame the constitution and staff of the Institute by laws and also to determine the rates of subscriptions from the individual members as also from the Societies that should be enlisted as the members of the said Institute:—

- (1) G. K. Devadhar, Esq., M.A., President of the Conference.
- (2) Mr. M. Mukunda Raja, President of the Cochin Central Co-operative Bank, Ltd.
- (3) Mr. C. A. Ouseph, B.A., B.L., Representative of the Urban Banks.
- (4) (a) Mr. Mathur Vasudevan Namburipad; (b) Mr. K. S. Krishnan; (c) Mr. George Chakvamury.

The three representatives of the Primary Societies with unlimited liability.

(5) Mr. M. C. Joseph, the representative of the limited liability Societies.

(6) Mr. C. K. Velappanachari, Representative of the non-credit Societies.

(7) Mr. V. K. Virkki, Secretary, Cochin Central Co-operative Bank Ltd.

(8) Registrar of Co-operative Societies, Cochin State.

(9) Chairman of the Reception Committee.

(10) The Secretaries of the Reception Committee.

Resolved that the Secretaries of the Conference be the conveners of the meeting of the Committee and that the Committee should prepare a scheme and submit the same for the next Conference for its adoption.

State aid to propaganda on the basis of equal contribution.

(b) Resolved that when the "Cochin State Central Co-operative Institute" comes to be formed, the Cochin Government be requested to render necessary financial help to the new Institute on the basis of equal contribution to its funds.

Co-ordination among Government Departments connected with rural construction.

Resolved that the Government be requested to initiate a definite policy of co-ordination among the Departments of State, such as Education, Agriculture, Panchayat, and Co-operation so as to secure a steady and all-round development of the Co-operative movement in the State.

Utilisation of Co-operative agencies for distribution of agricultural loans.

11. Resolved that the Government be requested to utilise the agency of Co-operative Societies in rural parts for the purpose of distributing agri-

cultural (Tagavi loans on the lines adopted in Bombay Presidency allows ing a small Commission of 1 per cent on the amounts distributed.

To Organise a Course of Lectures for Students of High Schools and Colleges and Women Folk.

12. Resolved that the Secretaries of the Conference be requested to arrange a course of lectures on Co operative subjects for the benefit of Students of High Schools and Colleges and that special efforts should be made to spread the movement among the women folk of the State so as to create a general intelligent interest in the movement.

Holding of a Special Conference at the State capital on the birthday of His Highness.

13. (a) Resolved that the next Conference be held preferably at Ernaculam on a day on which there may be a state function like the birthday celebration of His Highness the Maharaja of Cochin.

Appointment of a Committee for purpose.

(b) Resolved that a Committee consisting of the following gentlemen be appointed with power to add for the holding of the Special Conference on the occasion of the birthday of His Highness.

- (1) Justice Mr. P. Narayana Menon, Ernaculam, Chairman.
- (2) Mr. K. Kochu Govinda Marar, Trichur.
- (3) „ K. S. Rama Iyer, Tripunithura.
- (4) „ M. C. Joseph, Irinjalakuda.
- (5) „ Vidvan K. P. Karappan, Ernaculam.
- (6) „ Kattasseri Xavier Joseph, Oachanthuruth.
- (7) „ M. T. Palbrose, Tripunithura.
- (8) „ C. Krishnan Karth, Parapukkara.
- (9) „ Mathur Vasudevan Nambutipad, Parjat.
- (10) Registrar of Co-operative Societies, Cochin State.
- (11) Superintendent of Agriculture and Panchayat, Cochin State.
- (12) Mr. M. Mukunda Raja Mhalur.
- (13) „ V. K. Virakki, Trichur.
- (14) „ K. Sankaran Nambudri, Nedumpura

} Conveners of the meeting.

Authorising the President to present the resolutions to the Diwan Sahab and His Highness the Maharaja Sahab.

14. Resolved that the President be requested to forward all the resolutions passed by the Conference to the Diwan-Sahab with a request that these may be placed before His Highness and, if possible, the President may be requested to personally discuss some of them with both His Highness and the Diwan-Sahab.

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(By order),

Luz. Mylapore, }
Madras. }

V. C. RANGASWAMI,

Secretary.

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OF CO-OPERATION.

By H. CALVERT. I. C. S.

Registrar, Co-operative Societies, Punjab.

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1921

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

Vol. XIV.]

OCTOBER 1922

[No. 4.]

CONTENTS.

	PAGE
I. NOTES AND NEWS.—	
THE WEAVERS' CENTRAL CO-OPERATIVE STORES, Ltd., AMRITSAR	
AGRICULTURAL PRACTICE—RURAL CO-OPERATIVE CREDIT—	
BORROWED CAPITAL AND CENTRAL BANKS—CO-OPERATION	
AND AGRICULTURE—CO-OPERATIVE PRODUCTION—THE CO-	
PARTNERSHIP PRODUCTION SOCIETIES OF GREAT BRITAIN ...	113
II. (a) CO-OPERATIVE LIFE INSURANCE.—	
BY MR. KESHAVA PRASAD C. DESAI ...	121
(b) A NOTE ON THE LIFE INSURANCE SCHEME	
BY RAO BAHADUR A. VEDACHALAYAR ...	125
III. THE SOUTH KANARA CO-OPERATIVE BUSINESS CONFERENCE ...	129
IV. (a) THE NORTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE.—	
BY AN OBSERVER ...	134
(b) EXTRACTS FROM A PAPER READ AT THE NORTH ARCOT DISTRICT	
CONFERENCE ...	139
V. SECOND REPORT OF THE C. P. FEDERATION TRAINING CLASS ...	144

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TO LET

THE Madras Bulletin of Co-operation.

VOL. XIV].

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[No. 4

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NOTES AND NEWS.

The Weavers Central Co-operative Stores, Ltd., Amritsar. The Weavers Central Co-operative Stores, Ltd., Amritsar, was started in 1917 to assist the weaver class in rural parts by way of loans, supply of cotton and silk yarns, and marketing their finished goods. Membership is limited to weavers societies, of which 61 have joined the institution. The value of a share is Rs. 100 to be paid in five instalments of Rs. 20 each. No rebate or dividend is to be distributed for the first five years and all the profits are carried to the reserve. Even after five years the dividend should not exceed six per cent per annum. A commission of one and a half per cent is charged on the goods sold by the stores, and the societies are free to sell their goods at local markets.

The balance sheet of the Stores for the year ending 31st March, 1922, shows that the Government gave a loan of Rs. 18,000 and the Director of Industries deposited Rs. 6,000. During the year under report the Stores had a turnover of about Rs. 400,000. Its purchase of yarn and sale of goods each amounted to a lakh of rupees. The value of the stock at the end of the year amounted to Rs. 10,000 odd, and the net profit, Rs. 2,500, which when added to the reserve fund raised it to Rs. 17,500. The Department has given the services of a manager free of charge. State aid and efficient management under the direct supervision of the Department are the main reasons for the success of the whole concern.

The State has created an agency to free the weavers from the clutches of the money-lender and the middleman trader. The difficulties of getting raw materials and marketing their finished goods have made the weavers join the Stores. The Stores supplies an absolute need in ameliorating the condition of the poor. A suitable system of Weavers' Stores adapted to this presidency should be devised by Co-operators.

* * *

Agricultural Practice.

A very important research which the Board of Agriculture have resolved at their Conference in February last to undertake, and bears on the methods of agricultural practice, is the subject of the "movements of nitrates in the soils". Researches undertaken by the Agricultural Department U. P. in the Gangetic plain have shown that the farmer by his traditional instinct chooses the proper time for sowing when the nitric accumulation in the soil is rapid, and had it not been for the recuperative process going on in the soil as an effect of the rainfall and changes of temperature, it would have been impossible to get constant and continuous yields from Indian lands for centuries. Such a survey according to our research officers is absolutely necessary at this moment "to guard against the introduction of new methods of cultivation unsuited to Indian conditions which lead to waste by producing nitrates far in excess of the requirements of the crop and which by disturbing the levels lead to loss by denitrification during the rains". Their researches in lands near Cawnpore have shown that nitrates do not accumulate in the soil in the month of September. But they do so very quickly in October. The probable reasons they give for it are that in the dry season following the monsoon there is an excess of moisture caused by the rains and the air supply is cut off by the hardening of the surface. These act against the nitrification of the soil. As soon as the farmer begins to plough in October, the soil becomes aerated and the moisture evaporates. Hence there is an increase in the nitrates. Again, they mention that the maximum air temperature from April to June aerates the soil which is favourable for nitrate formation. The farmer begins to sow the summer crop by the end of June, the right time when the plant can get a vigorous supply of food from the soil. It is only when a study of the nitrate formation in different soils and climates for a series of years is undertaken, that we shall "begin to get the full benefit of improved varieties of crops and the organisation of seed supply which has been established by Government".

At the Conference of the Directors of Agriculture every one of them emphasised the need for such a study. The depth of ploughing, the season of ploughing, whether irrigation is to follow or precede ploughing in different areas, the period when lands should lie as fallows, all these depend on an understanding of the nitrogen movements in the soil. The time for the application of organic manure is dependent on the period and rate of soil nitrification. Many of the Directors have expressed that some soils show increasing nitrates without the addition of any external manures. Mr. B. C. Burt, B. Sc., Secretary to the Indian Cotton Committee, mentioned the fact that the Lancashire spinners in a year of "worst trade depression" had allotted a large sum for research work in cotton. Whatever may be the retrenchments of the Provincial Governments, we hope our legislators will not grudge to vote the necessary amount for this important research. For on this depends the evolution of a scientific agricultural practice.

* * *

Rural Co-operative Credit.

The June number of the International Review of Agricultural Economics has published its leading article on the capitalisation of rural societies by Mr. Karl Hildebrand, the General Inspector of the Central Agricultural Loan Bank, which is the Apex Bank of the Raiffisin societies. The following notes on owned capital and deposits analyse the system of co-operative finance in this presidency, how far they are based on the fundamental principles of rural co-operative credit which Mr. Karl Hildebrand lays down! The capital invested in a co-operative society may be either owned or borrowed capital. The owned capital is made up of paid-up shares and the supplementary capital of reserve. It is the owned capital which bears the risks, serves as the basis of credit and is the guarantee fund for the creditor. A society may obtain owned capital or borrowed capital. In unlimited liability societies there is the additional guarantee of the total assets unencumbered, of the members of the society.

The simplest and safest method of capitalisation is by means of owned capital. The members pay entrance fees and share capital either by a single payment at once or by easy instalments. Capitalisation with owned capital is not possible in all cases specially where the capital required is large, the number of members is small, and the members are not in a position to supply the large sums which would be necessary. In such cases borrowed capital must be obtained which will be gradually reduced by the growth of paid-up capital and the reserve. Responsible capital is the paid-up share capital and the reserve in limited liability societies and in the case of unlimited liabilities there is the additional

item of the assets of members which however are not known with precision. It is therefore to provide a safe margin that unlimited liability societies here raise credit to the extent of one-eighth of the net real assets of the members.

The members in a co-operative society supply the foundation capital not so much in consideration of the dividend which they may hope to get from it but in the expectation of being able by means of their membership in the society to promote, improve, complete, render more economical their own business or domestic affairs. The co-operative society is created not by capital in search of investment or speculation but by the desire of the members to improve their position economically.

The owned capital in a concern does not burden it with interest and diminishes the working expenses. When a sufficient amount of owned capital is reached the co-operative society may become independent of its creditors, of the conditions of the money market, and of capital. This must be the goal to be reached by the co-operative societies. The growth of reserve is more important as it is a part of owned capital over which the retiring members have no claim. The share value must be fixed high but the payments towards it must be regulated with reference to the ability of the members to make such contributions by periods which correspond to the ability of the weakest members to subscribe and in coincidence with the periods when they get their incomes. The members join a co-operative society to do business through it and the shares they hold should be proportioned to the extent to which they participate in the business of the society.

The payment of entrance fees is regarded by some as contrary to the spirit of co-operation. A co-operative society once formed has the right to ask from new members the payment of an entrance fee as a form of compensation for the prior work of the society in building and in strengthening its financial position. It should be noted that high entrance fees prevent the entrance of new members and are therefore to be deprecated.

* * *

Borrowed Capital and Central Banks.

If a co-operative society cannot be financed by means of paid-up share capital it must obtain from the source such an amount of owned capital as will suffice "as the basis for the extent of credit economically justifiable". Isolated societies will have to find access to the money market and stand in direct relations to their creditors. The co-operative societies centralise

their activities by connecting themselves with Central Banks which are formed by their own combination. These Central Banks balance the need of capital of some of the members against the surplus capital of others. Such Primary Societies deal with the money market directly in regard to deposits. Isolated societies will have to secure a large owned capital but where such societies are affiliated to Central Banks the latter are able to deal with the money market satisfactorily for the benefit of all its affiliated societies.

In a Central Bank the guiding considerations for securing credit from the money market are the safety of the assets and the extent to which such assets are liquid. The rural unlimited societies are the chief clientele of Central Banks and furnish their assets which are safe but they are not liquid. Hence the Central Banks keep some portion of the assets liquid by keeping cash or Government securities undrawn or overdraft with either the Provincial or the Imperial Bank.

All economic development requires necessary credit facilities. The manual worker, the farmer, or the retail dealer cannot develop his business without capital and without credit. Hence this want compels him to join a co-operative organisation if he wishes to escape the clutches of the money lender. A member who is unable to furnish capital furnishes it in the form of credit which though not appreciated by the money market is available in a co-operative organisation on the basis of which borrowed capital can be had. In a co-operative organisation a small amount of owned capital gets gradually augmented by the accumulation of its profits.

Co-operation and Agriculture.

Co-operative societies aim at the raising of the moral, intellectual and social status of its members. Men cannot buy or sell things in common without thinking, talking, and exchanging their opinions about the several values of the articles bought and of the best way of producing marketable commodities. The co-operative society automatically becomes a forum for the discussion of agricultural matters, stirring up minds and diffusing knowledge. The perfecting of agricultural practice is their aim.

Agriculture is the only industry in which the cultivator has to accept the price offered by the buyer. It is confronted by an army of thoroughly organised trade and commercial interests against which it has to strive daily. Organisation on co-operative lines is the only successful weapon

available to the agriculturists to carry on the struggle successfully. In the farming process from the first stage to the last, from the selection of the seed to the marketing of the produce, co-operative organisation has proved the agriculturists, best friend.

The farmer is very much dissatisfied with his condition in life. He has not been getting the full value of what he produced. He feels that he is not responsible for the condition in which he is placed. He labours for the entire year to produce his crop and is obliged to sell it immediately at the harvest and often at a very low price. He is unable to supply himself and his family with the necessary wants and comforts. It is only when they join a co-operative society they will understand that they alone are responsible for their condition and they can improve their lot through the society with the facilities of better methods of production and marketing. The business world has settled that the proper principle of trade is to buy in the cheapest and sell in the dearest market. Co-operation consolidates the necessary forces to secure this end. To small farmers and agricultural labourers the services of a co-operative distributive society in a rural credit organisation to make them independent of a retail village trader will be a substantial boon. The farmers have to buy their agricultural requirements. Co-operation enables them to get artificial fertilisers, feeding stuffs, and improved implements for their use through its societies.

* * *

Co-operative Production. Co-operative Production denotes two forms of production, either by consumers' societies or by workmen themselves. The defect of the former is that they may tend to become capitalistic concerns in which the workers' interests are not cared for. The defect of the latter is that they may profiteer, at the expense of the consumer, like private capitalistic undertakings. The double-headed evil of capitalism which amasses wealth at the cost of the employee as well as the consumer, can be solved only by co-operative organisations which safeguard the interests of both.

A very interesting venture of recent times, which has shown the possibilities of co-operation, in uniting consumers and producers, is the society of bakers at Brunn in Zecho-Slovakia. This society was started by 8 bakers in 1907. During the period of the war it was put to a severe test even for its very existence as it could not get sufficient flour, the control of which was handed over by the State to the Union of Baker Masters who were interested in trampling down this co-operative institu-

tion. After the State became independent, the distribution of flour was taken over by the Bread Commission and consequently not being hampered in getting the required amount of flour, the society increased its trade in bakery. Meanwhile, a very strong Consumers' Society has grown in the city and on April 11th a joint meeting of both the societies was held when it was resolved to make the Consumers' Society a partner in the Bakers' Society with the same rights and duties as the latter. From that time the managing and the auditing committees have an equal number of representatives from the two societies and in the general body meetings representatives of the Consumers' Societies have the same number of votes as the bakers. This has proved a success. The workmen can reasonably plead their interests before the consumers and get due wages for their work. This is an example of how co-operation between producers and consumers can be secured in a single organisation.

* * *

The Co-partnership Production Societies of Great Britain. Co-partnership Societies have been mainly organised in England with a view to adjust the relations between the several factors that contribute to production. Capital, Labour, and the consumers' demand for commodities are the main requisites of production. Therefore, in the industrial economy of society, those who finance, those who work, and those who consume the goods produced, should be allowed to contribute to the financing and management of the concern and share in its profits too. The ideal aimed by the societies is that capital should be paid a fixed remuneration and the surplus profits should be divided as bonus on the wages and rebate on the purchases. 61 Societies in England have worked during the last year in various directions in textiles, boot-making, printing, metal trades and sundry other occupations.

These societies have survived a severe depression in trade during the last year and though subject to severe losses have come out unbroken. Only one society was closed while eight new societies were formed for various kinds of workmanship, such as painting, building, boot and hat making and clothing. Of the 13 textile societies only one, the Ideal Clothiers, made a profit of about £ 10,000 while the others incurred a loss of over £ 100,000. The volume of trade done by the societies did not decrease to any great extent but the fall in prices reduced its value and as a result led to losses. The 15 boot societies made a profit of £ 30,000 from a turnover of about £ 759,000. The 15 printing societies made a profit of £ 30,000 over a trade of £ 521,000. The workers in the

textiles, boots, and printing numbered 3026, 2017 and 1000, respectively, and they earned the respective wages of £ 264,200, £ 225,343, and £ 199,630. The average monthly wage for each of the trades amounted to £ 7.25, £ 9.25, and £ 16.6 for the year 1921. The three metal trade societies have earned a profit of £ 3000 odd over a turnover of £ 112,619. Cabinet makers, builders, woodworkers and furnishers societies, in all seven, suffered a loss of nearly £ 7000 while 8 other various societies dealing in sundries, motor cabs, headwear and leather supply incurred losses amounting to about £ 6000.

In all the 61 one societies in England with a working capital of £ 1,439,533 which was an increase by £ 86,000 odd over 1920, have carried on trade to the value of £ 2,873,212 as against that of £ 3,076,212 of last year, incurred losses to the extent of £ 45,514 while the profits in the previous year were £ 247,212, and were able to declare a dividend on the wages of £ 19,598 which is a third only of that in 1920. The four societies in Scotland of printers, weavers and bakers, though they have suffered by a decrease in the volume of their trade and profits, earned a profit of £ 141,876 over a trade to the value of £ 2,212,163, and declared a dividend on wages of £ 18,784, an increase over last year by about £ 8000. The report on the societies mention that in the current year there is a distinct improvement in trade "and it is cheerful to note that the textiles have once again improved". We wish all success to these co-partnership concerns trying to eliminate the evils of modern industrialism by a "system in which all those engaged in industry shall share in the profits, capital, control and responsibility".

CO-OPERATIVE LIFE INSURANCE.

[A scheme was propounded for co-operative insurance and published in the Madras Bulletin in the March number 1922. The criticisms and the suggestions of Mr. Keshava Prasad C. Desai are published in the Bombay Co-operative Quarterly for September 1922 which are reproduced below. I append a note dealing with the several points raised by Mr. Desai. It is hoped that co-operators will kindly apply themselves to the question and send in their criticisms to enable the Provincial Union to place the matter before the next Provincial Conference.]

It is indeed extremely gratifying to come across a fully worked out scheme of co-operative insurance for the Presidency of Madras, in the March number of the "Madrass Bulletin of Co-operation". In order, however, that the project may meet with thorough success it should be examined from the business point of view. Let us then survey its field of business. It is certain that there are no groups of people waiting to enlist themselves as members, that is, ready to be insured. The scheme even mentions that those who may be persuaded to insure in this scheme will be made members of the co-operative insurance society. This company or society will, therefore, have to compete with the other existing insurance companies. To be able successfully to do so, it is necessary to ensure good canvassing, cheap rates, and excellent credentials for security. The employment, however, of good and therefore costly canvassers is likely to be considered as an employment of a middleman whom the scheme aims to destroy. As regards rates, the scheme under notice has the following: "Ordinarily the scale of premia may be taken as 3½ per cent in case of policies of the kind described under, A class (i.e. ordinary policies for Rs. 500 and upwards). For B class policies (i.e. for Rs. 100 to 500) a higher rate of premia, say 7 or 10 per cent, will have to be fixed, as the risk involved will be greater." This scale is not lower than that of many existing insurance companies, as far as A class policies are concerned. As for B class policies there is no company at present issuing policies for Rs. 100. But the scheme itself mentions the Industrial and Prudential Assurance Co., Ltd., of Bombay, as one issuing policies for Rs. 250. The rate for these is about 5 to 6 per cent only. On the score of rates, therefore, the assured is not likely to be specially attracted to this scheme. As for excellent credentials for the security and stability of the institution it may be admitted that the founders and managers of the co-operative insurance society are sure to be trustworthy and respectable people. But that is not all. The life insurance business is a business of future liabilities. The payments are to be made in future.

The assured, therefore, have to be convinced that everything will be in order in future. This conviction can be brought home to them, if there is a good paid-up capital and a large uncalled capital, and if the requisite security deposits have been placed with Government. The co-operative society, however, ought to claim exemption from the Government from large statutory deposits. Otherwise, capital will be necessary which will claim not only interest but profits, to the detriment of the members of the society. There must then be large uncalled capital. Will the investors consent to this? It may be possible to collect a working capital, but if there is a large uncalled liability, it will be difficult to get even the small working capital. And if there is no deposit and no uncalled liability, how will the scheme inspire confidence amongst the general public so as to set their minds at ease regarding future claims? The other companies might make the most of this.

2. Let us now examine the motive for founding a co-operative insurance society. The present scheme, apart from the general notion of spreading the co-operative idea, aims at the following points, which we may well take to be the motive for the scheme. The first is the desire to institute smaller policies for Rs. 100. The next is to eliminate the middleman's profits and to distribute it amongst the policy-holders. The last object is to tap a source of long term capital for the Provincial Central Co-operative Bank. The insurance society, where prosperous, is sure to have a steady flow of premium-income and it will then be able to place large deposits in the Central Co-operative Bank for long periods.

3. Let us take the points one by one. The institution of smaller policies is an extremely hazardous step to take. In the first place, the poorer people, staying in small villages, are not willing to go in for insurance. The canvassing, therefore, may be very costly and for a long time the total business on books may not be large enough to work out a good average. The persons insured being poor are not likely to be good paymasters and there may be lapses, out of all proportions, which may again increase the cost of business. These are again the people who generally suffer the most by epidemics and the death ratio may also be high. It may not, therefore, be considered right for a new company to risk the smaller policies at the very outset.

4. As regards the elimination of the middleman's profits we have seen that the co-operative insurance society does not propose to offer cheaper rates of premium to the assured. It cannot wholly destroy the shareholder because some working capital is necessary. And so long as

the Government has not exempted it from statutory deposits, money will have to be found for these also. There are again no groups ready to be insured and hence canvassing will be necessary. The middleman thus does not totally disappear. Supposing, however, that the co-operative insurance society can somehow or other dispense with the capital investment, what benefit does the assured, that is, the member, derive? The member can get, by way of bonus distribution, the amount that otherwise would have been paid to the shareholders by way of dividends. It is, however, a well-known fact that even ordinary insurance companies distribute amongst their shareholders only 10 per cent. of their profits by way of dividends and the remaining 90 per cent. of the profits are distributed amongst the policy-holders. Is it, therefore, right to undertake this new experiment merely for the sake of getting the bonus of policy-holders increased by one-tenth?

5. As for the deposits for the central co-operative banks, there are likely to be some difficulties in the way. Even when the Insurance society is in a position to offer deposits to the banks, it may not be in a position to place fixed deposits for long periods, as an insurance company needs to have some portion of its assets in liquid securities or short-dated investments. And the banks may not be much helped by these deposits particularly, as they cannot make use of the money for agricultural loans. Thus, it is quite likely that the promoters of co-operative insurance may not gain any of the objects which prompted them to undertake the whole scheme.

6. Are there then no means by which the scheme may be made successful? Let us try to fix up things which may lead the scheme to success, presuming that we do not want to abandon the idea of co-operative insurance. First of all, then, we must move Government to dispense with the statutory deposit of Rs. 25000 per year for eight years. This may enable us to have fewer shareholders. In order, however, to inspire confidence amongst the insuring public, some scheme ought to be devised by which the future claims may be guaranteed. If we do get guarantors, the interest or dividend should be paid for money actually used by the company. An insurance company does not require a large paid-up capital, but there ought to be a very large unpaid capital. This unpaid liability and some device about the guarantors will inspire confidence in the public.

7. For smaller policies individual canvassing will not pay. Rural societies ought to be interested in the scheme, and their members should be induced to go for insurance. Large employers of labour ought also to be interested in the scheme and bulk business should be secured through

them. The larger policies also can be introduced through these agencies. A co-operative insurance society may be started any time, but actual business ought not to be commenced till there are reliable promises for substantial business and till Government exempt the society from statutory deposits. The society should also claim exemption from policy-stamps.

Can we, however, not gain all the objects mentioned above without undertaking the risk of founding and conducting a co-operative insurance society? It can be done if some of the existing companies are properly tackled. If one company has been actually issuing policies for small amounts of Rs. 250, can it not be persuaded to reduce this amount to Rs. 100? As for the middleman's profit we have seen above that by dispensing with the investor in the form of the shareholder we can increase the bonus to be paid to the policy-holder only by one-tenth of the amount otherwise available for distribution. That point can, therefore, be ignored. If, however, the co-operative organizations are to create business for the ordinary insurance company and if they render assistance to it in the execution of its business, can they not themselves claim to be the middleman, thus becoming entitled to commission either for the benefit of the particular society as a whole or for the benefit of its members who are assured? As for long term deposits for financing rural societies, if the insurance company is getting good business through the various co-operative societies, both rural and urban, it can very well be persuaded to deposit with co-operative banks at least the premia earned through co-operative organizations. We can thus gain all our points, to a very great extent, without undertaking any risks whatsoever.

It need not be mentioned that, by discussing an alternative to the co-operative insurance scheme, the writer has not the least desire to belittle the co-operative spirit underlying the scheme. One should not, however, be carried away merely by the denomination "co-operative" but should have an eye open to the actual substance of and possible practical gains from an undertaking, particularly when the undertaking is attended with serious risks.

A NOTE ON THE SCHEME

BY RAO BAHADUR A. VEDACHALAYAR.

I fail to see, how when we do not pay for propagandists in co-operation for the formation of co-operative societies, we should not depend upon co-operative organisations when sufficiently educated to carry on the work of canvassing. A middleman is not a disadvantage when he is not allowed to profiteer by it.

The rates proposed will be attractive even though they are regarded as comparatively high because of the fact that what is absorbed by the Shareholders (16 to 20 per cent) will be returned to the policy holders in the shape of bonus. Central Banks lend at $8\frac{1}{2}$ per cent and still hope to get deposits at 6 per cent and a dividend on share capital of 1 per cent. In co-operation and co-operative enterprises co-operators will not care to have dividend but will ultimately be satisfied when they get a bonus on their policy. The policy holders can get convinced that every thing will be in order in the future for the following reasons.

A large share capital will be collected from the policy holders and from outsiders, but the latter will get a fixed dividend (a guaranteed dividend). The theory that the policy holders will get strengthened in their conviction if there is a large uncalled capital does not appear to be sound. Even in credit banking, the theory of uncalled liability is not valued for purposes of raising credit. This will be still more unacceptable in this concern in case the uncalled capital is to be secured from persons who are subscribers living in all parts of the Presidency and elsewhere. The system of paid up capital is likely to be more successful. It is therefore desirable that whatever paid up share capital is wanted, it be collected at once or in easy instalments within a period of one or 2 years.

The proposed co-operative insurance society attempted to claim exemption from the Government for large statutory deposits but it is feared that this is not capable of fulfilment at any rate in the Madras Presidency. Even if the holding of a large amount of share capital will be to the detriment of the society, we must resort to it and face the situation since we could not get any concession from Government. I would deprecate having a theoretical uncalled liability and would go in for the required amount of share capital paying a fixed market value for it. This was the process adopted in the Madras Presidency in the floatation of central financing banks with societies as shareholders and

with individuals with a guaranteed dividend of 8 per cent and a maximum dividend of 9 per cent. Similar arrangements can be effectively secured for the co-operative insurance concern also.

I am well aware of the extremely hazardous step of the institution of smaller policies. But it is proposed to gradually go in for it under proper safeguards suggested by actuaries. The proprietary insurance concerns have not yet undertaken such a work because they have to incur heavy expenditure in canvassing for the policy and in the collection of the premia. But these difficulties can be easily got over when the concern works through co-operators and co-operative institutions. The poorer people, it is said, will not be willing to go in for insurance. This is at present due to the fact that there is no organisation in which they can take a part. They have not been educated in the advantage resulting from the insurance of lives. The proposed institution is one which makes the poorer men save some money with the additional advantage of providing for accident. The unpunctuality of poor men is adverted to. This will be considerably minimised as the co-operative societies will help them in this respect and will be useful in securing punctuality. As a matter of experience in credit operations, it may be asserted with confidence that poor men are generally more punctual in their transactions with co-operative societies than their more fortunate brethren for the reason that their credit-worthiness will be impaired and that they are always feeling the necessity for credit accommodation. Even in insurance, the poor men will strive their best to be punctual as otherwise the few rupees they have saved will be lost by unpunctuality.

The village folk are said to be affected most by epidemics. This may be true to a certain extent but it will be found that there are far more, long-lived men among the rural population than among the townsmen. Besides, the villagers are now being educated to be alive to the principles of sanitation and can afford to observe sanitation with less cost than in towns.

The scheme does not eliminate the middleman in the technical sense. The middleman or the capitalist is associated in the concern to a limited extent consistent with the amount of capital required for a time and with a stipulation to give a fixed money value to him. This association with such capitalists does not make the concern less co-operative and they have been allowing this in credit and trade organisations all over the world.

The ordinary proprietary concerns no doubt distribute 90 per cent of the profits after an enormous expenditure in canvassing, permanent commission to agents, and a heavy expenditure in management. The proprietary concerns do not invest their money in co-operative undertakings and they sometimes put their money in speculative transactions. Since the war, the profits distributed in proprietary concerns are practically small.

As regards deposits to be made by the insurance concern in co-operative banks, the investment may be generally for long periods and whatever may be wanted as liquid securities or short dated investments can easily be secured from the Provincial Bank or from any commercial bank. Long term investment in the Presidency fetches 7 to 8 per cent with an agreement to liberate a portion of the investment when wanted at the same rate or even a lower rate.

As regards the measures proposed by Mr. Desai, by which the scheme can be made successful, I note the following remarks. I agree that it will be a very great advantage to secure the sanction of Government to dispense with the statutory deposit of Rs. 25,000 per year for 8 years or even for 5 years during which period no profits will be distributed to the policy holders and a fixed money value will be given to the non-policy capitalist shareholders. The future claim will be guaranteed by the large paid up share capital and the reserve fund of 25 per cent of profits.

As regards small policies the canvassing is to be done through rural societies and through co-operators interested in such institutions. It is proposed to secure bulk business through these and through labour co-operative organisations or trade unions. The society will not be started until there are reliable promises for substantial business and until Government gives the exemption from statutory deposits or until the society can float the required share capital to give the required security.

I first hit upon the idea of asking co-operative societies to undertake merely commission work in view of avoiding the difficulties of a floating concern and undertaking the work with an unwilling Government who are not inclined to run the concern under their moral responsibility. I addressed a number of Insurance Companies and offered to canvass for them through co-operative organisations and sent a special reference to the Industrial and Prudential Assurance Company of Bombay. They one and all declined to accept my suggestions. The latter said that the small policy of Rs. 250 was intended only for the mill hands of Bombay and they could not go lower. They declined to invest their money in co-operative concerns as they had got

into the conservative habit of investing their surplus in mortgages of immovable property and in Government Local Board Securities. They even declined to deposit with co-operative banks at least the premia earned through co-operative organisations. The attempts made having proved unsuccessful, the present scheme was suggested. If the proprietary concerns will take up this work, co-operative organisations will be ready to help them with less canvassing expense and with more safe investing institutions for their surplus. I should feel satisfied if by the promulgation of the scheme, the proprietary concerns are educated to take up the work. My object will then be considered as gained.

As a co-operator, I always feel that co-operative organisations must try to use the existing proprietary concerns as far as possible and that they should not lightly undertake enterprises in competition with proprietary concerns so long as the latter do not unduly profiteer over the clients.

I had once an idea that the central banks and co-operative primary institutions might join together and run the insurance concern in the same manner as they run the Provincial Bank but on second consideration I came to the conclusion that the scheme would be successful if we introduced in it capitalists and experienced men of business who are outside co-operative institutions. Credit institutions should, in my opinion, not interlock their liability in other concerns. If this objection is not considered as being serious, the floatation of a co-operative insurance institution by the central banks and co-operative institutions will serve a strong guaranteeing arrangement by which the future claims will be amply guaranteed. Personally I feel the floatation of a separate institution on lines suggested by me as more advantageous.

PROCEEDINGS OF THE FIRST CO-OPERATIVE BUSINESS CONFERENCE OF 1922-23.

Held at the Office of the Assistant Registrar of Co-operative Societies, Mangalore, on the 16th and 17th Sep, 1922.

Present.—Registrar and Assistant Registrar, Tellicherry, Agricultural Deputy Director, Central Bank and Union Representatives, Inspectors and Supervisors.

Interest Rates.

I. The Conference is of opinion that the time has not yet arrived in this District when the rates of interest on loans and deposits in primary societies and the rate of interest on loans in the Central Bank may be reduced.

Agency Collections

II. In respect of the societies empowered by the Central Bank to receive collections and make disbursements, the Conference is of opinion that it is desirable to strengthen the legal basis for such transactions with suitable resolutions of the general bodies of the concerned societies. With regard to the question of allowing remuneration to the clerical staff of the societies so empowered by the Conference it is of opinion that no remuneration need be paid from the Central Bank in this behalf. Each of the societies concerned may be left to decide the question for itself.

Assignment of Plots to Societies.

III. The question of Government being moved to assign plots to societies free of assessment was taken up by common consent in preference to the other subjects. Previous cases where plots were assigned to societies free of assessment were quoted. In respect of the recent cases in which plots were refused to societies, it was resolved that the Central Bank should be requested to carry on further correspondence with the authorities in the matter.

Additional Supervisors.

IV. This Conference is of opinion that it is necessary for the Udipi and Puttur Unions to employ each an additional Supervisor, as the number of Societies within their respective jurisdiction is too unwieldy for a single hand.

Training Classes.

V. In the matter of the Circular issued by the Madras Provincial Co-operative Union, regarding the holding of training classes for Supervisors and office-bearers of co-operative societies, this Conference is of opinion that the proposals put forward in the Circular may not be suitable for adoption in this District. This Conference thinks that the system of training for Supervisors may continue as before, and that the question of imparting any training to office-bearers of societies need not be considered now.

Examination for Supervisors

VI. This Conference is of opinion that it is most necessary and desirable to institute an examination originally proposed for Inspectors but since dropped.

This Conference recommends to Unions that Supervisors on probation should not be confirmed before they pass the examination proposed above.

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.

Resolved that an Examination Board be hereby constituted, consisting of the Assistant Registrar of Co-operative Societies, Mangalore, the Vice-President of the Central Bank and the Secretary of the Mangalore Local Co-operative Union, in order to make all arrangements for the next examination for the publication of its results.

Dates for Union General Meetings.

VII. The following dates are hereby provisionally selected for the different Union General Meetings.

Press Book Depots in Unions.

VIII. This Conference is of opinion that the sale prices in the Book Depots should be fixed so as to cover the transit charges incurred in getting the consignments from the Press.

Demand Notices from the Central Bank.

IX. With regard to loan and interest demand notices from the Central Bank, the Conference is of opinion that the original system of sending the notices direct to societies may be allowed to continue. Consolidated demand lists have, however, to be sent to the Unions, as before, in advance.

Support for the Kanarese Co-operative Magazine.

X. This Conference is of opinion that all the societies of the District except the societies in the Malayalam area and the societies of backward Unions in this District should make out lists of such societies and pay their subscriptions in one lump sum to the Office of the "Kannada Sahakari", collecting the subscriptions in due course of time from the respective societies along with their supervision contributions and such other dues.

Deputation of Honorary Assistant Registrars.

XI. This Conference is of opinion that it is very necessary and desirable for Government to send a deputation of the Honorary Assistant Registrars of this District to visit efficient Unions outside the District.

Arrears in Supervision Contributions

XII. In the case of affiliated societies that keep the supervision contributions in arrears, this Conference is of opinion that the Unions may proceed under arbitration. In order to enforce punctual payment of supervision contributions, this Conference recommends to the Unions that they might introduce suitable provisions in their bylaws providing for the levy of fines and penalties upon belated payments.

Reserve Funds

XIII. This Conference takes this opportunity of inviting the attention of all societies to the reserve funds without fail.

Allowances to Supervisors

XIV. This Conference thinks it necessary to allow to Supervisors daily allowance at eight annas per day whenever Supervisors are employed on Co-operative work outside their ordinary jurisdiction.

Societies to be liquidated

XV. The following societies may be liquidated at an early date:—

Societies to be split up

XVI. The following societies may be split up as suggested below:—

Organisation of New Societies

XVII. The following areas are selected for organising new societies:—

Allotments Central Bank for Rebate

XVIII. The budgets of the different Unions were read as prepared and the rebate to be paid from the Central Bank was resolved to be allotted as follows:—

The new Uppinangadi Union will have no Supervisor for the present. The newly proposed Kumblam-Gurpur Unions will also have no Supervisors. Out of the existing Unions, the Guruvainakere Union will have no Supervisor from the beginning of November, from which time the Supervisor now working under it will be transferred to work under the Puttur Union. The Puttur Union will, however, lend the services of one of its Supervisors to work under the Guruvainakere Union in the month of January 1923, his pay and allowance for that month being borne by the latter Union.

Four new Supervisors will be selected and trained. As regards the training of Supervisors, the Conference is of opinion that the learning of office work in Unions should also be made part of the training imparted to Supervisors by making them work in the Office of a selected Union for a week or two.

Support for the District Co-operative Press.

XXX. The Conference reiterates the necessity and desirability of all the societies in the District joining the Co-operative Press of the District.

Standard Form for Union Annual Reports.

XXXI. The draft prepared for providing a uniform standard form for annual reports of Unions was placed before the Conference. The Conference was unanimous about the desirability of adopting the form in the case of all Unions. The Sadananda Co-operative Printing Works will print the required number of forms for inserting the statistical portions and distribute them among the different Unions for price.

Executions.

XXXII. With regard to the idea of the deputation to the District Judge regarding execution of arrest warrants against societies' judgment debtors, the Conference came to the conclusion that it seemed quite practicable to achieve the objects in view by causing the necessary disciplinary measures to be taken through the Public Servants' Co-operative Societies existing in different centres in the District and including many process-servers amongst their membership.

A Seperate Inspector for Fishermen's Societies.

XXXIII. The Conference considers it necessary in the interests of the fishermen's societies that a separate Inspector should be detailed to be in charge of all the fishermen's societies in the District at least as an experimental measure.

THE NORTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE.

[A CRITICAL ANALYSIS BY AN OBSERVER.]

The North Arcot District Co-operative Conference, which held its sittings at Nattarampalli on the 24th and 25th September is important in more aspects than one. It is significant of the rising consciousness of the rural farmer who could not be browbeaten to accept the resolutions of a Governing Body unless he is satisfied with their explanations. On every important topic, questions had to be answered, doubts had to be cleared, and its bearings well expressed, before the general body of the delegates gave their votes. The discussion raged hot over mainly two subjects, viz., making the unions independent and responsible for recommending loans to Primaries, and the abolition of the District Council of Supervision. On the former question the main oppositionists were from the Directorate of the Central Bank, and on the latter, from

the general body. When the President of the Central Bank Directors' meeting on the morning of the 24th put all the resolutions *in toto* before the general body and asked for their formal consent, a member rose up and said that that should not be the way of carrying resolutions by the general body, and that every resolution should be explained and separately put to vote. Again at the Subjects Committee Meeting, the managing body of the District Council of Supervision had to prove why they should exist at all, had their budget scrutinised item by item, and had to explain the need for every single expenditure. It is very cheerful to note that the managing body were glad to welcome this new spirit, forget the hot words which passed, and appreciate the growing will behind them.

The main resolution considered at the Central Bank meeting was how far the Unions might be made independent of the Assistant Registrar's control. At a recent conference of the Assistant Registrars, a resolution has been passed that they shall have no objection in making the Unions completely responsible units provided they are able and willing to undertake the work. The Department has asked for the opinions of the Central Banks on the resolution and it is in consideration of that question, the subject of making the Unions as responsible bodies for recommending loans was taken up. There were three schools of thought which expressed themselves during the course of the discussion. One school or rather the conservative school doubted at all the capacity and business ability of the Unions to undertake such a work without the supervision of the Assistant Registrar. Another school was for cautious liberalising, to dispense with the control in regard to short term loans, as the defaulting societies will be clearly known to the Central Bank during the course of the year, but to have it in regard to long term loans, the defaults in which cannot be easily found out and need a stricter supervision by the Unions. This course was considered safe by many in the Directorate of the Central Bank as it gives the Unions a certain amount of freedom sufficient to train them in responsibility for the gradual transfer of complete powers with the ripeness of experience gained in the course of years. But the dyarchic principle was not accepted by the third school of thought which demanded a complete transference then and there. The exponents of this idea were the representatives of the Unions who disliked any sort of control by Assistant Registrars. They expressed that they have pledged their all on the unlimited liability basis, money is being obtained on their credit and there was no reason to put them under any outside control. Mainly, the arguments adduced were that the recommendations of the Assistant Registrar over those of the Unions created unnecessary delay in the issue

of loans, such a delay created an atmosphere of pessimism and disgust among the public, dangerous to the future of the movement, and they would be better able to know the trustworthiness of societies than an outside Assistant Registrar. The third school carried the resolution in the General Body Meeting.

The passing of the resolution means greater work for the Central Bank and the Unions. The Central Bank Directorate will have to meet often in future, call for the Reports of the Societies, and be in touch with their transactions. The Unions have taken upon themselves a duty which can be discharged efficiently only through a greater sense of duty on the part of its members who will have to arrange for the strict control and audit of Primary Societies. In future they alone will be held responsible for the irregularities of the Primaries. Audit, control and supervision, training of Secretaries, fall on their heads. It is hoped that they will realise this responsibility and discharge it well.

The discussion on the resolution—whether to end the District Council of Supervision or to mend it—lasted for about 8 hours in the Subjects Committee. The Council is an educative and supervisory agency but it hardly appeals to the rural practical mind which measures results by material gain or loss. Secondly, the council does not show any tangible result in its trading work and that has also entered into the minds of many a Governing Body member. Questions as to why the Central Bank should not take up this auditing work had to be explained. In the end the Council was permitted to live, but live, with many of its necessary expenses cut off by the retrenchment axe of the ever-watchful Unions.

The Unions refused to pay one-fourth contribution from their supervision funds, and resolved on one-sixth only. So the budget of the Council was revised according to the grant. The offices of the manager, one reserve supervisor, and a peon were cut off with the result that the honorary secretary of the Council would in future have to write its accounts, and do the regular routine of administrative duties. The District Supervisor's pay has also been reduced, only third class travelling allowances have been provided for the members of the Council and books for Rs. 200 for the Library has been disallowed. After a great deal of discussion and explanation Rs. 700 has been sanctioned for Training Classes for the Secretaries of Primary Societies. The Council explained that if larger contributions were made by the stronger Unions, the weaker ones might be supported. But when all the Unions asked for a remission of their dues from one-fourth to one-sixth, it was impossible to render any help to them.

It is no use feeling vexed at the behaviour of the General Body. On the other hand the democratic spirit behind it, the public desire to control and shape the movement should make every co-operator glad.

The presence of the Registrar during the proceedings was of inestimable value to the Conference. It was at his advice that the resolution requesting the Government to intervene and prevent the Local Boards from taxing the Co-operative Societies was so modified that the pressure might also be applied in the Local Boards themselves to rescind the tax. The vague resolution asking for State aid for Co-operative Industrial Schemes was withdrawn as he wanted a practical scheme on the subject. The resolution requesting that execution petitions for collection of overdues to the Collector need be sent in future only through Assistant Registrars and not through the Registrar was withdrawn because of the latter's explanation that such a restriction is needed to prevent the Societies from bombarding the Collector with a large number of such petitions and to limit the use of this privilege to only extreme cases of default. Again, when the Subjects Committee proposed a resolution for appointing a Committee of enquiry composed of officials and non-officials to enquire into the industrial and agricultural possibilities of the District on the co-operative basis, the Registrar explained that such an enquiry might be conducted by the non-officials, and the District Officers of the Department would give them every facility. The resolution requesting the Registrar to introduce the Charka industry elicited a reply from him that he was never against the proposal and the real fact was that enthusiasts who talked of this scheme never put it into practice. Again, when the Conference urged a triple inspection of Co-operative Societies for every year by the Inspectors, the Registrar explained that their final audit was intended only for the drawing of the report and it was impossible to impose on them more than one detailed inspection.

Other resolutions of the Conference mainly centred round financing the Primaries and strengthening their financial condition. The Conference has taken up a step in advance, a practical and cautious step too, in recommending that cash credits returnable within the year should be given to Primaries of good financial condition which get local deposits. With a view to insure a constant dividend during years of loss also, the Conference has recommended that the bye-law should be so changed as to allow the balance of the net profits, after meeting all the due claims, to be carried over to a Dividend Equalization Fund, instead of to the Reserve Fund. One important resolution urges that prompt steps should be taken

by the Department in enforcing due reports from Supervisors and Inspectors to see that no Society keeps a cash balance of more than Rs. 5. It is also encouraging to note that one of the resolutions demands that immediate steps should be taken to see that no rural Societies are handicapped for want of knowledge in writing and keeping accounts.

A very interesting resolution was brought by a member of a Primary Society that Village Societies should be permitted to change the bye-laws fixing the maximum rate of interest for deposits at 9 per cent. When questioned why he should borrow at 9 per cent while the Central Bank lends at $8\frac{1}{2}$ percent and allows also $\frac{1}{4}$ per cent to the Supervision Fund of the Unions, he began to give a list of complaints—very hard of course for the Directorate of the Central Bank to swallow—that loans applied for, could never be obtained easily from them and, if obtained, only at a great delay, when the loan could not be useful for the purpose in view. The opinion of that rural farmer, though crudely expressed, really indicates the pivotal point where the co-operative movement needs building up, if it is to get the confidence of the villagers. Unless credit is allowed to flow without the rigid interventions of red tapism, the villager will rather trust the local moneylender and consider that Sircar assistance is not intended for him and it will rarely serve his need. In the end the resolution was passed requesting a change in the bye-law so that Primaries might get local deposits at a rate of interest not exceeding $8\frac{1}{2}$ per cent.

A word may be added as to the addresses delivered at the Conference. Mr. Hill, I.C.S., the Collector of the District, who presided over the Conference infused into the audience high hopes of the movement by his genial presence and words of encouragement. Mr. Vedachalayar's address summed up the gains of the movement and laid down a future programme of work for the Unions and the District Council of Supervision in spreading co-operative principles, training secretaries, introducing new methods of cultivation and instilling into the rural farmer habits of discipline and punctuality. The address of the Chairman of the Reception Committee, Mr. Samundi Gounder, was a bold plea for relieving the rural farmer from his indebtedness.

EXTRACTS FROM THE PAPER READ AT THE NORTH ARCOT DISTRICT CONFERENCE AT NATTARAMPALLI ON 24TH SEPTEMBER.

(BY RAO BAHADUR A. VEDACHALAYAR AVL., B.A.)

1. The District of North Arcot has taken an important place comparatively in the growth of the co-operative movement. The Primary Societies had at the end of last year overdues to the Central Bank to the extent of 0.24 per cent under principal and 0.30 per cent under interest. This indicates that the business operations of the societies are up to the mark in a majority of cases so far as outside obligations are concerned. A similar state of affairs is however not manifested in the internal management of the societies concerned. The dues of members to the Primary Societies were during 1920-21 very heavy being 17.7 per cent under principal and 17.54 per cent under interest. The Panchayets of Primary societies are the trustees whose enforcement of timely discipline in the transactions with members can alone secure ideal punctuality.

2. The Local Unions are in fact spending more than what the Government spends on its staff for controlling the movement in the district. A casual observer will however notice that the working of the unions has to be further consolidated and made more efficient. The unions will have to undertake the co-operative education of the members of co-operative societies and also to be a responsible connecting link between the primary societies and bigger concerns such as central banks, provincial unions and commercial banks. The unions will have to take up in seriousness the improvement of agricultural industry and the agriculturists by placing before them the various improvements in the practices of the agricultural industry which have been demonstrated by the Department of Agriculture and should also deal with the problem of agricultural labour.

3. (The paper then goes on to show how the poverty of natural resources in the district has forced the agriculturists to raise credit through the Central Bank and "to exert their best to keep up to the respective outside obligations, and how as a result of this they were able to secure a credit accommodation of 20 lakhs from the federation".) On the subject of deposits, the paper advises that "the primary societies should attract deposits on the distinct arrangement that the Central Bank will keep the required fluid resource, as it does in regard to deposits received by it direct, even though it may have to charge a small amount from the Primary Societies for undertaking this work."

4. Another point of criticism which I have heard from responsible quarters is that the societies are resorting to book adjustment in the

societies and in the transactions of the societies with the Central Bank and that in consequence the overdue arrears are shown low. So long as I was directly connected with the administration of the movement in the district, I am prepared to give an emphatic denial to this statement. I believe that the prohibition of the reloaning of collections in the societies and the prohibition of book adjustment by the Central Bank in regard to the dues by the societies are rigorously enforced till now. The real reason for the low percentage of overdues is the fact that loans are given to the primary societies by the Central Bank and by the Primary Societies to the members with reference to the normal repaying capacity of the borrower. Impossible conditions are not imposed.

A flat of the Department goes forth that only short term loans should be given. But co-operators, in their urgent need for long term, get credit accommodation under short term loans, use them for long term purposes and plead excuses for non-payment in time. This is the inevitable result of forcing loans on co-operators with conditions which they are not expected to fulfil. This system of giving loans should be put a stop to wherever it is practised. Even where the loans are given with reference to the repayment power of the co-operators, they become unpunctual when the normal harvest is disturbed and when the produce cannot be sold for the average price expected. Some causes beyond the control of the co-operators intervene and co-operators are obliged to be unable to keep up to their obligations to the societies. (Under such conditions the Central Banks take upon themselves the responsibility of keeping "to the stern obligations of the money market" and it is to make up the loss in doing so, they charge a penal rate on the dues of unpunctual Primary Societies.)

5. As one interested in the co-operative movement in the district, I take the liberty of giving a few suggestions in this direction.

1. The Local Unions must treat the education of co-operators in co-operative principles and practices as a very important portion of their work. A liberal contribution by the financing Bank will be an advantage in its self-interest, leaving out of account the philanthropic aspect. No doubt the co-operators may reasonably expect this to be done by the Government staff but they cannot however expect it to be done in a satisfactory manner. It will be a decided advantage if co-operators can arrange for a system with their own resources to be carried out, with the sympathetic co-operation of the Government staff.

Every co-operator should thoroughly understand the ten main points of co-operation. These have been printed in page 56 of the Bulletin for

August 1921 (Tamil Edition). The District Council of Supervision may print it as a leaflet and supply it to each co-operator in the district.

The Provincial Union will be able in the near future, to help the districts in this aspect of work if its financial position is made satisfactory by the primaries, the local unions and the central bank paying up their Bulletin subscriptions regularly.

(2) *Training of Supervisors.* The inspection staff employed by non-official agencies should be kept up to the mark and however limited their resources may be, this work should be kept up from year to year by the local unions or the district federation of local unions.

(3) *Short term or crop loan.* The system of granting short term or crop loan has not been carried on yet in the district in a systematic way. The method of carrying it out was put in practice in this district from 1918. It was then the arrangement was commenced for holding union general body meetings in July and August soon after the final audit is over. At such meetings, the credit accommodation required for each society for the year was scrutinised by the union authorities in consultation with the panchayatdars of the societies and the union decided, after thorough scrutiny the credit accommodation it recommends to the central bank for each society. I have described this system of short term loan or crop loan in detail in my address to the Madras co-operators, which has been published in the Bulletin in pages 387, 388 and 430 to 435 for the year 1922 (April and May issues). Co-operators should study the details of the system with care and should bring it into practice. The District Council of Supervision should feel it a duty to carry out the system and it is hoped that the Assistant Registrar and his staff will give the District Council their support. The District Council might advisedly issue a leaflet to each society on the subject and educate the co-operators in this direction. I have heard from co-operators that the system promulgated could not be worked unless there is available a much larger financial support. This objection has arisen from an imperfect understanding of the existing financial resources. The Madras Central Bank (the Federation) has an overdraft of 16 lakhs with the Imperial Bank of India (Madras Branch) of which only 1 or 2 lakhs have been utilised for short term loans. The Vellore Central Bank can give short term loans to the extent of 5 or 6 lakhs every year by discounting co-operative paper with the Madras Bank if the loans are given for crop purposes and if the repayments are scrupulously made at the appointed time. The commercial banks are only asked to finance for crop transport through co-operative societies which they are now doing through wholesale merchants and small traders. They will readily deal with co-operative

organisation, as they are comparatively more safe. Moreover, the introduction of this system will surely result in the practice of co-operative buying of agricultural and domestic requirements and the co-operative sale of the members' produce on a very large scale. It will also enable the agriculturists of different economic status, the rich, the poor and the landless labourer, to avail themselves of the benefit of the help of co-operative organisations. I therefore emphasise the importance of the system to the rural population and desire that the co-operators might introduce it systematically in every local union and arrange in them for providing for all the wants of all the agriculturists in that area. The selection of such societies is dependent upon the securing of efficient and selfless men who are prepared to give their time, energy and brain power in working the system with care and strict impartiality.

The District Council might advisedly print a leaflet describing the system of joint sale of co-operators' produce which has been published in the Bulletin and might supply a copy to each co-operator.

While suggesting the issue of leaflets to the co-operators, I feel it my duty to inform the co-operators that the mere issue of leaflets does not result in much good to them but that such leaflets should be explained to them during meetings in the societies. Co-operators must be made to think of the matter very frequently so that they may be stimulated to take action. This process is called "the following up," process which should be practised by co-operators especially when a large number of them are illiterate.

(4) The paper, in regard to the Trading Unions, advises the practice of the indent system, warns of the dangers of purchases in bulk by the Panchayets, of keeping a running store and overstocking goods, and shows the need for a continuous scrutiny of accounts.

(5) For the success of non-credit activities, the paper recommends the formulation of a practical investigated scheme with a view "to secure the good-will of the financing institutions", the loyalty of members, adequate share capital, undertaking tried enterprises only, able managers and an effective supervisory agency. The latter portion of the paper deals with the problems of rural reconstruction. The duty of the Unions to make complete enquiries of the industrial and agricultural possibilities in their areas through the co-operative agency, to get the maximum assistance of the District Departmental experts to the ryots for pushing on new methods of cultivation and organise rural education is well indicated in this portion.

~~The paper concludes with the following words on the future of the movement.~~

The co-operative movement is capable of producing amazing results provided we have more men genuinely taking interest in the cause. Money is available in plenty courting to be used but we are suffering from scarcity of men competent and willing to work on unceasingly in the movement. I hope the co-operators of North Arcot District will be able to secure among themselves economic propagandists to spread the benefits of co-operation in every nook and corner of the District and in every sphere of human activity.

My advice to the persons who are working in the cause of co-operation is to keep faith in *yourself* and in *your* institution. Do not be discouraged by the fact that a co-operative enterprise has not yielded the expected results. You should examine again what has hitherto been done and try to find out better methods of carrying on such enterprises. If you have the will to do a thing, you will certainly find the way.

I will advise the co-operators to work harmoniously with the Co-operative Departmental officers and staff as they are merely expected to supplement your efforts. Even if they differ from you in some matters, try your best to convince them of the practicability of your suggestions and, where this is not possible, give the officers a chance for experimenting their views and prove to such officers by actual experiment how *far* their views are not practicable. At the same time I must advise you to depend upon yourself for your improvement of your society and for the strengthening of the co-operative movement in the district.

One point more and I am done. The problem of the amelioration of the depressed classes can be more satisfactorily solved by co-operative organisations than by any other outside agency. Educate the depressed classes that their improvement lies in their hands and that co-operative organisations can alone give such help as is required. No individual, or even Government, however philanthropic they may be, can render such help.

The depressed classes should be uplifted by taking steps to remove untouchability. If the co-operators can solve the problem in the village, which is the real centre of opposition, the problem will get a solution everywhere. Every landless labourer should be in a position to have his own and to offer his labour to his landholder on equitable terms reserving to himself independence to select the labour he finds suitable and satisfactory. A higher ideal of living must be roused in the labourers who will offer their labour on suitable terms. Labour will get enhanced wages if subsidiary occupations are designed in each village. Country labour should have charms in the villages so as to keep undisturbed the labour in the rural parts. Emigration to towns under the false spell of leading a life of pleasure can only be stopped or minimised by bettering the condition of rural life.

SECOND REPORT OF THE C. P. FEDERATION TRAINING CLASS FOR THE YEAR 1921 (AUGUST TO OCTOBER).

The report is published in the May number of the Bengal Journal. It is regrettable, that even though the federation paid a stipend of twenty two and a half rupees per month for every student during the period of training, only 8 bank officials attended. One advantage in working this class was that seven of them knew English. The classes have been held in the mornings for three hours and for occasional lectures in the evenings. The success of the class is mainly due to the hearty co-operation of the non-officials and the officers of the departments of co-operation and agriculture. The Registrar opened the class with his first lecture on the place of the officials in the co-operative movement. Four honorary lecturers gave a course of lessons on the working of the Central Banks, some aspects of co-operative finance, elementary principles of economics and their bearings on co-operation, and co-operation in other lands. Two circle officers delivered some lectures on "assessment of Primary Credit Societies' credit and the constitution and progress of agricultural associations in Behar." The Deputy Director of Agriculture spoke on the need for the co-ordination of the two departments of agriculture and co-operation for rural developments and how co-operative societies might usefully take up the role of spreading agricultural news to the ryots. The Deputy Registrar of Co-operative Societies spoke on the lessons to be learnt from the failure of the stores movement. Mr. R. R. Jayawant, member of the executive council, explained the Co-operative Societies Act of 1912 in a lucid and original manner. The lecture classes were followed by excursions to places of interest, as the Dairy Farms of the Agricultural College, Handicrafts School, Electric Supply Co., and the Empress Mills. The students were also taken to the Federation Bank and the Central Bank at Nagpur to give them a practical knowledge of their working. They were examined at the end of the course in the subjects of "Co-operative Law, Co-operative Theory and Practice, Audit, Economy, and Book-keeping." The report shows the need for selecting elementary and useful details of the movement and presenting them in an interesting form to the students. We would commend to the secretaries of the Training Classes that the notes of lessons prepared by the lecturers might be usefully preserved so that after two or three years materials might be ready for the preparation of vernacular editions of students' text books.

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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

Price Rs. 7-8-0

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NOVEMBER 1922

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CONTENTS.

	PAGE
NOTES AND NEWS, ...	145
SHORT NOTES ON CO-OPERATION	151
NON-OFFICIAL AGENCY IN THE CO-OPERATIVE MOVEMENT.—	
By Rao Bahadur A. Vedachalam	153
THE ENCOURAGEMENT OF AGRICULTURAL CO-OPERATION IN GREAT BRITAIN AND IRELAND	161
AGRICULTURAL CO-OPERATION IN U. P.	163
THE FIRST BELLARY DISTRICT CO-OPERATIVE CONFERENCE... ..	165
THE ANANTAPUR CO-OPERATIVE CONFERENCE	169
A REQUEST TO ALL CO-OPERATIVE OFFICERS	176

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an enquiry may also be usefully extended to a study of the extension of the movement in the District. How far the societies might be made to function for introducing agricultural improvements and the purchase of agricultural requisites, and what cottage industries adapted to the traditions of a locality might be usefully introduced for their furtherance on co-operative lines, form attractive topics for such an enquiry. The enquiry may be conducted with the assistance and advice of the local officers of the Departments of Agriculture, Industries and Co-operation.

* *

The Madras Social Service League.

The Tenth Anniversary of the Madras Social Service League was celebrated under the presidency of the Hon. Mr. A. R. Knapp on 30th Oct. 1922 at the Y.M.C.A. auditorium. The League has shown a large amount of work in various directions though handicapped by paucity of workers. The main work of the League has been the reclamation of Cheries under the personal supervision of honorary workers.

Of the six co-operative societies conducted by the League, according to the report, four are working satisfactorily, and two are not in a good condition. The League deserves congratulation for the assistance it has rendered to the Narayangadu people for the purchase of houses from which they were about to be evicted by the landlords. A loan of Rs 7400 was obtained from the Triplicane Urban Co-operative Stores and paid to the owners of the land, the loans to be recovered from the tenants in a course of seven years, at the end of which period they become absolute owners of their houses.

Mr. J. F. Paddison who proposed the adoption of the report laid definite stress on the need for social workers in the mill areas to uplift the workmen. The Bombay Government have appointed in the Bombay City four Hon. Organisers to organise societies for the economic betterment of workmen. Some such practical step is necessary on the part of the Labour Department to survey and organise co-operation among workmen. Secondly, without the co-operation of the employers any scheme of co-operation could not be successful. They should give free access to social workers to approach the mill hands, strictly prohibit transactions by moneylenders within the area of the factory, and render facilities in recovering loans by deducting them from their wages. Employers should also deposit in the workmen's societies and pay for the expenses of management.

Mr. Paddison promised all help to any "cut and dry scheme" prepared by the non-official public for the elevation of the working classes. We hope the Social Service League will realise how Co-operation alone will lead to the community consolidation and civic spirit, and make out a practical scheme for strengthening their societies and expanding the movement. One suggestion we would like to make, that in future it would be better if the League publishes statistical tables at the end of the Report giving statements of figures about the co-operative societies working under its auspices.

* *

The Karnatic Co-operative Institute.

The report of the Karnatic Branch of the Central Co-operative Institute for the year 1921-22 shows how it is rapidly increasing its hold over the societies in its area. Of the 945 societies, 710 are already affiliated to the Branch. The Branch conducts a magazine called "*Kannada Sahakari*" and has held during the last year four co-operative conferences, two classes for junior secretaries, and smaller classes for the Panchayet members through the Taluqa branches. It is also gratifying to note that some of the members of the committee undertake propaganda tours. Seven Night Schools are being maintained by the Branch with the help of the Central Co-operative Institute. The Branch has in view a number of schemes for organising new activities as the land improvement society, co-operative mill and gin, co-operative printing press, irrigation societies, and a building for the Branch about all of which further developments are awaited.

* *

Co-operation In Four Indian Provinces.

This is a publication by the Department of Co-operation, Burma, of a tour of the two Assistant Registrars of Mandalay and Moulmien and the Assistant Manager and Manager of the Burma Provincial Co-operative Bank and the Pegu Central Bank, respectively, made in December and January last, for a personal study of the Co-operative Movement in India. During these two months they were able to visit Punjab, Bombay, Central Provinces and Madras. It is instructive to learn of the impressions of the Co-operative Movement from outsiders who are in a position to make a disinterested comparison of Co-operation in the several provinces and throw light on the line of development which Co-operation has taken in India. In the Punjab, the decentralisation of finance through Banking Unions in the Tashils has attracted the attention of our Burma co-operators. What has struck the tourists most in the Punjab is the systematic training given to Inspectors who are recruited from the agricultural class and selected

only if they possess graduate qualifications with economics as one of their subjects of study for their degree examination. They undergo further training in rural economics and their outlook is sufficiently broadened to make them take a living interest in the spread of the Movement. Similarly, the Society-paid auditors who are matriculates have to undergo five months training under Inspectors and pass an examination. This, the authors mention, is in thorough contrast to the system of recruitment of Inspectors in Madras and Central Provinces which is "without a definite plan". Taking again accountancy Bombay has a definite course conducted for the secretaries of societies but Madras has made no such arrangements. It is interesting to quote the remarks of the Burma Assistant Registrars. "Madras is the birthplace of accountants and many a Madras Indian has risen to high places in general banking and accountancy and it is in this very place we found the arrangements for the improvements of accountancy conspicuous by their absence".

State Audit.

One great lesson our Burma co-operators have learnt by their Indian tour is that the auditing agency of the co-operative societies should be controlled and paid by the State. The main reason that has made them to arrive at such a conclusion is the failure of the non-official audit in the Central Provinces. Co-operative audit is not a mere drawing up of balance sheets, but it includes advice and suggestions to the members for the future progress of the societies. For such a work efficient and broad-minded officers are necessary and it is impossible to expect infant primary rural societies to pay for them. The Madras system is the best, according to them, where the Banks do not keep any supervising agency but all the societies are supervised by the Government Inspectors with the assistance of the subordinate staff of the Supervising Unions.

Hon. Organisers.

A very interesting comparison is made of the Hon. Organisers in Bombay and Madras. In both the Presidencies they are appointed by the Department and their travelling allowances also paid by it. But while in Bombay they assist the Central Co-operative Institute in creating co-operative federations for each Division, District and Taluq. in Madras the Hon. Asst. Registrars are mostly endowed with the powers of the Registrar only over Union areas and their work is mainly to assist the Assistant Registrars under whom they work and they have nothing to do either with the Madras Provincial Co-operative Union or organising co-operative federations in Districts and

Taluqs. Our tourists remark about the Hon. Assistant Registrars that "the holders of this honorary appointment should be happier under their true colours, i.e. Special Power Hon. Organisers or Chairman or Union Secretary as the case may be." We would like to mention in regard to Bombay, that the non-official co-operators want as a further step that the Hon. Organisers should be elected by the co-operative bodies and that the Government should pay their allowances as subventions to central banks, federations, and unions who are to elect them and where these do not exist, to the Divisional Branch of the Central Co-operative Institute.

Rural and Urban Development of Co-operation.

Our tourists note that while the development of Co-operation in Bombay has been mainly in urban parts, in Madras and the Punjab Co-operation has taken a rural turn. Cheques and hundies are freely used by the Central and Urban Banks of Bombay to remit or draw money. The list of reliable persons from whom hundies may be bought for remitting money is supplied by the Provincial Bank. Rural societies also, when once the financing bank has assessed its loan amount, can draw it in instalments whenever required, by hundies on the Provincial Bank which they sell at the nearest market and realise the amount. Hundies are also used for payments by members to traders and between the societies which want to draw and remit moneys. The popularity of the hundies shows to what great extent the co-operative banks command the confidence of the public. In the Punjab our authors interviewed many educated classes living in cities who have shown a total ignorance of the movement, or, when they knew anything about it, they only understood it as a Government concern with which the people had nothing to do. In Madras they note the love of Government patronage among the people and mention that "many join the movement because they consider it is an avenue to reputation and influence". Anyhow, according to the report, it is far better to do public service even to enhance one's own reputation than not to serve at all.

The Co-operative Ideal.

What plan, motive, or ideal do our tourists see behind the working of the Movement in the several provinces? In the Punjab they find the main object of the Department to be to set free the rural ryot and the artisan from the clutches of the money-lender and the middleman trader by organising co-operative societies for various purposes as consolidation of holdings, long term loans, arbitration, night schools, weaving and so on; In C. P., "to democratise the Movement by unofficialising it" which has not been successful so far; in Bombay

and Madras, to keep the capital floating by the system of current accounts and the use of cheques (and hundies also in Bombay), but while Bombay wants "to keep the money safe" by creating better co-operators by propaganda and training classes, Madras does so, by seeing that "loans are recovered in time at any cost".

Co-operators should be thankful to our Burma tourists for their impressions, good and bad, about the Indian Co-operative Movement, and it is gratifying to note a very valuable feature of our movement with which they have been impressed. They have seen that whatever may be the differences between the people and the Government outside the Co-operative Movement, in the field of Co-operation "a perfect harmony prevails". And they say "this is due not only to the potentialities of the Movement but to its tactful handling by the Government officers".

Shervaroy Hills Societies.

The formation of nine credit societies at the Shervaroy Hills by Mr. R. Muthusamy Ayar, Asst. Registrar of Salem, marks a further development of Co-operation among the men on the hills. We regret our inability to publish his long article on the subject owing to pressure of space. The article is an economic enquiry into the condition of the Malayalee hillmen at the Shervaroys followed by a scheme for the spread of Co-operation among them. Nine societies have been already started with the co-operation of the Revenue officials, in spite of the inherent timidity in the Malayalee to follow any new idea and the misrepresentations of the moneylenders that the whole scheme was intended to tighten official control over them. The Malayalee not understanding the money value of his commodities, gets salt for his coffee seeds, measure for measure. All his produce, except, of course, the grains intended for home consumption, are pledged to the Chetties who give them advance loans at usurious rates of interest. Mr. Muthusamy Ayar, to relieve the simple-minded and truth speaking Malayalee from the incubus of extorting moneylenders, proposes the formation of Trading Unions under the supervision of a Special Inspector for the joint purchase of his domestic requirements as salt and chillies, and joint sale of his produce as mustard and coffee seeds. The communal life, respect for the village Munsif, and fear of social ostracism are said to be the facilities in easily recovering the loans issued to them. The proximity of the societies to the Yercaud market is another advantage he claims for the societies. Apart from the sterling character of the Malayalee his economic assets are also nothing small. Most of them own their coffee plots, have garden cultivation, and supplement their income by working in the coffee plantations. The working of these new societies will be watched with great interest by co-operators as marking the progress of Co-operation among a new community of ignorant hillmen whose social development is fundamentally different from that in the plains.

SHORT NOTES ON CO-OPERATION.

The Model Town Lahore.

Mr. Dewan Khem Chand has been engaged for the past two years in forming a co-operative society for building a model town near Lahore equipped with all modern conveniences. The town is to be built at Rakh Kot Lakhpat at a distance of three miles from the Lahore municipal boundary, close by the main road to Ferozpur. 400 members have joined till May last and paid up the share value of Rs. 100. The list of members which he has given in his book, "The Model Town," shows that quite a number of respectable people have joined the society. No member is allowed to purchase more than two houses and the scheme provides for three kinds of houses costing between Rs. 12,000 to Rs. 16,000, Rs. 8,000 to Rs. 12,000, and Rs. 6000 to Rs. 8000. The houses after their purchase, can be sold only to members but as the shares are transferable and new members can be admitted by the managing committee, a member has wide scope to sell his land if he likes. Only the purchaser will have to become a member by paying Rs. 100 share money. The Government have promised to sell the site at Rs. 400 per acre and the trees in the whole area at the market price of Rs. 154,500. 10 per cent of the purchase price is to be paid in advance and the remainder in five equal instalments. Members have been asked to pay as the first call Rs. 200 for A. Class houses, Rs. 150 for B. Class, and Rs. 100 for C. Class. This will meet the deposit call of 10 per cent demanded by the Government. "A sub-committee has been formed to get ready designs and estimates of some 20 or 25 houses of varying accommodation of all the classes and also the estimates of public buildings and works." The future developments of this new enterprise are gladly awaited.

Co-operation for the Depressed Classes.

The Hon. Mr. A. R. Knapp when presiding over the anniversary of the Depressed Classes Mission Society held on the 25th November last at the Pachayappa Hall referred in the following words to the achievements of Co-operation for the depressed classes. "There is one line of action in connection with the improvement of the depressed classes. I refer to the Co-operative Movement. I have just seen the report for the past year of the Department over which Mr. Paddison presides and one of its most striking features is the very large advance made in the co-operative societies among these classes. In Tanjore, there were 121 co-operative societies at the beginning of the year and 176 at the end and the deposits in the co-operative banks amounted to over one lakh of rupees. In connection, too with the work of securing house sites for these people, I see that they have managed to pay more than one lakh of rupees mainly through the assistance of the co-operative societies. In Govadari, where work is also going on in an intensive form, no less than 49 co-operative societies among the depressed classes were organised during the year. Our experience shows that given the right lead and the necessary encouragement, they are quite capable of realising the advantages of thrift even on the small scale on which it is possible for them to practise it. Mr. Arulanandam

Pillai's money boxes in the poorest houses among the Tanjore Audi-dravidas is an excellent example of this. Many of the depressed classes with whom the Department has been dealing are in a fair way to be the owners of their lands and their own houses and house sites and have thus taken the first substantial step towards rising from the position of submergence to which they have been hitherto condemned".

Weaving in Bombay.

The annual report of the Department of Industries, Bombay, for the year 1921-22 mentions the remarkable success which has attended temporary weaving schools started at different centres in the spread of flyshuttles among weavers. At Yeola (Nasik District) a school was started in December 1920, with 20 students 600 fly shuttles. The report says that "it is the younger generation which has caused the change and children who were formerly engaged in the preparatory processes for their elders are now earning by the manufacture of silk-bordered saris on fly shuttle looms more wages than their parents who cannot break away from their primitive throw shuttle". It is noteworthy that in Malegaon out of 3700 looms 3400 were found fitted with fly shuttle "slays". That Malegaon should be exporting all the hand looms needed in a town in U.P. indicates the readiness of the weaver class to take to new appliances, even though they had to be imported from distant parts. A new venture of the Department during the year was to undertake the training of the agriculturist for spare time industrial occupations. The Department note the difficulty in training agriculturists for occupations during leisure hours which should enable them to compete with skilled workmen in the same trades. One surprising statement made in the report which is applied to the province as a whole is "that the amount of spare time available to cultivators and their desire for additional home employment are frequently exaggerated". The Department has begun this experiment in the village of Hebsur (Dharwar) to teach weaving to the agriculturists who are already engaged in making coverings for thrashing floors."

Weaving in Bihar.

The annual report of the Department of Industries, Bihar, for the year 1920-21 throws light on the development of the handloom weaving industry in the province. While there is a general fall in the net imports of cotton twists and yarn and foreign and Indian piece goods, as compared with the previous years, there is a rise in the percentage of imports of twists and yarn to the total consumption under all the three kinds of imports above mentioned. This indicates that the twists and yarn must have been utilised in the increased production of hand woven goods. "The amount of hand woven cloth was less than one-seventh of the total consumption in 1912-13 whereas in 1919-20 it was more than one-sixth". The Department has been successful in introducing fly shuttles in North Bihar "owing to the superior intelligence of the weavers" in those parts. "In Ranchi where great efforts have been made since 1914 with the assistance of the Ranchi Co-operative Union and Weavers' Stores progress has always been disappointing". It is interesting to note that a co-operative sale depot has been started for cottage and art industries in the whole province.

NON-OFFICIAL AGENCY IN THE CO-OPERATIVE MOVEMENT.

[BY RAO BAHADUR A. VEDACHALAYAR.]

PART I

The work of supervision over co-operative organisations was, at the commencement of the movement, undertaken by the Government Inspectors and by a few Honorary organisers recruited from among co-operators. This system continued till 1911 when for the first time the work of supervision was attempted to be undertaken by a local union in Utteramerur in the Chingleput District. It was in 1912 that Act X of 1904 was amended by Act II of 1912 and the required change in the Act was made by which legal provision became available for the formation of local supervising unions on limited liability basis. The growth of such local unions was however slow owing to the fact that primary societies were not formed in compact areas. The question of supervision of primary societies was attempted to be solved by the formation of District Banking Unions. It was then thought that a District Banking Union which was to be a federation of primary societies as regards finance can also be expected to undertake the supervision of the affiliated societies with the help of the representatives of the Societies and of individual shareholders who were generally recruited from the middle class people in urban areas. Such District Banking Unions were formed in Madura and South Kanara Districts. In the district of Chingleput where a banking institution was started, the major shareholders were the Primary Societies and it was thought that this arrangement was a better one than in Madura or South Kanara as the directorate of the Chingleput Banking Union was expected to be composed largely of men of light and leading who had joined the co-operative movement. The Chingleput Banking Union assumed control of supervising unions wherever they existed and over the affiliated societies where local unions did not exist. It was the first institution in the Presidency where the local unions were controlled by it as a central institution for the district combining the functions of finance and supervision. It was found as the result of practical experience that the supervising body should be either the Banking Union or the local union but that the function should not be centred in both. Co-operative practice pointed to the local supervising union as a body best capable of conducting supervision at close quarters. The local supervising union claimed naturally the power of appointing its own supervisors and directing the work of its staff subject to the advice of the Registrar but took exception to the dictation of the District Banking Union. The District Banking Union

asserted that inasmuch as the societies were members, the banking union could assume as trustee of such members the control over the primary societies and the local unions.

As a compromise between the positions taken up by the local unions and the banking unions, it was thought desirable to hold that the power of local supervising unions to appoint their supervisors and to extract work from them subject to the advice of the Registrar, should be maintained and that the District Banking Union should confine their supervisory powers to occasional inspection of unions and societies by directors deputed for the purpose and to obtaining any information they may require regarding the conditions of local unions either through the Registrar (Assistant Registrar) or in direct correspondence with the local unions as might suit local convenience. The District Banking Unions however did not at first agree with this view and as a result, the formation of local unions in the districts of Madura, Ramnad, Tanjore and South Kanara was not pushed on vigorously. These banks were however persuaded to accept the theory that in the matter of supervision, the principal power should reside with the local supervising unions and this power should include the selection of candidates for the post of supervisor, subject to the advice and certificate of the Registrar. Wherever District Banking Unions continued to supervise local unions in spite of the declaration of the policy above indicated there were no doubt some advantages but there were also serious disadvantages.

1. Under the pretext of a representative government the duties and functions of the local supervising unions and the allocation of the supervision fund were determined by the individual shareholders in the bank especially where the union representatives were weak and the district bank directorate had a tendency to use the fund for the travelling allowance of directors and for other purposes not connected directly with supervision.

(2) A district bank is apt to look too much to mere financial expediency and not sufficiently to the benefits of co-operation as a whole, that is, the supervisor might be used too exclusively for collections.

(3) A man eminently fitted to be a director may conceivably be unfitted to direct co-operative policy.

(4) The central banking unions (in spite of their democratic form) will in effect be dominated by the minority among the directors who live at headquarters and who are out of touch with the conditions of rural co-operative societies. The advantages of this, from a banking point of view, are recognised, but such a body is not expected to be sufficiently

democratic to command the confidence of the local unions as a guide in policy and as a supervising agency.

Co-operators finally settled that the administration of the supervision fund should advisedly be in the hands directly and exclusively of those most concerned, and the local unions satisfy these conditions in entirety. This arrangement is in accordance with the principle that credit should be centralised and supervision should be decentralised.

Each society joining a local union has to purchase a share of Rs. 100 of the union. The share amount is not paid but treated as a reserve liability to be called only in the case of loss for which the local union is legally liable. The union funds are contributed by the affiliated societies at the rate of 8 annas for every loan transaction of Rs. 100 carried on in the society and by central banks at $\frac{1}{4}$ per cent rebate on the interest realised on every loan of Rs. 100 given to primary societies. The union charges on application a fee of Rs. 5 when a society is affiliated and a delegation fee of Rs. 1 per annum on each delegate a society sends as its representative. A union affiliates about 20 to 30 societies. Each affiliated society sends 1 or 2 representatives to the general body of the union and this body elects a governing body, of 7 to 9 persons, who carry on the work of the union by ordinarily meeting once in a month. Each union employs a supervisor. Generally a Matriculate or a School Final man who is trained either by the union or by Government at the expense of the union is appointed as supervisor. A supervisor's pay varies from Rs. 20 to Rs. 30 besides travelling allowance. Some unions whose finance is satisfactory entertain supervisors in a grade scale of 30—2—40. The duty of the supervisors is to inspect, supervise and advise the primary societies affiliated to the union. The supervisor visits all the affiliated societies once in three months, bad societies being visited oftener. The reports of the supervisors are to be sent to the Assistant Registrar and to the governing body of the union. The latter regulates the programme of the supervisor and the former tenders his observations for the benefit of the union. The District Bank also gets a copy of the inspection reports to enable it to find out the financial position of each Society financed by it. From among the governing body members are selected a Secretary and a President. They do their work honorary and the union entertains a clerk on Rs. 5 to 12 per mensem. The clerk is also the clerk of a local society which pays him some amount. Members of the governing body of the union do not visit all the societies but some members who take interest in the work visit the societies nearest the village where they live. Governing body

meetings are held in different centres where societies are bad in working. Such centres are selected with a view to enable the governing body members to find out personally what improvement could be suggested to improve such societies. The governing body members are paid travelling allowances at rates with reference to the finances of each union.

PART II.

Each union holds a general body meeting soon after the financial audit by Government staff is over. This is considered a very important function. It is known as a business conference. The meeting lasts for 2 days and deals with the following essential points:—

Share capital.

(1) 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, in the purchase of shares in the central banks to which it is affiliated

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

Collection of dues by members.

(4) 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 the course of action to be taken in regard to the work involved 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 scrutinise the work done in each society in the direction of taking action on arbitration decrees obtained.

Central Bank dues.

(5) 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 enquired into at the General Body Meeting and the Union will formulate the action

required to be taken. This inquiry will relate to (1) Reserve Fund (2) Loan Principal (3) Interest (4) Supervision Fund.

Inspection.

(6) 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 their repetition in future.

Forecast of loans.

(7) The Panchayats will send in their applications in time to the Union before the General Body Meeting for

(1) Short term loans for general purposes,

(2) Short term loans for trade, joint purchases and joint sale and,

(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 Union and 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 became 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 of increasing the borrowing power. 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.

Indent for stationery forms.

(8) Each society will give its indent for stationery, books &c. These indents will be bulked by the Union and the Union will later on supply them.

Classification of societies.

(9) 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.

Activities other than credit.

(10) 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 can improvements be suggested.

(ii) Have the inspections 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 co-operators.

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

Miscellaneous.

(11) 1. Review of the establishment charges in each society and in the Union and whether they can be curtailed without loss of efficiency.

2. Review of the contingent charges in each society and in the Union.

3. Reconciliation between the liabilities to the Central Bank shown in the accounts of the primary societies and the assets due from each 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 can be suggested.

4. The Union will put before the co-operators assembled the instructions issued by it and the advices given by Government Officers during the year.

5. Budget of the Union.

6. Administration Report of the Union.

7. Arrangements for inspection of societies by Governing Body members of the Union. 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 to 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 electing 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 can be freely consulted.

(13) If the annual meeting is conducted as above described, (it is the duty of every one interested in the co-operative movement, official and non-official, to educate the co-operators and the Union to do the 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 officers besides, will be made more efficient.

Duties of the governing body members.

The governing body members have the privilege of visiting primary societies and tendering such advice as the societies may require from time to time. But this visit should not be desultory or at the whim and pleasure of each governing body member. The governing body in its meeting has to pass a resolution asking a particular member or members to visit specified societies and to take care of the interest of such societies without enforcing their opinion upon either the general body or their Panchayat. They should act as a counsellor and friend of the societies and give such instruction as they think can be acted up to by them. In fact the nature of the visit and kind of work done must be such and conducted in a mood so as to induce the societies to court their repetition.

The local union is not necessarily an authority to exercise any powers over the working of a local primary society but the governing body members are expected to arrange and advise the Panchayatdars of rural societies in regard to the proper management of the society, the regulation of loan to members and taking steps for the procuring of credit necessary for financing banks and to stimulate various activities other than credit.

The governing body of the union is a trustee elected by the general body, expected to administer the funds placed at the disposal of the institution and to regulate the work of a supervisor or supervisors appointed to conduct the audit and inspection of the accounts of societies,

It seems therefore incumbent on the governing body members to exercise as much economy as possible in the expenditure incurred by them in such work done. In some unions sitting fees are charged at certain rates. This system implies that even members at the headquarters of the union are eligible to get some remuneration for the time spent by them in attending the governing body meetings. There is nothing objectionable in theory for the grant of such remuneration but this being an institution which is mainly intended for general services to the societies and which has to regulate the income paid by the societies it is not desirable that any sitting fees should be charged as one would do it in the case of management of a financing bank where such work is expected to produce necessarily a profit. Moreover, the sitting fees that can possibly be given by unions can never be an equivalent in value to the honorary services rendered by the governing body members. It is members as they should not be asked to bear that expenditure in rendering honorary service in the cause of co-operation. The governing body of the local union and they are asked to regulate his movements. He is intended to bring to the notice of the unions the defects of the societies. Experience shows that in some cases the governing body members feel resentment at the remarks made by the supervisor as disclosed from the audit of the accounts. Such resentment is not one which ought to be allowed to creep in, as the supervisor's function is to point out the defects of the societies, and the societies should therefore welcome his tabulation of defects which are noticed and which the supervisor makes, to better the condition of the society. The governing body members have also to note that in the course of the inspection by the supervisor, he is to undertake the duty of pointing out the mistakes in societies in which these members take some active part. This point has to be borne in mind not only by the governing body members but also by the societies which happen to fall within the range of the inspection of the supervisor.

The local union has also to consider general questions of policy of the co-operative movement in general and of special activities which can safely be introduced in that area such as cattle insurance, building operations, societies for weavers, societies for depressed classes, and field labourers and the like. Its activities can be expanded indefinitely and can be satisfactorily performed within a limited area if the governing body members interest themselves in such activities.

The union constitution is such that the resources of local societies are pooled for securing the consolidated advice of the representatives of a large number of societies and made available for the benefit of each. It is an institution of service for the benefit of its constituencies and not an institution for the exercise of power over a number of independent societies.

THE ENCOURAGEMENT OF AGRICULTURAL CO-OPERATION IN GREAT BRITAIN AND IRELAND DURING AND SINCE THE WAR.

Agricultural organisations in Great Britain and Ireland have received the greatest impetus during and after the war for increasing the agricultural produce. Whoever was unfit to enrol himself in the nation's armies, was utilised to increase the farm and dairy produce. War, with all its attendant evils of setting one nation against another, and the perverted use of human energies in inordinate endeavours of cutting one another's throats, has also the value of disciplining the national unit into an organised whole, otherwise called "Regimentation". The whole period of the war in Great Britain was a time when the whole nation in a body strained all its energies with a singleness of purpose, to achieve success. The State as an organisation attained its perfection when the will of the people became indented with its will. The Board of Agriculture (now Ministry) gave enormous grants to the Agricultural Organisation Society in England from the funds of the Small Holdings Account and by way of special grants. The Treasury aided the Development Commissioners who assisted the A. O. S. in giving grants to the agricultural improvement societies. An interesting method which has been adopted of late, is to increase the grants to societies to three or four times their voluntary funds in the initial years with a view to increase the latter, and to withdraw all the grants when the funds of the societies are sufficient for their efficient working. In Scotland the Board of Agriculture has assisted immensely the S.A.O.S. and the Scottish Small Holders' Organisation. In Ireland the I.A.O.S. has been helped from the Development fund.

The grants during the year 1920—21 to the A.O.S. (England) from the State amounted to £32,177. The grants to the S.A.O.S. during 1920 amounted to £1,250 and to the Scottish Small Holders Organisation for the same year amounted to another £1,250. The grants to the I.A.O.S. from the Development fund amounted to £71,000 for the year 1920—21.

The figures are eloquent enough to indicate the State encouragement to non-official agencies. It is in the impetus given to new forms of co-operation and the intensive cultivation of farms, that one has to see the direct results of the war. The Board of Agriculture appointed committees for every county to collect the farm produce for supplies to the army. The A.O.S. at once circularised all the co-operative societies asking them to deal direct with the farm produce committees. The A.O.S. took up the responsibility of supplying wholesale, vegetables, fruits, wool etc.

Co-operative cheese-making was another industry which grew out of the war. Local Education Authorities were asked by the Board of Agriculture to start "migratory schools" to teach the method of cheese-making. A grant of £500 was made for the apparatus. The schools camped in each place for about 8 to 12 weeks and converted into cheese the milk supplied by the farmers. Any intelligent farmer who wishes to manufacture cheese himself is also taught in these schools. The cheese-making industry led in turn to more milk production in the country.

Another result of the war has been to bring the consumers of milk direct with the producers through the A.O.S. Much milk produced in the rural parts was not properly utilised owing to want of quick marketing methods. The committee appointed to enquire into the production and distribution of milk submitted an interim report in 1917 emphasising the need for bringing the milk direct to the consumers. The Board of Agriculture got a loan at 6 per cent from the Treasury, to be repaid in a series of years. This it issued as grants to the A.O.S. for organising milk depots. With the growth of the milk depots, the number of cows also increased. The growth of the Dairy Industry in North Wales is a direct result of State aid through the A.O.S.

The Co-operative Slaughter houses organised by the A.O.S. during the war were successful because the Government controlled and supervised them and paid the farmers for the dead weight of the animals. Farmers were able to get better prices for their animals after July 1920 and consequently they did not like to sell through the co-operative societies. Co-operative meat marketing societies, as other sale societies, can be a success only when the farmer finds the difficulty of selling his goods owing to the excess of supply.

Many of the co-operative societies started for marketing and preservation of fruits and vegetables during the war do not function at all now. They were formed for every county by the Food Production Department in 1917. The A.O.S. also asked its societies to take up the work where county marketing societies did not exist. The Department, with a view to encourage these societies, consented to make up any loss which they might incur in the first year, up to a maximum of £250. But the societies which flourished during the war owing to the play of patriotic sentiment are now mostly moribund. The A.O.S. gives several reasons for this which are worth considering. In the first place only growers should take shares or else the society cannot function well. Secondly, the yield should be sufficient enough to compete with organised trade of the world

in normal times. Thirdly, there should be expert managers to inculcate to the members methods of intensive cultivation. The locality of the societies should not be the administrative division but the productive farms. Lastly, there should be facilities of railway transport.

The growth of Farming Societies as a result of the war, is enormous. These societies are of two kinds. They either rent land from a landlord and allot it to the tenants; or peasant proprietors combine together for joint purchase of agricultural requirements and joint sale of their produce. During the war the A.O.S. formed a Central Executive Allotments Committee with various branches to encourage this form of co-operation. The Government also gave the assistance of an Allotment Organiser. During 1918—20 the Government made a special grant £15,000 to the Allotments and Small Holdings Societies. At the end of 1920 the number of such societies in England and Wales was 1113. The number of members came to 116,022, the number of tenants 45,010, the area cultivated was 18,229 acres, and the total sales for the year amounted to £171,651.

The encouragement by the Board of Agriculture by way of grants to clubs, societies, and individuals to breed good stallions, bulls and boars, did not cease during the war. Also the Milk-recording Societies or Cow-testing Associations which test the milking capacity of the cows every month, were specially assisted by the Board. In the early stages when farmers did not like to pay for testing their cows, the societies were given larger grants. "In Ireland the Department of Agriculture encourages the formation of Cow-testing Associations by giving them grants equal to twopence per cow per monthly test during the first year of their existence and by supplying them with necessary forms for recording the tests. The Department also employs instructors to give lectures at meetings of the farmers on the objects and advantages of cow-testing associations and to visit existing associations". (Matter for this article is taken from the *International Review of Agricultural Economics*, March and April, 1922.)

AGRICULTURAL CO-OPERATION IN THE UNITED PROVINCES.

The report of the administration of the Department of Agriculture of the United Provinces of Agra and Oudh for the year ending 30th June 1922 bears on it hopeful marks of the success of propaganda and demonstration in regard to new methods of cultivation. There are a few

candid statements of the difficulties involved in the District work. Whenever demonstration farms are opened in private lands, unless the landlords have a liberal outlook of educating their neighbours through such farms, and look beyond private gains in the adoption of new methods of cultivation, they will not achieve the expected amount of success. Secondly, increase in demonstration farms means a larger supply of trained maistries, which is a matter of much difficulty for the Department. Thirdly, the very diffused nature of such farms through a vast area makes it difficult and expensive to supervise and regulate their workings through a Central Office. On the subject of the Departmental stores for the supply of seeds, manures, and implements, the report recognises the immensity of the task considering the acreage under cultivation. The poor agriculturist will not come forward to buy seeds at high prices, and if they are not prepared to pay highly, private traders will never take up such a concern. Under such circumstances the Department is forced to take up the work; and large trade with the public naturally demands a system of accounts which needs scrutiny and supervision. It is satisfactory to note that the Department is instituting "a system of Departmental audit" by appointing Junior Accounts Officers for the Stores.

The report is also candid in recognising the slow progress made in the spread of agricultural implements. There is a larger area of cultivation under the new varieties of seeds because the farmer sees the tangible gain in using them. The value of new manures is not so much recognised as the farmer cannot correlate the increased produce as their resultant. Further, the report notes why the farmers do not make larger use of iron ploughs. The latter are an additional expense for the farmer as he has also to use the country plough. Unless a new mechanical appliance is discovered which can serve the purposes of the country plough and "an inverting plough", there is no prospect of the larger use of iron ploughs. It is satisfactory to note that the Department is engaged in this task.

The existence of very large zamindaries in the U. P. facilitates the easy opening up of demonstration farms. For ryotwari tracts the report recognises the need for agricultural associations to set free rural credit to the needy and indebted farmer and to introduce new improvements. It is here that the Co-operative Department has largely to assist, and the need for hearty and complete co-operation of the Departments of Co-operation and Agriculture for the furtherance of agricultural developments, is strongly expressed in the report. It is a notable fact that the Co-operative Societies in U. P. are leading the way in initiating new methods of cultivation.

The Agricultural Supply Society at Hardoi maintains a seed and implement Store. During the year 1921-22 it has sold 1197 maunds of wheat seeds Pusa No. 12 and purchased 141 maunds of cotton seeds by paying a premium of one rupee per maund and also 810 maunds of wheat seeds at four annas per maund above the market rate. The society has made a net profit from its sales of Rs. 1942-7-2 Ps. from which it has declared a dividend of 8 per cent and a bonus of three pies in the rupee on the purchases of members. The Jasrana Central Co-operative Bank, Mainpuri, has sold 186 maunds of Pusa 12 wheat, 214 maunds of barley, and 45 maunds of gram and has made a net profit of Rs. 226-15-6. The Hardoi society also undertakes the sale of oil cake manure. In the districts of Ghazipur and Jaunpur the co-operative societies take an active part in introducing improved varieties of seeds. The co-operative society at Badlapur runs a farm for sugar cane cultivation and has won a prize for the production of good sugar canes in the co-operative exhibition at Allahabad.

THE FIRST BELLARY DISTRICT CO-OPERATIVE CONFERENCE.

The First Bellary District Co-operative Conference met in Mr. Kolachallam Venkata Rao's Town Hall, on the 15th instant at 2 P.M. under the presidency of J. P. Kotilingam Esquire, M.A., M.L.A. The Town Hall was specially decorated with buntings, festoons and welcome arches. The Conference was a fully representative one, each society being represented by two delegates. The elite of the town were present. Amongst those present, were Messrs. M. Gopalaswami Mudaliar B.A., B.L., P. H. Rami Reddi M.A., B.Sc., D. Venkoba Rao Pantulu, Rev. F. A. Stowel, Rev. E. W. Lester, K. Brahma Sastri, Sampathi Iyengar, G. G. Somayajulu, V. Krishnama Chetty, A. Bhima Rao, A. Bhima Chetty, Mr. Giriappa, S. Narasappa, K. Venkata Rao, Sarangam Srinivasa Rao, and R. Mare Gowd.

The Conference was begun with a verse on Co-operation in Canarese. M. R. Ry. A. Ranganadha Mudaliar Avl. B.A., B.L., M.L.C., Chairman of the Reception Committee accorded a hearty welcome to the assembly. The conference was opened under the auspices of the Minister for Development—The Hon'ble Rai Bahadur K. Venkata Reddi Naidu Garu B.A., B.L. M.L.C., who delivered a beautiful speech on Co-operation in chaste Telugu so that the audience were well impressed with the objects of the Co-operative movement and its potentialities in improving the lot of the poor ryot. He was pleased to lay stress on the need for the organization

of Producers' and Consumers' Societies after the European model, for the trial of different kinds of manures by agriculturists and also on agricultural and industrial Co-operation. He expressed the idea of encouraging cottage industries that led to the real well-being and comfort of the poor ryot, but that he had grave suspicions about the success of manual work at a time when scientific development was at its zenith. He exhorted one and all in the end to combine their energies in strengthening the Co-operative movement.

2. The learned president gave an extempore speech in English which was listened to with rapt attention. He traced the growth of Co-operation from August 1914, when as the Chairman of the Reception Committee for the Bellary District Conference he had occasion to offer some remarks on the needs of the District for a network of Co-operative societies, in view of the fact that the societies then in existence in the District were only three and that the salvation of the ryot who formed the mainstay of the townsmen, viz. lawyers, merchants, clerks etc., lay only in Co-operation. He quoted statistics of the Presidency in proof of the progress made in Co-operation during the last two years and pointed out what a great disparity there was between membership of Co-operative societies in India and that of England and Wales. His thoughtful address led a great way in inspiring the delegates and other visitors with new hopes and enthusiasm to improve themselves and to gird up their loins in the holy cause of uplifting their more unfortunate brethren by the lever of Co-operation. He wound up his speech by saying that the key of Co-operation was "Each for all and all for each" and concluded by reading out His Majesty's memorable words of December 1911, "If the system of Co-operation can be introduced and utilised to the full, I foresee a great and glorious future for the agricultural interests of the country."

3. Reports of three societies were read by Rev. F.A. Stowel and two others. The first day's proceedings were then over. In connection with the Minister's visit, Mr. K. Venkata Rao convened a garden party in the grounds of the Town Hall which added a great lustre to the functions of the day.

4. A photograph of the Minister and the assembled delegates was taken at 7 A.M. on the 16th and the next day's proceedings began with the discussion on the resolutions. Important resolutions were moved by prominent gentlemen like Mr. V. Krishnama Chetti of Bellary, on the starting of Land Mortgage Banks, reduction of rates of interest, remission of money order commission and they were passed after a full discussion and under the sound counsel of the president at intervals.

The president's concluding speech gave inestimable advice to Co-operators, especially to delegates of societies, regarding the moral value of conferences, which meant a great deal of expenditure, bound to be a waste if the delegates failed to bring home to their comrades in the society the full force of what they have heard and seen at such conferences. The salient points in Co-operative organization were, he said, collection of money and centralization of finance and efficient supervision. Without efficient supervision, societies would degenerate and decay. The structure of Co-operation was remarked to be not self-supporting because of the necessity of Government to spend five and a half lakhs in 1920-21 and perhaps seven lakhs in 1921-22. The time was far distant when they could have their own Registrar and the Departmental staff from their own funds. He deplored that the Co-operative work was restricted to only one half of the population and that the fair sex who had time heavily hanging on their shoulders, had not yet found opportunities to lend their helping hand. They could do very much in making homes self-sufficient with hand-spun cloths and carpets if only the spinning wheel and the handloom were placed at their disposal. In proposing a vote of thanks to the chair, to the delegates and to Mr. Venkata Rao, Mr. A. Ranganadha Mudaliar gave a soul-stirring and religious speech in Canarese appealing to one and all, to recognise that the importance of their unity in the spread of the Co-operative movement was no less than that of the several limbs to the human body, and to work always with altruistic spirit, as self-seeking is not the purpose of one's life. He strong in glowing terms the evils of the drink habit and warned against the growing tendency of some classes in this direction. The Conference closed with the reading of a few verses in Telugu in praise of Co-operation by the Secretary of the Alur Co-operative Union.

6. The Conference was in fine a thorough success and this was all due to the exertions of M. R. Ry., M. Giriappa Garu, B.A., Assistant Registrar of Co-operative Societies, Bellary Section, and his staff, and also to the unsparing efforts of Mr. V. Krishnama Chetti, President of the Local Union and Joint Secretary of the Reception Committee.

RESOLUTIONS.

Passed on 16-10-22 at the first Bellary District Co-operative Conference.

1. Resolved that the operations of the Agriculturists' Loans Act be conducted through Co-operative societies.

2. Resolved that the Madras Central Urban Bank be addressed through the Registrar to permit the District Bank to pay the interest only once a year instead of half-yearly as at present, the period of repayment to fall between the months of April and June.

3. Resolved that the Government be addressed to instruct the Registration Department to give preference to bonds from Co-operative Societies in the matter of Registration.

4. Resolved that the Government be addressed to exempt the Co-operative Societies from company tax, in Municipal and Union areas.

5. Resolved that the Registrar be addressed to reduce the rates of interest to normal rates.

6. Resolved that arrangements be made for starting a land mortgage bank in the district to relieve the indebtedness of the ryots.

7. With a view to relieve the depressed classes from the hands of the money lenders, resolved that the periods of repayment of loans be extended so as to cover a period of 10 or 15 years.

8. Resolved that the period of long term loans be extended from 5 to 10 years in the Bellary district.

9. Resolved that the Postal authorities be addressed to accept fractions of an anna in Co-operative money orders as in Revenue, Local and Municipal money orders.

10. Resolved that the Government be addressed to remit 50 per cent postal, registration, telegram and money order charges in respect of Co-operative Societies.

11. Resolved that there should be proper representation from the Primary Societies, Supervising Unions and District Banks on the Municipal and Local Boards.

12. Resolved that in respect of suretyship loans the panchayatdars should be armed with special powers to attach movable property in cases where concealment or fraudulent disposal of such property is apprehended.

ANANTAPUR CO-OPERATIVE CONFERENCE.

MR. A. RANGANATHA MUDALIAR'S ADDRESS.*

The Fifth District Conference was held in the newly built Peace Hall in Anantapur on Sunday, the 29th instant, under the presidency of Mr. A. Ranganatha Mudaliar, M. L. C. Anantapur stands foremost in regard to the co-operative movement in the Ceded Districts, and has to its credit about 340 societies. The Conference was very well attended and the proceedings began at about 8 A.M. Mr. H. Siva Rao, the leading "Co-operator" in Anantapur, welcomed the delegates in a happy speech and proposed Mr. Mudaliar to the chair. He was followed by Messrs. Narayana Rao, Rameswara Rao and a number of people, including raiyats, who all spoke eulogistically of the services of Mr. Mudaliar and his qualification for the office of the President. Amidst loud cheers, Mr. Mudaliar then took his seat. After the reading of the messages of good-will received from the late Registrar, Dewan Bahadur P. Ramachandra Rao and others, the President delivered his speech in Telugu for the benefit of the delegates, most of whom were unacquainted with English. The following is a rough summary of what he said:

Societies are few in number. India is a vast country of 700,000 villages and at the rate of one society for each village, we should have as many societies in the aggregate. We started with 843 societies and 90,844 members in 1906-07 and by 1911-12, they rose to 8117 societies and 403,318 members, respectively. The year 1919-20 ended with 40,772 societies and 1,521,148 members. Since then, there should have been more societies and more members. Yet, taking all of them into account, the total number came nowhere near the number required. Further, the societies tend to be all of one sort while the needs of the country are various and require societies of varying types and in large numbers to fulfil them. In the Madras Presidency, there were in 1920-21, only 6077 agricultural and non-agricultural societies for a total of over 53,000 villages and towns. Of these 6077 societies, no less than 5,821 were merely credit societies and of the remaining, as many as 216 dealt with purchase or sale or both. It follows that the attention paid to the productive aspect, (which is really the essential thing) either in agriculture or industry, is therefore quite negligible.

Agricultural lands : need for improvement. In the Madras Presidency an ever growing number of people are driven to depend on agriculture for their livelihood. The last census shows that 30,062,699 out of 42,794,155 inhabitants depend either as workers or dependents on ordinary

* With kind acknowledgment to N. India of Nov. 1.

cultivation. In other words, 7,021 out of every 10,000 are dependent on agriculture as against 6,818 in 1911 and 6,831 in 1901. While the number of those dependent on land is on the increase, the latter is no longer so fertile as before. There is not sufficient rest for the land, and the raiyats are not able to recoup the fertility of the soil by sufficient manure. This is the general complaint everywhere, but is, it is feared, discounted by the Government as coming from an interested source. Sir James Caird's testimony cannot be so summarily dismissed. In his opinion, "crop follows crop without intermission, so that Indian agriculture is becoming simply a process of exhaustion." I believe this is nothing but the actual truth. In connection with the resettlement proposals of certain taluks in Bellary and Anantapur Districts, I had to study the question of the present yield of fields. According to the old settlement reports a dry field bearing an assessment of Rs. 2-8-0 per acre is expected to yield 340 Madras measures or 510 local measures of cholam. Land bearing Rs. 2, Rs. 1½, and Rs. 1, respectively, are credited with a produce of 420, 360 and 300 local seers of cholam, and so on, till we reach the most inferior land with an assessment of 2 annas an acre which is assumed to give 135 seers of cholam. Any cultivator will tell you that, whatever may have been the case in the past, this estimate is a gross exaggeration when applied to present conditions. The crop experiments conducted by the Government (whose officers as a rule select fields of more than of average, than of less fertility) show that the estimates recorded in the old settlement report are in excess of the present yields by at least 33 per cent. So, on the one side, the number depending on the land is on the increase, and on the other, the exhaustion of the soil is growing apace. This has to be arrested, and the Co-operative Movement can well play an important part in this direction.

Seed Societies.

If a number of people join together and resolve to use only the better seed at their fields, they would be able in a very short time to store sufficient seed to meet the demands in their whole neighbourhood. In this connection, I cannot do better than quote from the report of the Indian Cotton Committee, the account given therein of what has been done to improve the quantity and quality of cotton in the Tinnevely District by use of good seed.

"In 1916-17, 362 raiyats in 71 villages combined for the purpose of getting their cotton ginned and sold. In 6 villages regular seed unions working under proper rules were constituted. The organisation of those unions is as follows: A union consists of 5 or 6 raiyats, who undertake to sow the whole of their cotton area with selected seed supplied by

the Agricultural Department, to gin the cotton and sell the lint jointly under the supervision of the Department and to keep the seeds for sale in the following season. To enable it to finance the sale of the seed, the Union borrows, if necessary, from the Local Co-operative Credit Society to which its members belong. The Agricultural Department supplies it annually with sufficient fresh seed of selected strains to sow one-twentieth of the total area usually cultivated with cotton. This seed is sown by the member on his land which thus serves as a seed farm for the union and the seed produced from this is used in the 2nd year for all the cotton area of the union. In the 3rd year, seed is available for outside and at present is sold at double the price of the ordinary seed".

Manure Societies.

There is every chance of success for such societies in our parts. There is plenty of bone available and apparently not much capital is needed to convert it into bone meal and distribute or sell it among members. The Nidamangalam Agricultural Manure Society is doing useful work. In 1919-20, it was able to turn out 13 tons of bonemeal and secure a profit of Rs. 264. This is all the more striking when it is remembered that the Society sold its manure at Rs. 65 a ton, while the market price outside ranged from Rs. 70 to 120. The report of 1920-21 also indicates continued progress of the Society. The paid up capital of the Society is below Rs. 1,000 but it has managed to earn a net profit of Rs. 472 in 1920-21, by extending its activities to purchase of manure other than bonemeal seeds, etc.

Specially in parts where there is extensive wet cultivation, such societies should prove very useful.

Agricultural Implements.

The question of the introduction of labour-saving implements is very important in view of the growing dearth of labour and the cost thereof. For every 1,000 actual workers in agriculture there are now only 317 farm servants and fixed labourers as against 340 in 1911 and 345 in 1901. The inadequacy of the supply of agricultural labour becomes even more striking when the proportion of labourers to land-owners during the last three decennials is taken into consideration. According to the latest census report there were 270 working labourers for every 1,000 persons (working and dependents) supported by the other agricultural operations; in 1911, this proportion had fallen to 245; in 1921 it was only 212. The Superintendent of Census Operations attributed the fall to the great increase in emigration. But so far as the Deccan Districts are concerned, the fall is even in a larger measure due to periodic outbreak of epidemics like

plague and influenza which the people, owing to economic causes, are unable to successfully resist. Dearth of labour inevitably leads to high wages which the cultivators can ill afford to pay. So all implements, the use of which would result in the diminution of the present cost of cultivation, would be welcome to raiyats. But, obviously, the use of implements can be economical only if they are used over a large area and its cost distributed over as many holdings as possible. This is only possible by the establishment of co-operative societies, whose object is to purchase such labour-saving machinery and lend its use to members on reasonable terms.

Joint Sale Societies

As things are at present, there is no doubt but that the cultivators suffer by this inability to choose the time when they could sell their produce to the best advantage. Societies which would assist the cultivators to tide over their immediate difficulties by small advances on their produce and subsequently arrange for the sale of the produce to some person or persons without too many middlemen in the process would certainly be of great advantage to the cultivators.

Industries

Our country is no doubt mainly agricultural and first attention should rightly be paid to its improvement but, at the same time, industries cannot be neglected.

We would also point out that the excessive development of agricultural societies to the inclusion of other classes means that the demand for money and the repayments of loans are not distributed evenly throughout the year, but occur at particular seasons, with the result that Central Banks during certain months of the year find it difficult to employ their capital profitably. But, as has been remarked earlier in the address, the effort in this direction is almost negligible.

Cottage Industries

The problems connected with the development of cottage industries is somewhat similar to that of agriculture, and what Co-operation has done and can do in agriculture, is possible on the industrial side also. Credit Societies cannot but be of immense advantage to the humbler artisans and weavers. Arrangements may be made for the purchase and distribution of raw materials and implements. Again, weavers and even artisans are often obliged to sell their finished products at little or no profit, and sometimes at a loss, as they have not the wherewithal to

defer the sale to a more propitious moment. Societies meant for financing the sale of finished products might enable the workmen to obtain a fair value for their labour.

Weavers.

Special mention has to be made of the pitiable position the weavers in many parts have been reduced to. By long heredity, they have a special aptitude for their profession. But the difficulties they have to contend against (not the least among them are their laziness and improvidence) are slowly driving an ever increasing number of them to professions to which they are obviously unsuited. The last census shows very marked fall in the population supported by cotton weaving. In 1911, the total under the combined head (cotton, spinning, sizing and weaving) was 1,118,628, while in 1921 including the number of weavers unspecified, the figure is but 911,901. This drop cannot, as remarked by the Superintendent of Census, be accounted for by factors such as the existence of famine conditions in parts of the Presidency. The number of hand-loom weavers shows similarly a steady decline from 381,132 in 1901 to 368,509 in 1911 and again to 304,000 in 1921. All this shows that the weaver is having a hard time of it now. He is in chronic indebtedness to the sowcar who advances to him cash and yarn and sells the cloth for him, recovering the sums due by him. If the weaver is helped to buy his yarn where he likes and sell his cloths to whomsoever and at any time he chooses he stands to retain in his hand much of the profit the middleman makes over the yarn and cloth. Credit Societies would to this extent be useful. But it is worthwhile to form Co-operative Societies which shall be able to purchase yarn in bulk and distribute it to members and sell the finished cloths on advantageous terms. Now that the War is happily over, one may expect less of fluctuations in the price of yarn, and co-operative purchases and sales should, therefore, be easier now than during the War. All devices likely to increase the output and consequently the earning capacity of the weavers should be popularised through Co-operative Societies.

So an industry may be developed and the condition of the votaries bettered by the spread of the Co-operative Movement. The number of societies now working in the industrial field is very small indeed, compared with the countless village artisans and others working in it, and has a vast ground to cover yet.

More Increase of Societies will not do.

But it is a mistake to think that with a mere increase in the number of Societies and of various types of it, the millennium would dawn on the

country. The artisans should be paid sufficient to enable them to have on hand at least a trifle after meeting their necessities of life. The cultivator should similarly be protected against rack-renting, be it by the Government or a private landholder.

Right of Government to Provide Funds.

There is another defect which is a serious handicap to the efficient working of the Co-operative Movement. The Co-operative Society with the limited means at its disposal cannot meet the needs of its members in any satisfactory way. Members need money at intervals and for various reasons. The Co-operative Society advances money once, but refuses to do so a second time. The result is that the needy member is driven again to the sowcar and perhaps harder terms are imposed on him now, than if he had never deserted the sowcar in favour of the Co-operative Society. To ask that all this money should be found by private agency is to lay down an impossible condition. The Government cannot absolve itself from this responsibility under the plea that State aid is inconsistent with the principles of the Co-operative Movement.

What Other Governments are Doing.

The Government of Bombay deputed its Registrar, Mr. Otto Rothfeld, to study the Co-operative Movement in France and Italy and in his interesting booklet, "Impressions of the Co-operative Movement in France and Italy," says that "the theory (viz, that of State non-intervention) cannot be accepted without qualifications so numerous and so important as to change its complexion. It may be accepted at once that in regard to short term loans resource societies should, as a rule, finance themselves and that only in this way will they learn self-help. But it is impossible to go much further than this. The problem of giving the 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, as has happily been recognised by the Government of Bombay. Producers' Societies, when they start, will also certainly require State loans and public money can hardly be used to better utility".

Education.

Yet another factor which is essential for the success of Co-operation and to which the Government have not paid sufficient attention so far, is 'Education'. On this, all writers on Co-operation are agreed. Mr. Otto Rothfeld observes that "Both in France and in Italy the success or failure of Co-operation has depended upon Education." Mr. H. W. Wolff says

that "the great commandment to be steadily borne in mind will have to be 'Educate'!" He goes on to say in another place, "without education of the right complexion to begin with, we cannot look for very perfect Co-operation, nor for very rapid advance and extensive spread of the same". Once fairly good elementary education of a rural character is provided, Co-operation may be trusted to perfect itself effectually as it has done in France, eminently so in Switzerland, in Germany, and above all things in Denmark, which decidedly leads among nations in Agricultural Co-operation.

Conclusion.

I will conclude with a word of appeal to all my friends here. Some of them may be officials and others not. But all alike may help in the spread of this noble movement. There is no ban on officials helping this movement with their sympathy and advice. One of the lessons learnt by Mr. Otto Rothfeld from a study of the Co-operative Movement in France was that "the Movement can never at any stage of development be wholly dissociated from Government supervision and control." It cannot for instance be actively dissociated from the interest of the head of the district. In fact, this is recognised by the Government of India who, in their resolution of April 29th, 1904, laid down "that while the immediate charge of societies, once started, should devolve on the Registrar, District Officers should help in initiating the movement, and after societies had been formed, should give them their active sympathy and support." The duty of the non-officials, specially of the educated classes, is even greater. We are apt to think more of our rights and forget our obligations. Simply because we are, to all appearances, earning our own living and paying for all that we require, can it be said that we have no obligations to discharge towards others? Our forefathers did not think so, but recognised that we had at least a few great debts to discharge by sacrifice. Among them was one to the people amidst whom we live. Were it not for the toil of the poor cultivators and the drudgery of the poor and the ignorant, would it be possible for us to command the ease and comfort we are doing? If so, are we not bound in honor to try and be of service to those people, however limited may be our resources or our capacity to help? "We want pioneers of civilisation to go out into our country districts with a divine passion in them, the desire of the God-implanted spirit to make the world about them into some likeness of the Kingdom of Light." God grant that we may be such pioneers.

A REQUEST TO ALL CO-OPERATIVE OFFICERS.

SIR,

I have the honor to draw your attention to the fact that the Co-operative Department has been advising you to subscribe to the Co-operative Bulletin (which was once conducted by the Department and which is now being issued by the Provincial Union) with a view to get yourself acquainted with the various co-operative problems discussed therein. Each co-operative organisation should, for the purpose of educating its members, subscribe to co-operative publications to enable the members to have a clear knowledge of what is happening in the Co-operative Movement elsewhere. The Co-operative Bulletin is issued on a study of the various co-operative publications issued in India and in all parts of the world and contains a valuable record of the practices observed in other countries which lead to success in co-operative enterprises. The Co-operative Movement in our Presidency is in its infant stage and every co-operator should acquaint himself with the co-operative literature as much as possible. The Co-operative Bulletin gives facilities for doing so. I therefore earnestly request you to subscribe to the Bulletin which is a monthly issue and for which you have to pay only Rs. 3 per annum. It is issued in English as well as in Tamil. What you have to do to become a subscriber is to get a resolution passed by the Panchayet or the directorate of your institution and send a copy of the resolution to the Provincial Union with a letter to enrol your institution as a subscriber to the Bulletin either in English or in Tamil or for both. At the same time you should forward Rs. 3 for a copy from your general resources or out of the Common Good Fund, if any. With the increase in the number of subscribers, the Bulletin will be made more and more interesting and valuable. The Provincial Union is a Union of all co-operative institutions in the Presidency and it is the duty of every co-operator to help the Provincial Union in its endeavour to issue the Bulletin by securing as many subscribers as possible.

A. VEDACHALAM,

President.

Provincial Union.

Copy to Honorary Assistant Registrars, Assistant Registrars, Supervisors, Government Inspectors, and Chief Inspectors with a request to advise the co-operative institutions on the subject of subscribing to the Bulletin and of punctually remitting the subscriptions.

2. They are also appealed to for any contributions to the Bulletin for publication on matters of co-operative interest.

A. V.

Copy to the Registrar.

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NOTES AND NEWS.

Irrigation Societies in Bengal.

What an organised agency of honorary workers can achieve in rural reconstruction is proved by the tremendous increase of irrigation societies numbering about a hundred in the District of Bankura in the course of four months between February and June last. During the last year there were only six irrigation societies in Bengal which first originated with the energetic efforts of Rai Bahadur A. C. Banerjea in the District of Birbhum in April 1919. A campaign was undertaken this year by Mr. G. S. Dutt, I.C.S., Collector of Bankura, to develop the spirit of Co-operation among villagers for rural improvements. Mr. Dutt saw that irrigation tanks and channels which once stored the monsoon rains and distributed it in the dry season were being used for throwing filth and rubbish and consequently silted up and became breeding centres of mosquitos. If the District was to rehabilitate itself, the only hope lay in infusing the spirit of Co-operation among the villagers to restore the 30,000 tanks and bunds which have become either paddy fields, waste lands, or centres for the accumulation of the village refuse. The existing six irrigation societies showed their possibilities in increasing the productivity of the lands and preventing the insanitary conditions in the villages. Mr. Dutt thought an extension of the movement would immensely benefit the District. He organised the District Agricultural

and Welfare Association in last February with a twofold programme of developing irrigation works and starting village branches. The public response was immense and the District Health Officer and the Local Officers of the Department of Agriculture also co-operated in the work of the Association. The Association now maintains a staff of Surveyors and Supervisors to survey and organise irrigation works. The Co-operative Department has given the services of an Inspector, three Supervisors and four Hon. Organisers. A Co-operative Irrigation Bank has been opened with a share capital of five lakhs of rupees. The Government is also taking an active interest in the movement. It has given a loan of Rs. 30,000 to the Salband Irrigation Society to be repaid in four instalments.

An irrigation society is composed of members whose lands are to be irrigated by the new tank or bund to be constructed. Each member pays a contribution in proportion to his bighas of land which will be irrigated by the new scheme. If a scheme costs Rs. 1000 for irrigating 200 bighas of land, the total cost is estimated at Rs. 1,400, to cover the interest and other incidental expenses. Each member pays at the rate of one rupee for every bigha of land, and thus the share capital amounts to Rs. 200. The members then get a loan of Rs. 800 for the expenses from the Irrigation Bank which they repay in annual instalments of one rupee per bigha. The lands become productive as soon as the irrigation project is complete in the first year and the members are thus in a position to easily repay the loans. The cost of the different schemes vary from Rs. 300 to Rs. 40,000 according to the purpose of the project as erection of dams across rivers, silt clearance, re-excavation of tanks, and the raising up of embankments. The number of members is in proportion to the area of the lands to be irrigated. If the lands to be irrigated by the scheme form a large area extending to many villages, then all of them are served by one society. The amount of vigorous propaganda undertaken by the District Improvement Association of Bankura will be evident from the fact that about 100 societies were being in formation between February and June last, and fifty were already registered during the same period.

Arbitration Societies in the Punjab.

The object of these societies is to avoid the expense of litigation among the rural people, and "protect them from the consequences of such litigation initiated by others by providing means of defence." There are always civil suits which are preferred by the sowcars against their debtors. These cases can be

easily decided by the villagers if they have the necessary amount of discipline and co-operation among themselves. Further, in every village there may be persons who are mischievously bent on taking suits before the court and dragging innocent persons also into litigation. To act as a deterrent against such persons and decide the natural and reasonable disputes which arise in the course of rural transactions, arbitration societies have been started in the Punjab.

Each member before admission has to sign an agreement in the presence of two witnesses that he will bring all his disputes and those of his dependents to be settled by the society. Such an agreement effectively bars taking any litigation to courts. If the Committee of the society feels unable to decide any case, it may permit the complainant to take it before the court. Or if a member is resolved to prefer his case to a court, he may withdraw from membership after giving notice of not less than six months and thus free himself from the agreement. Or he may pay a penalty of Rs. 100 and go to court. Practising lawyers and their agents are strictly prohibited from becoming members of the managing committee or of the panel of arbitrators. The Committee has a right to raise subscriptions to defend a member who is "involved in false, frivolous or vexatious litigation otherwise than by his own act". Members who act detrimentally to the interests of the society may be expelled by a meeting of the General Body in which at least half the number of members are present and a two-thirds majority vote for the expulsion. The General Body appoints a panel of arbitrators consisting of not less than five and not more than twelve. As soon as a member makes a plaint, the Committee shall decide it within a month, failing which, the parties may appoint a single arbitrator or each party will nominate one while the Committee will choose a third from the panel. In disputes between the Committee and the members, the Registrar shall be the deciding authority. The appeal from the arbitrators lies to the General Body or the Registrar. If the appeal is made to the former, it cannot be brought again before the latter. The by-laws also provide that all appeals should be brought before the Union of Arbitration Societies, to be formed when their number has sufficiently increased.

The arbitrators should examine witnesses in the presence of the parties and may also call for documents and records connected with the case. They may also decide *ex parte* after giving sufficient notice to the party concerned. The arbitrators' award is final, if no appeal is made; and the Committee should give their whole-hearted co-operation in executing it, the object of the societies being to create mutual trust and responsibility among the members to stand against injustice done to any one of them and assist in the execution of righteous claims.

There were 87 arbitration societies in the Punjab during the year 1921-22 whose working so far has borne testimony to the sense of responsibility in the rural farmer and his love of justice and fairplay. In Hoshiarpur District nine out of twenty societies have done "useful work". In Sialkot District "232 cases of all kinds, civil and criminal, were brought before the Panchayats out of which 205 have been decided, with good results, while the rest are still pending. The awards seem to have been given with equity and justice and readily accepted by the parties, as no appeal has been preferred against these decisions. The societies have been joined by all classes of men living in the villages. Though Zamindars have a preponderating voice in the Panchayats, cases brought by money-lenders against Zamindars for the recovery of their debts have in all cases been decided to the entire satisfaction of parties". In Multan District "through the three societies several Sowcar members have got their cases amicably settled". In Shahpur District "a number of ordinary disputes are settled every day but the most important of them can be numbered, fifty civil and thirty criminal cases amicably settled to the full satisfaction of both the parties". The working of the societies so far does not show any sort of corruption of the arbitrators or that they were subject to any wrongful influences.

Co-operation in Mysore.

Co-operative finance. The report of the Co-operative Societies for the year 1920-21 has come out only in Nov. 1922. The report was sent to the Government on 28th Nov. 1921. The Government Order thereon was issued on 24th March 1922 and the public are in a position to understand the Movement of Co-operation in Mysore in 1921 only now, when a period of one full year is over. Meantime many of the Co-operative developments in Mysore for the formation of a federation, organisation of Supervising Unions, and starting of special types of societies for Malnad are all delayed, pending the issue of the report of the Committee on Co-operation in Mysore, appointed two years ago.

The transactions of the societies have been adversely affected by two causes, the floatation of a State loan at $6\frac{1}{4}$ per cent interest and the stoppage of rice sales by societies which were undertaken on a large scale during 1919-20 owing to dearth of foodgrains in the State. The former affected the current deposits attracted and returned during the year, which showed a large fall by about 17 lakhs. The latter brought a decline in the trade of purchase and sale societies to a marked extent.

The number of societies increased by 98 from 1402 to 1500, of which 19 were Central Banks, 1225 were agricultural societies, and 222 were

non-agricultural societies. 1302 of these were for credit, 150 for purchase and sale, 14 for production and sale, and 15 of miscellaneous kinds. Even with an increase in the number of societies by 98, the number of members appreciably decreased by 558. "This fall is mostly due," the report says, "to the expulsion from membership of persistent defaulters and against whom suits had to be filed for the recovery of their dues".

The financial condition of the societies is thoroughly good and indicates their soundness and their strength. The share capital of the Central Agricultural and Non-agricultural Societies formed 24.6 per cent, 45.7 per cent, and 53 per cent respectively of the working capital as against 11.59 per cent, 10.33 per cent, and 30.19 per cent of the working capital of the respective societies in Madras. Their deposits were 66.6 per cent, 11.3 per cent, and 35.1 per cent of the working capital as against 42 per cent, 7.9 per cent, and 51.12 per cent of the working capital of the societies in Madras. It is noteworthy that while the deposits of the Central Banks at the end of the year fell from Rs 14 lakhs odd to Rs 12 lakhs odd, those of the agricultural and non-agricultural societies rose to Rs 2 lakhs odd and Rs. 12 lakhs odd which was an increase by about Rs 5000 and Rs. 1,26,000 respectively. Also it should be remembered that of these deposits 60 per cent were made by the members. The percentage of loans from other societies, to working capital in the case of the Central, Agricultural and Non-Agricultural societies amounted to 3.6, 33.5, and .8 respectively which formed only one-eighth, three-fifths and one-seventyninth of the owned capital of the respective societies as against 45.77 and 12.85 per cent respectively in Madras which formed 3.5, 5, and $\frac{1}{3}$ times the owned capital of the respective kinds of societies. The reserve fund of the Central Agricultural, and Non-Agricultural societies amounted to 5.2 per cent, 9.5 per cent and 10.5 per cent respectively of the working capital as against 1.42 per cent, 5.18 per cent, and 5.85 per cent in Madras of the respective societies. The above figures clearly indicate that credit facilities are few and owned capital is large in the Mysore co-operative societies which form quite a contrast to the conditions in Madras.

In spite of the increase in the number of societies the loans issued decreased from Rs. 63,05,085 to Rs. 58,14,432. This cannot mean that the agriculturist is not in need of loans. It only makes clear that Central Banks have yet to grow sufficiently in Mysore, to spread their nets broadcast in the rural parts, to come within the easy approach of the agriculturist. The Banking Unions are in the process of transformation to District Banks. The Mysore District Central Bank, the largest institution among the five District Central Banks, was only giving loans to individuals and not to societies and it is only from the current year

that its managing directors are following a policy of affiliating and financing co-operative societies. The really financing banks for the co-operative societies in the whole State are the Bangalore Central Co-operative Bank and the Mysore Provincial Co-operative Bank. The former issued to individuals about three times the loans which it did to the societies. The total loans issued by the Bank during the year amounted to Rs.20,000 odd less than its owned capital. The Mysore Provincial Bank stopped its loans to individual members from 1919-20 and eliminated 134 of them during the last year. It is this Bank that has to expand its transactions sufficiently to supply the needed credit for the rural farmer and grow as the Apex Bank for all the Co-operative Societies in the State.

The Morale of the Co-operator.

The spirit of discipline and loyalty in a co-operative society grows from without by external influence and supervision rather than from within by the impact of the rural life and occupations in its neighbourhood. The little rural commercial transactions cannot shape the character of the farmer for business habits, and rural adult education is almost nil, specially when it is considered from the point of view of giving the farmer a broader outlook on life and a freshness of mind to adopt new habits and new institutions. To connect him with a Central Bank which has to keep to the obligations of the outside money market places him in a new atmosphere of strict business dealings to which he can be acclimated only by co-operative training and propaganda. This requires an adequate staff of Inspectors, and non-official Supervising Unions to act as "the guide, philosopher and friend of societies". In Mysore, Supervising Unions are yet to be formed and any work of training the members and supervising the societies naturally entails on the over-worked Departmental Officers. The result was that "owing to persistent defaulters" many had to be expelled and membership has appreciably decreased by 558. Expulsion of members has resulted in the consequent inflation of suits filed during the year. It seems that the Registrar circularised the Managing Committees to arrest the heavy overdues of the members which stood at 22.8 per cent, as against 17 per cent in the previous year. They understood it to mean prompt filing of suits for all the overdues.

Out of a total of 3368 suits, only 1605 have been disposed of, leaving 1763 pending. Madras fares no better in the number of suits preferred by societies to civil courts and arbitration which numbered 9403. But compared to Mysore, Madras is in no worse position, as its membership is about four times that of Mysore, while its number of suits is a little less than three times of the latter. There was a rapid disposal of suits

in Madras where 7063 suits or more than two-thirds of the total were settled during the last year, while in Mysore the Department was able to dispose of only about half the number. The Department well enough realises that "such a large number of suits form an undesirable feature of the Co-operative Movement in the State". It is a pity that non-official arbitrators do not take most of the disputes for settlement as in Madras. 918 suits were transferred to the arbitrators for disposal of which only 71 were disposed of: hence the large number of undisposed suits. As regards the prevention of a large number of suits, the only remedy lies in the creation of an efficient non-official organisation to supervise the Societies. The report mentions that 45 Hon. Supervisors "toured on an average from 120 to 180 days" and were engaged "principally in organisation work and to a smaller extent on supervision work". This places to the credit of each Hon. Supervisor only less than three societies on the average, as organised by them during the whole year. Even with the work of this honorary agency the percentage of overdues stood at 22.8 per cent. This compares favourably with Madras where the overdues of agricultural and non-agricultural societies stood at 27.6 per cent of the demand. Centralised supervision cannot ensure prompt repayment as that of Local Supervision Unions who are in intimate touch with ryots, who can understand their needs, and bestow detailed and constant attention on the condition of the societies in their areas. Secondly, so long as Co-operative Banks are not able to supply all the credit needs of the farmer there will be every tendency on the part of the latter to use short term loans for long term purposes. Thirdly, everything rests on the ability and sense of responsibility of the Panchayat members.

Non-Credit Forms of Co-operation.

Just as in other parts of India, agricultural co-operation has not made so much headway in the State as credit. There are special societies for the sale of implements, manures and seeds but these consist of individual members rather than affiliated societies. The report mentions that "conditions are not yet ripe for the formation on a large scale of societies for the sale of agricultural produce". There were 56 Grain Banks in the State which collected the members' ragi and distributed them whenever required. But separate figures about their working are not available and the District Reports only make a reference to three grain banks as having done good work during the year. The agricultural societies supplied manures and implements to their members to a certain extent and the ragi seeds distributed by them during the previous year have resulted in bringing in a larger acreage of land under the improved variety and its multiplication in the members' farms. The figures of the agricultural purchase and sale societies indicate that they are stopping their loan transactions and increasing their cash sales. But their resources and sale are too meagre which show their infant condition. Among other forms of agricultural co-operation, the Hebbal Dairy Society, Bangalore, deserves special mention. It had a membership of 60 and its working capital amounted to Rs.2580. It supplied milk to the value of Rs.9414. Mysore has taken the right step for the development of agricultural co-operation by

deputing two Inspectors "to undergo an agricultural course at the Hebbal Experimental Farm and Agricultural School".

It should be said that the Stores Societies are steadily making headway when compared with the previous years, except of course the year 1919-20, when the transactions were large owing to special conditions. 74 societies consisting of 6987 members with a working capital of Rs. 3,94,385, sold goods to the value of Rs. 7,92,788 and made a profit of Rs. 40,443. The sales per member amounted to only Rs. 113 for the whole year which surely indicates the need for greater loyalty among the members. The average working capital per society was Rs. 5330 as against Rs. 5926 in Madras, and the average cost of management amounted to Rs. 275 as against Rs. 808 in Madras. While in Madras the Stores Societies suffered a net loss of Rs. 128 per society during the year 1920-21, Mysore earned a net profit of Rs. 549 per society.

In regard to industrial co-operation the improvement of the Weavers' Co-operative Societies is the most important work done by the Department. There is a Special Inspector and another Technical Inspector was deputed to introduce the fly shuttle and improved designs among the weaver members. The Government have set apart Rs. 35,000 to render financial assistance to the weavers and out of this fund the Department granted loans to the extent of Rs. 25,000. The number of societies were in all 45 of which 25 purchased the raw materials of members and sold their finished goods and the remaining were only credit societies issuing loans to the weaver class. Many of the societies have been greatly improved by the Special Inspectors. The 45 societies consisting of 2000 members and with a working capital of Rs. 1,60,000 purchased raw materials for their occupation to the value of Rs. 3,93,075, sold goods to the value of Rs. 3,69,174 and made a profit of Rs. 17,800. The average working capital, sales and profits for the whole year per member amounted to Rs. 80, Rs. 184.8, and Rs. 8.9. Such a small trade indicates clearly the further improvements needed to introduce the spirit of co-operation among the weavers for the joint purchase of all their requirements and the joint sale of all their finished goods. But compared to Madras, the position of weavers' societies in Mysore is highly encouraging and praiseworthy. Among other ventures in co-operative industry the success of the two Sandalwood Carvers' Societies in the Shimoga District is chiefly to be noted.

Co-operative Propaganda.

Madras may well take a lesson from the system of propaganda conducted by the Co-operative Department in Mysore. The Inspectors have not only to inspect the societies but also to deliver lectures on rural improvements to the villagers during the course of their tours. During the year under report the Inspectors lectured at 327 villages on Co-operation and other allied subjects. This practice may be usefully followed in Madras provided the Inspectors are given short courses of lectures and trained for rural propaganda.

DISTRICT CO-OPERATIVE FEDERATIONS

The working of local unions was attempted at first to be undertaken by the Banking Unions (central banks) and in some districts, central banks are now doing such work. This arrangement was unsatisfactory as the central banks confined themselves to merely paying attention to the local unions taking steps towards the collection of their dues. They did not pay adequate consideration to the efficient working of the societies in co-operative and business principles. A district organisation was needed to co-ordinate the working of a number of unions in a district and to be an agency over and above the independent unions to deal with the district as a whole. Such an arrangement was informally attempted as an experimental measure in the districts of Salem, North Arcot and Trichinopoly. The non-union societies, urban banks, local unions and central banks are members of the general body. The governing body is composed of the directors of central banks and a representative of each of the local unions. A small executive committee is elected by the governing body which controls the Council.

The idea underlying the formation of a District Council of Supervision was that it might serve as a district supervising agency provided it did not interfere with the autonomy of the local unions. It was held that the autonomy of the local unions should be maintained at all costs. The functions assigned to the agency were:—

(1) to collect and manage a District fund, and with it to employ a supervisor of qualifications far superior to those of the union supervisor, and to assist unions through this district Supervisor in matters of supervision and organisation when (and only when) so invited by the unions. The governing body members of a local union are also members who take active part in the working of primary agricultural societies and it is probable that such societies may have very large transactions. The local supervisor may not be expected to scrutinise the accounts of the societies managed by such members with that amount of freedom as he would in regard to other societies. To remedy this defect it was considered desirable that a certain independent supervisor or auditor should be secured to get a satisfactory audit made of such societies. This cannot be secured by each union with its limited resources. In order to secure this at a minimum cost a portion of the resources of each union is pooled as funds of the district supervising agency with the aid of which a separate supervisor on a higher pay is appointed to discharge this work. The District Council of Supervision has to regulate the staff placed under it

and spend the amount placed at its disposal in such a way as to benefit all the unions in the district. If the district supervisor is called on to do certain work connected with specified societies by the local unions, the entire work will be got done under the direction of the Council by regulating the movements of the District Supervisor with reference to the needs of each union. The first item of work to be carried out by the Supervisor which may be expected to be accepted by all unions is the inspection once or twice a year of the societies in which the governing body members of the local union take an active part. The second item is to audit the accounts and inspect the working of all local unions once or twice a year. The third item is to bulk the indents of local unions for the stationery, books and forms required by the unions to be supplied to the Societies. The fourth item is to undertake to bulk the orders of the various unions and arrange for the joint purchase of the requirements of the constituent societies of local unions. The fifth item is to find out suitable markets either for purchase or sale and to regulate such transactions whenever requested by all or any of the unions. The sixth item is to discuss and settle any question relating to the policy of the Co-operative Movement so as to advance the Movement in various forms of activities.

When the District Supervisor inspects a Society at the wish of a local union, any record of inspection that he may send directly to the District Council is only a record in proof of the work done by him and not intended for the discussion or the criticism of the District Council. The report so sent has to be transmitted to the Local Union for its own action. No criticisms of such reports either in regard to the work of the union over the particular society or in regard to the work of the society itself, need ever be indulged in by the District Council of Supervision. As the local unions serve the purpose of being an adviser, counsellor and friend of the societies affiliated to it, the District Council can perform a similar function in respect of the local unions who have joined the Council.

(2) To organise new unions.

(3) To audit urban banks and non-union societies. This item of work was included in the programme of the informal Council but it was dropped out as the resources of the Council were too slender to undertake this work and as it was rightly thought that the audit of urban banks which required a special staff and the inspection of non-union Societies which were scattered over a large area could not be undertaken by the Council. This work was left to be done by the Government staff until the union societies became merged in the Local Unions and the urban banks could combine and create a separate union and maintain the requisite audit staff.

The Central Bank Directorate were elected by the members of the bank and the men selected were capable of administering the finances and they were not, except a few exceptions, expected to undertake the work of the Council. In the North Arcot District when the Council was working experimentally it was found that the Directors were not impressed with the functions of the Council and in Trichy the Directorate wished to control the whole of the work and did not give an opportunity to the unions to regulate the work of the Council. In Salem, the District Bank Directorate exhibited very little interest in the working of this Council but did not prove obstructive to its working.

As a result of the experience gained, the District Councils which were virtually a federation of unions were registered as co-operative organisations in the Districts of North Arcot and Salem. In the new constitution the Directors of the District Bank were not to take part in the management of the District Council but the representatives of the local unions were asked to undertake the work and the district Bank was kept informed of the work of the District Council. The local unions in each district are members of the District Federation, each local union sending representatives. The general body of the Council is composed of all the governing body members of local unions. Each representative of a local union had a seat on the Managing Board of the Council. A small executive committee is elected and the Managing Board is to regulate the business of the council. This arrangement is no doubt not strictly democratic but it is representative enough to safeguard the interests of co-operators connected with each society affiliated to a local union. The District Councils at North Arcot District and Salem experienced difficulties owing to want of adequate funds to employ more than one supervisor. The Salem District Council attempted to convert itself into a supervising institution over the local unions but later on it assumed the functions of an advisory institution. The delimitations of the functions of the local union and the District Federation are made below.

(1) The local union is the institution which will handle the work of supervision of primary societies. It will be looked up to for advising the District Bank as to the loans to be given to primary societies and for scrutinising the applications for loans by the primaries. The local unions should entertain the required staff for undertaking such supervision work with the available resources. The local unions shall keep the District Council informed from time to time about the progress of work in the unions and be expected to carry out the suggestions of the District Council as regards improvement in the supervision work.

(2) The local unions should arrange for half-yearly inspection reports being obtained from the supervisors and for taking the required action. The District Council will tender such advice on the matter as will tend to the better working of primary societies.

(3) The local unions should educate the primary societies so as to enable them to publish the annual statements required by the rules under the Act. Where societies are unable to do this work, it should be done by the supervisors.

(4) The inspection of societies may, in addition to the usual inspection by the union supervisors, be done by

(1) the governing body members

(2) the Hony. Assistant Registrar

(3) the District Supervisor deputed by the Council

(4) the Government Inspectors deputed by the official Assistant Registrar.

(5) The District Supervisor should send a full report on the working of each union to the District Council once in each half-year and the District Council should make suggestions to improve the working of each union.

(6) The training of supervisors and keeping up their knowledge up to date is a kind of work which can be done satisfactorily by the better staff entertained by the District Council.

(7) The District Council will undertake the working of joint purchase of articles and joint sale of produce when such work is to be undertaken by a number of unions conjointly.

(8) The District Council will regulate the Co-operative Movement in the district generally, will keep a library and will stimulate special activities in the district.

(9) The District Council should arrange for holding classes in each union to educate co-operators and especially those who are office-bearers in co-operative societies in business principles and in co-operative principles and practices.

In some districts where there is no District Council of Supervision, the following procedure is adopted.

The contributions to be given by the District Bank will as usual be given to the local unions. Local unions will add to their contribution their income from the affiliated societies. The union will prepare a budget which will be passed by the general body of the union. A copy of the passed budget will be sent to the District Bank and it is open to them to

point out any extravagance of expenditure proposed by each union or when the arrangement for supervision is inadequate.

The supervision fund is also collected from non-union societies in the same manner as union societies but the District Bank collects such fund, pools it along with the contribution payable by the District Bank to the supervision fund on behalf of transactions with non-union societies. The District Bank sometimes assists local unions with gratis aid from this fund. The non-union societies are expected to be supervised by the Government staff or by any supervisors deputed by the District Bank if the latter has sufficient amount under the supervision fund. Till a union is eventually formed for all or some of the existing non-union societies, the District Bank will transfer to it such portion of the supervision fund as is necessary to undertake the supervision work effectively, and till the union can carry on its operations with its funds. In the Ceded Districts the supervision fund is pooled in the District Bank and allotments made to local unions by a committee which meets once a year composed of the representatives of unions, district bank directors and the Assistant Registrar. In the Northern Circars, a similar system is followed but the District Bank collects $\frac{1}{2}$ per cent payable by the Societies as supervision fund in respect of transactions with it, and the primary societies remit the contribution payable by them in respect of transactions other than borrowing from central banks. In the district of Nilgiris where there are societies for Badagas, the contribution by primary societies is much higher than in the plains. Individual members in these societies are given loans at $12\frac{1}{2}$ per cent and a sum of $3\frac{1}{2}$ per cent is set apart for supervision purposes. Similarly, in regard to the societies for the depressed classes in Nandyal 2 per cent is set apart for supervision purposes. Thus non-official supervision is being undertaken in a variety of ways in this Presidency and this may be regarded as a satisfactory arrangement as different localities require different treatment.

To sum up,

(1) The local union is the organisation which is eminently fitted to undertake the supervision over primary societies in a limited area.

(2) A federation of local unions should come into existence in each district for securing continuity of policy and administration when funds are available, and when the representatives of local unions are content to run the concern. In the interests of the Movement, Government Staff should undertake the work of supervision over Primary Societies until local unions come into existence and are able to stand on their own legs

by maintaining an efficient staff, both executive and clerical. The Government staff should also co-ordinate the work of the local unions until a District Federation equipped with adequate staff is brought into existence in each district. The Department has practically recognised that the best way to deal with a small union which cannot afford a decent establishment is to allow the union funds to accumulate until an establishment could be entertained and meanwhile to ask the union to carry on its work by the use of Vernacular copies of the inspection reports made by the Government Inspectors. The Government Inspectors should not dictate to the union or should not take away the feeling of responsibility which the unions ought to have towards their societies. If the Government staff try to deal fairly and sympathetically with the unions, the unions will gradually become a corporate body with a full sense of its responsibility.

In conclusion it may be said that the unit of the co-operative organisation is the individual Primary Society. These societies are attached to organisations which serve their common, as distinct from their particular business objects. These are called local unions whose main business is to undertake the supervision of their affiliated societies and act in general as the intelligent organisers and regulators of co-operative effort in all its branches within their areas. Above the unions are the District Federations to which are directly affiliated the unions, central trading unions and, if necessary, the central banks. The independence of the internal organisation of the local unions should not be interfered with by the District Federations. The District Federation, which will be purely a non-official agency, will supplement the work of the District Central Bank, also a non-official agency, and will regulate the Co-operative Movement generally while the Central Bank will deal with the financial aspect alone. The District Federations may become members in the Provincial Co-operative Union.

This is the arrangement in the Madras Presidency by which the devolution of the management of the Co-operative Movement to the non-official agency is sought to be secured. The District Federation's an important institution which co-operators must try to introduce in all parts of the Presidency taking particular care to see that local unions are first made efficient in their working. The usefulness of a District Federation is varied. The District Federation may introduce better methods of Agricultural Co-operation, determine the policy of the Co-operative movement in the District, defend its interests and make known its achievements. It should place itself in a position to bring Co-operation into close touch with the non-official Hon'y. Assistant Registrars and with

the Government Department. The District Council will be the accredited body to express non-official opinion on co-operative problems affecting the district. The Co-operative Movement should become self-reliant and should not be dependent for ever on the exertions of the Government staff. Different kinds of co-operative activities have to be studied with care and introduced in suitable localities. Trade operations require centralisation and until a wholesale with financial responsibility is brought into existence the District Council will have to undertake such work as the financial agent of local unions. When funds become available the District Council will have to employ experts in banking, audit, and trade. At present the credit and other transactions in primaries are of so limited a character that they are unable to make a liberal contribution through local unions to the District Council so as to enable them to undertake on any extensive scale such work of usefulness. Even though co-operative organisations should not be dependent on Government financial help, it would seem to be desirable to secure Government aid as a subsidy to the District Councils till the latter are able to shift for themselves. Such a step will lead to considerable economy in the expenditure of Government as when the District Council becomes able to do the work well, considerable reduction of Government staff can be made in each district.

A. VEDACHALAM.

THE PROVINCIAL CO-OPERATIVE UNION AND ITS RECONSTITUTION.

It is no matter of pride to the Co-operators of the Presidency that they are, like their brother and sister co-operators in other parts of the country, lacking very much in the sense of responsibility and discipline which alone could enable them to take the place of the Department from top to bottom—all with honorary workers. All the same, it must be the goal of all co-operators. Situated as they are, they have no other course but to seek the help of the Department for placing the Provincial Co-operative Union on a broad and firm footing, ready to take up the manifold duties and responsibilities of the former in the near future. The Union has to train up people in the meanwhile in the problems of financing Primary Societies, supervising their work, auditing their accounts and promptly collecting their dues. It has also to suggest ways and means for the expansion of the Movement and also direct the activities of ambitious Co-operators along proper channels. Supervision and collection are even now practically in non-official hands and it is a pity that non-official supervision could not be very effective and collection so prompt as they are when helped by the department. The Union should therefore confine its scope of work for the present to central and big institutions and individual members. There are more than 6000 primary societies and nearly a fifth of them are unaffiliated to any union. It is impossible to give them all any direct representation and unjustifiable at any rate to give it to Non-Union societies and refuse it to Union societies. It is also against

the democratic spirit of the Movement that any payment of share capital should go without direct representation. Practical difficulties may narrow the scope of work, but in the field of work itself there cannot be any distinction made between one institution or individual and another on account of their financial contribution, which should depend entirely on their capacity to pay to the Union. Membership subscription should be Rs 5 in the case of individuals and Rs 5 for every lakh of rupees of the working capital and fraction thereof, for institutions. There should be no maximum fixed and no dividend available to members. The members will, of course, be entitled to either English or Vernacular Bulletin and other publications free. Non-members, societies and individuals may pay for the Bulletin and other publications and get them. The total borrowings of all affiliated societies shall for the purposes of subscription be calculated to be the working capital of Supervising Unions. The Department should insist on all institutions eligible for membership to have their by-laws amended to this effect and join the Union and at the time of audit calculate the subscription at the above rates and set it apart for payment to the Union as it is now done in the case of the Supervision Fund. The General Body may consist of delegates from Provincial and Central Banks, Banking Unions and unaffiliated Urban Banks with a share capital of more than Rs 5000; Supervising Unions, Trading Unions and Unaffiliated Stores with a share capital of more than Rs 5000; all other Unaffiliated Societies with a share capital of more than Rs 5000; and individuals (Unaffiliated-not to the Supervising Union working in the area.) The Advisory Body may be dispensed with. The Governing Body may consist of 60 members, representation therein being by groups—Banks by 10 members, Supervising Unions 20, Trading Unions and Stores 5, Unaffiliated Societies 10, and Individuals 15. The good sense of the respective groups may be depended upon to see that all districts or groups of districts are well represented and smaller institutions are not ignored. Committees may be formed out of this Governing Body—one Editorial Committee for the English Bulletin, with one or two more added from the Tamil district for the Tamil Bulletin, one Finance and Accounts Committee, one Propaganda Committee for publishing leaflets, delivering lectures etc, one Education committee for holding classes on Co-operation, Economics etc. for the benefit of Secretaries, Supervisors, Inspectors etc. The President and Secretary of the Governing Body should be the ex-officio President and Secretary of every Committee and also of the General Body. Members of the General Body and those of the Governing Body, excepting those who do propaganda work, should not be entitled to any T.A. from the funds of the Union. District Federations of Central Banks, Banking Unions, Supervising Unions, Trading Unions and Stores, Urban Banks and Unaffiliated Societies may be formed in course of time and if that is achieved, the Provincial Union may be reformed then, by taking representatives from them. The constitution outlined above seems to be the only workable scheme that can be adopted at present.

R. G. NALLAKUTTALAM PILLAI,

Hon. Asst. Registrar.

AGRICULTURAL COLONIES AND TENANCY CO-PARTNERSHIP SOCIETIES IN BURMA

The Government of Burma have tried for a long time past to settle peasants in disforested lands and thus increase the cultivated area. But the attempts were not successful as the peasants were too poor to undertake the reclamation of new lands. They became very easily indebted to money lenders who gave them loans for cultivation purposes at exorbitant rates of interest and in course of time forced them to sell their lands and work as tenants under them paying high rents. Some scheme was required which would provide the necessary credit for agricultural operations and in no way permit them to sell the land to money lenders as a result of excessive borrowing. It was considered as early as 1913 that co-operative Tenancy Societies might be formed which would give loans to members for cultivation expenses and domestic requirements, and sublet the lands leased by the Government, among themselves. Such societies, it was thought, would be able to reduce the rental and the rate of interest, each, from one-third to one-half of what was paid outside the society.

From 1914-15 till the end of last year, 95 Tenancy Co-partnership and Credit Societies have been organised in the forest areas of the districts of Pegu, Hanthawady and Maubin. "Their objects are 1. to buy or obtain on lease land for cultivation by members, 2. to accept deposits and loans for the purchase and development of such land for the benefit of its members, 3. to receive paddy from members and arrange for its sale 4. to encourage thrift, self-help, and co-operation among the members, and 5. to give every assistance to the local administrative authorities as by law established". The Department of Co-operation has a special colonisation officer, Mr. J. St. C. Saunders, in charge of the whole work. He is assisted by a Junior Assistant Registrar for each area for demarcating and apportioning the lands. The whole scheme of colonisation is worked out in close co-operation with the Deputy Commissioners of the Districts.

As soon as a land is considered fit for cultivation, applications are called from societies. The report for 1921-22 mentions "that it is probably true to say that the great majority of colonists would prefer individual grants if they were given their choice but that the necessity of joining a Tenancy Society and of working land as a tenant of the society without ever being able to acquire a transferable right in the land does not in any way act as a deterrent to would-be colonists, is amply proved by the flood of applications received from 1916 to the present year. A provisional selection is then made of the applications and preference is always given to members of Co-operative Credit Societies, persons belonging to certain classes marked by frugal and industrial habits, and cultivators near the area to be colonised and possessing some resources as cattle and implements. Experience in working the colonies for three or four years has shown to the Department that "a colonist should be hard-working, reasonably honest and understand paddy growing, and he must of course know and trust his fellow members". "The measure of success attained by a society has been proportional to the degree in which these qualities were present among its members".

As soon as the provisional selection of societies is over, the work of demarcation is begun for which one or two surveyors are temporarily appointed. 75 acres are demarcated for the village site and 25 for the village headman to be allotted to him as soon as the Deputy Commissioner appoints one. Then a final selection is made from the provisional list by a searching scrutiny into the antecedents of each member. The land is then apportioned by lot to the different societies. In the apportion-

ment allowance is made for salt and flooded lands in a tract. The junior Assistant Registrar assists the members in sub-dividing the land among themselves and generally 35 acres is the usual area allowed to a member. Last year a deviation has been made in the allotted area to members owing to some special reasons. In the Alangon reserve in the Hanthawady District 6 societies with small holdings of 25 acres per member were formed during the last year as the lands were specially good and the demand for them was great.

The societies are considered to be on probation for two years after which period a lease for twenty years of the lands allotted to them is granted by the Government. They are required to pay the land tax after the first two years. The Land Records Staff make a soil classification and assess the land tax for the cultivated area according to its fertility. The society pays the land revenue for all the lands as a State tenant. The express conditions of the lease are that the lands should not be encumbered either by the society or by the members, "that the rent payable to the society shall in no case exceed double the amount of the land revenue, if any, assessed on that area for each year, and that the society should comply with such lawful instructions as it may from time to time receive from the Deputy Commissioner". The by laws of the society provide that "the leases to members shall be by the year and issued by lot if necessary provided a member may renew his lease if he makes a good out-turn and is not in arrears on any account to the society." Also no member is permitted to sublet his land.

When once the lands have been allotted, the Government give loans to the societies to be distributed to the members (a) for seed, food, and cultivation expenses to be paid in full at the harvest of the crop, (b) for purchase of carts or cattle, or for liquidation of small debts and for house building to be repaid in two or at most three equal annual instalments and for the acquisition of lands and for the making of expensive canals or bunds to be repaid in three or four equal annual instalments. Though the societies are permitted to borrow outside with the consent of the Registrar to an amount "not exceeding one-half of the value of the unencumbered land held by the society," they mainly get their resources from Government loans. The loans are lent to the members at 15 per cent interest per annum.

The colonisation Superintendent has experienced great difficulty in recovering these loans at the beginning. First, the members were asked to take their grains to a combined Sale Society at a central place where brokers of big firms came and marketed them. The latter made enormous profits and the members too pocketed much of the paddy when they were bringing it to the market, and then pleaded inability to repay the loans. Now, each society undertakes the responsibility of marketing the produce to the buyers who pay the amounts to their credit in the Chartered Bank of Australia, India and China. The practice followed is that though the societies have direct dealings with the buyers, they are entered in the Sale Accounts of the Unions to which the societies are affiliated. The Unions remit the balance due to the societies after deducting the loans repayable to the Government. It has been also found that it is wrong to give loans to societies during the first two years for redemption of the old debts of members, as many of them may leave or be expelled for their serious defaults and inability to make a good out-turn from the soil. For the 23 new societies consisting of 594 members started during the last year a sum of Rs. 3,19,513-12-0 was given or sanctioned as loans by the Department, the average loan amount per member being Rs. 537-9as. This was less by Rs. 88 per member than what was distributed in 1917-18 to the 21 societies settled in that year. It is satisfactory to note that the committees and the Unions are

realising their responsibility in securing punctual repayments of loans, and the members have come to understand that their position as sub-tenants in the society is dependent on their character and hard work.

The colonisation scheme of the Burma Government is a grand venture on the co-operative basis and the Department is getting year by year sufficient experience to conduct the societies efficiently. New and unexpected difficulties have arisen in the course of colonising lands in forest reserves; sometimes the lands surveyed have shown a less extent than what was estimated; lands have become flooded in some places; bunds in some areas have broken; in some societies crops have failed; while failure in the proper selection of members at the start has led to deplorable defaults in repayments. All these difficulties have been met with a rare resourcefulness by the colonisation officers.

A few words may be added in regard to some of the special by-laws of these societies. All of them are on the unlimited liability basis, and no member need subscribe any share capital. A member should not get loans from non-members without the sanction of the committee. All loans are given "on the personal security of the borrower and two or more sureties and the mortgage of his immovable property as collateral security". New members when admitted shall pay a contribution equal to the average reserve fund per member in the society. For the first four years all the profits are to be carried over to the reserve (and from the fifth year one half is to go to the reserve) and the other to be distributed as bonus to the tenant members. One-half of the reserve fund may be used for the loan transactions and the other shall be invested as the Registrar may prescribe, in land purchase or in a bank or elsewhere.

CO-OPERATION IN ASSAM.

The Administration Report on the working of the Co-operative Societies in Assam for the year ending 31st March 1922 shows that the work of the year was confined to the consolidation of existing societies. There were 17 Central Banks for 555 societies. Supervision and control of Primary Societies are apparently done by the Central Banks and the Government staff.

It is noteworthy that the audit of Central Banks is being conducted by a Provincial auditor. In this province the Chief Inspectors and the Assistant Registrars are expected to carry on concurrent audit of Central Banks and the financial audit at the end of each year. This is due probably to the difficulty of auditing about 38 banks through a single auditor. Co-operators connected with Central and other large urban banks should think out a system by which they can themselves conduct the audit of their banks with an adequate staff, leaving the final audit or the super-audit and the issue of the audit order in the hands of the Government staff.

The Registrar of Assam notes that many rich people who are not themselves needy join the movement with a view to assist their weaker brethren. Their motive in joining the co-operative institutions is to secure mutual help and combination among the agricultural class. In the Madras Presidency this feature cannot be said to be prominent. Richer men in rural parts would like to join co-operative organisations not with the view of demanding credit but as institutions from which they can draw the credit in times of emergency. The Co-operative Departmental officers and those who are interested in promoting rural co-operation should allow facilities for such men to join co-operative societies; at any rate they should not throw obstacles in the way of their joining them.

In Assam the Registrar notes that members who are not themselves needy do their best to provide the capital to be lent out to the poorer members. This is co-operation in the right sense. In 555 agricultural societies the deposits of members amounted to Rs. 82,861. Apparently the reason for such large deposits is the high rates offered to them by the Primary Societies which vary from 9 to 10½ per cent. And the lending rates to members vary from 12½ per cent to 18½ per cent. The margin in Primary Societies between the borrowing and the lending rates is very high and this enables them to offer any special rate to the Central Banks for maintaining the required fluid resources for prompt repayment of their deposits. In the Madras Presidency, however, where the volume of members' deposits in rural societies is low, the rate offered has been very low, viz. 6 per cent and it has been slightly raised recently to seven and a half or eight per cent. Primary Societies should be encouraged to offer a rate of one and a half per cent less than the lending rate and to arrange with the Central Banks to keep the required fluid resource by sacrificing half per cent for it.

If deposits are tapped, as above proposed, the resident depositors will certainly become members of such societies to enable them to watch their working with care in their own interest. It is hoped that co-operators will give their best consideration to the subject of deposits in rural Primary Societies and devise some method by which they will be able to tap more local money than at present.

BOOK REVIEWS.

Rural Credits in Canada.

This booklet is a reprint of the article on "Rural Credits in Canada" published in the August-September number of the *International Review of Agricultural Economics*, 1921. It gives a résumé of the rural credit legislation in the several States of Canada and how far it has benefited the farmer. The striking feature of Rural Credit in Canada is the direct participation of the States in rendering financial aid to farmers. Generally, in credit societies started by farmers to grant short term loans for financing recurring agricultural operations the Municipal Councils and the Provincial Governments appoint each a third of the number of Directors and also hold shares not exceeding one-half the share capital of the individual subscribers. And in Manitoba "one of those appointed by the Government must be an officer of the Government, devoting his time to agricultural work or instruction and he is usually appointed on ten or more rural credit societies in the locality, to insure uniformity and thoroughness in the Management of the societies." In March 1920, the State of Manitoba hurried through a legislation instituting a Provincial Savings Office with branches throughout the State for receiving deposits to be utilised by credit societies, owing to the higher rate of interest demanded by the lending banks from the societies. The Savings Offices attracted a large amount of deposits which were nearly sufficient to supply all the demands of the rural societies.

For long term loans the Farm Loans Act has been passed in some States under which a Board is appointed by the Government to issue loans extending to not more than thirty years for permanent land improvements. The Provincial Treasury finances the Board and the latter also issues debentures to the aggregate value of the mortgage loans. In British Columbia the Land Settlement Board is a department of the State aided from the Provincial Funds. The Board purchases lands for developing them and in the area purchased, it is the undisputed landowner for settling agriculturists, allotting the lands and carrying

out new improvements. It is interesting to note that the Board has the power to enforce penalties not exceeding 5 per cent of the value of the land on the land-owners in its "Settlement Area" who do not make the improvements suggested by it.

The Co-operative Credit Banks in Quebec approach our system of Primary Credit Societies in India in their restricted area of operations, their issue of small loans, and their main purpose of distributing credit instead of giving large returns on share investments. But they are not inter-connected by any central organisation and "the only supervision exercised by the Government over these banks is in requiring each to prepare at the close of its fiscal year a report in triplicate of its operation: one copy to go to the Provincial Secretary, one to the clerk of the municipality, and the third for its own files". The societies are mainly institutions for encouraging thrift and depend for their resources on their own deposits and shares. The booklet refers to various other credit Acts for the encouragement and settlement in the farms. It forms a very useful summary of Canadian Legislation on Rural Credits.

Profit-Sharing in Agriculture in Great-Britain and Ireland.

This is another booklet published by the International Institute of Agriculture. The book gives a description of the number of existing and abandoned schemes of profit-sharing in agriculture and concludes with extracts from the prize essay on the subject written by Mr. James Wyllie. In the main all the schemes lay down that the farmer should be paid the market rate of interest for the capital invested by him, and two per cent in addition for the risks involved in the agriculture enterprise, and also the wages of a farm manager not exceeding those given in co-operative undertakings, and the employees should get the current wages. For the land a fixed rent should be paid at the market rates but the land owner is not entitled to profits for giving the use of his land, for "land unlike capital is not impaired if the business does not succeed". The profits are to be divided after setting a portion, between 10 to 20 per cent, to the reserve which should be built up sufficiently to be drawn upon for declaring dividends in years of loss. Mr. Wyllie suggests that only 10 per cent of the profit should be carried to the reserve every year and that "this fund shall not be allowed to exceed an amount to be agreed upon such as one year's wages of employer and employees". As capital is already paid an additional interest for its risks, the net profits are to be apportioned only between the employer and the employees on the amount of wages received by both. The book is a valuable literature on the subject of reconciling the interests of agricultural labourers and farmers, thus preventing strikes or work indifferently done, which the agricultural operations can ill afford to suffer, being dependent on the seasons, unlike the industrial factories whose operations are in no way affected by seasonal conditions.

The Queensland Producers' Association Bulletins

Two Bulletins have been issued by the Council of Agriculture, Queensland, which was recently formed as a non-official organisation of primary producers as dairy farmers, cereal growers, sugar and fruit growers, grazing farmers and others engaged in vegetable growing, poultry and pig-raising. The Bulletins explain how the Council was formed and give a report of its work since its start. On 24th March 1922 the Premier outlined for the representatives of the dairy industry a scheme of organising the 30,000 agricultural producers in Queensland for the development of rural industries and marketing their produce. The Minister of Agriculture, following the scheme, instituted a Provisional Council of Agriculture representing the different agricultural interests and introduced the

Primary Producers' Organisation Bill in the Parliament "which received the royal assent on 15th Aug. 1922. The Act provides for the formation of Local Producers' Associations to be linked to District Councils of Agriculture consisting of their representatives. These Councils are to elect one member each for the Council of Agriculture which shall be the central body for voicing the farmers' opinions in the province and promoting rural agricultural industries. Not more than a fourth of the members are to be Government nominees representing the Agricultural and the Transport Departments. The Minister of Agriculture shall be the Chairman of the Council. The Council is empowered to raise funds by a levy on the different industries and the Government will pay a subsidy equal to the funds raised. The first year's expense in organising the movement which is estimated at £25,000 will be met by the Government. The Council has absolute control over its funds and the rules for the whole organisation "will not be passed by the Parliament except on the recommendations of the Council of Agriculture."

SHORT NOTES ON CO-OPERATION IN INDIA.

Madras Census on Weaving. The 1921 Census Report for Madras indicates a large decline in the number of handloom weavers in this presidency. While the population dependent on spinning, sizing and weaving amounted to 11,18,628 in 1911, in 1921 it decreased to 9,11,901 even after including the weavers unspecified. There was a steady decline in the number of handloom weavers from 3,81,132 in 1901, to 3,68,509 in 1911, and to less than 3,04,000 in 1921. The number of handlooms rose during the last twenty years by 1697 to 1,99,403. The Districts of Malabar, South Kanara, Anantapur and Vizagapatam showed on the whole for the last 20 years a total increase of 10,781 looms while Ganjam, Bellary and Tanjore together showed a decrease by 11,771 looms. The report mentions that the introduction of improved appliances would be successful only if the rural weaver was ambitious enough to improve his lot by learning their use.

Weavers' Co-operative Societies In Madras

For a total number of weavers numbering nearly 3,04,000 in this presidency the number of weavers' societies was only thirty during the year 1920-21. Of these ten only bought and sold goods to the members, and of the total sales amounting to Rs. 3,26,991, more than seven eighths were done by the Madura Sourashtra Weavers' Society. Of the total working capital amounting to Rs. 1,01,171, the Madura Sourashtra contributed Rs. 48,150, the Sandanapalli Society, Anantapur, Rs. 12,885, the Berhampur Silk Weavers Rs. 3,877 and the Parana-Kudi Sourashtra Rs. 7,162. The net profits of the year amounted to Rs. 6,649 of which those of the Madura Sourashtra alone amounted to Rs. 5,113. The figures indicate clearly that the number of weavers' societies in Madras is quite a negligible quantity. It has been established beyond doubt that the total consumption of cloth in India cannot be fully supplied by foreign and Indian mill-made goods without the aid of hand-woven goods. What the weaver really suffers from is not the competition from the Indian mill, which he can easily outbeat, but his dependence on the middleman trader who absorbs the profits of the trade for supplying yarn in advance and marketing his finished goods. The Department of Industries may introduce improved appliances through schools and demonstration parties but Co-operation alone can solve the problem of getting a fair return for the products of the weaver by eliminating the middleman's profits.

The reader may very usefully peruse the article on handloom weaving by Mr. K. Sanjiva Rao published in the journal of *Industries and Labour* vol. 1, Part 4.

Co-operative Commission Shops in the Punjab.

(Ref. *The Bombay Co-operative Quarterly*, June 1922)

Every one knows that the agriculturist owing to his lack of organising capacity for marketing his goods does not get a fair return for his produce. The village buyers get advances from the commission agents which they turn over to the agriculturists who thus become indebted to them. The agriculturists also are attracted by the large credits granted on their produce and thus are permanently bound down to sell their produce only to the village buyers. To release them from this vicious circle and make them combine for cheaply marketing their goods, a Co-operative Commission Shop was opened at Lyallpur in 1919 by the Department. By the end of last year, 14 societies and 74 individuals were members of the shop and they have paid up a share capital of Rs. 26,000. The by-laws provide that after carrying over one-fourth of the net profits to the reserve, a bonus not exceeding three months' pay of the employees and a dividend not more than 8 per cent may be declared, and the balance may be paid as rebate on the transactions, of which the minimum eligible for the rebate is to be fixed by the Managing Committee. Up to this time all the net profits have been carried to the reserve with a view to raise sufficient capital for paying advances on the produce, and thus increasing the trade of the shop. A sum of Rs. 18,000 was invested for purchasing a site for building godowns and a shop. The shop advances to the sellers 75 per cent of the market price of their goods. The administration is in the hands of a manager and an assistant manager who work under the supervision of the committee elected by the general body. The shop charges only 8as. per cent on the goods sold as against 12as. per cent in private shops. The miscellaneous expenses borne by the sellers only amount to Rs. 3-9as. per cent less than in the private shops. Till the end of last year the Shop sold goods to the value of Rs. 4 lakhs, expended Rs. 150 per month on the management, and made a net profit of Rs. 1546. It has had to meet the opposition of commission agents who certainly do not want their bread to be taken out of their mouths by this new combination of farmers. The latter cannot be easily made to join the Co-operative Shop when they get in advance the full sale value of their produce and even more money from the middlemen who do so with a view to force the farmers to market their future harvests only through them. The Co-operative Credit Societies are here playing a very useful part in giving loans to farmers to relieve them from their indebtedness to village buyers. Three more Commission Shops, of the kind above mentioned, were working in the Punjab during the last year and their great value lies in bringing together farmers for promoting their common economic ends.

Silt Clearance Societies in the Punjab.

Mr. Fateh Khan has contributed an article on these societies in the September number of the *Bombay Co-operative Quarterly*. There are certain canals called inundation canals in the Punjab which are only mere embankments, unregulated by sluices and shutters, and which allow excess water of rivers to flow over. They became easily silted up and require annual clearance for the flow of water. The small channels made for bringing water from the canals to the fields also become useless, having been levelled up by mud and sediment during the rains. For the autumn crop each zamindar carves out the channel for his field which not being "uniformly done" leads to loss of water and litigation among them. Further, they dig the channels very late after the canal has been cleared by the Government and the depth too is not sufficient to prevent absorption of water by the channel itself and permit its unrestricted flow to the last field at its end. The Department of Co-operation is solving this problem of silt clearance by instituting co-operative

societies for each channel area. The members meet in April or May every year and submit schemes for channel clearance. The committee looks to the work. To meet the expenses, each member pays a certain amount on his share capital or according to the quantity of water required by him for cultivation. Members who undertake the work of channel clearance on their own behalf are not assessed any payment while, if they do it for the sake of others, they are given a remuneration. 3 societies worked in the Shahpur District during the last year and they have done immense good to the cultivators. Previously, the channel was cleared a month after the canal was free for the flow of water. Last year on the same day the Government canal was opened, the channels were also free to take the water to the fields. 360 acres were irrigated after the starting of the co-operative societies as against 190 in the previous year.

Co-operation in Coorg.

Among the hills of the Western Ghats live an agricultural population in the State of Coorg dependent on the villager Sowcar for their credit, pledging all their grains to him, and left helpless at the end of every harvest without a single grain to maintain themselves and their families. Co-operation on the unlimited liability basis can get them required credit for their occupation but it is not possible to give large loans to tenants unless they show property assets which can be mortgaged. Special sanction of the Government is required for giving loans on the mortgage of "jama and other privileged lands". The only course left open to Co-operative Societies is to undertake themselves the lease of the lands of defaulting members and transfer it to other persons for a period till they are able to recover the overdue amounts. This is too difficult a work for a co-operative credit society. Only the law should be changed permitting the mortgaging of jama lands and making them liable for the unrecovered loans of a credit society. The Department of Co-operation is yet to be organised in Coorg. The Registrar is also the Deputy Director of Land Records and Agriculture and Director of the Veterinary Department. He is the organiser, propagandist, Supervisor, Auditor, all come up for arbitration. No wonder then, in Coorg, Co-operation is not flourishing to as much extent as it should. The very fact that 48 money funds indicates the existence of a need for co-operative societies and the desire of the rural farmer to combine and pool his resources to get the required amount of credit.

The total number of societies at the end of June 1922 were 143, of which 87 were for agricultural credit, 10 for non-agricultural credit, 45 were Grain Banks and one was a Teachers' Co-operative Stores. The number of members in the respective societies was 4182, 1031, 1806, and 131 respectively. The working capital of the Agricultural Societies amounted to Rs. 2 lakhs odd, 73 per cent of which formed their owned capital. The members' deposits formed 8.24 per cent of the working capital while the deposits from non-members and loans from the Central Bank were 10.78 per cent and 4.39 per cent respectively of the working capital. Thus, the societies depended on their own resources mostly for their transactions which naturally could not meet fully the needs of the farmer. The loans disbursed during the year amounted to Rs. 74,140 which was less than the share capital of the societies. The loans outstanding at the end of the year were Rs. 1,70,516 which was only 2.3 times the share capital. The usual rate of interest for loans was 12½ per cent which, though it looks high enough in Madras where the Central Banks efficiently finance the rural societies, is considered an immensely benevolent rate in Coorg where the cultivators pay up to 25 per cent to private Sowcars. The percentage of overdues amounted to 39 per

cent as against 26 per cent in the previous year which could not be helped without an adequate Supervising staff. It is a noteworthy fact that the Registrar has set apart Rs. 6196 from the net profits amounting to Rs. 13,823 for dividend distribution for the year 1921-22 which was never declared at all up to this time for the unlimited societies.

The ten non-agricultural credit societies had a working capital of Rs. 37,131 of which 72.1 per cent formed their share capital. The loans issued during the year amounted to only one and one-third times the share capital. This indicates the financial strength of the societies and want of an efficient financing bank to lend large sums to the Co-operative Societies. One Central Bank has just been formed and the report says that well-to-do persons are patronising the Bank and it is hoped that it will have a very bright future. The Grain Banks are popular in the rural parts and they lent paddy to the members to the value of Rs. 17,100 at 25 per cent interest which covers the losses caused by the shrinkage of grains. There were Cattle Insurance Societies which have declined in membership by 10. The number of cattle insured also from 281 to 266. It seems the high premia the members pay for redeeming policies of small amounts are not attracting the agriculturists to insure their cattle to any large extent. Co-operation in Coorg needs every sort of assistance for its future progress. Hon. organisers, Inspectors and Supervisors, non-official sympathy and co-operation, and State aid are all required for the development of Co-operation in Coorg.

Co-operative Sale of Wheat.

A co-operative society was established in France last year for the co-operative sale of wheat. It is very interesting to note its method of organisation. A penal clause is provided which prohibits sales otherwise than through the society and enforces fines on members for the amount of wheat so sold. The wheat should be delivered to the society within thirty days of the harvest. A certain amount is paid in the beginning and the remaining sale value due to the members bears an interest of 5 per cent. All the sale prices of different months are added up, the establishment expenses are deducted and the average sale price is determined for the year. This is handed over to the members deducting the initial payment as soon as all the sales for the year are completed. The management grades the wheat and sells at the dearest market to make the most profits. The society is prohibited from entering into any large wheat trade by purchasing all the wheat in the area from non-members also; its sole function is only to sell the members' wheat. It is a limited concern, the share value is fixed at 25 francs and the initial capital is 50,000 francs. The capital may be increased and the shares are transferable. The dividend on the shares should not exceed 5 percent.

Propaganda on Agricultural Co-operation in Italy.

There is a central organisation in Italy with headquarters at Piacenza and consisting of district branches whose main object is to promote agricultural co-operation. For supplying agricultural requisites and undertaking agricultural propaganda it gets the required amount of credit from various banks. Three-fourths of the supply of the superphosphates manure in Italy is in its hands which it obtains by contract with private merchants and encouraging co-operative factories for their manufacture.

Three steamers the federation maintains for transporting its supplies and in 1918 opened a shipbuilding yard with the purpose of maintaining its own transport service for importing agricultural requirements. It makes collective purchase of manures on the indents of its affiliated societies. The federation

maintains technical engineers with up-to-date knowledge of machinery to popularise ploughs, harvesters and tractors. It maintains a propaganda department (with a press of its own) which issues leaflets on new machinery, and their joint purchase and collective use by the members, conducts a weekly and a monthly review on agricultural matters, and sends out agricultural demonstrators experiment and supply of selected seeds. During 1919 the number of its affiliated societies and individuals was 939 and 496 respectively.

A Century Old Co-operative Store.

The centenary of the Larkhall Victualling Society, Lanarkshire, Scotland, was celebrated on 6th Oct. 1922. It was started by 18 weavers in 1821 for collective buying as "they viewed with serious concern the many disadvantages the by-laws of the society in its early days. Every applicant had to appear before the managing committee who read out the by-laws and then he was asked to sign them to signify his assent. This was necessitated by the fact of the stringency of the conditions laid down in the by-laws. In those days the profits were distributed on the shares and there were no attractions by way of bonus on purchases to the members, to make them loyal to the stores. In its place the rules laid down penal clauses for disloyal members. They provided that "every member shall be bound to purchase *The Whole of His Goods* from the society which he may require for the use of his family; and any member found guilty of failing to do so shall lose his proportion of the profits on the two succeeding balances and if found guilty a second time the managers shall have no alternative but to exclude him from the society". The purchases of members were scrutinised and they were censured if they failed to be loyal in the strict sense of the term and "even as late as 1864" two members were expelled "as their purchases were not up to the standard set up by the committee". There were also other penal clauses provided in the by-laws. If any member refused to serve on the committee when elected he had to pay a fine of half a crown. If a committee member failed to be punctual in attending the meetings he was fined six pence. "A member of the society who disclosed its business was fined a shilling and any officer of the society guilty of a similar offence was fined half a crown". It was only in 1892 that the society changed its by-law providing for bonus on the purchases. The enormous growth in the trade of the society when compared to its small beginnings is a tribute to the loyalty of the members and the industry of the managing committee. It started with 18 members, now it has 2500 on its rolls. Its capital was £18,18sh when it first began its trade, now it is more than £80,000. Its establishment consisted only of a salesman in the beginning who received 16sh per week. Now the weekly management charges amount to £300.

Market Gardening in Austria.

Austria during the war owing to the prohibition of imports of food stuffs and vegetables was forced to develop market gardening among the workmen. A number of Decrees were issued by the State from 1915 to 1918 providing facilities for market gardening near centres where large populations have to be fed. Every District authority was empowered to grant free lands to associations of growers and municipalities to be distributed by them to workmen on condition the lands were used for growing vegetables and potatoes. Market gardening has developed largely near Vienna owing to the encouragement and assistance given by the Market Gardens Department of the City Council. At first the cities had enormous difficulties to meet with, the ignorance of agriculture among city workmen, the

barren and useless character of the lands which have been lying rejected as uncultivable waste, want of seeds, manures, implements and water facilities, and absence of enterprise among the workmen to take to new intensive methods of cultivation. All these have been solved by the resourcefulness of the city governments and the result is a rapid transformation in the lives of the workmen and a larger provisioning of the cities. The main object of the cities in developing gardening has been not to increase the money returns from lands but the productivity of the soil to the fullest extent irrespective of the expenses incurred in the same. Intense labour was required on the part of the workmen to bring cemeteries, steep places and camping grounds under cultivation. This labour was given freely by the workmen as they had letting agreements with the owners of lands which belonged to private landlords or the municipalities. The Government supplied good potato seeds from other countries, and the cities, fearing that workmen might not take proper care in growing the nurslings, themselves supplied them from their own garden farms. Only nominal rents were charged and these too, only after the first year; the city refuse collections were disposed free to the garden cultivators, tools and implements were supplied free, the lands were irrigated by the water supply of the municipalities, and the crops were watched during nights by the city police. The workmen first came from their homes in the distant parts of the city for the cultivation of these gardens and stored the agricultural requirements and the produce in their own homes. This was found too difficult for carrying on the agricultural operations and gradually small huts were built in the gardens first as storehouses and then as residences for them. The agricultural associations of workmen which number about 90 in the vicinity of Vienna get the gardens for rent from the municipalities or private land owners and allot them to workmen. The Associations conduct agricultural lecture courses and arrange for conferences and exhibitions, and their work has been greatly stimulated by the grants given by the cities for agricultural propaganda. All the municipalities refer to the remarkable results from the development of market gardening. "They state that it facilitates the town provisioning; that the style of living of the workers has noticeably improved; they draw attention to the beneficial effects on family life and also to the increased income of those concerned, who in addition to their regular occupation, are engaging in activity of great economic value. They further state that the small cultivators everywhere give up going to the public houses; they are often induced to attend lecture courses, etc., of an instructive kind; they read technical journals and even make experiments in crops and new plants".

The Co-operative Societies Act in Greece.

Greece did not show any co-operative effort before the year 1914. In fact, the number of societies was not more than ten. The war gave a great impetus to Co-operation and by the end of 1921 the agricultural societies alone were 1711. The main reason for this large increase should be sought in the co-operative legislation of 1914 which has given very many special privileges to co-operative undertakings. The non-official agency to supervise and control the movement has not yet grown. The two Ministries, of Agriculture, and Commerce, Industries and Labour, are organising the whole movement in the State. The 1914 Co-operative Societies Act gives a free scope to all forms of Co-operation. Societies may be formed for any purpose, they may be limited or unlimited, the share capital and the area of operations may be determined by the societies: the only limitation under the Act is they should be co-operative undertakings. Any middleman trader or capitalist who hinders their formation may be fined or imprisoned for six months. Personal creditors have no rights over the members' produce consigned to the society or sums standing to their credit in the society. Members of the Committee of Management may be punished "if guilty of corruption". More than all, the

law grants various privileges to co-operative societies such as "fiscal exemptions, postal facilities, supply of co-operative products to the State or to the Communes without contracts, pecuniary rewards to institutions and persons forming co-operative associations or arranging courses on Co-operation to be held during the Summer holidays for schoolmasters".

Co-operative Farming in Germany.

In East Prussia the estate of Hohendorf was handed over in July 1920 to the cultivators to be worked as a co-operative concern. The members comprise the owners of the estate, tenants of the estate of 45 years of age owning 300 marks, a few cattle and the necessary implements, and labourers required for farming it. Every member is given a house, and a garden attached to it, all domestic requirements, a cow if members of the same family not less than three work in the farm, and also a cash wage which is deducted from the profits due to them at the end of the year. 50 per cent of the profit is carried over to the reserve fund and the balance is divided as bonus among the members in proportion to the amount of work done. With a poor yield of grains and potatoes, the society was able to earn a large net profit for the year ending July 1921.

CORRESPONDENCE.

Property Statements.

A note issued by the President of the Provincial Union to the District Council of Supervision, Vellore, on the Circular No. 1312 of 1922 dated 6th June, 1922, issued by the Asst. Registrar, Vellore, to the Rural Primary Societies, is published for the information of co-operators.

A circular has been issued by the A. R. of Vellore as regards the preparation of Property Statement, another name for a statement showing the assets and liabilities of members of a Primary Society on unlimited liability basis. The Circular enjoins on the society the revision of the Statement in each year in the months of July to September and before the loan applications are sent in. This period is hardly suitable for the work being undertaken, as it is the period when the Inspecting Staff will be engaged in the final audit. A revision of the Property Statement must be secured once a year and, so far as Vellore District is concerned, it was the practice to get the revision completed between Dec. and June in each year so that it may be verified and tested by the Inspecting Staff which undertake the overhauling interim audit. Apparently the A. R. has changed the date for valid reasons which, however, have not been mentioned in the Circular. Co-operators will be glad to be acquainted with the reasons for the change. Co-operative officers are advised to make as few changes as possible as the routine learnt by co-operative office-bearers is upset and as it takes a pretty long time to settle down after some changes. Changes for the better are not deprecated if they are found absolutely necessary.

2. Copies of the Property Statement revised are to be sent 1. to the Union, 2. Government Departmental Officer, 3. and the District Bank. The usual method is to send one copy to the Union and the other to the Central Bank through the A. R. This is intended to maintain the Property Statement registers in the Union, the A. R.'s Office and the Central Bank. The Register to be kept in the A. R.'s Office need contain only the totals for each society and as such the necessity for a copy for that office is not apparent. The A. R. has also to consider the practicability of his proposal. Few societies can afford to keep adequate staff

to cope with the increase of clerical labour. The necessity for a third copy has not been explained. It is hoped that the A. R. will reconsider his decision. This seems to be also the view expressed in the Manual of Mr. Hemingway. The A. R. states that the Statement should be prepared in a General Body Meeting. It is not possible to have a General Body Meeting in which all the members will be present. It seems to be physically impossible to hold a General Body Meeting for such a length of time to admit of the preparation of the Property Statement. It is in consideration of this difficulty that the Manual says, "To minimise error it should, if possible, be prepared at a General Body Meeting or at least in the presence of as many members as possible. The advice and help of the village officers should be invited for the correct preparation of the Statement. It should be brought for the consideration of the General Body and the case of each member should be considered". The Panchayatdars should be expected to do this work completely from time to time and place the Property Statement before the General Body.

3. The A. R. states that the signature of each member should be obtained in the four copies, one of which is to be retained in the society and three are to be sent to the Union, the A. R. and the Central Bank. This is neither practicable nor necessary. It is enough if the Register in the society is signed by each member and if the copies sent elsewhere are signed by the Panchayatdars or the office-bearers in token of these being exact copies of the original. The A. R. has to reconsider this portion of the Circular.

The General Body should pass a resolution that it has passed the Statement. This is a wholesome procedure but I am afraid it becomes a formal affair. Nevertheless, passing a resolution draws the attention of the members of the General Body. The A. R. wants copies of the resolutions to be attached to the three copies of the Statement sent up. This seems to be unnecessary and the Panchayatdars can be expected to do their duty in this respect.

I quite realise the wish of the Assistant Registrar to see that the preparation or the revision of the Property Statement should not become a formal affair but that it should be done satisfactorily in all seriousness. But at the same time the suggestions should be practicable so that the office-bearers of Primary Societies can hope to carry them out. Scriptory labour should not be multiplied in the Primary Societies and too much of interference by the Departmental men or the Central Bank in the internal working of the Primary Societies has to be deprecated. The A. R. has to assume the position of an Advisory Officer so far as the grant of loans by the Central Banks to the Primary Societies is concerned. He should not make the procedure more rigid than is practicable and thereby on account of technicalities the free flow of credit to the Primary Societies.

A CO-OPERATIVE STORES CONFERENCE.

Mr. N. Subrahmanyam, Hon. Secretary of the Co-operative Stores, writes:

In as much as we do not get authoritative accounts of the working of the societies it should be of considerable advantage if the reports of the Assistant Registrars on the stores movement for the years 1920-1921 and 1921-1922 are published in your valuable Journal together with the annual reports of the four Premier Urban Stores referred to in the article, to see how the situation has improved this year. In addition to the above a Special Conference of the represen-

tatives of the Stores Societies in the Presidency, with the Assistant Registrars and the Registrar, at the time of the ensuing Annual Conference in December, to compare and contrast the methods employed in buying things, fixing prices, in obtaining working capital, in keeping accounts, the establishment maintained generally to consider the ways and means of strengthening the existing societies, is absolutely necessary, and a Conference of the nature suggested every year ought to prove highly beneficial and conducive to the interests of Stores Societies in general.

I find from the records of the society available that a Conference of the nature suggested above was held in December, 1917, and eight or nine suggestions were made to improve the working of the Stores and they have been communicated to the Assistant Registrar and Store Societies, and that a Conference was held at the Office of the Registrar on the 24th, February, 1919 and about 12 resolutions were arrived at and it is not known how far the suggestions were given effect to and how far these resolutions were carried out and why the holding of such Conferences in the succeeding years was given up.

From the nature of the resolutions passed in the year 1919 one is inclined to think that the details of the management to increase the efficiency in the working of the Stores was not considered at all in the Conference and in my view what steps should be taken in each society to ascertain what to purchase when to purchase and in what quantities to purchase, to determine the establishment charges the society can bear with profit and to avoid loss due to wastage and dishonesty of the paid staff and at the same time minimise labour in checking stock as well as accounts should form the chief work to which attention must be paid at the Conference. The mere presence at the suggested Conference of the co-operative societies' representatives will not be sufficient but they should also bring with them the necessary accounts showing the work done, their balance sheets, and annual reports and other books they consider to be of sufficient importance, should sit with a determination to work with enthusiasm, zeal and earnestness, with a view to study, compare, and take notes and not treat the visit to the Madras Annual Conference as a holiday trip to Madras at the expense of the society just like what many, if not all, of the representatives the societies that attend the Conference, do.

REGISTRAR'S CIRCULAR.

Copy of Circular No. Dis. 1356122 dated 11th May 1922 from the Registrar of Co-operative Societies, Madras, to the Assistant Registrar of Co-operative Societies, Madras.

The Inspector-General of Registration has brought to the notice of the Registrar of Co-operative Societies a case in which the Secretary of a certain Co-operative Society applied for and obtained free of charge an encumbrance certificate in respect of land belonging to a member of the Society when there was no need to mortgage the land to the Society. The Registrar considers that in order to prevent such abuses in future applications by Co-operative Societies for encumbrance certificates should invariably be accompanied by a copy of the resolution of the Panchayat, bearing the seal of the Society.

J. GRAY.

Registrar of Co-operative Societies, Madras.

AGRICULTURAL SOCIETIES IN INDIA 1920-21.

(The following Percentages and Averages are worked from the Statements on the Co-operative Movement in India during the year 1920-21 and published by the Department of Statistics.)

STATEMENT A.

The Percentage of Resources, Cost of Management, and Profit and loss, to the Working Capital.

Province.	Total Working Capital in Rupees.	Percentage of Working Capital devolved from							P. C. of the Cost of Management to the Working Capital.	P. C. of profit and Loss to the Working Capital.	Usual Dividend paid on shares per cent.	Margin between the borrowing and lending rates per cent.	
		Share holders.	Loans and Deposits held at the end of the year from				Reserve Fund.						
			Mem- bers.	Non- mem- bers.	Soci- eties.	Prov. & Central Banks.		Gov- ern- ment.					
Madras	187,61,771	10'32	3'37	4'22	'23	76'5	'18	5'12	'92	—	'48	6½	1½ to 2, 7'16
Bombay	135,81,611	2'02	22'76	20'54	1'47	44'55	1'29	7'35	1'17	+1'8	+3'88	6 to 9	3½
Bengal	128,26,310	2'97	5'14	4'72	'72	72'91	'09	13'4	1'45	+3'88	+3'04	12½	5½
Punjab	221,11,467	24	6'5	7'11	1'17	37'47	'2	23'5	'86	+4'7	+2'84	...	3½ to 4½
Burma	148,25,282	16	1'3	4'77	1	50'74	11'24	14'9	3'27	+2'84	+3'04	...	5
United Provinces	57,75,276	20'73	1'05	2'16	'08	58'89	...	17'06	1'24	+3'04	+5'5	...	3
Bihar and Orissa	48,32,591	2'04a	3'85	4'05	'66	74'92	'43	14'01	'77	+5'5	+1'84	9½	3½
Central Provinces and Berar	125,10,435	(125b)	1'25	'33	...	85'23	5'32	7'74	'09	+1'84	+5'6	...	2 to 3
Assam	6,15,279	1(c)	13'4	4'83	10'3	42'4	'6	27'4	1'31	+5'6	...	...	3½

(a) The share system has been lately introduced.

(b) A member of a Rural Credit Society in C. P. takes shares in the Central Bank in proportion to the loans he receives from his society, and hence the smallness of the share capital in the society itself.

(c) Only in the two districts of Sylhet and Kamrup the share capital was paid.

STATEMENT B.

Average Resources and Profits or Loss per member in Rupees, cost of management per society and percentage of overdues to demand.

Province.	Number of Members.	Share capital.	Deposits.	Re-serve fund.	Total internal capital.	Total external capital.	Total working capital.	Profit or loss.	Total number of societies.	Cost of management per society.	P.C. of the overdues of individuals to demand. (a)
Madras	2,80,299	6'91	2'27	3'46	12'64	54'3	66'9	— '32	5,274	32'78	30'69
Bombay	1,79,360	1'53	17'25	5'57	24'35	51'38	75'73	+1'36	2,382	67'28	15'7
Bengal	1,71,833	2'22	3'83	10	16'05	58'59	74'64	+2'9	5,850	32	47'8
Punjab	2,14,411	2'47	6'75	24'24	55'7	47'4	103'1	+4'85	8,014	23'84	10'1
Burma	96,358	24'6	2'01	23'08	49'7	104'2	153'9	+4'37	3,812	127'3	...
United Provinces	1,02,051	11'7	'59	9'66	22	34'6	56'6	+1'72	4,223	17	39'4
Bihar and Orissa	95,112	1'06	1'95	7'12	10'13	40'68	50'8	+2'79	3,247	11'5	37
Central Provinces and Berar	74,605	'21	2'09	12'98	15'28	152'4	162'68	+3'09	4,569	27'3	...
Assam	21,638	'28	3'81	7'79	11'88	16'55	28'43	+1'59	494	16'33	68'1

(a) The demand under loans has been found out by adding the receipts from loans and deposits repaid during the year by individuals and banks and societies, with the overdues of individuals.

(b) "In Assam a kist overdue is shown as loan overdue whereas in some other provinces, a loan is not shown as overdue until the last kist is actually overdue."

K. G. SIVASWAMY.

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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 Eleventh M. P.
C. Conference—The
Annual Stock-
taking.

A review in broad outlines of the achievements of any movement always stimulates a mental introspection among the body composing it, as to whether its progress is really towards the goal in view or only leading to bypaths, or perchance in the opposite direction. The address of Dr. John Mathai, the chairman of the Reception Committee, must have really focussed the attention of co-operators whither they were marching. The analysis of the purpose of a movement with a view to see whether any effort is made to carry it out, exposes like a searchlight its weakness and strength. With what purpose were the co-operative societies started by the Government? Was the object to increase the money-lending agencies in the country, or was it to reduce the chronic indebtedness of the ryot and make it possible for him to lay by something? The latter object is impossible of attainment unless the loans issued to the farmer were sufficient to be expended by him on permanent productive improvements. This again necessitates large long term deposits in the co-operative movement. And hence the real issue is whether the movement can really benefit the ryots so long as it is dependent on short term deposits and can therefore finance only recurring agricultural operations till the period of harvesting is over. Dr. John Mathai referred to the need for the introduction of the system of co-operative debentures and it was well, he said, that a scheme was being considered by the Department and the Government.

Again he drew our attention to the comparative failure of co-operative trade. The indebtedness of the ryot to the village trader who is also the money lender prevents any action on the part of the former to buy at any other market. We trust that co-operators will bear in mind these two issues, loans for productive purposes and loans for the redemption of prior debts, if the co-operative movement is really to aid in rural developments.

The president of the conference, Dewan Bahadur P. Kesava Pillai, put in a strong plea in his address for the spread of co-operation among the landless labourers with a view to prevent their emigration to foreign lands. Dr. John Mathai also referred to this point and suggested a method of starting societies for them. He said that as they could not "offer any tangible security," the alternative to it was "effective supervision". We published in our last July and December Bulletins a short account of Labour and Tenancy Societies in Italy and Burma respectively. It is necessary that co-operators should investigate this question according to the conditions of different geographical areas whether, co-operative labour societies collectively conducting large scale operations on contract from big landlords, or tenancy societies getting lands on lease and farming them out to members on sublease, can be effectively managed in this presidency to the economic well-being of the landless labourer.

* * *

The rate of Interest A subject of all-absorbing interest to co-operators, the central banks as well as rural credit societies, was the resolution of the conference on the rate of interest. The prevailing rates of $7\frac{1}{2}$ per cent charged by the Madras Central Urban Bank to the Central Banks and of $8\frac{1}{2}$ per cent charged by the latter to the rural credit societies were the result of the financial stringency in the money market in the year 1919 and naturally there was a feeling that the rates should be changed to the old ones. It was thought that only then the rural societies would be in a position to lend to their members at the old rate of $9\frac{3}{8}$ per cent instead of the current rate of 10—15/16 per cent.

* * *

Arguments for and against. The decrease in the rate of interest is possible only if it could be definitely shown that the financial crisis has passed away and that the rates in the money market are the same as those prevailing before the period of crisis. Three arguments can be put forth why the rate of interest should be decreased. Deposits are coming in freely at six or six and a half per cent. Large deposits have come into the movement at 6 per cent from local bodies. Large surpluses

in the central banks are available and co-operative societies have not absorbed them as the borrowing rates are high. The other school of co-operators have as strong arguments to rebut these. The free inflow of deposits, they say, is a result of temporary depression in trade brought about by political causes and temporary fluctuations in exchange. When trade revives and exchange becomes stabilised, money will again become scarce for co-operative institutions. Secondly, local bodies will withdraw their deposits very soon when schemes for their utilisation are ready. They are themselves in the market for floating loans for permanent and profitable undertakings. And they will shortly pool their resources and use them for their own improvements. Thirdly, the reason for large surpluses in the central banks may be due to the caution exercised by departmental officers in sanctioning loans specially at a time when consolidation of societies rather than expansion is the policy of the Department. More than all, the fact has to be noted that the Imperial Bank has raised its rate of interest from 6 to $6\frac{1}{2}$ per cent interest as regards overdraft allowed to co-operative central banks.

* * *

Financial Position of Central Banks.

Hence the question may be viewed from the standpoint whether the transactions of central banks during the last one or two years show sufficient profits to permit of any reduction in the rate of interest. It has to be borne in mind that central banks have to pay $\frac{1}{4}$ per cent to the Supervision Fund of Societies, to set apart one-fourth of its profits to the reserve and declare sufficient dividend to the maximum of 9 per cent to its shareholders. Can it be said that central banks could meet all these demands with a margin of 1 per cent and paying its establishment and contingency expenses as well?

* * *

Some Reduction Possible.

When all is said in favour of Central Banks it is no doubt true that in the case of *larger* central banks deposits are being received at 6 to $6\frac{1}{2}$ per cent interest. This gives a fair margin of 2 per cent and there is a *prima facie* case why they should not reduce the interest rate. But a statistical study of their transactions indicates that they cannot safely go beyond reducing half per cent in the rate of interest. Further, there are a number of *smaller* central Banks which attract few local deposits and they will be adversely affected by a reduction in the rate. We cannot also forget the overwhelming consideration that conditions will not always be the same in regard to the attraction of deposits at low rates of interest.

A Compromise.

So the best way of solving the problem consisted in allowing the lending rates to remain as at present but requesting the financing banks to allow a rebate of not exceeding half per cent on the loan transactions of their constituent societies, after setting apart a sum sufficient to pay the maximum dividend to the shareholders. Such a solution had the advantage of getting a reduction of half per cent to the Primary Societies, without binding the central banks to grant it even when it cannot make both ends meet.

The question next discussed at the conference was at what rate rural societies should lend to its members. The conference unmistakably expressed itself to reduce the rate to the old one of 9½ per cent. This will secure to the societies a margin of 1½ per cent, granting that they will get from the financing banks the rebate of half per cent at the end of the year on its loan transactions.

Creditable to the Conference

It is creditable to the conference that the delegates representing rural credit societies realised the financial importance of central banks to themselves, and without passing any definite resolution of reduction in interest and thus enforcing the view point of the borrower alone, only requested the Central Banks to consider, after looking into their accounts, whether they could grant a rebate of half per cent. It bespeaks well of the conference that the delegates realised that till they were able to tap local deposits, accumulate their owned capital sufficiently, and command easy terms in the money market, they must rely on the individual shareholders of Central Banks. It is noteworthy that the delegates understood that Central Banks were the nerve centres of the co-operative system and to weaken them would be only endangering their own interests. That the delegates appreciated the view points of the lender as well as the borrower and came to a compromise without affecting co-operative movement, the sense of responsibility of the borrowing members, and the spirit of accommodation of the financing agencies.

Loan Recommendations.

The resolution of the conference recommending that central banks should as an experimental measure select unions and accept loan applications from them direct without the recommendation of the Assistant Registrar should be welcomed by all co-operators who would like to see the movement one day stand on its own feet. The resolution points the way to the goal of self-management and posits two main principles. The one is that Local Unions must undertake

the responsibility in regard to the efficient working of its affiliated societies, and the second is that the Central Bank as the financing agency should have the right of selecting efficient unions for the purpose.

Legally Central Banks have the right of issuing loans to societies without the sanction of the Registrar when once they become shareholders. But in the beginning as the Departmental staff alone was employed in supervising and lending to the Primary Societies, and as Central Banks had no direct knowledge of the condition of each society, as a matter of prudential arrangement, loans were granted on the recommendation of the Assistant Registrar.

Local Supervising Unions are growing strong in certain areas, and they are more in touch with the societies, their area of supervision being limited, than the Assistant Registrar who has to rely mainly on the annual Inspection reports of his Inspectors and those of the Supervisors working under Unions. Secondly, some delay is caused by the applications passing through two agencies which lead to discontented loan applicants spreading easily an unfavourable atmosphere against the movement in the rural tracts. Thirdly, so long as there is another authority to sanction loans, the unions lose their sense of responsibility in the efficient supervision of their societies, which is hardly conducive to the creation of the corporate spirit and the spirit of initiative and enterprise which arise only out of a conscious exercise of power. But at the same time power granted to indifferent or infant agencies may work irreparable mischief in a financial movement and the transference should be wisely done so that the smooth working of the movement is in no way impeded. Hence the resolution passed by the conference is so cautiously worded that while relieving the Assistant Registrar of his responsibility in the matter of recommending loans, it does not divest him of his powers of advice, nor the Central Banks, of its right to consult him.

A larger responsibility is now devolved on Unions and Central Banks who will have in future to scrutinise the loan applications with great care with the aid of the inspection reports of the department. Vigilant supervision of societies, punctual collection of dues, and a proper sanction of loan applications will have to be performed by the Local Unions in such a thorough manner as to deserve the new privilege demanded by them. In the case of short term loans it is easy enough for Central Banks to know the financial condition of societies as defaults can be discovered early owing to the period of payment being short. In the case of societies receiving long term loans extending over five to ten years, the Central Banks will have to be watchful enough to examine periodically their condition.

Organisation of new societies. The third resolution passed by the conference is one of far reaching importance to the future of the Co-operative movement. It grants the power of organising credit societies to those supervising unions which are considered "well-developed" for the purpose by the Assistant Registrars. The power of organising societies rests with the Registrar or with those to whom he has delegated his power. Honorary organisers are also given the power to start new societies but the Assistant Registrar will have finally to sanction their registration. But even the Assistant Registrars should get the approval of the Central Bank before registering a society if they require credit to be set free exceeding one-eighth of the total net assets of its members. Rule three of the rules framed by the Government states "The Registrar shall satisfy himself that the proposed society does not contravene any of the provisions of the Act, that its draft by-laws are suitable, and that it has reasonable chance of success with reference to local conditions." So the final power of registering societies rests with the Registrar or those to whom he has delegated the power. But the power of organising new societies and sending their *applications for registration* may be handed over to non-official agencies at least in regard to *credit* societies which demand less expert knowledge than non-credit work.

The only non-official agency available in most districts at present in the form of an institution with a definite constitution, is the Local Union. This power may be handed over to the latter. The question then is, are Local Unions strong enough, financially and in human material, to take up this task? To start a society means to raise the foundation on which a rural bank is to flourish, capable of serving the whole neighbourhood. The first members form the Panchayet charged with the responsible task of developing the society. On them rests the duty of properly selecting the future members endowed with business habits. On them rests the successful working of the bank to create confidence in the rural public. To understand the credit needs of a place and to select the right men who form the nucleus of the would-be bank is by no means an easy task. Hence the best unions fit for organising societies and expanding the movement in their areas should be selected, and no other person is better fit to do it than the Assistant Registrar who has for so long been doing the work. We hope that when this resolution is acted upon by the Department and when the Assistant Registrars gladly part with their power trusting to the good sense of the Local Unions, the latter will rise to the occasion and show that amount of shrewdness, energy and experience necessary for any organiser of societies.

The Madras Provincial Co-operative Union. We are glad to announce at the commencement of the New Year, 1923, that the by-laws of the Madras Provincial Co-operative Union have been remodelled with a view to make it function efficiently and contribute to the building-up of the movement on the non-official basis. Co-operators cannot be too much grateful to the Registrar, Mr. J. Gray, I. C. S., for his unflagging efforts to make the Provincial Co-operative Union a really living institution in the Presidency, able to serve as an educative agency for the movement.

It is claimed for this movement as a speciality that it trains its members in civic virtues and instils an amount of social discipline necessary for any organised and progressive society. Secondly, the economic character of the movement requires elementary business habits and a knowledge of accountancy if it is to be successful. Can it be said that the Local Organisations, District Federations, and the Provincial Co-operative Union have sufficiently tackled with these two tasks, to energise the public with a co-operative enthusiasm, and train sufficiently able Panchayatdars and Supervisors? The former task requires missionaries enthused with ideals of uplifting the society to a Co-operative Commonwealth and the latter, experienced educationists to conduct classes and train co-operators in co-operative administration and accountancy.

Under these two aspects, the work to be done is vast. Vernacular publications useful for members of Co-operative Societies, Supervisors, Panchayatdars and Governing Body Members of unions are felt as an absolute need. Educational propaganda to make people combine for economic pursuits is another sore-felt need. All this work can be undertaken only with efficient finance and it is a matter for profound gratification that the Registrar, Mr. J. Gray I. C. S., has promised the whole-hearted support of his Department for strengthening the Central Non-official institution.

From the current year the Bulletin Department has been separated from the other normal work of the union which it is expected to do as an educative agency. The main principle of the new by-laws is that the central educative institution should be supported by all co-operative societies in the Presidency. Every Rural Primary and Urban Society should agree to pay the annual contribution to the union by a resolution in their Governing Body Meeting. Rural Primary Societies need pay only Rs. 2 as annual contribution, through their Local Supervising Unions if affiliated to them, and those not affiliated should send their contribution direct. All Vernacular publications issued by the Madras Provincial Co-operative Union will be supplied to the Rural Primary Societies. Newly started Rural Primary Societies will also be supplied free with the Vernacular publications, provided they agree to pay the annual contribution after the lapse of a year from the date of starting. Urban societies shall pay annually Rs. 2½ and they will be supplied with English or Tamil publications as they so desire. The old by-laws have not been changed in regard to the right of membership of societies in the

Provincial Co-operative Union and their annual payments. Only Supervising Unions, Trading Unions, Provincial Societies, and Central Banks may affiliate themselves as members on payment of an annual contribution. The latter is fixed at Rs. 5 for Supervising and Trading Unions, Rs. 100 for Provincial Societies, and Rs. 5 on every lakh of working capital or a fraction thereof and not exceeding Rs. 25, for Central Banks. Each of the affiliated societies shall elect a delegate to represent them in the General Body of the Provincial Co-operative Union. Rural Primary Societies will be represented by the Supervising Unions and the District Federations, and urban societies will get the right of representation as soon as audit unions or other federations are formed by them. Central and other urban banks in the Andhra Districts and Malabar and South Kanara may get affiliated to the Provincial Co-operative Union, if they so desire.

50 per cent from the contributions of Rural Primary Societies, and 60 per cent from those of urban societies, and Rs. 4 from the annual affiliation fees of other societies, will be credited to the Bulletin Branch. The bulletin subscription for individuals and non-affiliated societies will be raised to Rs. 4 from the beginning of the next co-operative year, July 1923.

The bulletins will also include matters of interest on agriculture, industries, and trade useful to rural co-operators. Departmental circulars bearing on the movement as a whole will also be published in the bulletins.

The reduction in subscription rates for Rural Primary and urban societies, will, it is hoped, be made good by all of them undertaking to pay regularly the annual contributions. The Department cannot be expected to do otherwise than persuade societies to remit their annual payments, as the societies themselves should deem it a matter of privilege to combine into a central institution and maintain it. The Department can stimulate the collection of small amounts, in the case of Rural Primary and Urban societies, but this they can do only if the latter resolve in their Governing Body Meetings agreeing to pay the contribution.

The new scale comes into operation from Jan. 1923 only in the case of societies agreeing to pay annual contributions for the first time, or newly affiliating themselves. It does not affect existing subscribers till the beginning of the next co-operative year (July 1923). Our existing member societies are in no way affected by the new by-laws.

We trust co-operators and co-operative institutions will spare no pains in effectively carrying out the new by-laws. The life of any federation of societies depends on the interest taken by the latter in its work.

THE ELEVENTH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

The Eleventh Madras Provincial Co-operative Conference was held in the Wesley College, Royapettah, Madras, on the 23rd and 24th December 1922 with M. R. Ry Dewan Bahadur P. Kesava Pillai A.M., M.L.C. in the chair. About 200 delegates were present. Among those present were Mr. J. Gray, O.B.E., I.C.S., the Registrar and several other Assistant Registrars. At the entrance into the hall, there was a small exhibition of the products manufactured by some of the co-operative societies. The conference began at 12 noon on the 23rd December 1922 when Dr. John Matthai welcomed the delegates on behalf of the Reception Committee.

He said that it gave him special pleasure to welcome Dewan Bahadur P. Kesava Pillai as President of the Conference. Mr. Kesava Pillai was a recognised authority on rural problems in this Presidency and as such his vast experience and knowledge should be welcome to people interested in the Co-operative movement. It was usual for the Chairman of the Reception Committee to survey the work of the Co-operative movement during the year. The first thing he would like to say was that there was a general feeling that the working of the Provincial Co-operative Union was not satisfactory as it might be. The main business of the Provincial Union was to educate public opinion on Co-operative matters and to develop a Co-operative consciousness among the people of the Presidency. In this respect the work of the Union so far, had been rather a failure. The chief cause of this was, that the Co-operative Union was not a really representative federation. The main practical difficulty in this connection was to determine the right kind of membership for the Union. It was out of the question, to enrol every primary Society as a Member because there were over 7,000 Societies in the Presidency. It was therefore necessary to think of some larger units than primary Societies as Members. The only larger unit which could be thought of was the Co-operative Local Union but the difficulty was that at present the Local Unions were hardly effective bodies and many of them had no real existence. This was the issue which he would like the Union to consider with regard to the organisation of a real Co-operative Federation.

The only kind of educational work which the Co-operative Union had been doing so far was the publication of the Bulletin. The Bulletin had somewhat failed of its purpose chiefly because the Editorial work was in the hands of people who were not in sufficient touch with Rural Societies. Even if it were possible to place the Bulletin on a more satisfactory basis he doubted if a Co-operative Journal was the best form

of educative work. He would suggest as a more effective form of educative work the holding of Co-operative festivals, corresponding to Co-operators' Day in other Countries, in small areas such as Taluqs which would bring Co-operators together on a social basis and give them an opportunity of exchanging ideas on Co-operative matters. The great advantage of such an institution was that you could present Co-operative ideas and principles in a more vivid form than through the printed pages of a Journal.

On the general problems of co-operation he would offer a few tentative remarks. The first point he would raise was whether the movement had really succeeded in reducing agricultural indebtedness or whether by spreading Societies in the country it had simply added to the number of money-lending agencies already in existence.

The suspicion that indebtedness had not been reduced to any substantial extent received apparent confirmation from the relative scarcity of deposits in village societies. With regard to scarcity of deposits two facts had to be remembered, first, the existence of Share Capital meant in reality the accumulation to some extent of the savings of the people because Share Capital after all was a kind of long term deposit. The other point to remember was that it was more profitable in villages to lend money to private individuals than to Co-operative societies. But even after making allowance for these two considerations it looked as if the Co-operative movement had not succeeded in fully redeeming its early promise in this respect. He would point out that the real explanation was to be found in the fact that the productive power of the cultivator had not been substantially strengthened by the Co-operative movement. For a real strengthening of the productive power of the ryot it was necessary to provide him with long term loans of the sort necessary for permanent improvements to his land and to his agricultural appliances. At present the Co-operative movement was financed mainly by short-time Deposits and on that basis it was impossible to build a system of long term loans. One solution which had been suggested was the organisation of Land Mortgage Banks on the lines of the Banks of Germany. But a more practicable proposal and from a Co-operative point of view, a more satisfactory one, was the introduction of the system of Co-operative debentures. He understood that a scheme of Co-operative debentures was being considered by the Department and the Government and he hoped very much it would be possible to give early effect to the scheme.

Another common criticism levelled against the Co-operative movement was that it had given very little impetus to other forms of Co-operation.

tion than Credit. One difficulty with regard to starting Co-operative Stores was the relatively small margin which apparently existed in the Presidency between the retail and wholesale prices, with regard to most articles except imported articles; but the real difficulty seems to be that the village money-lender is also the village trader in many cases and so unless it was possible to release the villager from his obligation to the money-lender, it was not easy to release him from his obligation to the trader. In fact the trading problem seems to depend for solution very much on an adequate solution of the problem of indebtedness.

Another question which had been raised in recent years was the extent to which the Co-operative movement had been able to help the landless labourer. A great deal had already been done both in Madras and in other portions of India for this class. The difficulty with regard to the landless man was that he had no tangible security to offer. The alternative to the tangible security was effective supervision, and the promotion of Societies for the Depressed Classes would largely depend on the evolution of an adequate system of supervision.

Dr. John Matthai then called on Mr. P. Ramanathan B.A. B.L. M.R. A.S. to propose the chairman for the conference. Mr. P. Ramanathan in proposing Diwan Bahadur P. Kesavapillai M. L. C. to the chair referred to two dominant qualities of the latter, his service for the ryots and his non-partisan politics.

The proposition was duly seconded by Mr. C. V. Venkataramana Iyengar B.A. B.L., M. L. C. He referred to the age-long services of the President and his influence in promoting state aid for co-operation.

THE PRESIDENT'S ADDRESS.

Diwan Bahadur P. Kesava Pillai, M.L.C., the President of the Conference who was received with loud cheers delivered the following address:—

Gentlemen and friends.—I feel rather unequal to the occasion that I should have been called on to speak to the co-operators who are practical men working for the people. I have very great admiration for those that are engaged in this co-operative work and I used to feel very grateful for the good they have done to the villagers. I first heard of the co-operative spirit when I saw Sir William Wedderburn talking on agricultural banks when he was opposed by the official class. Later on, the Government of Madras deputed my friend Sir Frederick Nicholson to study the situation and write a report. I read the ideas then but then I

can't say if I assimilated them very much. There is another friend of mine, now no more, Mr. Ponnuswamy Ayyar, who was the Tahsildar of Kalyanadurg in the Anantapur district. He started a number of co-operative societies and worked them enthusiastically. Perhaps my association with him is the only claim I have in addressing you to-day.

Dr. John Mathai, I wanted to know him very much, because I had read a good deal of his book on Village Panchayats with profit some years ago. I once saw him lounging in one of the seats in the Legislative Council as some others do but his lounging was done rather regularly and systematically. I wanted to know who this man was who made a departure from the usual method of sitting in the Legislative Council. I was told, it was Dr. John Mathai. Once I was sitting in the President's room when he came. It took me as a surprise when he told me "you are to preside at the ensuing Provincial Co-operative Conference". It was a surprise to me as to how I should be able to address people that are soldiers in the field. I could not resist the temptation of such a distinguished scholar and I felt myself very safe when he said he was the Chairman of the Reception Committee. I am not disappointed. He has given you in detail what should be your work in future. He has touched on many important points which could come only from an intimate knowledge of the subjects. So my task has been made very easy.

I shall speak to you as a villager and not deliver a sermon. In times of failure of monsoon the ryot does not know what to do. He is very often at the mercy of the Famine officers. I think I can say something from that point of view. We must all be grateful to the Government for starting this movement to give us its benefits. **It brings out the latent powers of the masses of our people for organised work.** This is one advantage which we can never forget. There are many other phases in which this movement appears to be a benefit movement. It rises above all caste prejudices and petty jealousies. I wonder whether this is possible in any other organisation. When I read the last year's report of your proceedings, I saw a resolution passed unanimously welcoming His Royal Highness the Prince of Wales. The very next resolution expressed gratefulness for Mahatma Gandhi for the work he has done for the people of India to promote unity, to educate the people in cottage and other industries and to stop drinking. This shows that **the co-operative movement is above all prejudices and clash of interests that separate people from one another.** I am very much impressed with that spirit.

I read through the reports of the last two years. One was by my friend Mr. Seshagiri Ayyar, M.L.A. who has given some ideas for the benefit of the co-operators. One idea which has struck me as more important than others is to make the co-operative movement beneficial to the field labourer and to small tenants. You know the mischief done by people in taking away the agricultural labourers from our country. Thus our best labour manhood is drained away which is a loss to the country. You do not know how far it is drained. When one sees the condition of thousands of our labourers in Ceylon, British Guiana, Trinidad and other places one cannot but shed tears to think and feel that the best manhood of our country should have gone out to labour in other countries mostly under foreign masters. After all they are not happy there. Now that I have submitted my report to Government, I can speak out quite frankly. Why should they be sent out of the country? It is because the Mirasidars look after their own interests and do not treat their labourers well. We should try therefore not only in their own interests but also in the interests of our country to bring into the fold of the co-operative societies many of these labourers, who in some cases have better character than even their landlords. I have known some of them quite well. They would give their lives even for the mere pittance they get every month. If co-operation is to succeed you should have the Co-operation of the labourer. His welfare should be at your heart. In my humble opinion co-operative societies are the nurseries of civic virtue. Your societies should not only educate the labourers and others but also see that they are not sent to other countries. There are many ways in which the labour can be employed in our own country. The wages they are offered in other countries are not after all much where prices of food stuffs and other requirements are comparatively higher than in our country. Perhaps I am making a diversion from the main subject but **I am asking you as co-operators to pool all this labour in your own country so that your co-operative work may proceed onward.**

If you want long term loans, I think the State must aid. But I saw a criticism in the papers that the Government want to have a tightening hand on co-operation. So far as it lies in my power I shall render all my help in the Legislative Council on behalf of the co-operative movement. If I happen to be the Chairman at the time any resolution is brought for any aid for the co-operative department and if that is to be lost by one vote I shall at least give my casting vote as the Chairman and help you (Laughter). Otherwise I am just like any other member in the Council. Seriously considering Government help is necessary not only

to give their best and efficient officers to guide us but also help us with enough money to run these banks and societies. I am told His Excellency Lord Willingdon is taking a keen interest in this movement and we are grateful to him for giving us officers of ability. I know Collectors and Deputy Collectors have done immense services. It is a wonder to me how these people who exercise great magisterial powers in the Revenue Department adapt themselves to the environments of the peasants and work for furthering the progress of the movement.

A sound banking system is an absolute necessity for the prosperity of any country or nation. A comparison of the banking system in India with the other nations in the world will show that we are nowhere. While there are 28,013 banks in the United States, 9,357 in the United Kingdom, 5,874 in Japan, we have only 359 in India. While the banking capital of the United States is 482 million pounds and that of Japan 67 million pounds, we have only 5 million pounds excluding exchange banks.

If you take deposits, while the United States can boast of 5,767 million pounds, the United Kingdom 2,355 million pounds, and Japan 404 million pounds, we have only 118 million pounds.

My friend referred to the mortgage banks which are obtaining in other countries. I hope your co-operative societies will be able in course of time to develop a sort of public spirit in the villages when most of these facts will come within their purview. As my friend remarked the movement has not yet benefited the poorer classes very much. It is confined mainly to more or less middle classes. I think this is due to the lack of education among the people. They have to be educated. The Government is no doubt to blame to a certain extent. Compulsory Elementary education has not yet been introduced and now this has been transferred to local bodies without funds (laughter). So if your societies can undertake to educate the members it would be a great benefit.

There are so many other things on which I can speak but I do not want to take up more of your time for if at all I can speak, I should do so only with an imperfect knowledge of things. I have never been a business man but I can talk, work and preach on things and when business comes I should like to be a child. I shall therefore be an ideal chairman never taking one side or the other. Perhaps I shall be tempted to say something just at the end of the Conference after having learnt a lot of things from your discussions on several subjects. (Cheers).

The Conference then appointed a Subjects Committee to discuss the draft resolutions and adjourned for the day.

THE SECOND DAY'S SESSION.

The conference reassembled at 12 noon on the 24th instant. The report of the Salem Town Scavengers and Sweepers Co-operative Society for the year ending 30th June 1922 strikingly illustrating what co-operation can do to improve the lot of even such a class of people as scavengers was read by Mr. R. R. Rao Bahadur A. Vedachala Aiyar Ayl. The following resolutions were then taken up for consideration.

Subject No. 1. This conference suggests that the Madras Central Urban Bank and each District Central Bank should consider whether it can grant a rebate of $\frac{1}{2}$ per cent per annum or such higher percentage as may be available out of divisible profits, after setting apart a sum sufficient to pay the maximum dividend of 9 per cent, the rebate to be calculated on the amount lent to each Society member during the year, or whether it can make a temporary reduction of $\frac{1}{2}$ per cent in the rate of interest charged.

So far as the rate to be charged by primary societies on loans to their members is concerned, opinion is divided as to whether the rate should be reduced to the old rate of 9 per cent or whether for the present a reduction to 10 per cent is sufficient.

In moving the resolution, Mr. Vedachala Aiyar said in Tamil that this subject was discussed in detail at a conference of Bankers and representatives of Unions on the 22nd instant convened by the Department. In 1919, owing to a great financial stringency, money was not freely available and it was then very greatly apprehended that deposits in banks would be withdrawn on account of the low rates of interest offered then. So, as a temporary measure and for a period of one year it was decided to increase the rate of interest on deposits both in the Provincial Bank and in Central Banks. Consequently also the rate of interest on loans given by the Provincial Bank to central banks, by central banks to Primary Societies and by primary societies to members was increased. It was represented by many that the time had now come to review the situation to see if a reduction could not be made in view of the fact that there was a surplus lying idle in Central Banks without any outlet on account of the high rate of interest. On the other hand, it could not be definitely said if the rates might be permanently reduced either to their former rate or to a rate slightly lower. Hence it was the resolution suggested to each Central Bank to consider after verifying and looking into their transactions, whether it can after satisfying statutory obligations and other needs, grant a rebate of $\frac{1}{2}$ per cent on sums lent to co-operative societies or straight away reduce their rate on loans to societies by the same $\frac{1}{2}$ per cent. This figure of $\frac{1}{2}$ per cent was arrived at on an exami-

ation of the transactions of Central Banks as the safest limit up to which they could go. Certain others were for reverting to the old rate. To this question he pointed out that things have now entirely changed and that the old rate which allowed them the very narrow margin of $\frac{1}{2}$ per cent. after contribution to the Supervision fund, would not at all be sufficient to meet the present expenditure on the establishment of Central Banks. Further the profits may not be sufficient to give a satisfactory dividend to individual shareholders but for whose support and help it will be very difficult at least for the present to run the co-operative central banks. The idea of the resolution was to get the Central Banks to look up their accounts and see if they agree to the suggestion to either give a rebate of $\frac{1}{2}$ per cent at the end or to reduce temporarily the rate by $\frac{1}{2}$ per cent.

Another aspect of the question was with regard to the rate of interest the Primary Societies charged on their loans to members. On this point there was a difference of opinion some being in favour of the old 9 $\frac{3}{4}$ per cent and some to adopt 10 per cent as a *via media*. He left it to the Conference to decide whichever rate was acceptable to them.

Mr. Venkatasubba Ayyar of Srivilliputtur in seconding the resolution in Telugu said that the necessity for raising the rate arose in 1919 and they could not now definitely say whether the situation has entirely changed as to revert to their former rate. He therefore thought that it was safe to accept the resolution as it stood.

Mr. Gangadhara Sastri also supported the Resolution in Telugu but said that as regards the rate of interest to members it should be only 9 $\frac{3}{4}$ and not 10 per cent.

Mr. Prassanna Raghavachariyar was for definitely fixing the rate at 8 per cent instead of leaving it as an alternative to give a rebate.

Mr. Kuppuswamy Ayyar of Neikarapatti in opposing the Resolution said that it was an injustice not to go back to their old rate of 7 $\frac{1}{2}$ per cent. It was only on account of the very high rate of 8 $\frac{1}{2}$ per cent that primary societies felt reluctant to draw any money from central banks. Speaking from his knowledge of the Salem Bank, he said that while Salem Bank got only about 3 $\frac{1}{2}$ lakhs out of a total of about 11 lakhs at 8 $\frac{1}{2}$ per cent, the whole of the balance was their own societies' share money and reserve fund deposits which were given at a comparatively low rate viz., 6 per cent. He hoped that this might be the case in several other central banks also.

Mr. Bhimesana Rao of Kalyandrug pointed out that so far as the Anantapur district was concerned, there was even now a difficulty for getting money. And while Government themselves borrowed at 6 $\frac{1}{2}$ per

cent. it might be very difficult to get on if they reverted to their old rate. He therefore supported the Resolution.

Mr. Narayana Rao of Trichinopoly said that they should all look to the permanent interests of the central banks rather than to individual interests so that they should live long as institutions for the benefit of the movement. Though the idea is to get rid of the individual shareholders in central banks in course of time, yet for some time to come, their help was quite essential. And to satisfy them, they must be given satisfactory returns on their deposits and shares. Any reduction in rates would adversely affect them.

Mr. Ratnam Ayyar of Trichinopoly said that the interests of the outside public has to be taken into account and confidence created in their minds to attract large deposits and shares in every central bank. As such their wishes have to be ascertained for any reduction. He was therefore for leaving the question to the discretion of the central banks.

Mr. Vedachala Ayyar in replying to the observations made by the previous speakers said that evidently the Resolution was not well understood. It did not come to any decision in regard to this point. The question had to be decided not alone by them but by the central banks themselves after a careful examination of their accounts. They should therefore have no objection to accept the resolution in the present form as it satisfied all the objections raised by some of the previous speakers.

The Resolution was split into two parts A and B. The following first part of the Resolution was put and declared carried.

Resolution I (A). This Conference suggests that the Madras Central Urban Bank and each district central bank should consider whether it can grant a rebate of $\frac{1}{2}$ per cent per annum or such higher percentage as may be available out of divisible profits after setting apart a sum sufficient to pay the maximum dividend of 9 per cent., the rebate to be calculated on the amount lent to each society member during the year or whether it can make a temporary reduction of $\frac{1}{2}$ per cent in the rate of interest charged.

The following second part of the subject was then taken up for discussion. "So far as the rate to be charged by primary societies on loans to their members is concerned opinion is divided as to whether the rate should be reduced to the old rate of 9 $\frac{3}{4}$ per cent or whether for the present a reduction of 10 per cent is sufficient."

Mr. Srinivasa Ayyangar of Tanjore in moving that the rate of interest may be 10 per cent said that while the rate was 9 $\frac{3}{4}$, the accounts of societies were written by honorary workers without any remuneration

and therefore they were able to work at a small margin of profit. Now proper and correct account keeping was insisted, to meet the establishment charges for which, it was quite essential the rate should be 10 per cent.

Mr. Venkataramana Ayyar of Coimbatore in seconding said that societies would get on well only if the rate was 10 per cent. However he saw no objection in deserving co-operative societies giving at 9½.

Mr. Kuppuswamy Ayyar of Neikarapatti and Gangadhara Sastri of Hindupur in opposing the Resolution said that it would be a great hardship to charge more than 9½ per cent—the old rate.

The following Resolution was then carried.

Resolution I. (B). "The Conference is of opinion that primary societies do lend to members at a rate of interest not exceeding 9½ per cent.

Resolution II. Mr. Venugopal Rao of Puttur moved "The Conference considers that although no general rule can be laid down for application to all central banks and all supervising unions, every central bank may select one or more unions in its area and agree as a tentative measure subject to reconsideration after a period of, say one year, to accept loan application from its constituent societies affiliated to that union direct from the union without any recommendation from the Assistant Registrar. When this procedure is followed the local union must send a copy of its recommendation simultaneously to the Assistant Registrar for his information, so that he may, whenever he considers it necessary, make a special representation to the central bank. In any case of doubt, the central bank may consult the Assistant Registrar.

"The Conference is of opinion that if central banks are to rely entirely on unions in regard to loan recommendation, they must get copies of relevant portions of departmental inspection reports bearing on the financial status of the primary societies. Unions also must get copies of relevant portions".

He said that the present system of loan applications from societies being passed through unions and Assistant Registrars involved enormous delay before they reached the central banks and the loans applied for were disbursed. When at the required time, money is not accommodated to a member, he very often seeks to get money elsewhere. We must thank the department for the introduction of the forecast system of loans which no doubt has minimised the delay, in the disbursement of loans. At present the Assistant Registrar who sanctions the loan applications does not know how each society works on account of the

impossibility of frequent inspections; while on the other hand local unions knew very well the position of each society at every stage. Furthermore at a time when self government is sought to be obtained they should see that departmental interference is minimised to the lowest possible limit. It is not to all the unions the concession is proposed to be given. It is only in the case of efficient and satisfactory unions this privilege is recommended to be extended. Of course discretion is to be given to the central banks which shell out money. But in cases where loan applications do not go to the Assistant Registrar, the local unions must know what departmental notes of inspection disclose and hence they must be supplied with copies of such inspection reports.

Srinivasa Ayyangar of Tanjore and Mr. Bhimesena Rao of Anantapur seconded the Resolution.

A delegate from Godavari pointed out that it was too early to extend this concession to local unions as the success of such local unions in his district was not yet established.

The Resolution was put and carried.

Resolution III. "The Conference considers that although there are still areas where responsibility for organisation must remain wholly or partly with the department, nevertheless the responsibility for organising credit societies, should, in well developed areas to be determined by the Assistant Registrar, be handed over to supervising unions."

Mr. Singaravelu Mudaliyar of Kalavi, N. Arcot in moving the above resolution said that this question of organisation gave them a greater and more independent responsibility than the matter of recommending loan applications as they might well lay the foundation of the society on which depends its future success.

Mr. Rajaratna Mudaliyar of Coimbatore in seconding the resolution said that it would be far easier for the local unions to organise societies than the departmental officers.

Mr. Shiva Rao of Anantapur supported the resolution.

The resolution was put and carried.

Resolution IV. Resolved that the question of co-operative education, training of office-bearers of societies, non-official co-operators and others interested in the movement, be referred to the Provincial Co-operative Union for the drawing up of a suitable scheme.

In moving the above resolution Mr. Krishnamurti Rao of Cuddapah said that it was only very few people who are interested in the educative

work and do the actual business. So many are even now under the mistaken impression that this was all the business of the Government. The idea with which this question has been referred to the Provincial Union is that they should formulate a scheme to give practical effect to the resolution.

Mr. Sivakolundu Mudaliyar of Tanjore said that it is the want of education among the people that lead at present to so many difficulties in the running of the movement.

The resolution was carried.

Resolution V. The following resolution which was proposed by *Mr. Nallakuttalam Pillai* of Srivilliputtur and seconded by *Mr. Venkata-subbiah* and supported by *Mr. Sankara Rao* of Dharmavaram was put and carried.

Resolved that Government be requested to arrange for the opening of post offices, saving bank and insurance facilities in areas where co-operative societies have secured cash credits from central banks.

Resolution VI. Resolved that the following questions be referred to the Provincial Union for necessary enquiry and for the formulation of proposals or schemes in connection with them.

I. What steps can be taken to make local unions realise more fully their responsibilities and duties? They should feel that they are entirely responsible for (1) collection of moneys due to financing banks and other creditors. (2) Supervision of societies with a view to work them on co-operative lines especially in the matter of the punctual collection of dues and in the disbursement of loans (3) Primary audit of the accounts of societies. What is the best agency to educate local unions in regard to their duties?

II. In view of the decision to tabulate unaudited figures in future for the administration reports of the department, the training of supervisors of local unions and the secretaries of societies in a systematic manner becomes an important matter. How is this to be arranged?

III. Certain powers are now reserved to the Registrar in the by-laws of societies and of local unions. Can these or at least some of them be transferred to the societies or the local unions?

Resolution VII. Resolved that the debenture scheme or any scheme for raising long term loans to reduce the indebtedness of the agriculturists be pursued by the Provincial Union in consultation with the Department.

Mr. Vedachala Ayyar in proposing the above resolution said that this was a scheme for getting money to be lent on long terms.

Mr. T. K. Venkataramu Ayyar seconded the Resolution which was put and carried.

Resolution VIII. Resolved that the insurance scheme be further investigated in the light of the criticisms by Mr. Desai of Bombay and Mr. Raja Rao of Pakala published in the Bulletin.

Mr. Raja Rao in proposing the resolution said that the difficulties which had generally to be met with in the case of floating insurance companies were started on co-operative lines. The money in ordinary insurance companies is lent through certain persons to ryots for an indefinite period with uncertain securities while in co-operative insurance societies there are sufficient safeguards for the money utilised in the transactions. There are official and non official co-operators available free for this kind of propaganda work and for audit and inspection purposes. This minimised the cost of establishment etc. The only doubt they could entertain was about capital. He felt sure there would be no difficulty, for instances might be quoted, as for example, The Sun Life Assurance Coy., started without any share capital in 1846 but now commanded hundreds of millions of pounds due to the forethought and organisation of the people responsible for it. He felt certain that if only co-operators joined such institutions and devoted their zeal and enthusiasm to their working there could be no doubt about their success. The Resolution was simply to refer the matter to the Provincial Co-operative Union to be further investigated in the light of the criticisms published in the bulletin.

Mr. S. Anantanarayana Iyer, Mambalam, seconded the resolution which was declared carried.

Resolution IX. Resolved that the Government be addressed to take early steps to exempt the co-operative societies from taxes levied under Local and Municipal Acts.

In moving the resolution *Mr. I. Kumaraswami Pillai* of Tanjore said that there has been a difference of opinion in the matter of assessing co-operative societies under the companies Tax. While some were of opinion they were liable to be taxed, certain others differed with the result that societies were taxed. He could see no justification why co-operative societies should be liable under the companies' Tax, while they are exempt from income tax and stamp duty. Hence a definite legal exemption from the operation of such taxes should be made by the Government on behalf of co-operative societies.

Mr. Venkataramana Rao seconded the Resolution which was put and carried.

Resolution X. Resolved that the Government be requested to remit money order commission to the extent of 75 per cent of the Postal charges incurred by societies.

Put from the Chair and carried.

Resolution XI. Co-operative trade.

Rao Bahadur Vedachala Ayyar said that the department raised a number of questions in regard to the slow progress in the matter of co-operative purchase, sale and production and wanted the opinion of the non-official co-operators as to how best they could further the progress of co-operative trade. The subject was discussed in a Sub-Committee consisting of Messrs. (1) D. Subbarama Iyer, (2) A. V. Subbarayalu of Amalapur, (3) Singaravelu Mudaliar, (6) Srinivasa Iyer, (6) Kuppaswami Iyer of Sivdivanam and (7) V. Venkatasubbiah, (8) the Registrar and his Assistants.

The following suggestions put forward by them were placed before the conference.

1. The Department should depute specialised men for looking after the trade work.
2. Propaganda work by Government audit staff helped by non-officials.
3. Active sympathy from Government in the initial stages of a trading union in regard to its management.
4. Trade propagandists for limited areas as an experiment to be selected from non-officials by the Registrar and their travelling expenses to be paid by Government.
5. Broad basing of credit facilities.

The Conference resolved to place the suggestions mentioned above before the Registrar for further action in consultation with the Provincial Co-operative Union.

PRESIDENTS'S CLOSING REMARKS.

Mr. Kesava Pillai in bringing the proceedings of the Conference to a close said that he was very grateful to them for having given him the opportunity to make their acquaintance and to learn something of co-operation. He once again emphasised the necessity for preventing the emigration of the best manhood of this country and traced the origin of this emigration to foreign countries. As soon as slavery was abolished and emancipation of the negroes came in 1845, the negroes ran away

leaving the fields uncared for. Then it was, that for want of labourers to look after the fields and estates the men of this country were lured away by false temptations that they could reap gold from the pagoda trees grown there. They should all realise that it is their own brothers and sisters who are suffering in foreign lands. It is lamentable and humiliating to see the people in other countries express that after all India is only a land of labourers, and Indians only a subject race. What the co-operators should endeavour to do through their institutions was to stop this emigration by uplifting the poorer classes of people. Some are under the impression that to prevent emigration which would deprive human labour for the estates of the white people is disloyal. It struck him that it was not loyalty to the king but loyalty only to the white skin.

From the report of the Salem Town Scavengers Co-operative Society which was read at the Conference he was gratified to see that even men like scavengers were taken into the movement and treated alike on a level with others. This was one more evidence that their societies were free from all party or political feeling or caste prejudices. It may well be observed here that one reason why other people despise and treat us with disrespect is that they see us doing the same thing in the case of our depressed classes. Every attempt should be made to treat them on an equal footing.

In conclusion he was very thankful to co-operators, to Dr. John Matthai in particular who as the Chairman of the Reception Committee made his task easy in finely reviewing the present situation and what they should do in the future. He was also thankful to Rao Bahadur Vedachala Ayyar in assisting him to bring the Conference to a successful close.

With a vote of thanks to the President, to the Wesley College authorities for lending them the use of the hall for the Conference, to the Boy Scouts who very greatly attended to the comforts of the delegates and to the Registrar and other departmental officers who were kind enough to be present during the Conference, the Conference came to a close at 3-30 p.m.

Reports of all the previous Co-operative Conferences including papers read can be had on application to the Secretary of the Madras Provincial Co-operative Union, Ltd, at 8 As. per copy.

PAPERS SUBMITTED TO THE CONFERENCE

I

The Salem Town Scavengers' and Sweepers' Co-operative Society No. 987.

A perusal of the Annual Report of the Salem Town Municipal Scavengers' and Sweepers' Co-operative Society for the year ending 30th June 1922 shows a striking illustration of what can be done by co-operation to improve the lot of even such a class of people as scavengers. These persons were deeply involved in debts and bound hand and foot to the Sowcars who charged interest at exorbitant rates. The small pittance they got from the Municipality as their pay used to be spent largely in paying interest on the loans and very little was left to tide them over till the next pay day. This Society was formed in the year 1912 to get them out of the clutches of the Sowcars.

2. There was a little fall in its members in the year under report and the members on the roll at the end of the year was 206 out of which 80 were women shareholders. Its share capital at the end of the year amounted to Rs. 1098 on account of 206 shares. Rs. 197 remained in arrears to be collected from members under share capital. The society has earned a net profit of Rs. 135—1—5 as against Rs. 123—13—3 in the previous year. A dividend of Rs. 52—10—0 has been declared and paid on the shares paid by members. A sum of Rs. 9—4—7 was added to common good fund of Rs. 15—8—2 already existing. The Society has a Reserve Fund of Rs. 1666—11—10 at the end of the year which is more than 50 per cent of the working capital.

3. The society had taken up the contracts of supplying buffaloes to night-soil carts and of collections of toll fees in the Salem Municipality. The former was considered to be within legitimate duties and the latter as an unauthorised activity and one of speculative nature and as such unsuited to the Society. A statement showing the Receipts and Charges and the assets and liabilities relating to the contracts is given below :—

BULLOCK CONTRACT BRANCH,

RECEIPTS.

DISBURSEMENTS.

RECEIPTS.			DISBURSEMENTS.		
Loans and deposits from Primary Societies	...	1,535 8 8	Loans repaid to Primary Society	...	1,665 13 3
Kist received	...	2,242 1 2	Est. & Contgt	...	1,539 14 0
Other income	...	153 2 3	Other items	...	671 5 11
			Carried to Reserve	...	63 10 8
Total	...	3,930 11 10	Total	...	3,930 11 10

ASSETS.			LIABILITIES.		
Other investments.	200 0 0	Int. & Divd. due by Society	...	8 8 5	
Value of stock in hand	...	Cost of management due (undisbursed profit)	...	970 2	
Other items	...	Reserve Fund	...	323 6	
		Total	...	1,302 1 5	
Total	...	1,969 11 11	Profit	...	667 10 6

TOLL GATE BRANCH.

RECEIPTS.			DISBURSEMENTS.		
Loans received from Primary Societies	2,063 4 9	Loans repaid to Primary Societies...	2,621 3 5		
Toll fees	...	Interest paid on loans and deposits	...	11 14 0	
Other income	...	Kist paid	...	21,800 0 0	
		Gift (free distribution of clothes to members)	...	1,989 9 0	
		Est. & Cont.	...	6,439 11 3	
		Other items	...	38,108 9 7	
Total	...	70,411 15 4	Total	...	70,970 15 8
Opening Balance	...	508 15 11	Closing Balance	...	...
Grand Total	...	70,970 15 3	Grand Total	...	70,970 15 3

LIABILITIES			ASSETS		
Other items	...	500 1 0	Int. accrued and toll fees collected but not brought to account	...	154 7 0
			Other items	...	11,827 9 4
Total	...	500 1 0	Total	...	11,982 0 4
Profit	...	11,481 15 4			

4. It is now a gratifying feature to note that the Society has earned a net profit of Rs. 667—10—7 under the buffalo contract and Rs 11,481—15—4 under the toll gate contract. What an amount of self-sacrificing labour is required to achieve this and under unfavourable conditions, can be better imagined than described. Spurred by the sole desire of raising a decent sum for the amelioration of the much neglected class of scavengers and relying upon his untiring zeal in steering clear

of all difficulties in the transaction the Honorary Secretary, M. R. Ry. V. Seetharama Chettiar Avl., Municipal Councillor, has done a service to the Society which cannot be adequately praised. The scavengers and sweepers in recognition of the selfless work rendered by him and his assistants in making the contract a success, are anxious to allot a bonus out of the net profit under toll gate contract.

5. The following remarks occur in the concluding part of the said annual report:—

“Under buffalo contract work the Society earned a net of profit Rs. 667—10—7 and under Municipal Toll Gate work Rs. 11,481—15—4 up to 31st March 1922 on account of the first year's contract. The above profits of Rs. 667—10—7 under buffalo contract and Rs. 11,481—15—4 the net profit under toll gate contract for the closed official year '21—'22— (1st April 1921 to 31 March 1922) should under the by-laws of the Society be taken entirely to the credit of the Reserve Fund of the Society and the Society is requested to remit the sums to the District Bank as sums are available to be remitted”.

6. Now it is a question to be decided as to how far the Audit Report is within the provisions of the by-laws of the Society. It has been admitted that these contracts partake of a joint-loan transaction. Under the by-laws of the Society out of the net profits under buffalo contract only 25 per cent should be credited to the Reserve Fund and not the entire amount; In the other case no by-law has yet been passed as to how the net profit should be distributed. It is but fair that certain percentage of the same should be distributed as bonus to the Honorary workers and this has been passed which, it is learnt, do not contravene any of the provisions of the present by-laws of the society. Agreeably to this resolution dated 5th Aug. '21, cloths worth Rs. 1,989-9-0 were purchased and distributed to members freely during the last Pongal. The authorities it is hoped will reconsider this question once again and do the needful.

7. During the current year also the society has taken up the toll gate contract for a sum of Rs. 40,255 as against Rs. 28,560 in the previous year. A statement showing Receipts and Charges up to the end of November, 1922 and the probable receipts for the succeeding 4 months is furnished below. Out of the collections made during the last 8 months, as disclosed by the figures, 8 months' kists have been paid, 3 months' kists amounting to Rs. 10,063-12-0 is kept under Fixed Deposit for one year in the Central Bank in the name of the Chairman, Municipal Council, Salem. After meeting Establishment and other charges and paying 1 month's kist there is every probability of the Society realising a net profit of Rs. 8,000.

	Amount of toll fees.	Kist paid.	Establishment and other charges.
1st April '22 to 30th November '22 for 8 months	... 38,156-10-0	26,836-10-8	4,963-3-3
Probable for 4 months	... 17,000-0-0	3,354-9-4	2,200-0-0

8. The society is now in a sound financial condition. What is needed is widespread concerted action on definite lines for the material, economic and moral uplift of the scavengers as a whole. In short, a movement on a definite line of Co-operative action suited to the needs of the scavengers is required at present. One of the directions in which the Society seems to draw up their future programme of work is towards the possibility of combining labourers 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.

9. The following is a brief *resume* of the proposals for the next year's working:—

- (1) Not to take up the toll gate contract again.
- (2) To continue the contract of the supply of bulls to the night-soil carts.
- (3) To utilise a portion of the profit of the toll gate contract in purchasing Motor lorries, on acceptance of the Society's tender by the Municipality to work the rubbish removal contract for a period of 5 years.
- (4) To take up the contract of Private Scavenging system within the Municipality for a period of 3 years.

SALEM.
20—12—1922.

V. SRINIVASA CHETTIAR,
Honorary Secretary.

II

THE TINDIVANAM CO-OPERATIVE AGRICULTURAL AND INDUSTRIAL SOCIETY, LTD., SOUTH ARCOT DISTRICT.

BY MR. T. J. KUPPUSAMYIAH, SECRETARY.

There are two societies of this type in the district. One at Kallakurichi and the other at Tindivanam, which were started in February, 1918 and May, 1919 respectively. The main objects of our society are;—

1. To help its members who may be individual agriculturists or primary societies in the joint purchase of agricultural necessities,

2. To instruct them on the manurial value of bonemeal and to afford facilities to have their bones collected by them disintegrated for a reasonable hire and also to purchase locally raw bones and sell bonemeal to members.

3. To undertake the refinement of the produce of its members into more finished forms in order to keep up a high level of reputation for quality of the produce to attract the attention of foreign markets.

(The advantage in refining the raw produce locally is that members are tempted to retain cotton seeds, oil cakes, rice bran, etc., for fodder and manure).

4. To get by joint sale the maximum price for the finished products.

5. To purchase tractors and lorries to let for hire to members to plough their lands and bring their raw produce to the factory, and

6. To entirely eschew the middleman who stands as a devouring lion between the producer and the consumer.

The liability of members in the society is limited to the value of the shares subscribed. The authorised share capital is one lakh of rupees made up of 4,000 shares of Rs. 25 each, half of which is reserved for societies. Any individual or society to become a member should take at least one share and no individual can take more than 40 shares. There is no such maximum for societies. The audit report for the year ending 30th June, 1922 will show 89 individual members and 63 societies on the roll who have subscribed for 1,427 shares with a capital of Rs. 35,675 of which Rs. 13,886-12-9 has been paid up.

A land measuring 10.28 acres was purchased for constructing the factory. Pucca buildings occupying an area of 5,340 sq. ft. are constructed; 1—36 B. H. P. Tanjyes crude oil engine; 1 Rice huller, 4 decorticators, 1 disintegrator and two double roller gins are fitted up in the several compartments allotted to them and all these are now working. The audit report for the year 1920-21 will show that the society earned a gross income of Rs. 7,699-7-8. Deducting the charges incurred for working the factory, there was a net profit of Rs. 3,846-13-1. There was a net loss of Rs. 1,276-6-0 for the year 1919-20. After making good this loss and the interest due to the Central Bank for the year 1920-21 there was a net profit of Rs. 189-3-4. But owing to the minimum production of groundnut in our district due to bad season and the non-purchase of machined kernels by big firms, as Messrs Ralli Brothers, in the Tindivanam market owing to the adulteration practised

by some of the local groundnut merchants we could not get work for our decorticators for the year 1921-22 when we could have expected more work under this head this year having earned Rs. 3,866-11-2 in the previous year. The sudden stoppage of work owing to the loss of reputation of the Tindivanam market by the mal-practices resorted to by the said merchants told heavily on the society and the society incurred an actual loss of Rs. 1,996-15-7 and a loss of Rs. 2,590-9-10 by way of depreciation. In an industrial movement of this kind loss or want of income for one or two years ought not to weigh in the minds of co-operators. There may be periods of prosperity and periods of disappointment in an Industrial undertaking. But we hope to have very good work this year to make up the loss of the previous year.

This combination of Agriculture, Industry and Co-operation being a new venture on co-operative lines the work had to be pushed through very slowly, breaking the several barriers, *i.e.*, the apathy of the educated, the antipathy of the opulent and the aggressive antagonism of the middle-men-merchants. The originators of this scheme feel in their blood the ideals with which they started the movement and know that the first success will pave the way for several successes and that nothing will succeed like success.

The society has thus far advanced in its evolutionary stage (*i.e.*, the purchase of lands, machines, and the construction of pucca buildings wherein to fit them up). Several godowns for receiving the raw produce (paddy, groundnut, cotton and raw bones) of individual members and of societies that are affiliated to this society are hereafter to be constructed.

Just as the co-operative movement has come to stay in India, the society also has come to stay; just as the masses of India could get a better relief under the shade of the tree of co-operation which was planted more than 15 years ago, watered, manured, and well pruned to give a good shade, so also is this tree of agricultural and industrial co-operation planted more than 3 years ago in the South Arcot District, to turn the raw produce into finished forms and to link the producer and consumer together entirely eschewing middlemen. It is now for those co-operators who have much virtue of charity on their lips to extend it in their hearts and guide it towards the performance of the deed by making this tree grow bigger and give a good shade in this presidency and not to make the name co-operation a misnomer.

No doubt an appreciable advance has been made so far as the credit function is concerned, but that is not the be-all and end-all of the co-operative movement.

The votaries of co-operation must exert more towards the advancement of its non-credit function in order that the inequality that now exists between riches and luxury on one side and poverty and misery on the other side might be mitigated to a considerable extent.

Such an inequality is a standing blot on modern civilisation. The Co-operative movement is midway between a profit earning movement and a charitable movement, as its object is to help people to help themselves.

A co-operative industry not only aims at co-operation of the literate with the illiterate, of one caste with the other, the moneyed with the masses, but aims at true international co-operation. Our true emancipation lies by walking on the royal road of co-operation. Pure patriotism ordains us to walk on this road and pure patriotism is the bed-rock on which the edifice of Love of God and Love of King is constructed. After the late war of militarism while other nations are preparing the race for industrial, economical and commercial pursuits, it is an irony of fate that Indian agriculture, industry and commerce on which fortune once smiled should come into so much degeneration and that we should lag behind in the race course and are late in the field.

But better late than never. Some of our experts think that cottage industry is best suited to us, and that therein lies our industrial salvation while others say that we should develop our indigenous industries on a new line grafting Western methods of mill industry on the Eastern method of cottage industry. Such rank growths as caste prejudices and caste hatreds would shatter the professed ideals of true co-operation and should have no place in the co-operative field. It is only in this field that the brotherly feelings once lost must be re-cultivated. All the lost relationship must be brought into line and the greatest hope of success of this movement lies in the cultivation of brotherly feelings among the several sub-sects of our four castes which are like the main limbs of our body. (Mr. Gladstone called this co-operative movement as "Social marvel").

To crown the movement with success there must be volunteers or rather co-operative missionaries in all important centres. Like the red-cross-society for the army, these missionaries should apply the remedy of co-operation to cure the ryot of his malady of chronic indebtedness and should follow the lead given by the official organisations. There are difficulties between profession and practice and no movement can advance without facing difficulties.

It may be that some persons may go wrong in facing difficulties. I am sure that a few at least will get hardened and nerved for the work. It is always a few that can save any trying situation that may confront us

III

THE VIZIANAGRAM ELEMENTARY SCHOOL TEACHERS' CO-OPERATIVE SOCIETY, LTD, NO. 1657.

By MR. L. NARASIMHAM.

This society was registered and started on the 12th Oct. '15 and has been working since then. This is the 8th year of its working. The operations of the Society extend to the whole of the Vizianagram Taluk. At the time of the starting of the society there were only 30 members and it is pleasing to note that the number has increased to 150 which fact shows clearly that almost all the teachers of Elementary Schools in the Taluk understood the benefits of co-operation and joined the Society to enjoy the benefits of the same.

The share capital of the members in the Society was only Rs. 182 at the end of the first year of the working of the Society and it has now increased to Rs. 1,350. The Deposits of all kinds by members stand at Rs. 1,100 while those of non-members amount to Rs. 2,200. From the above figures it may be observed that the Society has now the confidence not only of its members but also of the general public. It is self-supporting for the last four years and in order to facilitate punctual repayment of deposits when demanded, it is allowed to have an over-draft of Rs. 500 from the District Banking Union.

It is a well known fact that in these days of famine when it is difficult for people getting an income of Rs. 600 annually, to make both ends meet, it is possible to conceive to what difficulties these Elementary School Teachers who get only a monthly salary of Rs. 10 or 12 are put. A teacher who occupies such a low position considered from a materialistic point cannot wield any amount of influence either to borrow money or to have any other means of livelihood. The Society as it were is a boon to all of them.

Generally all the teachers meet once in a month in connection with the central class business when they also discuss freely questions connected with their co-operative society and express their views to one another and thus advance their habits of corporate life.

It may with confidence be stated that from the date of starting till now no overdues are left uncollected owing to the helping hand given by the Municipal Chairman and the President of the Taluk Board who are the controlling authorities over the schools. Moreover the teachers who are moral instructors themselves and who impart knowledge abide by the conditions laid down by the Society.

The society has been working at a net profit since its starting. In the first year the society got a profit of Rs. 6-3-7 and during 1921-22 the net profit earned by the society was Rs. 160-5-1 even after allowing a monthly remuneration of Rs. 5. The society also accumulated a Reserve Fund of Rs. 180. It also distributed a dividend of 9 per cent to the members on their paid-up share capital during all the years except the first three.

It was managed by 7 directors elected every year by the general body; but of these it is satisfactory to note that 3 directors who are well known co-operators are being re-elected every year, giving scope for the continuation of the same policy throughout.

The remarks passed by the Registrars M. R. Ry. Diwan Bahadur L. D. Swami Kannu Pillai Averghal, I.S.O., and the late Mr. Hemingway B. A., I. C. S., respectively, who inspected the records, are noteworthy. "I have had much pleasure in meeting the Secretary of this interesting Society and in hearing an account of its successful working. I hope to have an opportunity of inspecting the books at the Society at leisure at my next visit."

"I have been most interested in perusing the books of this Society. It is doing excellent work and I wish it all success."

IV

THE AMALAPUR CO-OPERATIVE LABOUR UNION LIMITED, GODAVARI DISTRICT

BY MR. A. VISWAMBHARA SASTRI B.A., B.L.

The objects of the Union are to promote the economic interest of the 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 such members by providing accident and sick funds, old age pensions, and the like. The Union was registered on the 27th Aug. '20 and was started on work on the 3rd Sep. '20.

In the first year of its working the Union did road works to the value of Rs. 2,744-4-3 realising a gross profit of Rs. 206-14-9. Two gentlemen of the Local Bar co-oped under by-law 14 and these two gentlemen have assumed the duties of President and Secretary. Funds necessary for advancing to workmen before bills were actually drawn, have all along been obtained from the Secretary without interest. The Union neither borrowed anything from the Central Bank nor called on the Public Deposits.

In the second year of its working the Union executed works to the value of Rs. 5,026-13-3 and realised a gross profit of Rs 592-9-0. The Union holds Rs 79-2-9 under Reserve Fund, and Rs 47-6-5 under Sinking Fund, in the Amalapur Central Bank. The President, District Board and the Local Fund Assistant Engineer have all along been generous enough to give encouragement to the Union. A sum of Rs 180-13-2 is available for distribution among workmen. The Union has 13 members on its roll. These 13 members have invested a sum of Rs 73-8-0 under share capital. These have 200 workers under their control of whom there are carpenters, masons, smiths and day labourers. During its second year it did, not only road works, but also bridge works, D. P. W. works and private jobs. As the Local Fund Department used to cause some delay in making payments for the works already completed, the Secretary himself used to pay for the works in advance. Therefore, during the latter part of its second year, the Union had to borrow Rs. 1,000, at 8½ per cent interest.

Most of the members with the men working under them are day labourers from whom much work used to be extracted by some of the local contractors by payment of low wages. But since the starting of this society, they have been paid proportionately high for their labour which has induced them to speedily realise the benefits and privileges they can enjoy by becoming members of the Society. Naturally, the Society witnessed a rapid progress, in every way, in an amazingly short time, and it had been an eyesore to the said contractors whose vested interests received a rude shock thereby. Therefore, the contractors and other persons similarly interested used to throw some obstacles in the way of the progress of the Society in the beginning, but the labourers who have become comparatively prosperous by becoming members of this society have learnt how to make a clean breast of these initial difficulties. Now, the society with its present financial stability coupled with the fact of encouragement it is receiving at the hands of the heads of L. F. and P. W. Departments and elsewhere, bids fair to become an institution of continued usefulness so far as the working classes are concerned.

V.

CO-OPERATIVE TRADE.

(BY RAO BAHADUR A. VEDACHALAYAR.)

I. TRADING UNIONS.

Trade by joint loans.

The agriculturist, the wage earner, the field labourer and the artisan all require credit so as to carry on their profession in an advantageous way. Co-operative institutions are expected to arrange for such credit,

When credit is issued to each co-operator, he tries to get his requirements supplied by a number of middlemen in the shape of traders wholesale and retail. The co-operators felt that they should organise themselves not only to provide the credit required for carrying on their profession but also to bulk their requirements and get the articles required for consumption at wholesale rates and distribute them among the members. Such a transaction by an unlimited liability society was considered objectionable on the ground that the loss, if any, arising from the transaction would be cast on other members who might not require the articles ordered. The objection was more or less theoretical as when a society gets a loan of say Rs. 2,000/- and distributes it to a few members, the others are also responsible for it and even the new members who join the institution later become responsible for the past transactions. What applies to cash may equally apply to articles purchased for the use of the members. However, the objection noted having been raised by the departmental officers whose voice generally prevails in the co-operative movement, the system of joint loan was invented under which a number of members get a loan from the society for carrying on the transaction jointly and they become responsible for loss or gain from it. When such joint loan transactions were conducted the members were asked to put in an indent of what they wanted and to hold themselves responsible for the loss arising from the transaction with reference to the indent given by them. The joint loan transaction in each society was not growing owing to the difficulty in getting credit facilities in time. Besides, the volume of trade involved in the joint transaction of each society, was small and the difference between the wholesale and retail rates was not much. Hence the attractions for them were insignificant. In view of bulking the joint loan transactions of primary societies, the indents from members were obtained by the societies and a consolidated indent was sent to the supervising union which made purchases wholesale on the indents of affiliated societies and distributed them. This system was not very successful for two reasons (1) the local unions had not the financial responsibility to undertake the work (2) the local unions found it difficult to manage both supervision and trade with its limited staff. Hence a system of forming trading unions was invented.

2. Functions of a Trading Union.

(a) A trading union is a limited liability concern which primarily is intended to serve as a supplying agency for the co-operators who are members of the co-operative societies affiliated to the trading union. It is a substitute for a supply organisation to be attached to each society which, being small, could not easily manage it.

The trading union can undertake:—

(1) to supply all agricultural requisites such as manure cakes, green manure seeds, seed-grains, ploughing instruments.

(2) to supply all domestic requirements which the agriculturist co-operators may want from time to time. In some cases food grains, though locally available, may have to be stored up, and liberated in the off-season for the benefit of the poorer men who are unable to stock provisions for the whole year. This stocking will be made proportionate to meet the indent given by each society.

(b) Each society joining a trading union purchases a share of Rs. 100 to be wholly paid. A trading union collects information from the affiliated societies about the requirements of the co-operators. This is treated as an indent of such society on the strength of which the trading union makes the necessary purchases. It transfers the articles so purchased to the societies concerned charging a commission of two per cent besides the interest on the capital laid out and the incidental charges. The affiliated societies contribute the required share capital on which credit is raised to the extent of 5 to 8 times. The affiliated societies sometimes raise the required credit from the financing banks and place it at the disposal of the trading union.

(c) Stores in urban areas and other trading unions elsewhere generally wish to buy food grains and pulses at the harvest season. The trading union can very usefully serve as a co-operative agency to buy at the right season articles from rural co-operators for these institutions on the basis of their indents and agreeably to the prices quoted by them.

(d) The trading union will stock the articles required by co-operators after an experience of a year or two, when their demands will be exactly known.

(e) The trading union may also serve the function of a sale society. It will announce to the co-operators the fact that it is intending to collect certain articles at the request of a trading union or on contract with a wholesale firm. The co-operators will hand over the produce to the trading union and will get the required accommodation in money. The produce will be bulked and sold by it at as favourable a rate as is possible and the profit will be distributed to the suppliers. When the trading union supplies them with the required articles, necessary debits are made against such advances. The societies in their turn give the articles to the member either for cash or for credit. For sales under the credit system to the members, bonds are obtained from them and the amount of loans treated as a short term loan. The advances given by the affiliated societies are

accounted for by the financing branch in the form of advancing account and the trading union is permitted by the primary societies to draw the required amount from the central bank out of the drawing account so as not to exceed five times the paid up share capital of the trading union.

3. Credit transactions in the hill societies.

Such a procedure obviates the delay involved in the primary societies procuring the required credit from the central banks. Where a trading union can conduct trade operations with the credit it can command directly from the financing banks on the strength of its paid up share capital, it issues articles to the societies affiliated to it, on their indents and gets the value recouped from them which secure short term loans from the financing banks for the sums involved. This system involves a technical objection that the trading union issues articles on credit though the period of such credit is small. To avoid this technical difficulty, the primary societies get sanctioned before hand short term loans by central banks, and give a letter of authority in favour of the trading union to the central banks for disbursement of the required amount. Another method of trading unions in conducting their operations on a large scale is to decentralise their transactions in market centres, where depots are run for the distribution of agricultural and domestic requirements. The trading unions keep in such depots at the market centres such articles as may be required by co-operators from societies in the neighbourhood. The member who wishes to buy stores from the depot on the market day will bring a letter of authority to the trading union from the societies which belong to it for the issue of articles of a particular value. Such issues are treated by the trading union as credit transactions in favour of the societies and the accounts adjusted once a fortnight or once a month. This sort of activity is for the present confined to Kotagiri and Ootacamund where the trading union distributes articles for the Badagas. It can with suitable modifications be worked in the market centres in the plains.

4. Their application to plains.

The working of such trading unions for the benefit of rural parts should be conducted only in places where credit societies are working tolerably well and where local unions for supervision work are fairly progressive. They can safely be introduced where there are enthusiastic, willing and honest workers recruited from among the members of co-operative societies and where constant supervision over the trade work can be secured by the deputation of a *competent* Inspector or supervisor, or by an efficient Honorary Assistant Registrar assisted by the efficient supervising staff of the local unions. Arrangements should be available for a careful audit once in a quarter of such institutions.

5. Defects and remedies.

As a result of the working of such unions in some parts of the Presidency some defects have disclosed themselves which, it is hoped, co-operators interested in the development of trade operations in rural parts, will try to remedy.

(1) A special inspector for trade work should be deputed by Government or by the non-official agency if funds are available, to secure constant supervision of the work connected with trade, and for co-ordinating the efforts of such trading unions in regard to the maintenance of accounts, taking of stock, and using the credit facilities allowed by central banks.

(2) Each trading union gets its supplies directly from suitable markets by deputation of one or two of its members to the place of purchase. This system is very expensive. The purchase of articles from the cheapest market should be made by the combined effort of all trading unions in a District. The trading unions can use the departmental agency or the Honorary Assistant Registrars wherever possible, to make the purchases until a wholesale institution with financial responsibility is brought into existence in the District or for the Presidency.

(3) Trading unions when they are started have a tendency to attempt the sale of a very large number of articles with the result that the profit derived by the article sold is swallowed by the loss arising from the unsold articles. The trading unions should purchase only those articles indented for by the society which, when bulked, result in a large quantity for purchase, and also articles which could find a sale among the rural population. Higher priced articles should be purchased by bulking specific indents of societies and after receiving payments of their value in cash or credit from the indenting members.

(4) Estimates or indents by societies must necessarily be indents or estimates by the members who are bound to purchase the articles covered by their indents or bear the loss arising from their not keeping up to the engagement. In the absence of indents from members, stocking of articles may be attempted in regard to those which are free from competition and are available only in certain periods of the year.

(5) The difference of rate between the wholesale and the retail prices is so small that unless the transactions are in very large quantities, the profit obtained would not be sufficient to maintain the establishment required. Hence the necessity to exercise caution in dealing with articles which are wanted by co-operators in small quantities.

(6) A trading union can work on safe lines if in its initial stages it works the indent system and confines itself to the activities noted below.

(a) Purchase and distribution of seed-grains, agricultural implements, manure etc.,

(b) Purchase and distribution of cloths, salt, kerosine-oil and other articles, to be imported from trading centres.

(c) Purchase and distribution of food grains during the cultivation season for those who have not got sufficient quantity needed for the year.

(d) Purchase and distribution of the articles usually purchased by co-operators in market centres. These articles absolutely required in that part of the country by the co-operators can be estimated for by the panchayetdars of the societies.

(7) Co-operators should be educated to understand the loss they are put to by their dealing with the retail private dealers and under credit system. Such a loss is infinitely more than the high rate of interest charged even by private money lenders. It is not enough to raise this conviction in the co-operators. It is easy to do so as the agriculturists are aware of it already. It is necessary for a co-operative credit society to conduct its credit operations in such a way that the co-operators need not be dependent upon the sowcar or the retail shopkeeper for credit accommodation for purchase of articles required for domestic and agricultural requirements throughout the year. It should give full and free credit accommodation to *all its members for all their needs* provided of course the co-operators feel and keep up to their obligation to repay such sums borrowed for such purposes, soon after the harvest is over.

An agriculturist generally gets his income once or twice a year soon after the harvest and he is invariably in want of credit accommodation throughout the year. He could not under any circumstances purchase his requirements by cash transactions. Hence credit institutions should expand their transactions much more largely than at present if trade operations are to be conducted successfully. It is this defect that contributes for the slow progress in co-operative trade.

(8) Central Banks should be in a position to issue credit facilities in a larger and more liberal measure than at present. The limit of credit to be allowed by central banks to primary societies on the unlimited liability basis is now confined to one-eighth of the net assets of the members of such societies. This limit is working satisfactorily in regard to long term loans but it can with safety be enhanced to a higher amount in the case of credit for trade operations which will be cleared in 12 or 15 months.

(9) Co-operative credit institutions should bring within its fold higher and lower middle classes in rural parts by allowing them credit facilities.

when wanted. The theory of poor men alone being allowed to become members of Co-operative societies should not be pressed too far. In the interest of the institution itself and in the interest of the poor men, the advent of the upper and lower middle classes will be a decided advantage.

(10) The supervising staff of the unions should keep a close watch over the accounts and publish their balance sheet once a quarter. A trading union in its early stages could not afford to keep up adequate establishment both for management and audit. This arrangement of quarterly audit is an important one as it guards against the retention of heavy cash balances by the office bearers, the accumulation of unsold articles and the over-stocking of unsaleable articles.

II. CO-OPERATIVE STORES.

1. Purpose of a store

This is an association of consumers in urban areas for securing their requirements as cheap as practicable and of a suitable quality with an assured accurate weight or measurement. It is an institution mostly suited to poor men who have thus a chance of saving a reasonable amount from their wages. The failure in the working of stores is ascribed to a number of causes. It is advisable to tabulate them and find suitable remedies.

2. Increase the credit Transactions.

The transactions are generally small but the maintenance charges are disproportionately heavy. Accounting should be simplified. Honorary service from capable men in regard to the detailed management of stores is not practicable. Efficient men trained in trade work can be secured only on adequate pay and can be entertained only when the transactions are large. Hence every effort should be made to extend the transactions. The lower middle classes have joined the movement. Poorer classes have not joined on account of the want of credit facilities. The credit facilities are not allowed in store institutions and rightly so, as both the transactions could not be efficiently carried on in the same institution. Where credit facilities are allowed in trade organisations, the restrictions imposed virtually shut out the poorer men. The problem of credit should be solved by Urban Banks which should expand their transactions so as to assist the poorer men to get credit facilities for their dealing with co-operative stores. The activities of the Urban Banks in towns should be decentralised by forming separate branch institutions for different communities, different professions and specified small areas. An expansion of the activities of Urban banks is a prerequisite for the successful working of Co-operative stores. Richer middle classes should

be persuaded, to come in as members of co-operative stores by giving at least a limited opportunity to get their supplies. Large scale trade is rarely undertaken owing to want of finance. This is due to a just suspicion on the part of central Banks that institutions as stores are being conducted with imperfect knowledge. The following points may be borne in mind while considering the question.

(1) When a store society is started with a small amount of share capital, it might advisedly deal in a few articles obtained on credit from the local wholesale merchants and stock only such articles as are required for consumption in a fortnight or at the most, for one month.

(2) When it gets more share capital, it can raise credit from the financing bank and conduct transactions similar to that described in sub para (1) after obtaining the articles required from the local wholesale merchants on a cash basis.

(3) Stocking of articles can be attempted safely under the indent system which casts the obligation on the person who gives the indent to buy it or bear the loss arising from his default to buy it. Such an indent system can be introduced for supplying the annual provisions required in the families of higher and lower middle-classes.

(4) Stocking without the indent system may be attempted only in regard to those articles which are free from competition and which are available only in one season of the year and not till the next harvest. This is a difficult problem and should be handled by stores with a fair accumulation of reserve fund and with a proper set of managers. The stocking of articles aims at a low rate of profit but is intended to secure a large trade. Non-Stocking aims at higher rate of profit but it carries little risk with it, as fluctuation in trade for a short period will be small.

(5) Sales to non-members may be so allowed as not to curtail the advantages intended to accrue to the members.

(6) The difference between wholesale and retail rate being low, the profit in stores should be secured by a large turn over and by extensive transactions.

3. Auditing and Inspection of stores

Quarterly balance sheets should be published and the work of such inspection and audit should be undertaken by men specially trained for the purpose whether they are officials or non-officials.

THE ELEVENTH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

The Madras Provincial Co-operative Union thankfully acknowledges the following contributions received from Co-operative societies.

LIST OF CONTRIBUTIONS.				Rs.
Arcot North	... Tiruvannamalai Co-operative Union	...	...	5
	... " " Bank	...	...	5
Arcot South	... Tindivanam Urban Bank	...	...	5
Chingleput	... Big Conjeevaram Town Bank	...	...	5
	... Co-operative Central Banking Union, Conjeevaram	...	...	5
	... Little Conjeevaram Urban Bank	...	...	5
	... Tiruvellore Urban Bank	...	...	1
Chittoor	... Tirupati Co-operative Union	...	...	50
Cuddappah	... Khauzipet Co-operative Union	...	...	3
Coimbatore	... Coimbatore District Urban Bank	...	...	20
	... Coimbatore District Purchase and Sale Society	...	...	5
	... Coimbatore Building Co-operative Society	...	...	5
	... Coimbatore Town Bank	...	...	3
	... Kambiliampatti Co-operative Union	...	...	5
	... Pannimadai Co-operative Society	...	...	1
Guntur	... Guntur District Banking Union	...	...	5
Kanara South	... Kandapur Co-operative Town Bank	...	...	2
	... " Co-operative Supervising Union	...	...	3
	... Puttur Co-operative Union	...	...	3
	... South Kanara Central Co-operative Bank	...	...	10
Madura	... Madura-Ramnad Central Co-operative Bank	...	...	15
	... Madura Urban Co-operative Society and Stores	...	...	15
	... Periyakulam Co-operative Stores	...	...	2
	... Tirumangalam Urban Bank	...	...	5
Malabar	... Cannanore Urban Society	...	...	5
	... Malabar District Bank	...	...	5
	... Velancheri Co-operative Society	...	...	2
Madras	... The Madras Central Urban Bank	...	...	25
	... The Triplicane Urban Co-operative Stores	...	...	50
Ramnad	... Srivilliputtur Banking Union	...	...	5
Salem	... Namakkal Urban Bank	...	...	5
	... Neikkarappatti Co-operative Society	...	...	2
	... Pattipuram Co-operative Society	...	...	2
	... Salem Urban Co-operative Society	...	...	10
	... Salem Co-operative Union	...	...	5
	... Tholasampatti Union	...	...	5

250

THE MADRAS BULLETIN OF CO-OPERATION.

Salem	... Urban Bank, Hosur	...	5
	Venkarai Co-operative Society	...	5
	Virapandi Co-operative Society	...	5
Tanjore	... Nicholson Town Bank, Tanjore	...	5
	Tiruvalur Urban Bank	...	3
Trichinopoly	... Jayankondacholapuram North Union	...	1
	Jayankondacholapuram South Union	...	1
	Ramachandrapuram Co-operative Society	...	3
	Trichy District Urban Bank	...	15
	Trichy Co-operative Credit Bank	...	8
	Thattiampettaipalur Co-operative Union	...	2
Tinnevelley	... Ambasamudram Co-operative Society	...	5
	Kayathar Co-operative Union	...	5
	Palamcottah Co-operative Society	...	2
	Tinnevelley District Banking Union	...	5
Individuals	... City Book Depot, Pallavaram...	...	2
	M. C. Govindan Esq., Cannanore	...	3
	Veera Chettiyar Esq.	...	2
Total Rs. ...			289

THE ELEVENTH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

List of Reception Committee Members.

1. V. Venkatasubbaiya B.A., Madras
2. V. A. Antonysawmi Pillai, Velankanni
3. P. Ramanathan B.A. M.R.A.S., Madras
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5. K. G. Sivaswami Aiyar, Madras
6. A. Sankunni Menon, Malabar
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8. L. D. Swamikannu Pillai M.A. M.L. F.M.U., Madras
9. D. V. Prakasa Row B.A., Cocanada.
10. K. B. Ramanadha Aiyar M.A. B.L. L.T. F.M.U., Trivandrum.
11. Rao Sahib S. Kolandavelu Udayar, Kallakurichi.
12. G. Venugopal Rao, South Kanara.
13. R. Ananda Row, Thiruttangal.
14. R. G. Nallakuttalam Pillai, Srivilliputtur.
15. A. D. Thandu Mudaliar, Hospet.
16. R. Swaminath, Zamindar of Pappanad.
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19. K. Rama Iyengar, Madura.
20. Rao Sahib C. Aruliah Naidu, Kilacheri.
21. Rao Sahib A. Seturama Iyer, Nidamangalam.
22. V. K. Krishna Menon, Malabar.
23. M. R. Seturatnam Iyer, Trichinopoly.
24. V. V. Sundararaja Mudaliar, Karur.
25. M. V. Ramaswamy Aiyar, B.A., Melur.
26. S. Rajaratna Mudaliar, Malayandipatnam.
27. S. C. Venkatramiah, Saidapet.
28. M. Veeranna, Alamuru (Godavari Dt.)
29. S. Subramanya Pillai, Hosur.
30. H. Siva Rao, Anantapur.
31. K. V. Raghavachariar, Nellore.
32. Venkatramiah, Cocanada.
33. M. G. Thodadri Row, Agilandapuram (Tinnevelly Dt.)
34. T. K. Venkatramiah, Tindivanam.
35. C. Samundi Gounder, Nattarampalli.
36. M. Shiva Rao, Puttur (South Kanara.)
37. O. Visvanatha Rao, Nellore.
38. M. Sankarapandiya Reddiyar, Koilpatti.
39. A. R. Muniswamy Reddiyar, Arkonam.
40. R. Aiyakutti Aiyangar, Kurnool.
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44. T. Subbaraya Iyer, Pattukottah.
45. B. Hanumantha Rau, Tenali.
46. C. P. Sundara Rau B.A., Bangalore.
47. G. Narayanaswami Chettiyar, Madras.
48. Y. Narayana Rao, Trichinopoly.
49. A. Somasundara Mudaliar, Madras.
50. P. R. Govindaswamy, Perambur (Madras.)
51. V. Nagana Goundar, Guntakal (Bellary.)
52. T. R. Venkatrama Sastry B.A., B.L., Madras.
53. M. S. Seshachala Iyer, Tiruvannamalai.
54. O. M. Venkatanadha Iyengar, Uttiramerur.
55. Dr. John Mathai, Madras.
56. S. K. Yegnanarayana Iyer M.A., Madras.
57. E. Govindiah, Avanashi.
51. P. L. Ramaswamy Naicker B.A., Salem.

THE ELEVENTH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

List of Delegates.

Anantapur.	Anantapur District Bank	...	H. Shiva Rao.
	Dharmavaram Co-operative Union.	...	H. Sankara Rao.
	Hindupur Co-operative Town Bank.	...	L. Gangadra Sastry.
	Inagalur Co-operative Society	...	P. Subbaramappa
	Madakasira Co-operative Union	...	M. Rama Sastrigal
	Narasapuram C. S.	...	N. Bhimasena Row
	Parigi Co-operative Union	...	L. Gangadara Sastry.
Arcot N. ...	Alliyalamangalam C. S.	...	A. Janakirama Iyer
	Devikapuram Union	...	A. Rajagopala Sarma
	Kachappatti C. S.	...	Mannar Naidoo
	Kalavai Co-operative Union	...	Singaravelu Mudaliar
	Kaveripauk Union	...	A. Govindachariar
	North Arcot Dt. Banking Union...	...	N. Krishnamachariar
	Nattarampalli C. Union	...	C. Samundi Goundar
	Nattarampalli C. Stores	...	Venkatasawmy Naidu
	Tiruvannamalai C. Union.	...	M. S. Seshachala Iyer
	Tandarampattu C. C. S.	...	M. B. Rangaswamy
			Reddiyar
	Tiruppanamoor C. U.	...	V. Kandasawmy Mudaliar
	Vellore Co-operative Union	...	S. Singiah Goundar
Arcot	Aiyar Agraharam C. C. S.	...	Venkatrama Dikshadhar
South.	South Arcot Dt. Banking Union.	...	R. Srinivasa Iyengar
		...	R. A. Siyananda Mudaliar
	Tirukkoilur Co-operative Union.	...	R. Srinivasa Iyengar
	Tindivanam Co-operative Union.	...	T. K. Venkatrama Iyer
	Tindivanam Urban Bank	...	T. V. Kuppuswamy Iyer
	Villupuram Co-operative Urban Bank	...	R. Thiruvengkatachari
		...	S. Kuppuswamy Goundar
	Villupuram Co-operative Stores...	...	V. Jayaraman
	Villupuram School Masters' C. S.	...	C. S. Rangasami Iyengar
	Varanjaram C. S.	...	S. Sattamuthu Udayar
	Villupuram Co-operative Union...	...	V. R. Krishnaswamy Aiyer
Bellary ...	Hospet Central Bank	...	S. Narasappa
Chingleput.	Alappakkam C. S.	...	C. Sandanavaradachari
	Annadur Co-operative Society	...	Rangaswamiyengar
	Biman Thoppu Arundhatia C. S.	...	Chengiah
	Big Conjeevaram Urban Weavers Union	...	K. Rangaswami
		...	A. Krishnamurthi Rao
	Conjeevaram Central Bank	...	A. Doraisawmy Aiyar
	Conjeevaram Big Town Bank	...	A. Gangadara Mudaliar
		...	C. Ratna Mudaliar
	Conjeevaram Little Urban Bank.	...	A. Raghavachariar
Chingleput.	Chingleput Urban C. S.	...	P. Ramasawmi Aiyar
	Echoor Co-operative Society	...	S. Ramanadha Aiyar
	Gidangarai C. S.	...	Seshadri Aiyangar
	Inamkarumbakkam Karalapakkam C. S.	...	Chandravadivelu Mudaliar
		...	Ulagadha Mudaliar
		...	A. Venkatachariar

Chingleput.	Kachapeswara (Sri) C. S.	...	M. Devasikamoney Mudaliar
	Kilacheri Agricultural Bank	...	C. Shevaniah
	Manimangalam Union	...	K. C. Srinivasachari
	Mukandagiri	...	M. K. Chakravarthi Iyengar
	Mamundur (Chingleput) C. S.	...	M. Natesa Mudaliar
	Molasur C. S.	...	P. Chinniah Naidoo
	Madurantukam Union	...	T. Raghavachariar
	Madurantakam C. B.	...	M. Doraisawmy Pillai
	Olugarai C. S.	...	Sonachala Mudaliar
	Puludiyakkam C. S.	...	Govindasawmy Naidoo
	Salavakkam Co-operative Union...	...	S. V. Srinivasa Iyengar
	Salavakkam C. S.	...	Siyananda Pillai
	Silavattam C. S.	...	A. Tiruvengada Pillai
	Tiruvengaranai C. S.	...	P. Raghavachariar
	Uttiramerur Co-operative Union.	...	O. M. Venkatanadha Iyengar
	U.F.C.M. Employees C. S.	...	Rev. M. L. Jeevaratnam
	Walajabad Co-operative Union...	...	V. Gopala Naidu
	Walajabad C. S.	...	T. Kannivelu Chettiyar
Chittoor ...	Belapallee C. S.	...	A. V. Subba Rao
	Chittoor Co-operative Union	...	C. Krishnappa Chetty Garu
	Chittoor District C. B.	...	D. Vasudeva Rao
	Gudibanda C. C. S.	...	B. Konda Reddy Garu
	Pakala Co-operative Society	...	K. Raja Row
	Punganur Co-operative Town B.	...	K. Seshacharlu
	Palamuru C. S.	...	H. Ranga Row
	Thirtham C. C. S.	...	Rangacharlu
	Tarigonda C. S.	...	T. Rama Reddy
	Voyalpad C. S.	...	C. Krishna Reddy
Coimbatore Dt.	Coimbatore Dt. Urban Bank	...	T. S. Balakrishna Aiyar
		...	C. V. Venkatramana Iyengar
		...	T. S. Venkatramanier
	Coimbatore Building Society	...	T. S. Venkatramanier
	Erode Urban Bank	...	S. Sambasivam Pillai
	Erode Perendurai C. U.	...	P. V. Ganapathi Aiyar
	Karamadai Co-operative Union	...	O. S. Kasturi Ranga Iyengar
	Kambuliampatti Co-operative Union	...	Rao Sahib K. M. Chinnaranga- aya Goundar
	Madathupalayam C. S.	...	M. A. Andamuthu Goundar
	Nadupatti C. S.	...	Vaiyapuri Goundar
	Perundurai C. S.	...	P. K. Narayansawmy Pillai
	Tiruppur Urban Bank	...	...
Cuddappah District.	Agraharam-Khazipet C. S.	...	T. Subramanyam
	Cuddappa Co-operative Union	...	R. Venkatramiah
	Cuddappa C. C. B.	...	J. Krishnamurthi Row
	Ethirazapallee C. S.	...	A. Subba Rao
	Khazipet Co-operative Society	...	M. Sitaramiah
	Khazipet Co-operative Union	...	S. Venkatramiah
	Nandalur C. S.	...	A. Parasurama Rao
Godavari Dt.	Alamuru Co-operative Union	...	Ranga Row
	Bhoopiah Agraharam C. S.	...	A. V. Subbarayadoo
	Ramachandrapuram C. C. B.	...	D. Ramakrishna Row
	Ramachandrapuram Union	...	M. Sambasiya Rao

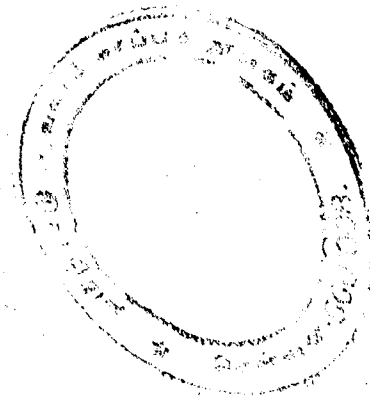
Guntur Dt.	Chelerole Co-operative Society ...	D. Murahari Row
	Ellore Co-operative B. U. ...	E. Krishna Row Naidoo
	Guntur Dt. Banking Union ...	B. Hanumantha Row
	Repallee Co-operative Union ...	V. Venkattratnam Pantulu
Kanara S.	Puttur Co-operative Union ...	G. Venugopal Row
Krishna Dt.	Bhimavaram Co-operative Union ...	
	Kaikalur Co-operative Union ...	G. Suryanarayana Row
Kurnool ...	Kurnool Urban Bank ...	Krish Rao Naidoo Garu C. V.
	Kurnool Dt. C. C. Bank ...	R. Aiyakutti Aiyangar
Madura ...	Madura Ramnad Central Bank ...	N. Ramaswami Aiyar
	Madura C. S. and Stores ...	V. Visvanadha Aiyar
	Priyakulam Stores ...	V. Subbarama Aiyar
	Tirumangalam Urban Bank ...	
Madras ...	Chintadripet C. C. S. ...	M. E. John
	Madras Elementary Teachers' Co-operative Society ...	C. S. Ramaswami Aiyar
	Madras Corporation Officials C. S. ...	V. Narayana Iyer
	Madras Govt. Servants C. S. ...	M. Sampathkumaracharya
	Perambur Cobblers' C. S. ...	P. R. Govindaswami
	Vepery Indian Xian C. S. ...	R. Gnanamathu
Ramnad ...	Alamarathupatti C. S. ...	Venkatramana Naidoo
	Pudupalayam C. C. S. ...	P. S. Subbaraja
	Srivilliputhur C. S. ...	
	Do. ...	Lakshmana Aiyar
	Srivilliputhur Union ...	V. Venkatasubbiya
	Srivilliputhur Banking Union ...	R. G. Nallakuthalam Pillai
	Sengalamaniachiapuram ...	Rangaswami Naidoo
	Tiruttangal Trading Union ...	Venkatasawmy Naidoo
	Tiruttangal Co-operative Union ...	R. Ananda Row
	Vadamalaipuram C. S. ...	Narayana Row
Salem ...	Chinnappampatti C. S. ...	Chandrasekara Aiyar
	Kandampalayam C. S. ...	Marrappa Goundar
	Kamalapuram C. S. ...	K. R. Rajagopala Iyer
	Mukasibarandur C. S. ...	M. Rudsappa
	Mattagiri Urban Bank ...	H. Narasimhayya
	Namakkal Urban Bank ...	K. V. Venkatachariar
	Neikkarapatti C. S. ...	Arunachalam Pillai
	Namakkal Co-operative Union ...	V. K. Peer Batcha Sahib
	Omalur Co-operative Society ...	G. A. Baji
	Pottipuram Co-operative Society ...	K. V. Vijayaraghava Iyer
	Pagalpatti Co-operative Society ...	P. L. Ramaswami Naicker
	Salem District Council ...	Raja Row
	Salem Co-operative Union ...	N. Kuppuswamy Aiyar
	Salem Scavengers' C. S. ...	T. Subramanya Aiyar
	Salem Municipal Subordinates Co-operative Society ...	S. Gopala Iyer
	Tholasampatti C. S. ...	T. C. Krishnaswamy Aiyar
	Tholasampatti C. Union ...	Chenraya Chettiayr

Tanjore	Alakkudi C. S. ...	P. Ananda Natesa Iyer
	Nicholson Town Bank ...	T. N. Sethurama Pillai
	Pattukkottai C. S. ...	P. K. Venugopal Naidoo
		M. Appavoo Mudaliar
		P. Rajagopal Naidoo
		T. Kumarasawmy Pillai
	Karanthai Dravida C. S. ...	T. R. Rangaswamy Aiyangar
	Kumbakonam South Union ...	K. Vaidyanadha Mudaliar
	Shiyali Co-op. Urban Bank ...	T. R. Srinivasa Iyengar
	Tanjore Central Banking Union ...	A. Sivakolundu Mudaliar
	Tanjore Co-operative Union ...	G. Seshadri Iyengar
	Tirukkannapuram C. S. ...	
Tinnevely.	Agilandapuram C. S. ...	M. G. Thothadri Rao
	Hemingway Local Co-op. Union ...	A. Veerabadhra Pillai
	Kayathar C. Union ...	M. G. Thothadri Rao
	Palayamcotta C. S. ...	P. S. Venkatrama Aiyar
	Tinnevely Banking Union ...	J. Gnanaratnam Pillai
	Vilattikulam C. S. ...	V. Krishnaswami Aiyar
Trichino-poly.	Do C. Union ...	V. K. Ramaswamy Aiyar
	Jayakondacholapuram C. C. S. ...	P. Vaithilingam Pillai
	Do North Union ...	Chellakutti Mudaliar
	Do South Union ...	Ramachandra Aiyar
	Kulitalai Co-op. Union ...	V. Rangaswamy Thathachariar
	Lalgudi Co-op. Union ...	T. S. Raja Aiyar
	Sengunthapuram C. S. ...	
	Trichy C. C. B. ...	A. V. Gopalachariar
	Thattampettaipalayam C. S. ...	C. Rajagopala Aiyar
	Do Union ...	P. Manikkam Chettiayr
	Trichy District Bank ...	T. R. Ratnam Aiyar
	Vembakudi C. C. S. ...	K. R. Krishnaswami Iyengar

THE ELEVENTH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.
STATEMENT OF RECEIPTS AND EXPENDITURE.

RECEIPTS.		AMOUNT.	EXPENDITURE.		AMOUNT.
Delegation ...	...	346 0 6	Boarding and other charges	...	690 1 5
Donation ...	...	339 0 0	Printing and Postage charges	...	194 7 0
Reception Committee ...	...	250 0 0			
Miscellaneous ...	...	21 11 0			
Total	...	956 11 0	Total	...	884 8

K. PARTHASARATHY AYENGAR,
Conference Secretary.



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[No. 8

THE PROGRESS OF THE CO-OPERATIVE MOVEMENT IN THE MADRAS PRESIDENCY*

In the Madras Presidency as in other parts of India, the co-operative movement started in 1904. Although the idea of co-operation had already become familiar to a number of people in India who took a special interest in the economic advancement of the ryot, it was only when Act X of 1904 was passed that it became possible to make organized attempts on co-operative lines to relieve the indebtedness of the rural population. In the small tabular statement at the end of this leaflet will be found some of the most important figures illustrating the progress of the movement from 1904 up to date. The first five years ending 30th June 1909 were occupied mainly in laying sound and enduring foundations. In those earlier days it was necessary to proceed with great caution, partly because of the experimental nature of the work and the imperative necessity for avoiding any failure which might cause a serious set-back and partly because the people for whose benefit the movement was started, were ignorant and sometimes suspicious. This meant that a great deal of patient propaganda work had to be undertaken. A glance at the statement will show that during the last three years, progress has been enormously accelerated. Although this is partly the natural result of the work of the previous years, it is due in very considerable measure to the reorganization and expansion of the department which was carried out in 1919-20 in deference to the wishes of the non-official members of the Legislative Council. There is no doubt that the resolution of the Legislative Council which led to this reorganization reflected the wishes of the people of the Presidency. For there was an insistent demand for the expansion of the movement, with which the departmental staff as it existed prior to the reorganization, was utterly unable to cope.

* Issued by the publicity Bureau Madras.

2. The number of co-operative societies of all kinds in the Presidency on 30th June 1922, was 7,389 as compared with 3,676 on 30th June 1919. Of these, 6,206 are agricultural credit societies and 694 are non-agricultural credit societies. A feature of special importance in the development of the movement during the last 8 years is the growth, *pari passu* with the increase of the primary societies of a system under which they combine to form local unions for their own supervision. On the 30th June 1922, there were 209 local supervising unions as compared with 102 on 30th June 1919 and 7 on 30th June 1914.

The total number of primary societies affiliated to local supervising unions on 30th June 1922, was 5,494. The amount which these societies spend on their own supervision, *i.e.*, on non-official agency appointed and controlled by themselves, has now reached a figure which bears a very substantial ratio to the entire cost of the departmental staff. In the year ending 30th June 1922, the amount spent by societies on this account was 1.25 lakhs of rupees while the total amount spent by Government on the department was Rs. 5.86 lakhs. And this latter figure includes the amount spent by Government on the travelling allowance of Honorary Assistant Registrars and on the pay and travelling allowance of their peons. As the figures in the tabular statement show, the development of non-official supervision has been extremely rapid. The amount spent under this head was only Rs. 1,949 in the year ending 30th June 1914, and Rs. 57,400 in the year ending 30th June 1919, while in the year ending 30th June 1922, the figure as stated above was 1.25 lakhs of rupees.

Although the number of villages included in the area of operations of societies increased from 2,215 on 30th June 1914 to 5,665 on 30th June 1919 and 9,893 on 30th June 1922, the total number is still very small as compared with the number of villages in the Presidency (52,196) so that in spite of the amazing progress which has been made, it is no exaggeration to say that the movement has done little more than touch the fringe of the problem which the department set out in 1904 to solve.

The increase in the membership has been very rapid particularly during the last three years, the number having risen from 100,537 on 30th June 1914 to 244,297 on 30th June 1919 and 461,002 on 30th June 1922. But even now the total number of members is only a very small proportion (less than 1.1 per cent) of the total population of the Presidency. So far as agricultural societies alone are concerned the members form only 0.9 per cent of the total rural population. Taking 5 as the average number in a family, only 5.5 per cent of the total population share in the benefits of Co-operation, and if we consider the rural population by itself, the

percentage is only 4.5. This again indicates that in spite of all that has been done there is still an enormous field for further work.

3. Some idea of the rapid expansion of the movement may be formed from the figures of the working capital of all societies. This figure reached the enormous sum of 601.11 lakhs on 30th June 1922 as compared with 305.21 lakhs on 30th June 1919 and 123.21 lakhs on 30th June 1914.

The paid up share capital of all societies on 30th June 1922 was 79.86 lakhs as compared with 34.70 lakhs on 30th June 1919 and 11.75 lakhs on 30th June 1914. And the reserve fund of all societies is now 26.08 lakhs as compared with 14.65 lakhs at the close of the year 1918-19 and 6.19 lakhs on 30th June 1914.

The members of the primary societies had deposits at their credits in the societies amounting to Rs. 28.71 lakhs on 30th June 1922, at compared with Rs. 19.31 lakhs on 30th June 1919 and 6.24 lakhs on 30th June 1914. These figures represent the savings of a large number of comparatively poor men. But to estimate the result of the thrift side of the movement it is necessary to include also the share capital put in by members of primary societies, which is also to be regarded as a form of saving mainly by poor men. The paid-up share capital of primary societies on 30th June 1922 was 50.52 lakhs of rupees, so that the total savings of members amounted on 30th June to Rs. 79.23 lakhs.

Deposits held by individuals, both members and non-members, in co-operative societies of all kinds on 30th June 1922 was 206.13 lakhs of rupees. If from this figure we deduct 28.71 lakhs of rupees which represent deposits of members in primary societies alone, we arrive at 177.42 lakhs of rupees. Practically the whole of this large sum has been put in by comparatively small investors. In the case of the financing banks, the share capital held by individuals is also, for the most part, money invested by the same class of small investors. This amounted to Rs. 14.14 lakhs on 30th June 1922, so that the total amount of money put into the movement in the way of investments, mostly by small men, amounted on 30th June 1922 to 191.56 lakhs of rupees.

4. Loans from financing banks outstanding against primary societies amounted on 30th June 1922 to 187.78 lakhs of rupees as compared with 100.97 lakhs on 30th June 1919, and 45.23 lakhs on 30th June 1914. These figures give some idea of the extent to which credit on reasonable terms has been made available through the co-operative movement to the ryots in the villages and the poorer people in the towns. But in order to form an adequate estimate of the benefit which the people of the

Presidency have derived from the co-operative movement, it is necessary to consider the figures showing the total amount disbursed as loans to members of primary societies. Up to 30th June 1909 such loans amounted to 19.42 lakhs of rupees. By 30th June 1914, the figure had risen to 151.91 lakhs and by 30th June 1919 to 487.58 lakhs. Rapid as the increase was in the quinquennium ending 30th June 1919, the expansion in the three years ending 30th June 1922, is even more striking, the total amount disbursed up to the latter date being 954.82 lakhs. In other words, credit facilities to the extent of 467.24 lakhs have been made available to members of primary societies during the last three years at reasonable rates of interest and on easy terms of repayment.

5. As a result of the reorganization of the department mentioned above, the cost to Government of the total establishment rose from 2.26 lakhs in 1918-19 to 5.86 lakhs in 1921-22. These figures include as already indicated not merely the pay of the staff but also office contingencies, travelling allowances, as also the travelling allowance of Honorary Assistant Registrars and the pay and travelling allowance of their peons. The total number of Honorary Assistant Registrars on 30th June 1922 was 61.

6. The cost to Government of the department in 1921-22 was only 33 per cent of the total Government expenditure for the year, while expenditure by Government on general education amounted to as much as 9 per cent. The expenditure on the Co-operative Department seems very small in proportion to the great educative value of the movement to the people of the Presidency as a whole and more particularly to the rural population. For enormous as the material benefits are which the co-operative movement has conferred, the results on the moral and educative side are of even higher value. It is far more important to build up the character of the individual—and this the co-operative movement is undoubtedly doing—than to teach the elements of reading, writing and arithmetic. Essential as the expansion of elementary education is, the progress of the co-operative movement is of no less importance for the general betterment of the people.

7. So far as the material benefits which the movement has conferred on the population of the Presidency are concerned, some estimate may be based on the figures of the total loans to members of primary societies. Taking into account the period of these loans and the difference in the rate of interest charged by the sowcar and by the society, it is calculated that since the movement started, members have saved on

their borrowings a sum which is certainly not less than two crores. And this does not by any means represent the entire benefit conferred on the poorer people by way of favourable rates of interest, for the existence of co-operative societies has undoubtedly been a powerful factor in reducing and controlling the rates charged by the sowcar. As a result, even those who borrow from the sowcar are indirectly benefited by the spread of co-operative societies and the aggregate saving to the poorer people on this account in the last 18 years must be enormous. Reference has already been made to the sums which may be regarded as the savings of members and as investments in the movement. These are considerable in themselves, but the value of the co-operative movement in inculcating ideas of thrift and businesslike habits is far greater than the mere figures would indicate. And the cost to Government of the department in 1921-22 was only 5.86 lakhs as compared with a working capital of 601.11 lakhs for all societies on 30th June 1922.

8. Great as are the results already achieved, the scope for further work is enormous. Even as compared with other provinces we have still a vast amount to do in order to bring the benefits of co-operation to all the people who are in urgent need of the help which co-operation alone can give. Figures published by the Department of Statistics for the year 1920-21, show that in this Presidency the number of societies per 100,000 inhabitants is only 14.9 as compared with 41.8 in Burma, 40.8 in Punjab and 36.1 in the Central Provinces and Berar. And if we turn to foreign countries, we find that while in this Presidency the number of members represents only about 1.1 per cent of the total population, in Germany the percentage is over 11 (i.e., in May 1921); in Italy where the condition of the peasant population is in many ways similar to that in India, there were 19,510 societies on 31st March 1921 or 54 societies to every 100,000 inhabitants.

And while there is still such a large unexplored field in this Presidency even in the matter of co-operative credit, the scope for expansion in regard to co-operative distribution and production is almost unlimited. In spite of several years of patient work, both by the department and by enthusiastic non-official co-operators, work on the non-credit side has scarcely yet passed the pioneer stages. On this side alone there is ample work for years to come for all the staff which Government can provide as well as for all the non-official co-operators who have the time and energy to devote to the extremely difficult problems which have still to be solved.

	1908-09.	1913-14.	1918-19.	1921-22.
1. Number of societies at the end of the year.	180	1,333	3,676	7,389
2. Number of financing banks at the end of the year.	3	8	26	33
3. Number of supervising unions at the end of the year.	...	7	102	209
4. Amount spent on supervision by societies in the year.	...	1,949	57,400	1,25,668
5. Number of villages included in the area of operation of societies at the end of the year.*	609	2,215	5,665	9,893
6. Number of members of all societies at the end of the year.	15,597	100,537	244,297	461,002
7. Working capital of all societies at the end of the year (in lakhs).	18'19	123'21	305'21	601'11
8. Paid-up share capital of all societies at the end of the year (in lakhs).	2'10	11'75	34'70	79'86
9. Reserve fund of all societies including the addition made on account of the working of the year (in lakhs).	'55	6'19	14'65	26'08
10. Deposits of members in primary societies at the end of the year (in lakhs).	1'93	6'24	19'31	28'71
11. Deposits of individuals in all societies at the end of the year (in lakhs).	9'05	54'18	122'05	206'13
12. Loans from financing banks outstanding against primary societies at the end of the year (in lakhs).	5'66	45'23	100'97	187'78
13. Total amount disbursed as loans (in lakhs) to members of primary societies.	19'42	151'91	487'58	954'82

*The total number of villages in the Presidency is 62,198.

FINANCING OF PRODUCERS' SOCIETIES.*

BY MR. OTTO ROTHFELD,

(REGISTRAR OF CO-OPERATIVE SOCIETIES, BOMBAY).

At the present moment no arrangements exist in this Presidency for the separate financing of Producers' Societies. Small loans from Government funds can be given by the Registrar to Producers' Societies framed on a basis of unlimited liability. Except in the case of Weavers' Societies, however, all Producers' Societies are formed on a basis of limited liability. No Government loan can be given to such societies without a reference to Government and its sanction in each particular case. As a matter of fact, under the existing rules the limits to Government loans are so small and time necessarily spent in investigating the applications so large, that the Government loans can be of little value to any genuine Producers' Society. Further in my opinion, I must say that I do not think that under any circumstances can loans from Government be of great use for financing the trade of Producers' Societies, though they might be of use to enable a Producers' Society to instal a factory or machinery or some similar semi-permanent operation connected with their production. For purposes of financing their trade, however, a much more fluid system of loans is required and can never be furnished by any Government loans given under an administrative system.

The Provincial Bank 2½ years ago decided not to finance Producers' Societies in general, and their decision was approved by Government. They have as a matter of fact been financing a few Producers' Societies since then under rather exceptional circumstances and in default of any other financing agency, on my recommendation in each case. That the general decision is correct, I at least cannot doubt. The methods of banking involved in the financing of industrial production are entirely different from those required for agricultural finance. To start with, it is obviously necessary not only that there should be a lien on the goods produced but also that these goods should actually be in the possession of the Bank, which means the employment of a clerk or agent to watch the goods the whole time, to authorize the removal of goods sold in the market, and to receive from day to day payments for the goods thus sold. This is a class of business for which the Provincial Bank has not at present got any staff and which will require separate accounts and separate management in the branch. Moreover, the qualities required from the management of an establishment supervising long term loans or

* (Paper submitted to the subjects committee of the Bombay Provincial Co-operative Conference.

comparatively long loans for agricultural purposes are obviously different from those required from a management that is watching margins and the rise and fall of the market from day to day, and that is issuing loans chiefly on trade bills of exchange calling up new margins and speculating in the rise or fall of markets. Further, there are other important points of co-operative principle involved which, although at the present moment they may not loom very large on the Indian horizon, are none the less of increasing importance as time goes on, and may in the end lead to a very serious clash of interests. The agricultural movement is now and, as far as we can see ahead, in the future is likely to be, in this as in other countries, an individualist movement. Cultivation will presumably always in the main be done by individual owners of agricultural land. Co-operation among them implies co-operation for definite purposes without the sinking of individual property and individual profit. Those who sympathize with the movement are, therefore, in no way required to abrogate the commonly held views of rights of property and of individual enterprise. In consequence, the agricultural movement has obtained the adherence and guidance and financial support of many rich and public-spirited gentlemen, who would possibly have shrunk from giving similar support to a movement of a different type. Now a producers' movement inevitably must be more or less socialistic in type. Its underlying principle and one of its main objects is opposition to the capitalist monopoly of means of production. It seeks to achieve its purpose by the abandonment of individual and private profit by the producers in the interest of the producing and labouring classes as a whole. It follows, therefore, that it can receive whole-hearted support only from men who are convinced of the evils of the existing capitalist system, and that its interests must clash with the interests of those who may yet be able to support the agricultural resource movement with no compunction and indeed with every aspiration.

There is a further practical question. The Resource Movement including District Banks and the Provincial Bank is, as yet, nowhere near being able to find money for all agricultural purposes. The total wants for current needs of the agricultural population in this Presidency are about 25 crores per year. It will take many years still to come, before the whole population is covered by agricultural credit and non-credit societies and before these banks can work up their capital to a height at which they can fairly hope to cope with their finance. On the other hand, at a very small estimate the needs of Weavers' Societies for purposes of only current finance cannot be lower than one crore. The other Producers' Societies in this Presidency are so far only at their first

stage; and their needs are very small at present. But if they spread to anything like the extent for which one hopes, it is quite conceivable that in another five years their needs also will be not less than a crore per year. I do not, therefore, see how, as a practical question, even laying the other considerations aside, there is any hope of the District Banks and the Provincial Bank being able seriously to undertake the finance of Producers' Societies. Excluding, therefore, Government loans and the present District Banks and the Provincial Bank, the only means by which Producers' Societies can get finance are, within the movement (a) from existing Urban Banks or (b) from a possible Producers' Bank, and (c) outside of the movement from wholesale commercial traders. Accommodation under (c) is of course a matter of arrangement in each case, but the accommodation will have to be expensively paid for, especially as in most cases the traders are bitterly opposed to such Producers' Societies and have already put obstacles in their way. While, therefore, I consider that such accommodation must be made use of as far as possible, I do not think that it can in any way be depended upon and even on practical and much more on theoretical grounds I consider it is the duty of the Co-operative Movement to find an alternative within itself.

As regards (a) Urban Banks are still few and do not command as large capital as is required. Further, I have not found any great eagerness on the part of Urban Banks to finance Producers' Societies. They have been too conservative for one thing and seem to prefer the comparatively unprofitable banking method of giving loans even for unproductive purposes for comparatively long terms to individual members. I think they should be stimulated by a resolution of this Conference and propaganda by the Institute to understand their duties to Producers' Societies better and to endeavour to increase their capital and to finance such societies on an adequate scale. Further propaganda is also required to organize new Urban Societies which shall include the financing of Producers' Societies among their objects. I confess, however, that I am doubtful whether there is sufficient hope to be derived from such Urban Banks in the near future for the urgent requirements of the Producers' Movement. I am, therefore, inclined to think that in this Presidency as in France recourse must be had to alternative (b) *viz.*, the organization of a separate Producers' Bank. As in France, so here, Producers' Societies including Weavers' Societies should from the first be asked to take a large part of the share capital of such a Bank. But further support must be found in the market from such of the educated and richer class as are anxious to stimulate craftsmanship in this Presidency or who wish to avoid the serious evils of the capitalist system in industry overtaking this

Presidency as they have overtaken so many European countries. Moreover, in such a Bank even to a larger extent than in the Provincial Bank, it is absolutely essential to have good management from the very start and the management must be by persons who are experts in the financing of industrial enterprise. There would, however, as far as one can see, be no objection to such a Bank from the first asking for Government help in the same way as the Provincial Bank asked and obtained it. Such a Bank could perhaps arrange with existing Urban Banks to work for it as its agents and could derive large profits if it carefully watches the course of trade and directs the sale, for instance, of woven cloth in the markets most profitable to the producer.

ORGANIZATION OF SMALL SCALE INDUSTRIES.

(MR. L. S. POTNIS)*

There is an intense feeling at the present day all over the Presidency that something must be done for the improvement of our industries. Speeches are delivered, articles are written and proposals are made everywhere, all of which having for their object the regeneration of our industries but no tangible results are yet visible. It is in the first instance desirable to investigate into the causes which hamper the progress of industries, before any appropriate steps are taken to ameliorate the condition of the artizans dependent on these industries.

As a rule artizans are (1) poor, (2) unorganized, (3) conservative, (4) vicious, (5) dependent on capitalists for the purchase of raw materials and the sale of finished articles. Some of the artizans who are well to do, keep small karkhanas or workshops and employ their poor brethren as labourers on daily wages or on piece-work. They exact very hard work from these workers and profit themselves at their cost. In the Kalabhuwan of Mr. Irabati of Sholapur nearly 500 labourers from Telangana are working on hand-loom and Mr. Irabati gets the profit of their labour as a big Karkhandar. This state of things is seen in all the industries mentioned below. But even these Karkhandars are required to depend on capitalists for the supply of raw materials and the sale of finished articles. The poorer artizans are so much engrossed in debt and so much dependent on sowkars that they have been demoralized and become quite unconscious of their actual capacity to produce and get all profits for themselves. They are afraid of displeasing the sowkar, as he is likely to make a demand for the money advanced to them and as they are likely to

* Paper submitted to the Subjects Committee of the Bombay Provincial Co-operative Conference

be evicted from their houses which are generally mortgaged to him. They are also afraid of being boycotted in business and thus deprived of the chances of getting raw materials for their business and getting a market for their finished articles. In order to keep these men under his influence the sowkar advances money and makes a contract to get finished articles at a cheaper rate. The artizans keep themselves contented with the idea, that they will get orders to manufacture from the Sowkar, in satisfaction of the advances received from him. The artizans consider themselves to be very shrewd persons not knowing how the sowkar is getting fat at their expense and not knowing that they are mere labourers engaged on piece-work.

In order to improve the conditions of the industries and the persons engaged in the industries it is necessary to take the following steps:—

- (1) Supply of raw materials at reasonable cost where necessary.
- (2) Finding out the market for finished articles.
- (3) Establishment of a museum or museums at central places.
- (4) Grant of financial aid where necessary.
- (5) Technical advices, guidance and education.

In order to gain these objects Co-operative Organization, in any of the suitable forms is the only remedy that can be suggested. Co-operative Societies for these men may be in any of the following forms:—

- (1) Credit. (2) Joint purchase and Sale of raw materials,
- (3) Joint production and sale, or (4) Joint sale of finished articles

The following industries can be organised on Co-operative lines.

Metal workers.—1. Goldsmiths. 2. Silversmiths. 3. Coppersmiths. 4. Ironsmiths. 5. Tinsmiths.

Glass.—6. Bangle makers. 7. Chimneys & glass makers.

Carpentry.—8. Wood cutters. 9. Cabinet makers. 10. Painters. 11. Ship-builders.

Ceramic.—12. Brick makers. 13. Pot-makers.

Textile.—14. Cotton weavers. 15. Silk reellers. 16. Cotton dyers. 17. Silk dyers. 18. Lace makers. 19. Silk weavers. 20. Wool spinners. 21. Wool makers and dyers. 22. Wool weavers. 23. Tailors. 24. Washermen. 25. Tape weavers. 26. Calico Printers.

Leather.—27. Tanners. 28. Shoe-makers.

Oil.—29. Oil pressers. 30. Soap makers.

Paper.—31. Paper manufacturers. 32. Printers. 33. Toy makers.

Bamboo.—34. Basket and mat makers.

Gum.—35. Gum collectors. 36. Lac manufacturers.

Fishermen.—37. Fish salters.

There are numerous classes of people in the Presidency following these industries either as primary or secondary occupation and unless steps are taken early, they are sure to go to the wall as a result of foreign competition. But before any definite steps are taken, it is necessary to take a preliminary survey of all the home or small scale industries in the Presidency, having for its object an investigation into the nature of existing difficulties, the number and condition of the people engaged in them, which of these are taken up as primary or secondary occupations, the nature of the existing machinery and appliances, the possibilities of introducing small plants or power machinery, the places from which raw materials are supplied, the places which afford a good market for the finished articles, the margin of profit earned by the workers and so on. All this information will have to be collected in printed forms to be supplied for this purpose.

The most important point in connection with this work is the need of intelligent persons to conduct the investigation. In the Bengal Presidency this work was done by the Home Industries Association with the assistance of District Officers. In this Presidency it is possible to make complete investigation through the assistance of District officers, Co-operative and Industrial Departments, the Honorary Organisers and the members of the Bombay Central Co-operative Institute where available.

I therefore suggest that a strong and influential Committee may be appointed under the auspices of the Institute to investigate all small scale or Home Industries on co-operative lines, and also for having one central co-operative Home Industries Association for the Presidency.

The idea, if carried out, will not only improve the condition of hereditary artisans, but will also be of great use to workmen, agriculturists by birth but employed in industries as labourers in big manufacturing centres and living in very insanitary and unhealthy houses owing to the uneconomical nature of their holdings or precarious rainfall in their Districts.

The working of the Bombay Co-operative Home Industries Association, if started should be as follows:—

I. As soon as the Association is registered and some funds collected District or Local Committees should be organised at suitable centres. These District or local committees should be the branches of the Association. Local Committees should consist of the persons interested in the development of some industries including local District Officers.

2. The next step should be the industrial survey with the assistance of district officers as regards all industries in the area for which the local committee is formed. District officers should be requested to supply the necessary information as regards such industries if they are in their records. If necessary, forms with printed questions should be circulated and information obtained in the forms of answers.

3. Survey being completed and local committees formed, a member of the executive of the Central Association or any expert on behalf of the central Association should arrange tours over all the districts for the inspection of various industries carried on in each place in company with the local committee and place order for such quantities of goods as seemed most likely to find a ready sale at the Central depot or museum and to find out the causes by which their industries were suffering.

4. The Association should then start central as well as branch museums for the exhibition of the articles manufactured, through the assistance of municipalities and local boards if possible. These museums will canvas orders through the central Association.

5. The subscriptions collected from individuals etc. should be utilized for propaganda as regards general and technical education, demonstrations, exhibitions, information bureau, monograph publications, and other purposes similar to the development of such industries.

6. The Association will secure orders and shall transmit them to the industrial concerns, raw materials having been supplied by the Association.

7. After the survey is complete, a business department shall be started with a capital consisting of shares from members, donations and subscriptions and the balance that will remain after defraying the survey and museum expenses.

8. The business department:—

(1) Will secure orders for finished articles and shall transmit them to the district committees for transmission to the member industrial concerns.

(2) Will supply raw materials on indent system their price being deducted while making payments for the finished goods.

(3) Will supply machines and accessories on the hire purchase system.

(4) Will distribute bonus at *pro rata* of the business transacted, to members and industrial concerns from the portion of net profits set for the purpose.

9. The association will open branches in the famine-stricken areas in consultation with the district and local officers and the famine relief committee shall keep industrial people employed without taking any profit.

10. Till a separate Industrial Bank is started, the Bombay Central Co-operative Bank shall undertake to finance Co-operative Industrial concerns at the recommendations of the Association.

THE CO-OPERATIVE MOVEMENT IN ORISSA.

BY MR. LAKSHMI NARAYAN SAHU, M.A.
(*Servants of India Society, Cuttack*)

I. The Growing Strength of the Movement.

The co-operative movement has been slowly but steadily gaining ground in India. It has not ramified itself in different directions but already it has shown its vast potentialities for the economic amelioration of the people. In Orissa until recently the movement was looked down upon as futile, but this was, no doubt, largely due to ignorance. The thinking section of the people entertained an erroneous notion that the Co-operative Department had only made a gratuitous addition to the existing money-lending agencies. But now that belief has been falsified. Recently the Co-operative Central Bank of Cuttack helped a few people in starting a Co-operative Press and that was a great eye-opener to the doubters and non-co-operators (I use the latter word in the technical sense). Then again, the same bank at its annual general meeting decided, by a majority of votes, to undertake the teaching of boys in a certain area in the Cuttack District under the supervision of a trusted and hard working director. Again, the writer of this article was himself conducting a co-operative monthly 'Sahakar' and the Department has now undertaken the work by starting a quarterly of its own by name "Sahayoga Samachar".

II. The Relation between Co operation and Education.

I may claim with a pardonable pride that in our province the co-operative movement has furthered education. I take the liberty of quoting from Mr. Strickland's *Introduction to Co-operation in India* which draws attention to the achievement of the Co-operative Department in Bihar and Orissa in spreading education to the people. Mr. Strickland says "A direct connection between schools and co-operative bodies has only been created by official initiative in the province of Bihar and Orissa where grants from District Boards are made to a number of unions and societies for the promotion and management of schools in their neighbourhood. Other

schools are maintained by the societies themselves with only such assistance as they may earn by qualifying for the usual grant made to an approved 'private' institution: in some cases the members bind themselves to see that the attendance of their children is regular under penalty of a fine. Grants from the profits of societies towards the support of their Local Board Schools and also towards scholarships for the children of poor co-operators or other persons are very common".

III Non-official Support.

I cannot do better than quote from the Registrar's report of the co-operative societies of Bihar and Orissa for the year 1921-22 in describing the general condition of the movement in our province. He writes, (Page 22), "This movement has succeeded in creating a capital of 60 lakhs for financing agriculture by methods which have proved business-like and acceptable to all concerned, and has collected Rs. 63 lakhs of people's money in the way of deposits, a great part of which was lying idle. And what is the organisation? There is the individual at the bottom, the tiller of the soil—member of his village society and such societies are linked to the Central Banks and the latter have formed themselves into the co-operative federation which is governed by the Congress at which there are representatives of all the banks and societies. The decision of the Congress is final and binding on all. And this simple but vast organisation is practically all in the hands of the people, the great non-official class without whose sincere and whole-hearted support a handful of officials would have suffered ignominious defeat in their attempts to bring prosperity to the land".

The federation meets in the last week of this month at Patna to decide many important questions amongst which the association of more honorary workers in the movement will be discussed.

REPORTS OF CONFERENCES.

I. Conference of the Registrar with the Representatives of the District Central Banks.

(Held at the office of the Registrar on 22nd December, 1922)

Subjects Nos. 1 and 2

1. Certain district central banks are unable to utilize the whole of their resources in financing primary societies in their own areas. The remaining Central banks on the other hand do not borrow from the Madras Central Urban Bank to an extent sufficient to enable the Madras Central Urban Bank to absorb the surplus money at a rate which will be profitable to the banks which have surplus funds. The Madras Central Urban Bank cannot find a ready outlet for all the

money it can command. During the year 1921-22, the overdrafts with the Imperial Bank could not be used to the full advantage and this is still the case. What is the remedy for these evils?

When the rate of interest on loans to primary societies and that on loans given by primary societies to individuals were raised some time in 1920, the parties concerned were given to understand that the enhancement of the rate was temporary. It is now reported that owing to the high rate of interest charged by primary societies members do not borrow from their societies as much money as they actually require, and this raises the question whether the time has not come for a reduction in the rate of interest charged by the Madras Central Urban Bank to district central banks and by the latter to primary societies.

Resolution.—The Conference is of opinion that as it is impossible to say whether the financial crisis which led to the enhancement of the rates of interest in 1919-20 has completely passed, it would be premature to decide on any general reduction of the rates at present. It suggests that the Madras Central Urban Bank and each district central bank should consider whether it can grant a rebate of $\frac{1}{2}$ per cent per annum, out of divisible profits setting apart a sum sufficient to pay the maximum dividend of 9 per cent, the rebate to be calculated on the amount lent to each society member during the year, or whether it can make a temporary reduction of $\frac{1}{2}$ per cent in the rate of interest charged. So far as the rate to be charged by primary societies on loans to their members is concerned opinion is divided as to whether the rate should be reduced to the old rate of $9\frac{3}{8}$ per cent or whether for the present a reduction to 10 per cent is sufficient.

Subject No. 3.

Loan applications of primary societies now pass through the Assistant Registrars. In view of the rapid development of the movement it is now a matter for consideration whether it is not necessary that central banks should hereafter rely more on local unions and on themselves than on Assistant Registrars in regard to the grant of loans to societies and whether loan applications should not be sent direct to central banks by local unions with their recommendations. Loan applications of societies not affiliated to any union or of societies affiliated to a particularly weak union might still pass through Assistant Registrars.

Resolution.—The Conference considers that although no general rule can be laid down for application to all central banks and all supervising unions, every central bank may select one or more unions in its area and agree as a tentative measure subject to recommendation after a period of, say, one year, to accept loan applications from its constituent societies affiliated to that union direct from the union without any recommendation from the Assistant Registrar. When this procedure is followed, the local union must send copy of its recommendations simultaneously to the Assistant Registrar for his information, so that he may, whenever he considers it necessary, make a special representation to the central bank. In any case of doubt, the central bank may consult the Assistant Registrar.

The Conference is of opinion that if central banks are to rely entirely on unions in regard to loan recommendations they must get copies of relevant portions of departmental inspection reports bearing on the financial status of the primary societies.

Subject No. 4.

Organization of new societies is now done partly by honorary workers and representatives of local co-operative unions and partly by the departmental staff. It is a question for consideration whether the work should not now be wholly transferred to non-official bodies and non-official workers and departmental scrutiny eliminated or reduced as far as possible.

Resolution.—The Conference considers that although there are still areas where responsibility for organisation must remain wholly or partly with the department, nevertheless responsibility for organizing credit societies should, in well developed areas to be determined by the Assistant Registrar in consultation with the central banks, be handed over to supervising unions.

II

Conference of the Registrar with Representatives of Selected Unions and Representatives of Financing Banks on the 22nd December 1922.

Subject No. 1

Transfer of more responsibility in the matter of supervision of societies to unions and honorary workers.

Resolution.—The Conference accepts the resolution No. 3 of the Bankers' Conference but considers that unions as well as central banks should be supplied with copies of relevant portions of departmental inspection reports bearing on the financial status of the societies.

The Conference considers that the question of granting extensions or renewals of loans by central banks to primary societies should be dealt with on the same lines as original loans.

The Conference is of opinion that in the matter of granting extensions of loans by primary societies to their members, the general permission of the supervising unions concerned may be substituted for the general permission of the Registrar which the present model by-law (47 of unlimited liability societies) requires.

The Conference considers that the following changes and alterations should be made in the model by-laws of local supervising unions:—

By-law 7.—Registrar's sanction is unnecessary and reference to it may be omitted in this by-law

By-law 10.—Sanction of the Registrar is unnecessary.

By-law 18 (last sentence).—The approval of the Registrar is unnecessary and reference to it may be omitted.

III

Co-operative Conference at Kudligi.

The Second Kudligi Union Co-operative Conference organised by the public of Kudligi Taluk in the Bellary District with Messrs. Kotrabasappa, Chinaveeranna Goud, and Thatha Rao on the reception committee met on the 10th and 11th December 1922 in the Board Elementary School, Kudligi, under the presidency of M.R.Ry. A. Ranganatha Mudaliar Avl., B.A., B.L., M.L.C. The President of the Conference and the party that accompanied him were received on the way with music and they were led to the Edward Memorial Choultry which put on a gay appearance with green leaves and other decorations. The Conference was attended by 100 representatives of societies.

2. The Conference began its sittings at 3 P.M. on the 10th December. The Assistant Director of Agriculture, the Sub-Divisional Officer, the Sub-Registrar and other Government officials were among those present. M.R.Ry. A. D. Tandur Mudaliar Avl., represented the District Bank. A prayer and a song on Co-operation formed the first item of the proceedings. Mr. Kotrabasappa accorded a hearty welcome to the audience and read a report on the working of the Supervising Union. The President with his wonted fluency of expression and vivid explanations brought the subject of Co-operation thoroughly home to the audience and dwelt for over an hour on the benefits of the movement, how the difficulties were to be supervised, and what the duties of the Co-operators were. He described with statistics how in the Western countries the movement led to the real prosperity of the people, and how when compared to those countries, India was lamentably behind, notwithstanding the rapid strides made during the last few years. Papers on the following subjects were then read :—

1. Co-operative societies and how to make best use of them.
2. Duties of the Panchayatdars.
3. How to improve resources.
4. How to collect loans easily from members.
5. Relations between Unions and the Central Bank.
6. Disabilities of ryots and Co-operative societies.

3. M.R.Ry. A. D. Tandur Mudaliar Avl., then pointed out in a brief speech the evils of monopolisation of loans by Panchayatdars and the advisability of one or two societies endeavouring as an experimental measure to redeem all the old debts of the members by canvassing local deposits, etc., and thus improving their condition substantially. The Agricultural demonstrator narrated the disadvantages attending the Kudligi ryot owing to his disinclination to change his old method of ploughing and manuring, etc., and explained how he could improve his lot by adopting improved methods and by being a little more amenable to advice from the Agricultural Department. The Assistant Director of Agriculture gave also some advice on agricultural matters to the co-operators in a few words. The President in his concluding speech exhorted the audience to work with unabated zeal for the cause of Co-operation and make it a real success. He

emphasised the need of imparting education in elementary schools on Co-operative and Agricultural matters if we are to reach the goal of moral and material prosperity of the people.

In the evening the Ryots' Conference was held. The poor and illiterate ryot thrust his way to the hall with his coarse cumbly on, to represent to the distinguished Councillor his difficulties with the result that the hall could not hold the ryots. In spite of his illiteracy the average ryot is full of faith in such assemblies and in his representatives. Questions on Forest Grazing, Water Supply, etc., were discussed and the ryots were assured that the subjects would receive the distinguished Councillor's best attention.

The Ryots' Conference closed with distribution of small prizes to school boys who were winners in the races held on the occasion and the taking of a group photo.

RESOLUTIONS.

1. Resolved that in giving works such as repairs, construction of roads, and of tanks and wells on contract, preference be given to applications from such Co-operative Societies as are within the easy reach of such works, by the Taluk Board, District Board, Minor Irrigation and P.W.D.
2. Resolved that the Central Bank be requested to disburse short term loans of Rs. 1000 and under, on ordinary promotes without the necessity of having them registered.
3. This Conference resolves that, in view of the loss of interest occasioned to Supervising Unions by the accumulation of Supervision Fund in the Central Bank's Suspense account, such amounts as are required for immediate needs, say within six months, be kept in the current account, and the surplus sums in fixed deposits with six months' time, and that the Assistant Registrar and the Central Bank be informed accordingly.
4. Resolved that the necessity of enclosing a property statement to each loan application be dispensed with and loans be granted readily on the strength of the property statement to be revised annually.
5. Resolved that arrangements be made to teach lessons on the Co-operative movement to children in every school.
6. Co-operation and Agriculture being closely allied in several matters, it is resolved that the elementary school teachers should be trained for at least two months in the methods of agriculture.
7. As it is not often possible to obtain orders of the Tashildars in time when village officers have to attend to Co-operative matters urgently either in connection with a meeting or otherwise, this Conference resolves that the Collector of the District may be addressed to issue necessary instructions to the Tashildars to accept reports from such village officers as sufficient proof of urgency to leave their jurisdictions in anticipation of sanction.

8. Resolved that the registration of mortgage bonds for loans of rupees one hundred and under, be dispensed with as in the case of suretyship bonds.

9. This Conference resolves that suitable books on Co-operation and Agriculture be published and introduced in schools for being taught as one of the important subjects and that the departments concerned be addressed accordingly.

IV. Co-operative Conference at Alur.

The First Adoni Circle Co-operative Conference was held in the secondary school at Alur on the 17th instant under the presidency of M. R. Ry. Ayyakutti Iyengar, Avl., B.A., B.L., Vakil, Kurnool, and the Secretary of the Kurnool Co-operative Central Bank. The Conference was opened with a song on "Co-operation". M. R. Ry., Y. Govinda Rao Avl., welcomed the President and the audience in a neat little speech significant of the enthusiasm and fervour with which the Conference was organised. Messrs. H. Venkateswara Rao and Hanumantha Bhatt who were the Secretaries of the Reception Committee deserve the credit for the nice arrangements made and for decorating the hall with appropriate welcome arches, festoons, and green leaves. The hall became easily packed owing to the large attendance of delegates and other visitors, of whom the local officials, such as the Sub-Magistrate, Sub-Registrar and the Sub-Post Master, deserve mention. Messrs. A. Bheema Rao, G. Narasinga Rao, and K. S. Rajachariar attended as representatives of Adoni.

The presidential address which was a thoughtful one was delivered in Telugu and it embraced all the important details connected with the movement in the Bellary District. Having gained considerable experience in the Co-operative field, the learned President dwelt at length on the benefits of "Co-operation" and what avenues lay open for the Co-operators to pursue for fostering the movement. Among those mentioned by him were (1) purchase of agricultural implements and seeds for joint use (2) encouragement of non-credit transactions in societies (3) joint sale of agricultural produce (4) purchase of lands on Co-operative lines (5) formation of building societies (6) starting of societies for women (7) organisation of societies for breeding bulls.

Special emphasis was laid by the president on the present practice of locking up money on jewellery and on the advisability of instructing women to give up the habit of longing for rich ornaments such as diamonds and to make investments for the advancement of Co-operative and Industrial pursuits. The need of every Union having a Supervisor to inspect the societies was urged by him, as otherwise the whole fabric would crumble to pieces in a few years. The evils prevalent in primary societies such as appropriation of loans by the panchayat-dars and binami loans, the issue of loans without taking proper bonds, unpunctuality in the discharge of obligations to the financing Banks, he said, were a grave menace to the safety and proper working of the Co-operative institutions and that they should be carefully guarded against. In conclusion he made a pathetic appeal to all, irrespective of political parties, to meet on a common plat-

form, under the banner of Co operation and to devise practical means for the uplift of the masses.

Mr. G. Narasinga Rao of Adoni read a paper on 'thrift' and the Headmaster, Municipal High School, emphasised the importance of Co-operative supply of articles of stationery, books and slates to students. After a lively discussion the following resolutions were passed under the guidance of the Assistant Registrar who was present on the occasion. The proceedings terminated at about 9 p.m. with a vote of thanks to the chair and the singing of a few Telugu verses composed for the occasion.

Resolutions.

1. This Conference expresses its profound sorrow at the death of Mr. F. R. Hemingway, the late Registrar of Co-operative Societies, Madras, and offers its heartfelt condolence to the members of his family.

2. Resolved that the Assistant Registrar be requested to organize the weaving societies in the following areas : —

Yemmiganur, Gudikal, and Alur.

3. Resolved that a Stores branch be opened in existing credit Societies at Yemmiganur, Alur and Holalgundi.

4. Resolved that the rate of interest on loans issued by the Central Bank to primary societies be reduced to 7½% per annum and be given effect to from 1st January, 1923.

5. Resolved that Societies for the purchase of stationery and books, for the benefit of students studying in schools located in the taluks of Adoni and Alur, be started at Adoni.

6. Resolved that a Supervisor be appointed for Alur and Adoni on Rs. 25 plus travelling allowance of Rs. 10 per mensem.

7. Resolved that rural societies which can afford to purchase agricultural implements be requested to purchase them out of the funds of the societies and to lend them on the hire system to their members.

8. Resolved that the Government be requested to issue loans under Act XII of 1884 through the agency of Co-operative Credit Societies.

9. Resolved that a Trading Union be organised at Alur.

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THE BOMBAY PROVINCIAL CO-OPERATIVE CONFERENCE.

The Bombay Provincial Co-operative Conference was held on 10th of December, 1922 at the Sir Cowasji Jehangir Hall under the Presidency of the Hon. Mr. Chunilal V. Mehta. An exhibition of products manufactured by co-operative societies of various Provinces adorned the hall at the entrance. The delegates were welcomed by Mr. G. K. Devadhar, Vice-President of the Central Co-operative Institute. The following are extracts from his speech.

MR. G. K. DEVEDHAR'S SPEECH.

I. The Central Co-operative Institute.

Speaking about the Institute itself, I am glad to state that it has discharged its duties of training and propaganda to an extent consistent with its slender resources of men and money. As a mark of the growing recognition of its work and its serviceableness its membership both of societies and individuals has increased. In regard to its position it may be said to its credit that every day the Registrar is anxiously seeking its advice in many matters. On that account its administrative and legal work has materially increased. It is consulted with regard to the appointments of Hon. Organizers on whose devotion our work so much depends. It is consulted in regard to byelaws and other matters of general policy. Thus, it has come to be counted as a chief advisory, directing and controlling popular body—the champion of peoples' rights. To-day it claims a much better organization than last year's on account of the addition of two branches opened during the year, one in Konkan and another in Sind. Thus, it has to-day 6 Branches through which it organises regular propaganda of lectures and magic lantern shows, holds Training Classes, arranges Conferences, publishes magazines in English and Vernaculars, and supervises Adult Co-operators, education through Night Schools and continuation work. It further undertakes some work of organization and supervision and the Institute proposes as suggested in his report by the Registrar an economic inquiry into the conditions of the three Konkan Districts with special reference to the causes that have rendered the progress of Co-operation slow in those districts. And it would later on undertake a similar inquiry in what are called Famine Districts. A great awakening has come upon the people and it is finding expression, though in a feeble way to-day, in some of the non-credit directions from which really needy people will receive great relief. I know the Institute is expected to do much more than what it has been able to achieve in the past and I may assure the Conference that we are not unmindful of our shortcomings. I can only tell my friends that if they take a more active and lively interest in organizing the work of the Central Institute within the sphere of their influence and thus help it in its development, they will have very little ground for real complaint.

II. The Co-operation of the Department.

As to the department I have to record our general satisfaction for the advice which is cordially and mutually sought both by the Co-operative Department

and the Institute. Moreover, the Institute feels grateful to Government for additional help given to us this year. But I must say it is *not adequate* if great things are expected of the Institute. I have never been in my life an advocate of a policy of wholesale dependence upon Government for everything; and it is, therefore, to you our fellow-co-operators, that we look for further help and encouragement.

III. The Fascisti Movement in Italy.

Here I want to refer to a subject which the Conference Committee has asked me to move in the open Conference for your sympathetic consideration and I have every hope that the Conference will empower the Institute which is a member of the International Co-operative Alliance to associate itself with the protest which the Alliance has entered in very moderate terms against the great havoc that has been most wrongfully inflicted upon the Co-operative Organisations by the FASCISTI Movement in Italy, a country which had enjoyed a great co-operative reputation and shown a splendid record of Co-operative achievement and progress. And it is hoped that the present *Fascisti* Government under the leadership of Monsieur Mussolini will do adequate reparations to the Co-operative bodies that have been wronged and ruined.

IV. The Death of Sir Vithaldas D. Thackersey.

There is another subject to which, I have no doubt, you would like me to allude in a conspicuous manner in this Conference: I mean the death of our great and good friend Sir Vithaldas D. Thackersey. He was the early pioneer of the Co-operative Movement in our Presidency.

The services and sacrifices of Sir Vithaldas to this movement have been so great and conspicuous that no better monument to them could be devised by his loving friends and admirers. The Building which is estimated to cost about Rs. 3 lakhs will practically be the Home in Bombay of the three great factors of the Co-operative Movement—the Institute, the Department, and the Bank—and thus it may be described as the Temple of Co-operation. In rearing this temple to the sacred memory of our departed friend each one of us, either a Co-operator or a friend of Sir Vithaldas, will have to make his offering and I, therefore appeal to all the Co-operators in Bombay as well as outside, as also to all the friends and admirers of Sir Vithaldas to help the cause with their liberal support.

V. The Spirit of the Age.

Dear friends, we must not forget that we have the privilege to belong to one of the largest Brotherhoods in the world that comprises all classes and conditions of men and thus is the most appropriate expression of the Spirit of the Age. The Age demands unity, not so much based upon culture, religion, race, or politics; whether we will or will it not, it needs a great community of economic interests as the binding force in this Democratic Age. The new impulse which is pulsating the whole fabric of the Society needs construction from within no less than from without. Co-operation brings about from within not only unification but also sound economic regeneration. Though it is not claimed that it is a panacea for all the evils of our society, yet it can very well lay claim to being a

solvent of many of them. If we, therefore, remain loyal to the principles which are so dear to us owing to their constructive value we may be able one and all to show next year solid progress of the movement marked by greater accession of wealth and strength as a result of devoted labours towards organization and supply of capital, both of which form the life-blood of the movement. It is a matter of great pride that we Co-operators do not attach undue importance to "shadowy appeals" and high sounding programmes, nor do we assign undue value to the one-sided direction of National work. If we could, therefore, persuade others to share our faith I am certain that our ranks will be bigger, our achievements brighter, and our record more reassuring. For the reflection of our countrymen who can think for themselves and have set their hearts upon the moral and material progress of our great country, I make an extract from a Book which deals with the problems of Rural Reconstruction in Ireland. The writersays :—

"The excessive importance attached to the political question which has been so great a factor in weakening the character of the Irish farmer as a producer of economic wealth was both a cause and an effect. The lack of application to the more material needs rendered the Irish mind receptive to more shadowy appeals, while the interest of the people in this single problem turned their minds away from more practical questions. No one would deny the importance of the political problem in regard to Ireland, but there is every reason to claim that its place in recent Irish history has been out of all proportion to that importance. The Nationalist Party had one aim and one aim only. It found in Self-Government the panacea for the ills of Ireland. The economic difficulties which we have been considering were, according to this point of view, entirely the result of political causes and could not be corrected without an enactment of Home Rule. Efforts in other directions were not only wasted, but were dangerous as postponing the day of real comprehensive reform. Thus, the programme of the Party has been altogether lacking in constructive proposals. Everything was subordinated and sacrificed to the single claim. This policy had two unfortunate results. It created the belief that the only hope of prosperity lay in political changes and it absorbed all the energy of the people. Few Movements have enjoyed a greater loyalty or enthusiasm on the part of their followers than that with which the Irish have always supported their demand for Self-Government. Could but a portion of this loyalty and enthusiasm have been devoted to the practical problems of economic regeneration, the situation would have been far different. But this disproportionate interest in politics created a disproportionate belief in political remedies. Sir Horace Plunkett tells the story of a peasant in the West of Ireland who ceased planting potatoes on hearing that the Home Rule Bill of 1893 had become Law. Spontaneous generation was but one of the many improvements in the natural arrangement of affairs to be secured through this panacea. What use was there in practical efforts when at any moment the enactment of Home Rule might inaugurate a new Utopia?"

Gentlemen, I now ask you to substitute "India" in the place of "Ireland" in the above quotation and judge for yourselves how far the picture is illustrative of our present condition!!

The Hon. Mr. C. V. Mehta's Speech.

Mr. C. V. Mehta, the President of the Conference, said—The movement during the last year has expanded in a remarkable and gratifying manner, the expansion not being so much in the direction of multiplication of societies and indiscriminate increase in membership as in growth and strengthening of institutions. The working capital of the movement as a whole increased by over 30 per cent. Last March it amounted to Rs. 4 crores 35 lakhs and it may well be hoped that by next March it will have attained almost six crores. Of that sum 2 crores and 45 lakhs belong to the members either as paid up share capital, or deposits or reserve funds earned by them. These percentages are a matter of great gratification and show remarkable strength in the movement. At the same time many of the worst societies have been struck off. The effects of consolidation and strengthening have been shown in the expansion of the work of societies for the sale of agricultural products. In spite of a rather unfavourable season the total value of goods sold by co-operative sale societies amounted to almost 22 lakhs. In the southern division alone the value of goods sold amounted to over 14 lakhs of rupees, and it was estimated that 60,000 acres had been sown with pure cotton seed obtained from these sale societies. The extension by way of consolidation has, however, been most noticeable of all, within the banks which are daily gaining in importance. There are now 21 urban banks whose share capital and reserve funds now stand at 15 lakhs and 3.3 lakhs respectively. There are also 19 central banks in the Presidency, two of which however have been regrettably inefficient. As a whole the increase in their working capital is now 62 lakhs, half as much again as the previous year's total. The deposits rose from 34 to 60 lakhs in one year, and if the figures of the provincial bank are included, the deposits rose from 149 to 284 lakhs or nearly 100 per cent. A gratifying feature is the wider use of cheques and other instruments which show a better appreciation of banking methods. The general financial organisation has also become strong, regular and simple. All these figures show greater comprehension of the value of the movement and more efficient working.

Interesting Comparison.

A comparison of this Presidency with other Provinces is interesting. The number of societies is no criterion; it is the number of people in these societies who take the benefit of the movement that forms the true test, and, judged by that standard, I am glad to say we are easily the first, having 13.7 members per thousand inhabitants; Punjab the next, being a good way behind with only 11.1. An analysis of these figures also shows our long lead in the number of members for non-agricultural purposes, Bombay having 4.5 members, Madras coming next with only 2.1. As regards the working capital Bombay is bracketted third with the Punjab with 28 annas per head of population, the Central Provinces being 34 annas, and Burma having as much as 42 annas. But the working capital is made up of members' own as well as borrowed capital. Significant, of course, is the former as indicating both stability and thrift. Taking together their share capital, members' and societies,

deposits and reserve fund and other funds, Bombay and the Punjab have 12'7 annas per head, Burma coming down to only 13'8 and the Central Provinces dropping as low as 6.5 annas. It is also satisfactory to note that with regard to the rates of interest charged by the central banks and by societies in their turn, Bombay's are perhaps the lowest and at any rate can bear comparison with any other province. These figures relate to the year ending 1921 only. With the enormous stride in 1922 when later figures for the rest of India are available I am sure Bombay's preeminence will be confirmed.

Help for the Weaver.

It has always been recognised that if the lot of the cultivator is to be substantially improved and his full time is to be occupied, subsidiary industries must be found. Many attempts have been made to establish small cottage industries. Hand weaving is the industry "par excellence." The idea that hand weaving is a declining craft must be thoroughly dispelled. Far from that being the case, in spite of the severe handicaps with which it is attended, it is able to hold its own against the power loom, and in the volume of its products, in the number of people to whom it even now gives employment, it is second only to the premier industry of Agriculture. In 1915-16 the output of the Indian hand looms was as great as that of the mills and continued to keep pace with the rapid progress of the latter. It may not be generally known that one-fourth of the total cloth consumed in India, both imported and made in the country, is woven on hand and that although the industry received a set-back during the war years it has fully recovered the lost ground. It gives employment to no fewer than 8 lakhs of people. There are 300 places in the Presidency where hand weaving is carried on with looms ranging from 20 to 5,000 and this position has been retained in spite of the greatest obstacles. The weaver is generally ignorant, works in dark and insanitary surroundings with poorly equipped material with warps of short length and constantly breaking threads. He is bent low by a crushing burden of debt and as a result of these circumstances he is addicted to intemperate drinking. He does not know where to sell his cloth. The village sowkar is both his banker as well as purchasing and selling agent. In short he neglects the elementary principles of all business, namely, buying in the cheapest and selling in the dearest market. The wonder is that with all these drawbacks he manages to survive. The one thing that is required is the organisation of his business and the salvation is co-operation. There are now 50 Weavers' Co-operative Societies chiefly for the co-operative purchase of yarn and weaving accessories and for the co-operative sale of the finished product. But the formation of weavers' societies alone cannot solve the problem. What is required is that there should be co-operative stores with fairly large capital in the centres where hand weaving now flourishes. These stores will know where to buy yarn and arrangements may be made by them to deal directly with good mills which can be relied upon to supply yarn of reliable quality. Good yarn is above all necessary if the production is to be increased, and if the enormous manual labour of the hand weaver is to be lightened. They will also serve as centres for the sale of cloth both locally and in the markets.

of consumption. That Government are anxious to help this important industry goes without saying. The Industries Department is working whole-heartedly in this connection but the problem is mainly one of co-operation and of non-official assistance.

Co-operation in Europe.

There is every sign that the importance of co-operation as a regenerative movement for the whole country is being better and better understood, although it is not appreciated to the extent one would desire, and although there are fewer persons than one would hope, who would be prepared to devote a regular portion of their spare time to furthering a cause of such national importance.

I will conclude by pointing out here how valuable co-operation has proved itself throughout the world especially as a means of national regeneration after the devastation and economic upheaval caused by the war. In every European country the reliance of Governments and peoples has been placed on the co-operative movement as the only means of bringing economic conditions back to a secure basis. In the defeated countries the co-operative movement stands as the one defence against either absolute ruin or bloody revolution and it has spread in those countries to an extent in which practically all agricultural and industrial activity is conducted by or through the co-operative societies. Their number has in two or three years increased in some cases to as much as ten times of what it was before. In certain countries,—as for instance Russia and Czecho-Slovakia—membership in a co-operative society has been made compulsory on every cultivator, even on citizen by law, and in other countries such concessions have been granted to co-operative societies as induce the greater part of the nation to join them. Even in the victorious countries co-operative societies have played a leading part in the struggle against the evil effects caused by the destruction of war. In Italy lands in private ownership, which had laid fallow for centuries, have been handed over by the officers of the Government to co-operative societies and their members, for joint cultivation to an astounding degree. In the same country more than half of the public contracts for roads, ports, railways, buildings and so on are now handed over for execution by Government to similar producers' and labourers' societies. The recent revolution in Italy has apparently affected the co-operative societies severely and the conference will be called upon to deal with a resolution on the subject forwarded for consideration by the International Co-operative Alliance. But in spite of this temporary set-back it is a fact that the main economic life of Italy does now rest with the co-operative movement. In France also the regeneration of devastated areas is being rapidly pushed forward by the co-operative societies, and the cultivated fields are being consolidated and the cultivators supplied with the means of cultivation through co-operative societies, many of them formed for the purpose of joint cultivation. In England nearly a million men are members of co-operative housing societies; while more than one-third of the population feeds and clothes itself entirely from the stores and factories of the English consumers.

movement. Co-operators in India, therefore, should remember that their movement is not an isolated phenomenon and an artificial creation of a philanthropic local Government. It is a part of a world movement in which one hopes to find for the whole world a way of escaping the evils of capitalism, while preserving for humanity the advantages gained by power over nature and human inventions in the way of power engines and machinery for the community as a whole.

RESOLUTIONS.

I. Expression of Condolence on Sir Vithaldas Thackersey's Death

The representatives of the Co-operative Movement of this Presidency assembled in this Conference express their profound sense of loss to the movement and the economic and industrial regeneration of the Presidency caused by the untimely death of Sir Vithaldas D. Thackersey and beg to extend their sincerest sympathy to his widow Lady Thackersey and his relations.

II. Approval of the Institute Building Scheme.

This Conference endorses the scheme for a Co-operative Institute Building as a memorial to the late Sir Vithaldas Thackersey as decided at a public meeting held in Bombay on the 12th of September last and recommends all the Co-operative Societies and all individual co-operators to subscribe to its support.

III. Protest against treatment given to Co-operative Movement in Italy.

This Conference has heard with great grief the loss inflicted upon some of the Co-operative Organisations and individual co-operators in Italy and that it joins the Inter-National Co-operative Alliance in its protest against the cruel treatment meted out to the movement by the Fascists during the last two years and expresses a strong hope that the Fascisti Government will lose no time in making reparations to the Societies and the individuals that have been wronged.

IV. Debt Redemption Scheme.

That a Committee be appointed consisting of the Director of Agriculture, two representatives each of the Provincial and District Banks and three representatives to be coopted from the agricultural societies, and that the Committee should go through all the papers submitted to the Conference and the Registrars' Circular and submit its report thereon before the next Conference.

V. Liabilities of Central Banks.

That a Central Bank shall not incur liabilities uncovered by gilt-edged security beyond eight times the shares capital and reserve fund, but for the purposes of this rule, gilt edged securities not exceeding twice the paid up capital owned by District Bank, and lodged with the Provincial Bank shall be treated as equivalent to assets; provided however that no Bank making use of this concession shall declare a dividend of more than 7 p.c.p.a.

VI. Levy of Inspection Fees.

That this Conference accepts the recommendations made by the Conference of the Representatives of Central Banks held at Poona on the 20th September, 1922 pertaining to the provision of sufficient inspection, and the levy of inspection fees from primary societies, provided that the societies affiliated to Unions or to Taluka Associations which provide supervision shall, during the period of affiliation, be liable to only half the the inspection fees.

VII. Transmission of Funds by R. T. R.

That this Conference accepts the suggestions made by the Committee appointed for the purpose by the Conference of the Representatives of Central Banks held at Poona on the 20th September, 1922, regarding concessions by Government for transmission of funds of registered societies and the extension of the internal arrangements for remittance.

VIII. Guaranteeing and Supervising Unions.

That this Conference recommends that a Committee consisting of the following be appointed to consider and report to the Registrar and the Institute within two months on the subject of the desirability of having Supervising Unions in addition to or in supersession of Guaranteeing Unions.

IX. Co-operative Consolidation of Holdings.

1. That the Conference is of opinion that the consolidation of agricultural holdings is a matter of such importance in any effort to improve the condition of rural population, and that the energy of the co-operative movement can well be devoted to bringing about such consolidation by mutual consent wherever possible. This is more difficult in the Deccan, Konkan, and Southern Division on account of the extreme variation of the land, than in Gujarat and Sind; but every effort should be made in this direction.

2. That the Punjab system of voluntary co-operative societies for the purpose should be tried in a number of villages, if the people can be got to agree to this. But to bring this about will need very vigorous propaganda.

3. That the whole question of economic cultivation would be much simplified if co-operative farming could be extensively undertaken without interfering with actual ownership. Every effort should be made to obtain examples of such co-operative farming.

4. That beyond this, is suggested that an enabling law should be passed so that on the application of the owners of 75 per cent. of the land in a village, the consolidation of the land should be undertaken and the scheme should be carried out subject to the consent of the owners of 75 per cent. of such land to the scheme suggested.

5. That the subject of the prevention of future sub-division and fragmentation, after such consolidation has been carried out should be investigated by the Central Co-operative Institute through the primary societies affiliated to it with a view to exploring the scheme which would prove most acceptable to the rural communities.

6. That the question of consolidation need not wait for a decision on the question of the prevention of future sub-division.

X. Co-operative Cultivation Societies.

1. That the Conference desires to reiterate the resolution approved by the Conference last year (See page 55 of the Conference Report) recommending the formation of joint cultivation societies and note with satisfaction the experiments made in this direction.

2. That the experiment at Bhambora (see Dr. Mann's note) based on the lease of land to an unlimited co-operative society for ten years and the cultivation of the land by individual cultivators on a batai system, the society supplying finance, bullocks and seed especially and undertaking permanent improvements, is worthy of consideration in the dry tracts. Such societies can probably be extended in such areas. The Conference would commend them to the consideration of co-operators generally.

3. That the experiment at Arjunsonda (Sholapur) of a limited co-operative cultivation Society with a share capital—is also worthy of attention. In this case the society is in the nature of a limited company, the lands being leased to the society for twenty years. It is managed as a whole, but the owners have a share in the profits. It depends very largely on capable management by the Managing Committee, but the attention of the co-operators may well be called to it.

4. That the Conference do not consider that these two types of society are the only ones likely to be successful and would recommend the encouragement of experiment in societies organised on other systems. (One or two other schemes were placed before the Committee.)

5. That where such societies are formed, the Conference is of opinion that appliances such as pumps and oil engines belonging to the Agricultural Department should be lent by preference to them.

XI. Tank Societies.

That the Conference endorses the proposal made by Mr. Huli that Government should be requested to hand over the second class irrigation tanks to the villagers concerned if they form a co-operative irrigation tank society and the amount of charges for repairs if collected by Government for the agriculturists should be given to the respective irrigation societies if they undertake to repair.

XII. Irrigation Societies.

That the Conference considers that it is desirable that the work of distribution of water discharged by canals into distributories should be entrusted to Co-operative Societies of Irrigators instead of as at present to the Irrigation Department.

XIII. Cattle Insurance.

That the Conference recommends that the question raised as to cattle insurance be referred to the Provincial Conference Committee for report to the next year's Conference.

XIV. Co-operative Taluka Associations.

That this Conference resolves that the Taluka Development Committees, and the local bodies contemplated by Government for the development of Agriculture in a Taluka should be combined and only one body for propaganda should exist in each Taluka.

2. That bodies of the combined type should be formed wherever co-operative agricultural effort has created a demand for development, and that membership should not be entirely restricted to co-operative societies though in most cases it will chiefly consist of these and that co-operative societies should be recommended to lay aside a portion of their support where they are able to do so, provided that the bylaws and rules for such combined associations be framed by the Institute.

XV. Producers' Societies.

1. That in the opinion of this Conference, until the demand for financial aid is sufficient to justify the establishment of a special Bank, for the benefit of Producers' societies, local, urban, Central, Provincial and District Banks may be encouraged to finance Producers' Societies.

XVI. (A) Buying Clubs.

That this Conference resolves that as a training in Consumers' Co-operation and a preliminary step to the formation of regular Co-operative stores, buying clubs or associations be actively promoted as unregistered bodies by the Co-operative Department and the Central Co-operative Institute.

XVII (B) Buying Work by Credit Societies.

(b) That this Conference also resolves that existing credit societies should be allowed with the approval of the Registrar to work as buying clubs for the supply of household and other requirements of their members strictly on an indent basis, provided however that the financial responsibility of the credit societies need not be involved if the new business of the buying clubs is to be included in the work to be done by the co-operative societies.

XVIII. Appointment of a Special officer for informing Market Rates.

That this Conference resolves that the Bombay Central Co-operative Institute be requested to collect, if possible, information about market rates of prices useful to the Consumers' Societies, and to supply the information so collected to the affiliated societies and Buying Clubs, whenever required and periodically, provided that such societies are willing to contribute towards the cost of collecting the information.

XIX. Free Audit of Stores.

1. That this Conference resolves that the Registrar be requested to undertake compulsory free audit of Co-operative Stores Societies with a working capital not exceeding Rs. 10,000.

XX. Development of Institute's Work.

1. That in order to help the work of overcoming the growing evils of mismanagement and accumulation of overdues in village societies, the Branches of the Institute should draw up regular programme of instruction and propaganda beginning especially with societies classed C and D and conduct it by well-educated and well paid secretaries under the guidance of Managing Committees and Honorary Organisers who should fit in their own programme with the tour of the Secretaries and draw up sketch lectures.

2. That the suggestions contained in paras 1 and 2 of the paper by Mr. K. B. Bhadrapur are generally approved and the Committee recommends that the Institute and the Government should join hands in engaging the services of competent and experienced co-operators to write books on co-operation in the vernaculars of the Presidency.

XXI. Transference of Registrar's Functions.

That the report made by the Committee appointed by the last Conference (1921) to consider the transference of the functions of the Registrar be approved.

XXII. Legislation against Alienation by Borrowing Members.

That legislation invalidating alienations of property by borrowing members of a society without the sanction of such society is unnecessary.

XXIII. Enforcement of Exparte Awards in Foreign Territory.

That as the law stands at present no special provision for the enforcement of exparte awards in foreign territory can possibly be made.

XXIV. Arbitration Procedure.

That with reference to the suggestions made in connection with the incorporation of the provisions of the Civil Procedure Code regarding service of summons in the Arbitration Rules in addition to the existing provisions, the appointment of an officer to execute decrees of liquidators and arbitrators, the appointment of permanent arbitrators for each district, and the modification of arbitration procedure generally, resolved that in view of the importance and the complicated nature of the matters in question and also in view of the insufficiency of time at the disposal of the Conference, the questions be referred to a special committee consisting of Rao Bahadur A. U. Malji, Messrs. G. P. Murdeshwar, Natwarlal M. Desai, D. L. Umarwadia, P. S. Banatwala, Jadhavrao, Narayan Ramchandra Jambhekar of Islampur, and F. T. Nalavadi of Dharwar, with a request that a report be submitted within two months to the Standing Committee of the Institute for necessary action.

XXV. Change in the Rules of the Constitution of the Provincial Co-operative Conference.

1. That the Conference Committee and the Committee for taking action on the Conference Resolutions be the same and be constituted of the members of the Standing Committee, the Registrar of Co-operative Societies and the Director of Agriculture, with power to coopt three other members if considered necessary.

2. That the Taluka Branch and also the District Branch if any of the Institute be entitled to send one delegate to the Conference and that each local Branch whether Taluka, District or Divisional will be allotted double the number of delegates that is ordinarily allotted to it, provided it falls within the place where there is the sitting of the Provincial Conference.

MAHARASHTRA DIVISIONAL CONFERENCE

The first Divisional Co-operative Conference of the Marathi-speaking districts comprising the area under the Maharashtra branch of the Bombay Central Co-operative Institute met at Pandharpur on Saturday, Sunday and Monday, the 24th, the 25th and the 26th February, in the Patil Theatre under the presidency of Shramant Babasaheb Ghonapuray, Chief of Ichalkaranji. In response to the invitation of the Local Reception Committee a large number of co-operators from the seven Marathi-speaking districts within the jurisdiction of the branch were present. The Agricultural Department and the Co-operative Department, the Bombay Central Co-operative Institute and the Provincial Bank, District Banks and the Branches of the Central Co-operative Bank were represented by their officers. Before the formal beginning of the Conference which took place at 4 in the evening on the first day, there was arranged for the benefit of the several agriculturists and others interested in agriculture an informal discussion having a bearing upon co-ordination between Agriculture and Co-operation. Dr. Mann, Mr. Devadhar, and Mr. Thakar of Poona, took part in this interesting discussion. This over, Mr. Aradhya, the Chairman of the People's Bank at Pandharpur, welcomed the delegates in a short speech which he made as Chairman of the Reception Committee. Dr. Mann proposed and Mr. Devadhar seconded the election of the Chief of Ichalkaranji to the presidential chair.

The People's Movement.

The Chief of Ichalkaranji in addressing the audience mentioned the great loss which the movement had suffered by the death of Sir Vithaldas D. Thackersey and of Rao Bahadur G. K. Sathe of Sholapur. Speaking about the general progress of the movement in this Presidency in particular he mentioned the services of the late Sir Vithaldas D. Thackersey, the Hon. Mr. Lalubhai Samaldas and Mr. G. K. Devadhar. Speaking about the latter he paid a warm tribute to the contribution which the Servants of India Society had made to the cause of co-operation in this Presidency and that alone, he said, entitled the Society to the greatest gratitude on the part of the people. He further laid great emphasis on the development of the moral side of the co-operative movement side by side with the credit development and indicated the other line along which that organisation ought to progress. If the object for which the movement as a whole stood were to be achieved, we could not afford to neglect the moral and the educational aspect of it and these, in his opinion, ought to be placed in the forefront. While referring to the ultimate responsibility of the movement which was daily becoming popular he exhorted the co-operators to take full advantage of the facilities afforded by Government by putting the Department in charge of one of the Ministers for transferred subjects, and it thus wholly now lay with the representatives of the people themselves to make the movement eminently the people's movement and he had no doubt that they could do so by the proper exercise of their vote in electing their representatives to the Local Legislative Councils. The Chief then alluded to the part which a small number of educated people have played in bringing the co-operative progress to its present stage and considering the great

amount of work that remained to be achieved in various fields the President expressed a genuine hope that educated people in much larger numbers would now come forward to help its spread among villages. In the opinion of the President there was no better school for the people of the average class to learn the art of self-government than co-operative work in rural as well as urban areas. Referring to the general enthusiasm of young men for national work he hoped that if they would direct their energies into such useful channels they would have the satisfaction of actively promoting the economic well-being of the vast masses of the people. The elements of co-operation and altruism which characterised some of the old social institutions ought not to make it difficult for the people to comprehend and to practise the basic principles of the economic co-operative movement and that, he said, would enable the future generations to avoid many a conflict of some of the Western countries at the present moment. Speaking of the evils of small holdings and fragmentation of land the President pointed out the advisability of collective farming on co-operative basis as was done in olden days in some of the parts of Northern India, where the people of the whole village undertook the responsibilities of cultivating the lands therein and distributed their produce in due proportion. And in order to bring out the necessary improvement in this direction he advocated on the part of the leaders of public opinion and Government legislative action. Speaking with reference to the agricultural needs he mentioned co-operative organisation for the promotion of non-credit work in the fields of cattle-breeding, manure-supply, and provision of better implements. While dwelling on the problem of village improvement he referred to the undesirable influx of poor villagers into big cities, where they were beset by a large number of temptations. If this evil were to be stopped the only remedy in his opinion lay in the improvements of rural areas so as to afford to the poor villagers almost the same amount of comfort, education and happiness, which the cities at present afforded them in plenty. Then came the appointment of the Subjects Committee and the proceedings of the first day terminated.

Co-operative Institute.

The second session of the Conference began on Sunday morning and a large number of resolutions were moved. The President moved from the chair a resolution that put on record the great loss the movement suffered by the death of Sir Vithaldas and Rao Bahadur Sathe, expressing sympathy with the bereaved families. Mr. Devadhar then proposed a resolution calling upon the Conference to accord its whole-hearted support to the Sir Vithaldas Memorial Building movement now undertaken by the Bombay Central Co-operative Institute with the support of the public of Bombay and the co-operators in the Presidency. The resolution exhorted all co-operative societies or institutions in the Presidency as well individual co-operators to accord their financial support and their help to make the movement worthy of the great co-operator whose loss they all mourned. Mr. Aradhya, the Chairman of the Reception Committee, in seconding this resolution assured Mr. Devadhar of their assistance and the resolution was unanimously passed. A resolution recorded the grievances of

agriculturists in the Sholapur District on account of the restrictions placed upon the supply of water from the Ekrukha Tank and the Mhaswad Tank, and it appealed to Government to arrange adequate supply of water to the lands of the agriculturist for whose benefits the tanks were originally intended. Another resolution went thoroughly into the question of overdues which caused great alarm in some quarters. A very large number of speakers who spoke on the resolution, while admitting the fact of overdues, alluded to a number of difficulties under which the societies in famine-stricken areas had to labour. There was evidently a keen desire on the part of some of the co-operators from various districts for a further expansion of the work of the Institute so as to enable the Institute to carry on the work of propaganda and organisation in other directions. Rao Bahadur Talmaki explained the policy of the Institute and welcomed the desire to have a regular network of its work assisted by a large number of earnest-minded co-operators in the districts. A committee was appointed to settle the lines of such work and another resolution called upon the Institute to appoint committees in various districts to undertake detailed enquiries into the progress of the movement, its drawbacks, and fields for its further development. A speaker to one of the resolutions dealing with the work of the Institute asked Mr. Devadhar in his capacity as its Vice-President to make it clear to the Conference whether supervision of the societies was included in the functions undertaken by that body. Mr. Devadhar explained the position of the Institute with regard to the responsibility of the supervision of the societies and referred to the remarks made by the Registrar in the last annual administration report and he told the audience that the Standing Committee of the Institute was considering the question and if the Department and the other co-operators co-operated with it in removing the difficulties financial and otherwise that lay in its way at the present moment the Institute would not shirk its responsibility if it came to be decided that supervision also forms part of its legitimate work.

Other Resolutions.

There were other resolutions that recorded remedies to remove the financial difficulties of societies. Another resolution dealt fully with the needs of the agriculturists in the famine tracts and a Committee was appointed to investigate into the conditions of the societies in these tracts and to devise measures to enable them to tide over their financial and other difficulties. Storage of fodder and sale societies formed the subject-matter of other resolutions. A resolution was passed advising District and Provincial Banks to enable societies by financial accommodation to undertake liquidation of old debts provided, however, they did not overlook the current needs of their members by additional financial accommodation. Another resolution appointed a Committee to go into the question of bringing out an harmonious working between the new Taluka Development Committees and the Taluka Co-operative Branches of the Institute. Another resolution recommended the Banks to undertake the transaction of the sale of the produce of the members of the co-operative societies falling within

their jurisdiction. The question of guaranteeing Unions and supervising Unions formed the subject-matter of an important resolution which accorded its support to the former class in preference to the latter. An amendment purporting to condemn the formation of supervising Unions was after some discussion withdrawn. Mr. Nanasahab Mirikar invited the next session of this Divisional Conference to Ahmednagar. The president in his closing remarks summarised the useful discussion that had taken place on the various resolutions and appealed to all those assembled to put the resolutions into execution and in conclusion he thanked them all for the opportunity they gave him to serve the cause of co-operation. Mr. Devadhaar thanked both the President and the Reception Committee for the work they did and expressed a hope that the movement would receive a new impetus from the work they did at Pandharpur. Then after the distribution of flowers, attar and pan-supari, the Conference came to a close.

AMENDMENTS TO THE CO-OPERATIVE SOCIETIES ACT II OF 1912.

[B. M. ANANTA ROW, B.A., B.L., PUTTUR, SOUTH KANARA.]

The necessity for the changes undermentioned impressed itself upon the Co-operators of South Kanara as a result of practical experience of work in the district. The matter came up for an informal discussion at the Business Conference which took place at Mangalore in September, 1922, the Registrar also being present.

Section 17, Sub-section 3. It is said in effect that every auditing officer "shall at all times have access to all the books, accounts, papers and securities of a society," but no corresponding duty is cast on the officers of the society to give the auditing officer free access to such books, etc.; the officers of the society are merely required to "furnish such information in regard to the transactions and working of the society as the person making such inspection may require"—which may or may not include free access to books, etc. This defect has to be set right.

The word used in sub-sections (1) and (2) of this section is "audit," while the word used in sub-section (3) is "inspection." The duty to furnish required information during an "inquiry" is laid down in section 35. "Audit" may include "inspection," but the latter may not always include the former. For these reasons, the word "inspection" may be replaced by "audit" in sub-section (3) also.

Some penalty has to be provided for failure on the part of the officers of a society to obey the compulsory provisions of this sub-section. Otherwise, the mere use of the word "shall" will be of no avail.

Section 35, Sub-section (2). The duty cast on the officers of a society by this sub-section may expressly be made to include also the production of books etc., as provided in sub-section (3) of section 117.

Some penalty has to be provided in this sub-section also.

Section 36. Some penalty has to be provided for failure to produce the books, etc., that may be required to carry out the "inspection" under this section.

Section 42, Sub-section (3). To facilitate the exercise of the necessary authority by the liquidator, he may be empowered to enforce the attendance of witnesses and to compel the production of documents in the same manner as is provided in the case of a Criminal Court also under the Criminal Procedure Code.

AMENDMENTS TO THE RULES FRAMED UNDER THE CO-OPERATIVE SOCIETIES ACT.

The following are the amendments up to date made by the Government to the Rules under the Co-operative Societies Act, 1912.

VIII (a). A society may receive deposits and loans from persons (or institutions) who are not members provided that the total borrowings from non members together with the borrowings from members do not exceed the limit fixed from time to time by the Registrar for a particular class of societies.

For the second paragraph under rule IX (a) read

In societies with shares and limited liability, not less than one quarter of the net profits shall be carried to the reserve fund, and the balance may be used in such a manner and for such purposes as are prescribed by the by-laws of the society

(1) provided that no society shall pay dividend to its share holders at a rate exceeding 9 per cent per annum on the paid up value of each share or set apart more than $7\frac{1}{2}$ per cent of net profits for a common good fund; and

(2) provided also that any profits not allotted in the manner aforesaid shall be forthwith credited to the reserve fund.

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

(2) On the dissolution of a society the reserve fund and other funds contributed by it under provisions of its by-laws shall be applied

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

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

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

(3) Such portion of these funds as shall remain after payments mentioned in sub clause (2) shall be applied to such local objects of public utility as may be

selected by the general body and approved of by the Registrar. If within 3 months of the final closing up of the society the general body fails to make any selection that is approved of by the Registrar the latter may use the above mentioned portion of the funds in supporting other co-operative societies in the neighbourhood or shall place the same on interest or otherwise with some co-operative Bank until a new co-operative society with a similar area of operations is registered in which event the funds shall be credited to the Reserve fund of such society.

XII. The Registrar or any person authorised by him to hold enquiry under section 35 or 36 of the Act shall have power by summons to compel any person to attend as a witness or produce any documents before him and also to administer oaths under sections 4 and 5 of the Oaths Act.

Rule XI of old to be read as XIII and clauses (c) (d) (e) and (f) to be read as (d), (e), (f) and (g). respectively.

XIII (c). The liquidator shall, after settling the assets and liabilities of the society under clause (b) *supra* proceed next to determine the contributions to be made by each of its members and past members under clauses (b) and (d) of sub-section 2 of section 42 of the Act. Should however a necessity arise, he may frame subsidiary order or orders regarding such contributions which are enforceable in the same manner as the original orders themselves.

Old and XII and XIII to be read as XIV and XV.

THE FISHERIES DEPARTMENT AND SOCIO-ECONOMIC WORK FOR FISHERMEN.

1. *Education.*—This work in common with the social activities of the department aiming at the betterment of the fishing community was under the efficient control of Rao Bahadur V. Govindan, Assistant-Director of Fisheries (Coast). The Training Institute for pupil teachers opened in July 1919 progresses satisfactorily. Thirty-four students underwent training and out of six who completed the three-year course of instruction, five successfully passed the final examination. Besides the usual course of training for employment as teachers in elementary schools, the students were given frequent opportunities to learn the rudiments of the fish products industries as carried on at the Cannery and at Tanur Experimental Station. A fishing canoe with its gear was also at their disposal and they were sent to sea periodically in batches to learn at first hand the rudiments of fishing. The sale-proceeds of the fish caught on these fishing trips amounted to Rs. 296. They were also sent to sea in the Ratnagiri machuwa to learn something of deep sea drift-netting and trawling. The final year students were given a special course in the elements of marine zoology, and were familiarised with the methods of fishery research in use in the current sardine and mackerel investigation. To teach them how to manage a co-operative society, one was started among the students themselves, the senior outgoing students being the office-bearers. A scout corps was organized, in which the boys take a keen interest, and 17 of the students joined the Territorial force and underwent training at Cannanore. I am glad to say that the recruiting officer was specially pleased with these recruits; he told me he considered them exactly of the right stamp for the particular needs of this force.

2. *Village schools.*—Of these 27 are now directly under the management of this department, 18 being day schools and nine night. The number of pupils rose to 1,533 from 1,385 in the previous year. The school at Puthankadapuram was burnt down during the Mopilla rebellion; it has since been rebuilt. The number of teachers employed is 59. Several applications for help in opening schools for the fisher community have been received, but the present financial stringency precludes help being given.

3. *Temperance and other socio-economic work.*—In last year's report I commented on the danger of reaction when temperance is forced prematurely upon a community and is not the growth of education and reasoned belief. My fears were realized earlier even than I expected; it is now reported that the ardent fishermen teetotalers of a year ago, who in the Mangalore and Udipi taluks decided that as they had given up drink, so should all their neighbours, are backsliders and again patronize the toddy shops. Government have been pleased to sanction a grant-in-aid of Rs. 3,693 towards the building of a Temperance Hall and a school in Malpe for the local fisher people; the work is now in progress.

4. *Co-operation.*—At the beginning of the year there were 57 Fishermen's co-operative societies on the west coast including three productive societies (two in South Kanara and one in Malabar) with a total membership of 3,279 of whom 427 were females. During the year one new society was started at Elathur and the existing societies at Tellicherry and Quilandy were bifurcated owing to faction feeling among the members at the former place and on account of the wide area over which operations were carried on by the latter. Hence the number of societies at the end of the year was 60, with a membership of 3,581 and their paid-up share capital rose from Rs. 66,585 to Rs. 81,702 and the amount of loans disbursed from Rs. 1,69,103 to Rs. 2,53,303. The following table contains the important figures relating to the working of these societies and shows the rapid progress they are making:—

	West and East Coast.			West Coast alone 1921-22.
	1918-19.	1919-20.	1920-21.	
Number of members—Males ...	1,644	2,446	3,099	3,128
Do. do. Females ...	256	381	445	453
Number of shares ...	1,900	2,827	3,544	3,581
	RS. 2,438	RS. 3,852	RS. 4,875	RS. 4,978
Paid-up share capital ...	25,388	49,232	66,585	81,702
Loans disbursed ...	40,511	1,17,520	1,69,103	2,53,303
Loans for payment of prior debts ...	8,736	17,866	26,318	44,615
Loans for industrial use ...	8,736	26,410	61,788	99,634
Loans due to Central Banks and other depositors.	4,714	27,994	18,253	21,608

Note.—The figures for 1921-22 relate only to societies on the west coast as the 13 societies on the east coast were transferred to the control of the Local Commissioner last year.

Members of some societies have withdrawn their fully paid-up capital and have taken up new shares, and had it not been for this, the total of the amount of the paid-up share capital would have been much larger. The loans disbursed for industrial use have increased from Rs. 61,788 to Rs. 99,634 and the major part of the loans taken from the Central Bank was for the two fish-oil and guano factory owners' societies.

Only five new societies were organized during the year of which one has been registered and started; application for the registration of the others are pending with the Assistant Registrar. The need for societies in the remaining fishing hamlets on the coast is keenly felt but for want of literate people in these localities it was not possible to organize more societies. It is hoped that all the localities will be provided with societies as soon as Elementary schools are opened there, so that the school teachers may be entrusted with their management.

The productive societies in South Kanara were not able to carry on any business during the year on account of the failure of the sardine fishery and those in Malabar for want of experienced men to manage joint sale business of their cured fish.

5. *Work in the East Coast.*—The Co-operative society of the fishermen of Hampapuram to which the lease of certain sections of the Cauvery was granted under G. O. No. 797, Development, dated 10th May 1921, continues to work satisfactorily and to be a boon to the members. The society has been regular in paying the rental and in consequence the lease has been extended for a further year. The system of leasing direct to societies composed entirely of fishermen is so desirable that strong efforts are to be made to extend it; if the Ganjam tank acquisition scheme be sanctioned, great scope for such work will be found among the poor fishermen living in the neighbourhood of the acquired waters.

The Co-operative Society formed for the benefit of the fishing community at the Lower Anicut is appreciated and the night school at the same place is valued and well attended, not only by boys, but even by a number of adult fishermen.

(Extract from the Administration Report Fisheries 1921-22)

CO-OPERATIVE PROPOGANDA IN FRANCE.

A recruiting campaign was conducted in last December, by 201 societies in France, the results of which are published in the February number of the International Co-operative Bulletin. Membership rose by 15,419, share capital by 1,874,796 francs, and deposits by 2,667,109 francs. In the Central Bank of French Co-operative Societies the deposits rose by 6,700,000 francs to 8,700,000 francs. Propaganda of this sort for increasing deposits and share capital is a commendable example to be followed by all co-operative institutions.

NOTES AND NEWS.

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.

The Madras Annual Co-operative Administration Report.

The Annual Report on the working of the Co-operative Societies Act in the Madras Presidency for 1921-22 has just been issued by the Registrar with the Government review thereon. The Report deals with the various shortcomings in the working of the movement, notices the causes which led to failure in some activities, and suggests remedies for the defects. We propose to give below in detail a review of the important features of the co-operative movement as disclosed by the Administration Report.

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Establishment, Official and Non-official.

Co-operators ought to be thankful to the Government for the liberal support it has given to the movement by expanding the strength of the establishment sanctioned for the Department and allotting for it more than six lakhs. There were 22 sections in charge of the Assistant Registrars besides the one for the Agency tracts. Each section has an Asst. Registrar and a Chief Inspector besides a number of Inspectors. Each section has jurisdiction over a single district except in three cases where it is a little larger. There were also 61 Hon. Asst. Registrars under the Department. Besides, there were 207 Local Unions which spent Rs. 1,25,668 in maintaining an establishment of Supervisors of societies. The inspecting agency, superior and inferior, available for supervision work seems more than sufficient but what is required is a proper co-ordination of the work of the official and the non-official staff. The departmental staff should not consider itself as a mere supervising agency over the non-official staff. But the resources for supervision in a district should be pooled together and be made to

give their full value by a well-regulated distribution of work. This should be devised at a conference of the Asst. Registrar and the representatives of co-operative institutions in each district. It is hoped that this subject will soon engage the attention of the Department.

Another point to be noted is that, even though the Department has recruited a very large number of additional inspection staff during the last two years, it seems it has not devised a suitable arrangement for their training. The question of co-operative education can hardly brook any delay and the Department and the non-officials should formulate a scheme of co-operative training not only for Inspectors but also for all co-operators and office-bearers of societies. Any such scheme, if it is to be carried into effect, should take into account the peculiar conditions of each co-operative section.

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The Provincial Bank The paid-up share capital and the reserve fund of the Provincial Bank was Rs. 7,72,950 and so it had a borrowing power of Rs. 77 lakhs. It has utilised Rs. 67 lakhs of such power during the year. The Bank has to go in for increasing its credit power and this it can easily secure from the Central Banks of the Presidency if only the maximum limit of Rs. 15,000 fixed for the share capital to be held by a Central Bank is removed. The Department has already suggested the removal of this maximum limit and it is hoped that the Provincial Bank will act up to the suggestion of the Department if found practicable by them. The report notes the attitude of the Provincial Bank towards the Madras Christian Central Bank, that the former has not seen its way to affiliate the latter. It is hoped that this question will be solved soon.

The balance of loans lent by the provincial bank to primary societies, but not yet taken over by central banks, is only Rs. 2.85 lakhs, and hence it may be said that the provincial bank is financing only central banks and the work which it was doing in previous years of financing primary societies, has almost ceased. The provincial bank is expected to balance the surplus of some central banks by utilising it for the benefit of others in need of credit accommodation. At the same time, owing to the peculiar conditions of this Presidency, the provincial bank does more than being a balancing medium. It attracts a large amount of deposits, which some central banks in the Districts are not able to do to the required amount. Hence the provincial bank is performing not only the functions of an exchange bank but also does deposit banking on a large scale for the benefit of small central banks,

Decentralisation of Finance.

The departmental report notes "the experience gained in districts where more than one central bank has already been opened does not yet afford sufficient material for deciding the question whether the area of operations should ordinarily be the revenue district or whether it is more advantageous to have smaller areas." It is however to be noted that in districts where there are more than one central bank they were formed with a view to attract more share capital from individuals in different local areas which the District central bank was not then able to do. The District central bank and the local central banks in other parts of the same district are working as independent organisations and no connecting link has yet been devised between them except that they are members of the provincial bank. At present, the surplus of any one of these banks cannot be used by another in the same district. Some arrangement must be devised, by which the local central banks will work in co-ordination with the district central banks as regards finance.

In districts where primary societies have spread extensively, the District central banks are not in a position to exercise any direct control over the borrowing societies and gauge their financial condition accurately. In such cases, credit accommodation is being given under a mere formula supported by general observations of the inspecting staff. A scheme of decentralisation will have to be thought out at an early date, by which local banking unions can be formed, which will conduct book banking and work as responsible agents of the District Bank. Such a contingency seems to have arisen in the districts of Chingleput, Vellore, Coimbatore, Salem and possibly in Trichy.

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Share capital of primary societies.

The departmental report notes "that primary societies hold Rs. 11.97 lakhs out of the total paid-up share capital of Rs. 24.11 lakhs in the district central banks. Primary societies on the unlimited liability basis have still a balance of Rs. 12.71 lakhs to be invested as share capital in central banks, as compared with Rs. 10.71 lakhs at the end of the previous year. These societies can therefore provide all the share capital that is likely to be required for some time to come, for the expansion of the transaction of the financing banks. In other words there will be no necessity for any central bank to go outside the movement for any additional share capital it may require." Viewed as a whole the above inference may be considered satisfactory. But the central banks are in different stages of growth. The older central banks will not have to indent on individual share capital, as the societies affiliated to them

command extensive transactions and hence can easily secure a larger amount of share capital for investment in the central bank. But newer central banks such as Bellary, Cuddapah, Kurnool, Tinnevely, Srivilliputtur and Chittoor are not in a position to get the required share capital from the primaries. These central banks for some time to come will have to look up to individual shareholders for raising the necessary share capital.

We venture to offer a remark on the method of share capital collection from the primaries. It seems that an attempt is being made in some centres to fix the instalments at a high figure or collect the whole share capital from the members at the time of their joining. Even central banks, it appears, deduct the share capital investment payable by primary societies out of loans given to them. This is a pernicious arrangement and should be put a stop to wherever it exists. A high scale of share collection in lump will in the first place keep off poorer men from the societies. Moreover, the borrowing member may pay it from the loan issued to him and when he repays the loan, will desire to deduct it from the amount due. To the borrower the share capital will only appear like the advance deductions made by private money lenders, when they issue loans. Until he is educated to understand the individual benefit of owning social capital and is able to pay the share amount from his savings, any forcing of the pace by short contrivances will make the basis of the credit of central banks an unreal one and retard the increase in the membership of primary societies.

Resources of central banks.

The total working capital of all the financing banks rose from Rs. 230.22 lakhs to Rs. 286.13 lakhs. The share capital and the reserve fund of all the central banks including the provincial bank amounted to 12½ per cent of the total working capital. The deposits made by individual shareholders in the banks have increased of late years. In fact, the percentage of the amount of loans and deposits borrowed outside the movement to the total working capital has been decreasing. Local deposits also have increased largely as well indicated in the report. "Deposits in the Central Urban Bank have increased from Rs. 46.31 lakhs on 30th June 1920 to Rs. 51.07 lakhs on 30th June 1921 and Rs. 63.12 lakhs on 30th June 1922." The other central banks in the Presidency held deposits from individual and other sources to the extent of Rs. 66.93 lakhs on 30th June 1922 excluding the special deposits from Local Boards etc.

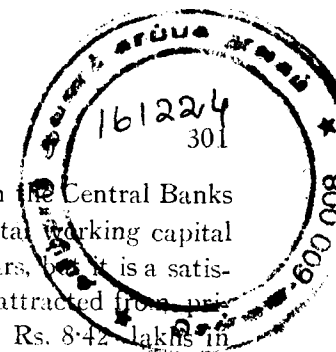
LOCAL DEPOSITS

Local deposits.

The percentage of deposits in the Central Banks from primary societies to the total working capital has been rather stationary during the past several years. It is a satisfactory feature to note that the amounts of deposits attracted from primary societies during the year have increased from Rs. 8.42 lakhs in 1920-21 to Rs. 21.07 lakhs in 1921-22. The increase of deposits in rural parts is confined to the districts of South Canara, Malabar, Trichinopoly, Chingelput and Tanjore. The first two districts have peculiar facilities of attracting people as members who are occupied in both the professions of agriculture and trade. In Tanjore and Trichy in the deltaic tracts, big Mirasidars (big landlords) are members. In Chingelput, the societies affiliated to the Kilacheri Union are being financed by the Kilacheri Society, which consist of members of rich families who have invested their money in it. If we omit the societies in these areas, the deposits of other societies will be very few. It is no doubt true that large savings cannot be expected from the heavily indebted rural farmer unless his productive power is increased by the grant of long term loans. But at the same time it must be said that a survey of rural resources is sure to indicate a large amount of deposits consisting of little savings of the poorer classes and specially of women held by the local Mirasidars and the influential men of the village. These can be brought into the movement by the primary societies only if central banks are permitted to give them the required amount of fluid resources necessary for the re-payment of deposits at the due dates. The primary societies also should show enough efficient management to command the confidence of depositors.

Special Deposits.

It is gratifying to find that the Government permitted the investment of railway cess, surplus funds of Local Boards and Municipalities, and the security deposits of Abkari contractors. The sum so obtained amounted to Rs. 9.22 lakhs. Besides, the security deposits of contractors of Local Boards and Municipalities, the security deposits of jail contractors and the security and provident deposits of Local Board and Municipal employees were also invested in the central banks. These special deposits amounted in all to Rs. 15 lakhs. It is also a cheerful fact to be noted that the loans and deposits from joint stock banks received during the year rose from Rs. 6.19 lakhs to Rs. 8.24 lakhs. The increasing confidence shown by commercial banks in the financing banks of the co-operative movement is a sufficient indication of their strength to enter the money market and deal with such banks. Larger central banks may extend their operations in their area by issuing crop loans to well-managed societies for a period of six or nine months till



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the time of the harvest and raising the required credit through commercial banks on the security of the pro-notes of such societies and their own guarantee for the re-payment of the loans on the due dates. It is only by the expansion of transactions in such directions that central banks can build up their own and their societies' owned capital.

One important fact to be noted in regard to the efficiency of central banks is the great help which they are deriving from the overdraft of Rs. 35 lakhs given to them by the Imperial Bank of India. It is this overdraft accommodation that enabled the central banks to keep up their obligations to the depositors, even when the primary societies did not make punctual re-payment in full. This overdraft has not been completely utilised during the last year owing to the advent into the movement of fresh sources of deposit and the consequent surplus money in the banks.

Surplus money Many central banks, notably the Madras Central Urban Bank, the Madura and Ramnad, Berhampore, Masulipatam, Vizagapatam and Christian Central Banks, had to face the problem of surplus money during the last year. It is to some extent correct to say that the increase in local resources was one of the reasons for this surplus. The advent of money was sudden and the machinery for distributing credit to the primaries was not properly fitted to absorb the full amount. Moreover, it may be noted that the advent of a large number of new Assistant Registrars in some sections resulted as a brake in the distribution of credits owing to the want of financial boldness in them for taking the required step, due, of course, to inherent caution practised by all new-comers. It is hoped that these officers will in course of time exercise their discretion more boldly as a result of expanded experience.

Profits. The net devisible profits in central banks showed a marked increase during the year and 24 out of 33 banks were able to declare a dividend of 9 per cent on the paid-up share capital. The remaining banks were able to declare dividends of 7 per cent and below, because they were newly started and just feeling their way. Central banks should try to secure at least 30 per cent of their working capital as deposits at rates of interest varying from 6 to 7 per cent and issue loans to the extent of 8 times the paid-up share capital and reserve. They will then be in a safe position to declare a dividend of 9 per cent.

Overdues.

The Report mentions that the overdues of members to primary societies were larger than those of the latter to central banks. "This feature", it remarks, "is explained by the fact that societies receive advance re-payments of considerable amounts and that certain primary societies lend on short terms money obtained from the financing banks on long terms." The overdues of societies to central banks are nothing small. Six banks had overdues of principal under 10 per cent and 13 banks more than 20 per cent. It is not possible to make any generalisation from these percentages owing to several reasons. Overdues may vary in proportion to the degree of leniency shown by the loan-sanctioning authorities in granting extensions of loans. Special conditions as failure of crops or dullness of the paddy market tend to inflate the overdues. A change in the method of calculating overdues from the 24th instead of the 12th month from the date of the issue of a loan may reduce them enormously. Leaving aside seasonal conditions, two defects in the movement require an early remedy, if overdues are to be considerably reduced. The one is want of disciplinary supervision, and the other is, as a result of it, the utilisation of collections for re-lending and the use of short term loans for long term purposes. The former can be rectified only by a proper co-ordination of the work of the supervising staff of the local unions and the Department, and the strictest control exercised by the supervising unions in regard to loan re-payments. The latter defect requires consideration whether it is due to the absence of the sense of discipline and responsibility among the Panchayatdars, or inadequacy in the grant of necessary extensions, or the lack of free flow of credit to all the members and for all purposes. District Conferences of Bank Directors and Supervising Unions to devise measures for reducing the overdues will pave the way for a clear understanding and removal of the real defects in the movement. The issue of short term loans by the Madras Central Urban Bank for a period of 1 or 2 years and by the latter to primary societies for the same period is considered as a cause tending to overdues. While by proper disciplinary action loans granted for short term purposes must be recovered within the due date, it is also necessary that central banks should ask for the extension of the period of short term loans where real difficulty is felt in their re-payment.

The overdues under interest are very heavy in the districts of Madura, Anantapur and Nellore. Co-operators should note that overdues under interest mean a fall in the profits and hence a reduction in dividends and the consequent damping of the enthusiasm of individual shareholders for the bank. The District Bank may rightly rule that societies in arrears of overdue interest should get only the balance of dividend apportioned among them, after the payment of the maximum dividend to punctual societies and individual shareholders.

Co operative Trade. Co-operators should note the observations of the Registrar on this subject of co-operative trade and educate the public in the importance of combining trade with credit. The Registrar suggests the following four cause for the failure of Trading Unions and

Urban Stores. "In this Presidency the idea of combination for credit facilities was already long there, many years before the starting of the Co-operative credit societies, while that for purposes of purchase and sale is quite recent. The difference between the wholesale and the retail prices of the foodstuffs is comparatively small though in the case of the poorer classes the real difference is much greater than is apparent. The rural community is to a certain extent self-subsistent and the scope for joint purchase is rather limited. In regard to joint sale the villagers are inclined to be unduly apprehensive." These points are worthy of consideration as they throw light on the defects of rural life and thus focus our attention on their speedy removal.

Societies for the Adi Dravidas and the Backward classes.

It is gratifying to note that there were 713 societies for the benefit of Adi Dravidas with a membership of 33,401. Co-operation among the backward and depressed classes in the Agency

tracts is rapidly improving.

Weavers' Societies.

The Department is interesting itself in the question of the efficient working of weavers's societies. The Registrar has outlined a scheme in the Report for their success. He says, "It is possible that better results might be obtained by the formation of strong central societies in important weaving centres, comprising individual shareholders, who would put up substantial share capital (and some of whom should be men who have had experience in yarn and cloth trade), as well as local primary societies for weavers. The by-laws should permit the sale of raw materials to non-members. Such a scheme would probably go far to disarm the hostility of the local yarn dealers and might possibly solve the difficulty which certain weavers societies find in marketing their cloth. And if the experiment is successful, a society of this kind might eventually take over from Government the power-driven warping and sizing machine which is being imported by the Department of Industries and which will, I understand, be worked for some time under the control of that department, for purposes of demonstration." It is hoped that the system proposed will be experimented in 1 or 2 districts especially in districts where the weaver population is large. Possibly the system will work satisfactorily if the centralised institution will commence its work for weavers belonging to a particular sub-caste such as Devengas, Patnools, Shenians and Sengundars.

General.

Co-operative societies in rural parts for non-credit purposes will spread only if the rich, the middle class and the poor all join in them and when credit accommodation is given for the needs of all the members at all times. The financing arrangement should be so modelled as to enable every co-operator to get his credit needs supplied by the society without any delay. If this ideal is attained, collective buying, collective marketing and collective production will easily spread throughout the Presidency.

The progress of the co-operative movement was fairly satisfactory during the year and along with expansion, consolidation work was given a prominent place.

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THE CO-OPERATIVE MOVEMENT AND THE WORKING CLASSES.*

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Co operation, the poor man's movement.

The Co-operative Movement is, or should be, essentially a poor man's movement. The term Co-operation, in the special sense in which we use it, means the co-operation of the poor among themselves and not of the rich among themselves; it means the organisation of the economically weak, so that by united action they might protect themselves against exploitation by the economically strong. Trusts, Kartels or Rings are associations of the strong for making themselves yet more strong; while co-operative societies are organisations of the weak to lift themselves out of weakness into strength in accordance with the principles of justice, honesty and humanity. An ideal co-operative movement will therefore concern itself mainly with the self-protective organisation of the working classes.

We are co-operators because we believe that the co-operative movement is a safer, a more natural and a more comprehensive method of alleviating social misery than the more truculent gospels of trade unionism, of state socialism, of communism and of anarchism, or the somewhat colourless and superficial methods of welfare workers. If therefore the co-operative movement is to justify its existence, if with the growth of education and of class consciousness among the workers, we want it to hold their allegiance, it must keep itself in intimate touch with labour problems.

* A paper read at the Malabar District Conference held on 21st December, 1922.

2. Co-operation now a middle class movement.

The co-operative movement, in this country at least, is not in this ideal condition. If this audience before me truly represent the co-operative movement in Malabar, as I believe it does, it is clear that it is not a working class movement. I have before me a representative middle class audience with just a tinge of aristocracy here and there. Statistics also support this view. According to the last annual report of co-operative societies the small loans of Rs. 50 and below formed only 17 per cent of the number of loans advanced by non-agricultural co-operative societies in this district while the loans of above Rs. 250 formed 42 per cent. The conditions in agricultural societies are slightly better—the loans of Rs. 50 and below being 25 per cent. These figures prove that the existing credit societies do not meet the needs of the poorest class of people among us. According to Mr. Hemingway's "*Madras Co-operative Manual*" there are 1,71,000 members of rural co-operative societies in this Presidency of whom only 4,000 are labourers while 1,06,000 are land-holders. It is clear that our co-operative movement is a distinctly bourgeois business. This defect has been recognised by the authorities. Mr. Hemingway says, ".....we are running a serious risk of falling a long way below the co-operative ideal. The Registrar would remind co-operators that the essence of co-operation is that it enables the poor and the weak to obtain fair treatment and fair means of livelihood. **And if our co-operative societies cannot help the poor and the poorest, there must be something wrong about their co-operation.** The Registrar earnestly hopes that all co-operators will give due weight to the above considerations and will endeavour by precept and by example to see that in future, in our villages societies, poor men are not refused as members or as sureties, merely because they are poor and that in India, as in every other country of the world, it shall be the poor man who shall be the chief object of the solicitude of co-operators".

My object in this paper is to point out what seems to me the chief obstacles that stand in the way of poor men taking a larger share in the co-operative movement and incidentally to suggest how such obstacles can be got rid of. I do not believe that in many societies poor men are refused admission on the ground that they are poor. But poor men, the working classes, do not generally seek admission.

3. Educate the labourer.

The working classes, being illiterate, are not able to comprehend the good which the co-operative movement might do to them. But as co-operators we have no direct remedy for this, though as citizens, as educationists, and as social reformers we may agitate for a system of free and

compulsory elementary education for children and of voluntary evening classes for adults. Still the village co-operators may easily take advantage of the strength that they derive from their organisation for helping the cause of literacy. If the delegates present here to-day would take up this work in right earnest, it would not be difficult before we meet at the second session of this Conference next year to have at least one Night School attached to each village co-operative society. Night School education is the cheapest education available. A night school with one teacher need not cost more than Rs. 10 per mensem, for teacher's pay, lighting and contingencies. If you get the school recognised, the Government will give you by way of grant Rs. 6 per teacher if he is a trained hand or Rs. 4 if untrained. And if the school is conducted very efficiently the grant may be increased to 50 per cent. Therefore the net cost to be met by the management will be very small. And that amount will certainly be forthcoming if one or two members of the co-operative society are keen about it. But as I said before we are concerned with this indirectly though the progress of education is really of vital importance to the progress of Co-operation. But there is another kind of educative work with which we are directly concerned. It is not merely on account of illiteracy that our labourers do not take to co-operation, but on account of ignorance of co-operation also. Even an illiterate man may be a very efficient co-operator if the principles are explained to him. **Our illiterate working men are not really dull. Co-operative propaganda among the working classes is therefore an educative work which all co-operators ought immediately to take up.** It must be remembered that co-operation is a new way of organising human life calculated to produce far-reaching results and we cannot expect the masses to take it up without a strenuous propaganda.

4. Social obstacles to Co-operation.

The working classes mostly belong to the lower castes and in a country like Malabar with its deep-rooted caste divisions I am inclined to believe that caste disabilities form a serious hindrance to the free participation of the working classes in the Co-operative Movement. There are people who through lack of experience disbelieve in the existence of such social obstacles so far as co-operation is concerned. But I know that these difficulties are not imaginary and that a great many of the existing co-operative societies are practically inaccessible to Cherumas or Pulayars and not readily accessible to other Theendal Castes. The offices of the societies are often situated in places which they cannot enter or approach. The Secretary of the Calicut Co-operative Union gave me an instance in which some members of a co-operative society wanted the registers to

be burnt because two Cherumas, who had joined as members, signed in them. Another instance recently came to my notice where, when it was proposed to elect a Cheruma member to the panchayat, all the other members including two Mahomedans threatened to resign. **A reliable authority informs me that, in the case of a very large number of societies in Malabar, when a general meeting is convened, the caste members meet in some house and the "untouchable" members stand half a furlong off, and that, after the caste people have discussed the business, the decision is shouted out to the others who simply hear and obey.**

5. Are communal societies a remedy ?

The remedy generally proposed for this state of things is the starting of communal societies. But I am afraid this step may lead to other evils in the long run and accentuate a social cleavage which it must be the effort of all well-wishers of our country to heal as rapidly as may be. Societies on a purely communal basis have been started in Malabar for Christians and the depressed classes. I am told that the Christian experiment has not proved much of a success. As for the depressed class societies, I can say from personal experience of three of them which I organised, that the members would have profited more, if they had joined existing societies, instead of starting new ones of their own, provided of course that the existing societies agree to treat them as human beings. I am told that the Government has an idea of appointing a special Inspector in Malabar for extending the benefits of co-operation to Panchamas. I hope the efforts of this officer will be directed more to inducing the depressed classes to join the existing societies and persuading the members of existing societies to admit them on equal terms instead of organising special communal societies. In addition to the undesirability of emphasising social cleavages there are other arguments against such a step. A Panchama society will generally be short of funds as the District Bank will hesitate to lend money to a society whose members possess little or no property. Moreover in the present condition of Panchama literacy it is difficult to secure proper office-bearers from among them. In this district there are a large number of fishermen societies but these are not like the Christian or Panchama societies exclusively based upon communal isolation. The fishermen are not only a separate community, but they follow a distinct trade, and they generally live in a separate hamlet. So these fishermen societies are not merely communal, but also local and occupational, and are therefore justifiable. This is not the case with Panchamas or with Thiyyas who, when the Hon'ble Venkata Reddi recently visited Calicut, requested him

to allow them to have special Thiyya societies. The Thiyya and the Panchama difficulties will be solved if some kind of pressure can be brought to bear upon the existing societies, to induce them not to sacrifice co-operation to caste. A Mahomedan member of the Madras Legislative Council some time back asked the Government as to how many Mopla Co-operative societies existed. **But the Government had the sense not, to have any such societies at all.** Already the recent unhappy incident in this district has created a sufficiently wide gulf between the Hindu and Moslem communities. And the Co-operative Department has very wisely decided not to help in widening it still further by having separate societies based upon religion. But the Government has, very rightly, appointed an influential Mahomedan gentleman as an honorary Assistant Registrar and also a Mahomedan Inspector in the predominantly Mopla taluk of Ernad, and I am glad to learn that the efforts of these gentlemen will be directed to persuading the Moplas to join existing societies. Social disharmonies can be best overcome by the creation of common interest, and co-operation is one of the best instruments for the creation of such a common interest.

6. Need for non-credit work.

But the admission to more credit societies will not solve the problem of labour. If our labouring classes do not show much enthusiasm for co-operative societies, I think, it is because our co-operation is practically identified with credit societies. Credit societies help a man to save something out of his earnings and to get out of the money lenders' clutches. But an easy supply of money alone will not help our working classes much. They want not only credit facilities, but also facilities for getting work. Our agricultural labouring class, both men and women, are practically unemployed for half the year. The problem of their poverty can be solved only if some means of profitable employment is found for them. Some relief will also be afforded if through co-operative organisations their wages in existing trades can be raised. Therefore, in addition to free admission to credit societies to provide them with money at reasonable rate of interest, our labourers require labour societies to provide them with labour. These societies may be of two types: societies of men for out-door work, and societies of men or women, but largely of women, for in-door work.

7. Co-operative farming.

An attempt has been made in the neighbouring district of South Kanara to organise field labourers' societies. I have no personal experience of how it works there. I understand that an attempt in the same direction is being made at Mankada. The idea of a field labourers' society

is that the labourers acting in a body will be able to hire themselves out to employers and thereby secure better wages than they would get otherwise. It is almost like a trade union, only the central idea is constructive and not merely destructive. There is no doubt as to the need of such organisations in agricultural areas. The wages of our agricultural labourers are miserably low. Even to-day agricultural labourers of the Cheruma class are bought and sold along with the land on which they work. **Every Cheruma has an "owner"**. But although the need for labour societies is acute, the difficulty of working them are so great as to seem almost insuperable. The labouring classes will not understand our intentions and will be apathetic or suspicious; the middle and higher classes will be actively hostile. **We shall require the driving force of a religious faith in co-operative ideals to emancipate labour from its social and economic thraldoms. But nothing is impossible to the enthusiast.**

8. Co-operation for cottage industries.

9. The second type of labour-supplying societies will be organisations chiefly, not exclusively, of women, for work that can be done at home at leisure. A beginning has been made already in this district in this direction. These societies are easier to organise than labour unions as they excite less opposition. Their benefits are not confined to the working class, for many poor women of the middle class will be glad to take advantage of them if suitable work is given to them. The only difficulty is to find out industries (1) which can be carried on at home (2) which pay a decent wage, (3) the raw materials required for which are easily available, (4) which do not require a prolonged apprenticeship or costly apparatus (5) and the output of which has a good and constant market. Some industries which meet most of these conditions will easily suggest themselves to you. Coir spinning is undoubtedly the most widely prevalent cottage industry on the coast. The only defect in it is the very low wages the workers receive. A woman seldom receives more than $1\frac{1}{2}$ or 2 annas for a whole day's work. But this can be remedied to a great extent by a co-operative organisation. I have organised a small coir-workers, co-operative society at Kallai. Our share capital is only about Rs. 140 and our working capital is about Rs. 500. Last year we made a profit of Rs. 225. I am sure this profit can be considerably increased if there is a wider co-operative organisation to supply us with the raw materials and buy from us our finished product. Another cottage industry which has attracted the attention of co-operators is mat-weaving. I understand that there is a flourishing mat-weavers' society in the Ponnani Taluk.

Rough mats are made in Malabar all along the coast and fine ones in the southern taluks. These are industries carried on by women. It is quite possible to introduce the co-operative industries carried on by men e.g., carpentry, blacksmithy, goldsmithy, etc. All these are industries already prevalent among the people. There are many others that may be easily introduced. Perhaps the one that is attracting most attention now is cotton spinning. This industry is in an unfortunate position. Owing to its association with politics it has been difficult to judge its merits impartially. On the one hand there are people whose rhapsodies about its merits soar to poetic heights and who seem to identify the spinning wheel with the *chakra* with which the God Vishnu destroyed the enemies of mankind. On the other hand there are people who see in the *chakra* nothing but a political fad and an economic fraud. As co-operators we are not concerned with politics. I understand that cotton spinning pays at about the same rate as coir spinning. And there is no reason why people should not take to it and organise co-operative societies for it just as for any other industry. Mr. Jacobi of the Y. M. C. A. has recently introduced the tape-making industry at Areakode. I understand that it gives work to about 200 women there. The apparatus required is cheap, costing only about 14 as. or a rupee. But I am afraid the market in this case will be limited. Mr. Jacobi is also experimenting in silk-worm rearing. If the mulberry could be naturalised on this coast it would give rise to a great industry. Poultry farming is a home industry, particularly suited to Malayalees who mostly live in spacious gardens. **There is scope in Malabar for thousands of co-operative egg societies.**

9. A Central Union.

Experience shows that it is much easier to conduct a large number of societies for cottage industries federated together in a central union than a single small society by itself. In buying raw materials and in marketing its produce, in fact in all commercial transactions, the small society is seriously handicapped if it stands alone. The greatest hindrance to the progress of the coir workers' society at Kalai has been the difficulty of getting a regular supply of fibre and a regular customer to buy the small quantities of yarn that the society is able to produce and hence it has to resort to some middlemen. For every cottage industry which is co-operatively organised, there ought to be a central supply and sale society, supplying the primary societies with the raw materials required and buying from them the manufactured product. Under such a division of labour the primary societies will look exclusively to the industrial work, and the commercial business which cannot be efficiently done by a small village society will be delegated to the central society.

10. Garden cultivation.

The home industries mentioned above, with the exception of carpentry, blacksmithy, etc. are those chiefly carried on by women. But there is one work which men can and do attend to at home, viz., garden cultivation. This work has particularly good facilities in Malabar on account of the almost universal habit of living in separate compounds. But at present the vast majority of our Panchama labourers are excluded from the benefit of much garden cultivation because they do not, like other caste people, live in gardens. Co-operative organisation may help them to secure small houses situated in gardens like those possessed by members of other castes. One of the resolutions proposes a scheme of housing labourers in small gardens. We have called it a scheme of house-building for Panchamas; but the houses to be built are not barracks in the Tamil fashion, but garden houses as is usual in Malabar. In fact I place more importance on the garden than on the house, though the house is of course essential. If a house only is built for him, the labourer will have to pay for it in periodical instalments out of his present earnings. This payment will be a great strain upon his scanty resources, as at present he does not pay any rent, and his income is not immediately enhanced by his getting a substantial house to live in. If on the other hand the house is accompanied by a garden, the produce of the garden will help him to pay off the cost in the course of twenty years or so. He will be able to cultivate tapioca, ginger, plantain, and various roots and fruits for all of which there is a ready market. This is really a kind of home industry for agricultural labourers. In Malabar the land is exceptionally fertile. If you go anywhere into the interior you will find that its wonderful possibilities are utilized. Attention is no doubt paid to coconut and other big trees. But it is possible to grow so many other things along with coconut in any compound. If such cultivation could be co-operatively organised, we could make Malabar the garden of India which Nature verily meant it to be. **And so far as Panchamas are concerned, in addition to the economic benefits that would accrue to them by the possession of houses and compounds, there will be an immediate elevation in their social status.** The Madras Government has accepted the principle that house-building societies for middle and lower classes in urban areas should be financed by the Government. If the Government would extend this help to the Panchamas in rural areas in Malabar, many problems of social reform would be solved.

11. Co-operative stores.

I have now dealt with different types of industrial societies that may be organised for the benefit of our labouring population. There is

another type of society which should not be forgotten here—I mean the village co-operative stores to save our labourers from being victimised by the profiteering shopkeeper. Most of you will be aware that the co-operative movement began in England among ordinary labourers in the form of co-operative stores. But the management of a store, as compared with that of a credit society, is extraordinarily difficult. Many of the attempts made in this district have dismally failed. But the failure of such pioneer attempts need not dishearten us. The chief difficulty is to make the people understand the value of the stores. Therefore with the help of persistent propaganda and a more general spread of literacy the stores movement ought to become popular.

12. Co-operation—the cure for all social ills.

These, it seems to me, are the ways in which the co-operative movement can help the working man. Admission to credit societies, without difference of caste or creed will rescue him from the clutches of the money-lender; the co-operative stores will save him from the village shopkeeper; co-operative labour unions will enable him to get reasonable wages from his employers; and above all co-operative organisations will give him and his wife, work at home when they cannot get employment outside—**garden work for men and cottage industries for women will finally lift them out of penury and starvation and “give them that sense of free citizenship which should be the possession of our humblest citizen.”**

ENHANCEMENT OF DIVIDENDS IN UNLIMITED LIABILITY SOCIETIES.

BY MR. V. KRISHNA MENON.

Secretary, Malabar District Co-operative Bank, Ltd.

Opinions from Co-operators are gladly invited on this subject.

At the District Co-operative Conference held in North Arcot District on 25th Sept, 1922 resolutions were passed recommending the increase of rate of dividend payable to shareholders of an unlimited rural society to 9 per cent and the creation of a Dividend Equalisation Fund out of the surplus profit after setting apart 50 per cent of the surplus profit as reserve.

The subject is an important one and deserves to be discussed in detail. I am glad that the Provincial Union has taken it up and is trying to collect the opinions of its members. I venture to place before the readers a few facts connected with the subject and at the same time invite discussion.

The proposed change does not appear to be quite necessary now in Malabar. There are very few rural unlimited societies in these parts that are in a position to declare a dividend of 9 per cent and they as a whole do not evince a desire for the proposed innovation in the rules.

Speaking generally, the scheme for raising the dividend does not seem to be beneficial for the development of a true co-operative spirit. Those who advocate the change, contend that the prospect of a higher rate of dividend is likely to attract a larger amount of share capital into the movement and swell the borrowing power. If I am not mistaken, this view brings the functions of a rural unlimited society perilously near those of a district financing bank which under its present constitution contains two incompatible elements, *viz*, (1) Interests of the individual shareholders (2) interest of share-holding societies. On many occasions the irreconcilable nature of these two interests has cropped up in the administration of district banks and I believe it is the intention of all Co-operators to eliminate as soon as possible, this collision of interests. An attempt to introduce in a rural unlimited society a dividend-hunting tendency and the attendant evils, while we are trying to eradicate the same in a banking union, is a fruitless labour. I suppose we do not commend an engineer who, in trying to save a building, strengthens the superstructure and undermines the foundation. The Co-operative Act of 1912 has a number of wise provisions embodied in it. Restrictions in dividing dividends are one of the most important of these and they form the main support of the movement and they cannot be interfered with in a light-hearted manner.

In venturing to argue on a subject like this, one should not lose sight of the fact that it possesses aspects varying in importance and presents difficulties resulting from divergent and dissimilar conditions. Conditions obtaining in North Arcot may be different from those in Malabar. Examination of different conditions, however, often throw light on what certainly is a complicated matter. Without taking up the attitude of a pessimist, I wish to point out that in these parts the manner of accumulating share capital in a rural society and the investment of society-members' share capital in a district bank has considerable room for improvement. Practically and speaking in a general way, a member of a rural society pays his share capital out of the amount borrowed from the society and a society member of a district bank out of what it gets from the district bank. I am aware a temporary adjustment in this manner will pave way for real saving on the part of the members. But at the same time it cannot be ignored that a good portion of the share capital of the members in a rural co-operative society represents amounts borrowed

from the society and this weakness is an additional reason why dividend on such share capital should be reserved as much as possible.

The best results are produced by working a rural society without undue desire for profit. That profit is derived on the capital invested in a rural society, is not the consideration which influences a right-minded and rich member to join the movement. Social restrictions, unequal abilities, oppression and even tyranny bring about inequalities among the public. Those who are enlightened and righteous try to make amends for these discrepancies by trying to lend their support for the uplift of those less fortunately circumstanced. The co-operative movement is one form of this rectification. It will lose its vitality the moment a desire for profit takes the place of moral consideration.

The profit derived by a co-operative society including the district bank has a fictitious value. That a society is able to declare a profit is the result of honorary services of its members and special concessions granted to the movement at the expense of the general tax-payer. As long as these favoured conditions exist it should be our aim to divide as little profit as possible. In the distribution of profits among the members of a rural society the minimum of profit and not the maximum should be aimed at.

The co-operative movement cannot be said to have taken a firm footing in the Presidency. It is not yet free from dangers that attend any movement in its initial stages. Its principles have not been completely assimilated by the general public. Wherever we turn, we come across instances in which want of a general appreciation of the benefits of co-operation is apparent. At the present stage of the development of the movement, there is need for propaganda for convincing the rich and the poor that most of the difficult problems of the day could be successfully solved by combination and co-operation. A vigorous propaganda is what we want now. Propaganda means money. How this can be found is now engaging the attention of co-operators in Malabar. If we were so fortunately circumstanced as our brethren in North Arcot District, who, after dividing 9 per cent to shareholders of an unlimited society, propose to create a Dividend Equalisation Fund, we would rather spend a portion of the profit for propaganda than for distribution as dividend.

AS THE REGISTRARS SEE.

LIST OF REFERENCES.

Annual reports on the working of the co-operative societies Act (II of 1912) for the year 1921-22 of Madras, Bengal, Bihar and Orissa, U. P. and Bombay, and of Burma for 1920-21.

I. AGRICULTURAL SOCIETIES.

Registration

The brake is being put on the movement. Rightly the feeling has come about that indiscriminate multiplication of societies discredits the movement in the long run and retards its progress too. A vigorous policy of weeding out bad societies and expelling ill-disciplined members is being pursued in the several provinces. Truly, the words of Mr. Saunders, Joint Registrar for colonisation in Burma, quoted by the Registrar Burma, Mr. C. W. Dunn, in his report, really reflects the general position of the movement in India. "As a general rule I am afraid that there is little guarantee that societies sent up by Unions and Honorary organisers for registration understand the elements or have any clear idea as to what a co-operative society is. I think that we have been registering too easily and too freely and that this policy if pursued may land us in difficulties. As for as the numbers go we may be said to be in a very satisfactory position; and we can now call a halt and insist on quality rather than on quantity. We should, I think, inculcate the idea of registration as a privilege—as something to be worked up to—and **we should register only such groups of people as can satisfy us that they really want a society and really understand what a society is.**" In fact every society should be told before registration that the object of co-operation is not primarily to borrow from Central Banks but to evolve self-help and self-management.

Outside Capital.

The progress of agricultural credit societies in the provinces above mentioned does not show that they have gained sufficient strength to stand on their own legs. In Bombay the Raiffisin ideal of no share capital but increasing local deposits was earnestly pursued but there too the Registrar has come round and says that "this has been necessary to yield too at the desire of societies in order to increase their capital." Earnest attempts were made to increase the deposits of members but the same over-enthusiasm for whipping up share collections exhibited in provinces where attention was paid to the accumulation of share capital, has also expressed itself in Bombay in tapping local deposits. Everywhere the story is the same. The ryot is always a borrower and societies must make deductions from his loans to show a large owned capital either in the shape of deposits or shares. The Registrar notes "To far too great an extent deposits still depend upon deductions made at the time of giving loans, a practice uncomfortably reminiscent of the money-lender." On the subject of local deposits the Registrar of Bengal remarks "It is true that non-members prefer the security of local central banks to that of local societies, and it is equally true that the facility with which the

societies obtain their funds from Central Banks offers them no inducement to seek for local deposits but it must be remembered that **the slowness of the progress in the growth of local capital is a weak spot on the movement as it deprives agricultural credit of the stimulating influence of local interest and local watchfulness.**"

A Comparative Statement.

A survey of the resources of the agricultural credit societies in the several provinces will indicate how much they have to strengthen themselves if they are to become real rural banks for the localities.

Resources of Agricultural Credit Societies for the year 1921-'22.

	Total Working Capital in lakhs of Rs.	Share Capital in lakhs of Rs.	Reserve Fund in lakhs of Rs.	Members Deposits in lakhs of Rs.	Total of Columns 3, 4 & 5. in lakhs of Rs.	Percentage of Col. 6 to Col. 2.	Average amount of Loans per member in Rs.	Total Membership.
1	2	3	4	5	6	7	8	9
Bombay ...	155'85	3'0	11'8	36'2	51	33	52	1,98,445
United Provinces ...	64'3	13'35	11'03	72	25'1	39	44'9	1,16,442
Bengal ...	131	4'68	18'32	6'39	29'39	23	23'5	1,70,067
Burma ...	144'52	21'96	21'91	1'33	45'2	31	74'5	89,103
Madras ...	222'92	23'11	10'88	6'29	40'28	18	35'8	3,26,612
Bihar & Orissa (of all agricultural societies) ...	64'04	1'81	8'44	1'95	12'2	19	31'5	1,12,421

The figures will show that more than 60 per cent of the capital is derived from outside borrowings in every province. Though the owned capital is 39 per cent in the U. P., the working capital is very small and the average amount of loans issued during the year amounted only to Rs. 44.9. In Bengal the percentage of owned capital and the amount of loans per member were only 23 and 23.5 respectively. In Burma the loans per member amounted to Rs. 74.5, a very large figure, but the owned capital was only 31 per cent of the total working capital. In Madras both are very low which indicate that societies must have worked at a loss as a high rate of interest should be paid for outside borrowings and a decrease in transactions will make it extremely difficult to work the society without loss. Bihar and Orissa is in no way better. Bombay alone shows larger owned capital consistently with larger working capital.

Increase the local deposits.

The reports are valuable, as all annual stock-takings are, in focussing public attention on the ideals of the movement. Burma notes the need for making arrangements in regard to withdrawals if the small savings in rural areas are to be brought into the movement. Bombay draws attention to the steps taken a year and a half ago for increasing the deposits in the primaries by a system of current accounts and the due provision of fluid resource in the Central Banks on their behalf. The remark of the Registrar that "the introduction of such methods must depend mainly on propaganda by bank directors and their staff" is a point to be noted by all interested in co-operative banking. Reference may be made here incidentally to the propaganda conducted in foreign countries to increase the deposits. In France a week's campaign in last December by 201 societies increased their deposits by 2,66,109 francs and those in the central banks by 6,700,000 francs. It is no doubt true that so long as the productive power of the ryot has not been increased, it is hard to expect large savings from him. But the fact cannot be gainsaid that in every village there are money-lenders who are trusted with small savings and these can very easily come into the movement if only rural banks were given the required fluid resource by central banks and have developed sufficient business habits to command the confidence of the rural public.

Overdues.

No purpose is served by a comparison of the overdue percentage in the several provinces. Suffice it to say that in no province it is inappreciable and every Registrar notes the inefficiency of the Panchayets. The peculiar fortune or misfortune of the Co-operative Department is that it cannot work by the enthusiasm and the efficiency of the officials alone.

It is a department of practical education whose success will be tested by the amount of co-operative loyalty and business habits implanted among the members of societies. The working ideal of every co-operative officer should be that expressed by the Registrar of Burma in the following words. "The growing cost of the Department needs attention not only in regard to economy of administration, but also because an overgrown Government staff is incompatible with healthy co-operation. If the arrangement of the duties of the staff in force in recent years continued unaltered, the Government would have increased in ten years hence to some 25 Assistant Registrars and over 90 Junior Assistant Registrars in proportion to the expected increase of societies. The means of preventing such a catastrophe is the improvement in efficiency of the society paid audit staff and the development into effective self-governing bodies of the central organisation for supervision." Supervision from within the movement alone will secure for it the requisite internal strength and independence. A review of the system of supervision, inspection, and audit, in vogue in the different provinces cannot but awaken even the most self-complacent co-operator to the realities of the situation in Madras.

Inspection, Supervision and Audit.

The Burma system is to be appreciated for the fact that there is a definite policy before the Department for erecting the movement on the non-official basis. In Burma there are 491 Unions who conduct the societies affiliated to them. They have spent Rs. 4.78 lakhs in supervision during the year 1920-21. A special Asst. Registrar is in charge of audit and co-operative training. During the year under report a two years' course has been arranged for training students in auditing and accountancy. The Department also conducts "local and central training courses for Government staff, auditors, supervisors and union secretaries." There were ten Assistant Registrars assisted by 35 Junior Assistant Registrars whose main duty is to inspect the unions and teach the societies and 'rub in' the audit reports. From the last year they were to audit the societies only once in three years. The annual audit is conducted by 58 auditors maintained by the co-operative council of agriculture and two other auditors for urban societies. The audit reports are checked by the headquarter staff and transmitted to the Assistant Registrars to be used by their deputies in the annual inspection of unions. The ideal of the Department is that District associations which are coming into prominence should manage audit funds and control local auditors certified by the Department, and recently an urban federation has been formed for the self-management of city audit. The Department

will be concerned only with annual inspection of unions and they want to dispense with even the super-audit conducted for every three years. The remarks of the Registrar on the need for establishing society audit on a sound basis are worth quoting. "A danger of centralised staff controlled by the Registrar is that the audit will be hated as the normal Government official hates the interference of the Accountant General. The aim of co-operative education is that members of societies should desire and insist on proper audit. The effect of an audit which is desired for and arranged by members will obviously be greater than that of an audit which comes from a central authority." In regard to supervision the Registrar deprecates the appointment of supervisors by District associations "as they will weaken local responsibility like Government officials" and he therefore says that local unions alone should undertake supervision. On the merits of their working he remarks in the following terms:—"Some of these institutions have worked well and result in the leaders of the local societies really controlling the supervisors and making good use of them to improve account-keeping and instruct and assist new societies. The societies realise that they are paying for and controlling a service of their own for their own advantage".

Bengal

The Registrar of Bengal holds the opposite view and condemns decentralisation of audit because those in his province who demanded the formation of audit unions wanted 'the ultimate control of the audit staff by the Registrar.' Dual control is not a wholesome procedure but anyhow the goal in view of co-operators should be the control of audit by the societies themselves, the Department seeing that approved auditors are appointed and annual balance sheets are despatched to them. Inspection and audit in Bengal are both done by the Inspectors owing to the fewness of auditors and the report remarks "that the work of the Inspectors has on the whole been satisfactory though a few have developed routine habit and staleness". Inspectors should be given a broader cultural outlook by a course of studies in rural economics and thus be fitted as missionaries of the Co-operative ideal of life. The Registrar rues the fact that the Bengal organisation society owing to the paucity of workers has been unable to make its propaganda influence felt in rural parts.

The supervision work is done by the central banks in Bengal and the Registrar emphasises the need for the recruitment of supervisors "from among the selected representatives of successful societies than from University graduates who usually get dissatisfied if they do not get promotion in a short time nor do they mix with the members of village societies in

the same way as a man in the villages is able to do". The number of guaranteeing unions were only six in Bengal and the Registrar notes their failure and prefers Supervising unions which do not undertake to guarantee for the liabilities but whose main work is only supervision of their affiliated societies.

Bombay.

The goal of the Department in Bombay is expressed very clearly in the report, "the Department to confine itself more and more to their statutory functions of registration, audit, enquiry, arbitration and liquidation", and to strengthen the non-official agency in regard to "organisation, propaganda, collection of loans, and supervision". The Registrar notes the inefficiency of the guaranteeing unions and the need for maintaining sufficient trained supervisors to make up for the want of enthusiastic honorary workers in the unions. He also points out the need of an efficient staff of Inspectors to be maintained by central Banks. These defects are to be found in every province but certainly Bombay has given a lead in the matter of co-operative education. The Inspectors of the Provincial Bank conduct Local Union Training classes and the Central Co-operative Institute and its branches have arranged during the last year twelve courses at 7 centres for Bank Managers, Hon. organisers, and junior Secretaries of societies.

U. P., Bihar and Orissa, and Madras.

In U. P. Guaranteeing unions were only 9 and they have not been a success. In Bihar and Orissa the Registrar notes that these unions are considered as "mysterious organisations by the members of village societies, there being no cash transactions with them". Successful guaranteeing unions in Bihar and Orissa are encouraged by the offer of a lower rate of interest to their societies, and with a view to federate the latter in each local area, the Department is forming unions as soon as new societies are organised. The Bihar and Orissa co-operative federation arranges for the training of Bank Managers, Clerks, Local Auditors and inspecting clerks. It assists central Banks by supplying Inspectors and one achievement of the last year has been the constitution of five Divisional Boards to push on the work of the federation.

In Madras the Department maintained a staff of 249 field Inspectors and 94 office clerks and 78 office Inspectors during the year. Apart from the maintenance of this large inspecting staff who combine in themselves all the functions of supervision, inspection and audit, the Local Unions maintained a staff of 176 supervisors and spent Rs. 1.25 lakhs for supervision purposes. The heavy overdues of members and the working of rural primary societies at a loss do not reflect very much on the efficiency

of the Supervising and the Inspecting Agency. What Madras lacks is the proper training of its inspectors and supervisors in broad co-operative principles which alone will infuse into them the necessary spirit to plant the movement on a strong foundation. Account-keeping is a matter of routine and can be easily learnt. But the heart, the outlook will change only by a general training for a year or two in the importance of co-operation in rural reconstruction. The one fact to be noted from a comparative study of these reports is that provinces which spend more in arranging for the training of Supervisors, inspectors, and auditors and strengthening local educational and propaganda organisations will lead the movement in future while those which centralise the system in official hands without taking efforts to educate the societies will find the task unwieldy and burdensome and lag behind in the race in no long time.

(To be concluded)

INDIAN CO-OPERATIVE SOCIETIES ACT.

MR. R. G. NALLAKUTTALAM PILLAI,

[Hon. Assistant Registrar, Srivilliputtur.]

The Co-operative movement that confined itself to credit work since the passing of the Act X of 1904, has with the Act II of 1912 amply enlarged its field of activities. The times are once more favourable for further enlargement of such activities and consolidation of the field already covered.

The Co-operative Societies are no longer a central subject. They have not only attained varying stages of progress but have also developed peculiar features in several provinces. The Madras Government has under section 46 of the Act sanctioned several deviations and passed the Act X of 1920.

The constitution and functions of financing, supervising and propaganda societies have not got any express statutory recognition. They are now formed, worked and controlled by rules framed under the Act—framed by the executive without the softening influence of the popular legislature.

The masses are now awakening to the importance of so working the societies as to enable them to adopt improved agricultural methods, engage their leisure hours in cottage industries, and enjoy fully the later rise of prices for their crops.

It is therefore most proper that an amending and consolidating Act should be early introduced in and passed by, the local legislature. The occasion should be availed of to incorporate several useful improvements

that have been long agitating the minds of co-operators such as the utilisation of societies for the disbursement and collection of Agricultural and Industrial loans, deposit of trust moneys in societies and exemption of Co-operative Insurance Societies from their pecuniary obligations to the Government, with of course the sanction of the Government of India for such of them as may require sanction under the Local Legislature's previously sanctioned rules.

The forum of Civil Court should be open only to the society and that for the recovery of either dues or other money claims, from members and employees or their heirs and legal representatives and the execution of awards. Provisions of the Madras Act X of 1920 also should be embodied in the new Act. All disputes concerning or arising from the transactions or proceedings of a society should be disposed of by some authority or other, authorised by the rules that may be framed under the Act.

Arbitrators may under the rules administer oaths and require the attendance of witnesses but they have not the statutory powers to summon and enforce their attendance. Even the said powers of arbitrators may not strictly come under 43·2 (1).

Functions and powers of auditors should be well defined in the Act. They must have powers to surcharge members, officers or employees responsible for any waste or misappropriation and their orders must be made final subject to an appeal to the Registrar or any person authorised by him.

It is also undesirable that any member of a committee or officer of a society should interest himself in a matter conflicting with the best interests of the movement. There is sufficient provision in the by-laws of a society for the removal of such a member; but there is no such healthy restriction against a similar mischief outside the society and in a larger sphere. The Department prosecuted an ex-officer of a society for misappropriation and the Secretary of the very Financing Bank in whose interest the prosecution was launched supports the action of the accused. Such a conduct is disgraceful, to say the least of it and should be avoided by some statutory prohibition.

Societies should be well protected against the wanton wrongs and frauds also of members, officers and employees. There must be a clear charge and not merely a lien for their dues or other money claims on all their properties and a priority of charge as well, on properties either purchased or redeemed with society's money.

The scope for an individual member sharing profits or earning a dividend in a co-operative society as now provided by rules is now prohibitively small and is the real cause of there being not many industrial societies. It is therefore better that a maximum for reserve fund is fixed

in the Act and the rest allowed to be utilised for common good fund and individual dividends.

The interference of a Collector in a society is not desirable nor has there been as a matter of fact many useful interferences. There are ever so many organisations and authorities to look after primary societies. Provisions in the Act for such an interference or a motion under section 35 may be deleted.

There was a time when even non-members were required to join the execution of mortgages by their undivided brothers or father when taking a loan from a society. Such documents are sometimes now taken by mistake. Exemptions also are availed of in such cases. There must be some provision in the Act to validate such illegalities with or without penalties against the officer or committee concerned.

Member, Liability, Unlimited and joint and several. All these require to be well defined. They are the basic principles as it were of the Act. *Member* is said to include all those joining the application. It is not necessary that every applicant should pay his subscription and admission fee and become a regular member. We see also as a matter of fact that several applicants do not become regular members. It is not clear whether they can at any time after the starting of the society become regular members by the mere payment of subscription and admission fee or they are entitled to such a privilege only at the time of starting. If their admission as a member at a later stage is to depend on the sweet will and pleasure of the Panchayat, is it just that they should be inflicted with any liability? In the case of a limited society, what will be their share of the liability? Is that liability to continue even when he is refused admission or has resigned his membership after admission. Is a member of an unlimited society jointly and severally liable even for such of the loans as are advanced to the society in spite of his warning and the endorsement of the Department to the Bank as to the bad condition of the society and his non-liability for any such loan? These are questions that require clear elucidation if people in poor circumstances are to be guarded against the demon of unlimited liability. An honest minority should be protected against an unscrupulous majority.

The only inspection that is provided in the Act is the extraordinary inspection under section 35. A society may have to be inspected and may be inspected without being audited. An officer of a society is not bound to produce the cash of the society even when demanded by an auditor. Furniture and other stocks of the society also must be accessible to an auditor if he is to prepare a correct statement of the assets and liabilities

of the society. *Member* should include a registered society and exclude minors and other people incapable of contracting.

The financing Bank also must be in a position to move the Registrar under section 35 and the result of all enquiries under section 35 by whomsoever moved must be communicated to the Bank financing the society.

The liability of a member even in an unlimited liability society is as a matter of practice regulated by the number of shares taken by him and as such it will be better if the members holding not less than one-third of the total number of shares are given powers of motion for an enquiry under section 35 of the Act. Similar principle may be applied in the case of voluntary liquidation also.

There should be some definite indication in the Act itself as to who shall be ordinarily recognised as a heir or legal representative to a deceased member or a member who has since become insane or otherwise incapable of continuing as a member. Summary procedure should be prescribed even in case of disputes. Cases are not rare where a society first collects the dues of a deceased member from his relation and then refuses to refund the assets of the deceased in the society to the said relation.

The liquidator must have also powers to refer cases to arbitration.

The following verbal changes also may be made:—

In the preamble, 'the economic interests of agriculturists' may be substituted for 'the thrift and self-help among agriculturists'.

'Prescribed' may be inserted in the place 'of rules' and it may be made to include such of the orders also as may be passed by the Registrar and are not inconsistent either with the provisions of the Act or the rules framed under it.

In Provision 2 Section 4 'main or primary' may be inserted before 'object.' In clause 1a of section 5, 'who work for gain' may be inserted after 'reside.'

In section 16, 'and the admission register of members' may be inserted after 'by-laws.' 'Cases of members becoming of unsound mind or otherwise incapable of continuing as a member' may be included in 22.

Sub-section 2 of section 6 may be tacked on to Section 5.

THE FOURTH PUDUKOTTAH CO-OPERATIVE CONFERENCE.

The Conference was held on 9th Mar. '23 at Annavasal under the presidency of the Dewan Mr P. K. Kunhunny Menon Ayl. B.A. After the Welcome Address by Mr M. Hussain Ibrahim Rowther, the President delivered the following speech.

THE PRESIDENT'S SPEECH.

I sincerely thank you for having given me this opportunity of hearing you regarding a cause for the advancement of which I have been myself toiling hard for some years past. It is a noble cause and our salvation lies in perfecting that cause. Co-operation is not, as you say, any new invention. It is as old as the world. The principle of co-operation is enunciated in the terse maxim "Each for all and all for each" and where you find this maxim well understood and applied, you will find also useful co-operation. To me it appears that Providence has applied this principle in creation and you have not to make any extensive researches to find the truth of my statement. You all know that plants have life and that they perform functions similar to those of animal organism. You have only to read a few of the speeches of the great scientist, Professor Bose, to see that plants do breathe as animals do and that they have a circulation and possess a system of nerves. These plants flourish under the noxious gases that we exhale and what they do is simply to assimilate the poisonous substance from our exhalation and liberate to us the oxygen that is so dear to us. What is poison to one is life to the other, and is not this reciprocity between the vegetable and animal kingdoms co-operation? and does not this phenomenon illustrate the principle all for each and each for all? Other more common examples can be taken. The substance that is rejected by the animals, we apply as manure to the plant and it is after all on these plants that the animal lives. I do not wish to multiply instances of this kind as I am afraid I shall not find time even to tell you a few things which I wish to place before you. In human existence we find the rudiments of co-operation in domestic life (man and wife). The man who is by nature able to work earns the bread for the couple and the woman who looks after the domestic duties tries to keep the man in comfort, thus enabling him to earn the bread. This principle is extended into social life and you can see co-operation so well pervading in many of our village customs. One custom which is more like our present day credit work in societies has attracted my special attention. On a particular festival in a village money-offerings are made to a deity in a temple and the custodians of this money who are no other than the headmen of the village lend the amount to those who are in reality in need of loans at a reasonable rate of interest. These amounts are repayable on the festival day in the succeeding year and in this way really good men find credit facilities at least once a year. Chit funds are of later growth and you will find them conducted in most useful forms on the west coast and Tinnevely Districts. Gentlemen, you will see well developed forms of co-operation in most of our village-customs, but I am sorry to say that they have lost the chaste and noble aims with which they were organised. Life has developed more and more selfish interests and with the growth of these interests

the old co-operative institutions lost their utilities. Even the present day co-operative movement was started on a mere moral basis at first but it soon attracted the attention of the Governments of the respective countries and the formation and working of co-operative institutions are now everywhere regulated by legislation. All civilized Governments are doing their best to advance the movement and you can at once see that its economical value is great and its moral influence powerful. In India the movement is less than 20 years old and it is everywhere reckoned as a powerful factor in administration. Mr. Hussain Ibrahim Rowther has referred to the rapidity with which societies were organised in the countries devastated by the great European war and it is no wonder. The people of the countries in question had already realised the benefits of co-operation in times of misery and want and they have only sought the only comfort that was possible in the deprivation they found themselves in. In our own land (I mean India as a whole) the progress of the movement with such astounding rapidity is evidence of our comparative poverty and my regret is that it is not moving rapidly enough to reach the wants of all people.

Gentlemen, apart from the general utility of co-operative societies to the people you will allow me to say that they are the most easy means of re-establishing our village life and village Panchayats. The value of village Panchayats has now been brought to prominence and various recourses are adopted to introduce them in our villages. I will ask you to organise a co-operative society for each village and when you have done this, you will have done more than half your labour for the revival of village Panchayats. A co-operative society gives the individual inspirations of self-reliance and discrimination and he is trained in corporate life and taught to act jointly with others. A society teaches the elements of administration, such as election, and the educative value of it is wonderful. I could picture to myself side by side the state of certain typical villages at the time societies were organised there and the improvement noticed after the societies worked there for some time.

In brief, I have to lay pointed stress on the fact that the influence of a co-operative society in a Village cannot be exaggerated. I thus lead you to my proposition that our aim must be to establish societies in every Village in the State. It is mentioned in the address just read that the want of a separate officer as Registrar was one of the causes for the slow progress of the movement here and it is true to some extent. But the movement is essentially a non-official one and its future certainly rests on non-official effort. If the truth of this is admitted, I would ask you to organise at once a Central Association for Propaganda work. Local supervising unions should also be organised and there must be close co-ordination between the Central Institute and Local unions. The Central Institution should be a powerful body and it must guide the movement in the State. It must employ its own officials for supervision and propaganda work and it must be in full possession of the condition of societies in the whole State. I do not feel it necessary to discuss the details of these Institutions here, as I am always ready to help the co-operators of the State with any experience I have in the matter.

Gentlemen, I am indeed anxious to place a little of my experience in the actual working of the various forms of societies but I feel that I will be taxing your patience a little too much. I shall therefore propose to do so on another occasion.

RESOLUTIONS.

The following are the important resolutions passed at the Conference.

1. This Conference is of opinion that societies should utilise a portion of their profits to the common good of its members and that the rules made under the co-operative regulation should be so amended as to permit such Funds to be devoted to such purposes as are mentioned in the Charitable Endowments Act of British India.

2. Considering that societies are spread over scattered areas in the State, this Conference resolves that a co-operative union on the lines of the Madras Union or the Bombay Co-operative Institute be formed and that the supervision be entrusted to that union.

Resolved also that the present system of collecting supervision Fund be discontinued.

3. In areas in which more than one credit society exists, this Conference is of opinion that steps should be taken to restrict the operations of societies in a suitable manner by amending the by-laws.

THE FIRST MALABAR DISTRICT CONFERENCE.

The first Malabar District Conference was held on 21st and 22nd Dec. at Calicut under the presidency of Mr. G. K. Devedhar, Vice-President of the Central Co-operative Institute, Bombay. All the leading co-operators of the District, were present on the occasion and Mr. Macmichael, the Collector of the District was also present. Mr. Krishna Varma Raja of Mankada, welcomed the delegates on behalf of the Reception Committee. The following are a few extracts from his speech.

MR. KRISHNAVARMA RAJA'S SPEECH.

I. Co-operation in Malabar.

Time there was when the responsible heads of the Co-operative movement in this Presidency were definitely of opinion that the soil of Malabar was quite unsuited to the growth of Co-operative societies. Thus deprived of Government initiative, Malabar was for some years without even one society to boast of, while the sister districts of the Presidency were almost every month adding to the number of such societies. Be it said to the credit of Diwan Bahadur L. D. Swamikannu Pillai, he it was that first dispelled the illusion believed in by his predecessors and he it was that with a parental affection nourished the tender saplings that were planted by ardent enthusiasts. We all owe a deep debt of gratitude to the late M. R. Ry. Rao Sahib Kannampura Ramanunni Vaila Nair for having been the pioneer of the movement in our district. Soon other societies were formed in various parts of the District at Valancheri, Mankada, etc.

The movement had so firmly been rooted in the soil of Malabar in 1913 that, when the first Co-operative Conference of the Coimbatore circle was held at Coimbatore in that year, there was a tolerably good number of delegates from Malabar in that conference and I, on behalf of them invited the conference to hold its next sitting at Calicut. Accordingly in 1914 the second conference was held at Calicut under the Presidency of the Hon'ble Mr. Buckley, then a member on the Board of Revenue, Madras. To this conference came 40 delegates representing 19 societies from the different parts of Malabar. In that conference papers on such important subjects as "Co-operation in Agriculture" were read by experts like Mr. Chadwick, the then Director of Agriculture. The Conference popularised the ideas of Co-operation to such an extent that it was possible to start nearly a hundred societies during the next four years. There were but 19 societies in 1914 and in 1917-18 there were 112. In that year a central bank was opened at Calicut and 3 unions were formed. Since then the number of societies has been increasing rapidly for in June 1922 the number reached 325 and 6 more unions had been formed. In all of them together there were 32,000 members with a paid-up capital of Rs. 2,37,000. The working capital during that year was about Rs. 9 lakhs and loans to the extent of about 6,63,000 had been issued. These figures should convince even a pessimist that the movement has been growing in the district and people are rapidly taking to it. During this latter period Mr. Cunnunni Menon, now Diwan of Pudukottah, was the Assistant Registrar and to him the whole of Malabar is much indebted for his sincere love and sympathy towards the poor peasants and artisans.

The Moplah rebellion gave a set-back to the continuous progress of the movement and a few societies fell victims to the atrocities of the rebels. Now that normal conditions have been restored it behoves us all to apply ourselves with redoubled vigour to spread the movement even to the remotest recesses of hilly Malabar. In a district having an area of 5787.45 sq. miles there are only 325 societies. This is not a number on which any of us can congratulate ourselves.

2. A land of unemployment.

Most of the labourers in the district except perhaps those in towns are without work for a large part of the year. Especially in those taluks which have become notorious as centres of rebellion, there are many people who have no work at all for several months in the year. They have, therefore, no stake in the country and are prepared at the first whistle to join the ranks of self-seeking miscreants. The root cause of all social evils in Malabar is pauperism. Eradicate it and Malabar is safe. If the penniless people are elevated from their economic depression, the chances of the outbreak of any more rebellion will be greatly minimised. It is the duty incumbent upon every patriotic Malayali and Indian to work towards this end. The only way by which this can be achieved is by starting numerous co-operative societies in all the nooks and corners of the district. Experienced co-operators are the persons that should take up this work. It ought to be the aim of every one of them to become a Raiffisin so as to create typical agricultural societies all over the district and to make the

management both beneficial and business-like. When they have succeeded in realising this, they will have earned the gratitude of not only the present generation of Malayalis, but of many more yet unborn.

3. The message of Pandit Chandrika Prasad.

Let me indicate the lines on which the progress of the movement should be conducted in future. In this connection the words of Pandit Chandrika Prasad would be an invaluable help and guide. He, after his travels throughout the European Countries for studying the growth of the movement, has come to the conclusion that only in an enlightened system of agricultural co-operation lies the most important means of improvement of the masses of the country. Field labourers should be organised into societies which should take on lease large areas of land like the Agricultural Syndicates of America. Members should work throughout the year and be paid from the products of their labour. All articles produced should be sold by the societies, and what remains after payment to the members, should be credited to their accounts, in proportion to the work turned out by each. In course of time each one of them can become an independent capitalist of at least a small sum of money. In Denmark, Holland, Belgium and Bohemia such societies have undertaken the clearing of jungles and extending the area of cultivation. What abundant scope there is in Malabar for such activities! Such societies can undertake the purchase and distribution of manure on a business basis and also the breeding of cattle.

4. Co-operative distribution

Another channel into which the co-operators of the district have to direct their attention is the starting of co-operative stores. Two or three societies were started in the district but only one of them, I believe, works well, viz. that at Perintalmanna started by Rao Sahib Karanakara Menon and others. Professor Mukherjee says "In the West, Village and Town Stores and Co-operative Societies have let out labour and undertaken contracts for public services in common and there has arisen agricultural labourers' societies cultivating or else letting out their land in common as well as educational societies." Italy and Switzerland have numerous such stores. The village store movement of the West, especially as developed in England, has a good deal to recommend it to be adopted in Malabar. There the little village-shop develops into a store which expands later on into several departments and in course of time the increase in distributive trade leads to the establishment of departments for production. The wholesale societies in Great Britain have established factories and workshops of their own for making shoes, clothing, hardware, biscuits, jams and pickles. We in Malabar can start such village stores and thus make many labourers live an economical life and enable them to save. Field labourers' Associations and Artisan societies can have a "Stores Department" attached to them.

5. Co-operative Stores in Schools.

The third proposal I am putting forward may perhaps sound queer. In these days of costly education the money that is spent upon books, dress and

other school requisites is by no means a small amount. Every one of us knows that the booksellers and others are appropriating the gain. It will be a very wise step if every High School be made to have a Students' Co-operative Society which should buy the chief articles of school use, sell them among the members and distribute the profit afterwards among them. This arrangement would also provide vocational training to the boys in one important branch of human activity, viz. trade. In these days of craze for vocational Training in Schools, I hope my appeal will not fall on deaf ears. Many of the out-of-the-way Elementary Schools have to look forward to the day when pedlars would come to shandies or festivals with books and other school requisites. Such schools may also be supplied with the necessary articles by a High School Society at the Headquarters. Elementary and Higher Education can thus be made cheaper.

THE PRESIDENT'S SPEECH.

(A FEW EXTRACTS)

1. Special Significance of the Conference.

This Conference has a special significance in the fact that it has to solve the one great problem uppermost in the mind of everybody here—How to reconstruct Malabar? While Malabar is a poor land as somebody called it, I would not certainly call it, poor. It is to my mind one of the richest places of our land; and it is too highly blessed by God, but unfortunately cursed by man. It therefore looks upon the co-operative movement as a solvent of all the ills which have been brought by man, and the solvent also has the drawbacks of any scheme laid down by man.

2. Co-operation and Revolutions.

Let us now examine whether this great movement of co-operation, which is now universally considered to be a world movement and has great world forces behind it, has the potentiality and inherent capacity to satisfy the great need of the District of Malabar. Well, those of you who have been keeping themselves abreast with the development of events, need not be told that during the war it is the co-operative movement in its various phases that stood most powerfully the onslaught of great revolutions. It is co-operation that helped Russia during its period of Revolution, it is the co-operative movement that has met, during the last three or four years since the close of the war, the full needs of Western countries; and even the several governments with all the forces and tendencies of, you might say, Socialism, have seen in the co-operative movement the channels of great potentialities and a useful lever for the uplift of the masses. When I was in England during the war, I noticed during my visits to several important industrial centres how the co-operative movement in England has not only immensely helped the poor people during those days of stress and storm but also a large number of other people, by keeping down the prices and

effectively checking what may be called profiteering. And I believe that those that have seen Malabar during the recent trouble and those that now see it to-day, and also examined some of the figures collected by our friend the Raja, need not be told that the present position of the movement in this District is a sufficient answer to all those pessimists who have no faith in the powerful results of the co-operative movement. After all, the rebellion was very active in three or four of your Taluks and how many societies have been demolished? I have been told that no more than three or four have been completely stopped, about 35 or 40 have been affected in the rebellion or destroyed, and in some cases, important officers of the movement imprisoned. But in a large movement human nature that is involved is nearly subject to the same human emotions and passions and you cannot set a different standard for co-operation. If you examine the rate of progress it has made during the last year, well, I can at once come to the conclusion that Malabar affords a very powerful illustration of the inherent vitality which the movement possesses. The great strength and stability of the movement to-day has also proved, beyond doubt, its usefulness to the masses.

3. Co-operation—a great force.

I am one of those who very firmly believe that the co-operative movement is one of the great forces of the world; it has enlightened the West; so far as the state of society is concerned, it has elevated the depressed classes, not in the sense used in India, but economically depressed classes. For instance, it has given birth to what is now called the Labour Movement. It is considered as one of the strong bulwarks of the Labour Movement or the mass movement. I was having a conversation the other day with some of my European friends who said that it has so much captured the country that many of the Liberals have now thought it necessary to embark upon a policy of accepting labour principles, because, they find the Labour Party contains the germs of vitality for the future regeneration. It is the economic side of the co-operative movement that has contributed to its strength and power. It has enabled Labour to save large amounts of money, which are utilised by the community, not necessarily on luxury, but in the very healthy channels of education, literature, music and recreation. All this has resulted in the lifting up of the great masses of people. I believe in a province like Malabar or, for the matter of that in the whole of India, if we are in search for an economic lever, a lever which will make men manful as any other people, a lever which will widen their outlook like any other useful lever can, and a lever that can foster that strength of character, well, I believe, I am a humble believer in the humble principle of co-operation. In this movement the most depressed classes will begin to feel that they need not give up hope.

4. Moral results.

Here I have got to lay one emphasis and that is people do not look upon the co-operative movement as only a money-making business, and as our old friend Dewan Bahadur G. T. Vargese said to me "while the movement is quite all

right, the principles are quite all right, the results have not justified the expectations." What is it that they mean? They mean that they expected from the co-operative movement great moral and material results, and to be frank, and to be honest among ourselves, and also to the outside world, we must confess that speaking broadly, the results of the co-operative movement in our country to-day are more material than moral. But in the West the co-operative movement has achieved greater and higher results and that is in the sphere of moral elevation. In our parts of the country, sufficient effort or sufficient labour is not yet put forth in the field to raise, what we might call, the moral consciousness of those who are in the movement. About the co-operative movement, the other day, one of my colleagues, who has some experience in the line, remarked in a cynical spirit, "I do not entertain dreams but I must confess that the co-operative movement has done at least one thing; it has taught the habit of thrift; it may not have taught the people the habit of business—an absolute necessity for co-operative stores or in any other field of co-operation. But indirectly it has benefited the masses to the extent of having brought down the rate of interest". In my opinion it has done much more than my cynical friend was prepared to credit it with. But at any rate, if it has done that, if it has enabled the poor men to get cheap money, but not easy money, I believe it has really done one of the greatest services that is at present needed. The movement has been in active work, or actively being pushed on, for the last 15 years. We have more than 47 thousand co-operative institutions of various kinds and these societies claim more than 17 to 18 lakhs of people as members—nothing when compared to the 320 millions—and the total amount of capital that is made available for the benefit of the agriculturists, small traders, and the depressed classes will come to something like 23 to 24 crores. Any big 'financier' will say about a dozen joint stock concerns may bring forth all such capital and probably will thus solve the problem of co-operation. But my answer to such a question will be, "No, this is the growth of the last 15 years only. The Indian problem is a much vaster problem, a problem even beyond the capacity of 15 or 20 'Imperial Banks'. What India needs for the benefit of the poor classes of people primarily is the cultivation of some moral qualities, the absence of which makes them victims of usurious 'Marvaris' and money lenders. Well, that is the great habit which we have got to cultivate. We have therefore to look upon the society as a very great school for giving that kind of education and unless moral qualities are acquired, we shall certainly not be able to improve our finances and economic condition in the manner in which we ought to do.

Lessons in practical life and business could not be learnt in a day even by educated men and much more therefore is the necessity for a larger attempt being made in the case of the poor and uneducated people to be trained in the same school in which any ardent business-man requires to be trained. I need not tell you 'co-operation' in the materialistic side is as much the same as in a joint stock business. Then what is the difference between the two? The only difference is this; while the joint stock man cares only to make money, the former looks to something more than the dividend that will be declared. In the one we see

the greed and dividend-hunting tendencies of the shareholders while in the other the purpose is not to make money so much as the deriving of various other advantages such as the enjoyment of genuine articles, apportionment of necessary and legitimate charges and the enjoyment of an equitable distribution of profits if any surplus remains. There is no dream of making profits first and uppermost, but the first and foremost desire is to have equal benefits to all. That is what is aimed at.

5. Co-operative Education.

Now, considering the material benefits of the co-operative movement, we have to remember that great care should be taken in learning the principles of co-operation. In my cursory study of the movement in your part of the country, I found that no systematic efforts for the purpose of educating the members of the co-operative society have been made. Probably, in no other part of India, except in Bombay, systematic attempts are being made to educate the people in the principles of co-operation by a systematic propaganda in the form of lectures, training classes, magazines and journals. One of the suggestions, therefore, that I would like to drop and that I would like my friends in Malabar to take up is to make some kind of provision for carrying on a systematic propaganda, on sound and sensible lines for spreading the principles and methods of co-operation among the masses.

6. Consumers' Societies.

Another defect which I have noticed is that the non-credit movement has not made sufficient progress here. As I have already stated, you are not specially to be blamed for that. Even in Bombay, you will find, as compared to the credit movement, that the non-credit movement has not made any remarkable progress and there are many reasons for it. This complicated business of dealing in non-credit things requires skilled knowledge and men with great capacity and insight. We have not found it possible to get such a large number of men all over the country and I have seen in almost every province that the non-credit movement is lagging behind. Out of the 47 thousand co-operative organisations in the country to-day, I believe more than 44 or 45 thousand are purely agricultural credit societies and the rest non-agricultural. Why is that? The one explanation is that the first and foremost need of the agriculturists, for whom the movement is intended, is to secure cheap credit. Usury is removed and money made sufficiently cheap. I believe the agriculturist has very little chance of improving his condition. This can be done only by the development of credit societies. But I have to speak on behalf of the non-credit society also. My feeling is based upon one consideration. What is that we really aim at in promoting the co-operative movement? We want to put money into the pockets of the poor man or an agriculturist, or a craftsman, or a poor woman or a middle class clerk. What is it that we want to do for him? We want to enable him to save a little more. It is probably once or twice that he may be going to the house of a sow-car. Of the transactions in his life, the one which he has with the money lender is enough to cause him heavy loss. But he goes to other tradesmen's shops more

often and has to pay money for the purchases made by him and there seems to be no loss in this. If you go deep into the matter, I am perfectly sure you will notice he loses. In the direction of genuine articles, wrong measures, and many other ways, which probably are well known to you, he loses a great deal. Is it not possible for us to enable him by a clever organisation of his economic life to save money also in these transactions? I am of opinion that it is quite possible. And because it has been found possible, the great co-operative movement of England has enabled her people to save several crores of rupees every year. Even in India you will be able to save a large amount provided the co-operative movement is developed on all sides. What I would therefore emphasise is that one of the directions in which the co-operators of Malabar will have to put forth great efforts and more enlightened activities would be the development of what is called the 'non-credit' societies.

6. Agricultural co-operation.

You have not got manure societies here. At the top of all needs is the demand for pure seeds. I understand you have not many co-operative societies that supply the demand. I further understand that in the interior a large number of poor women have now taken up to several small industries and cultivation of food crops. If the co-operative society does not go to their door to enable them to earn and enjoy their profits, the middleman will pounce upon their profits. They produce generally ginger, coir ropes and yarn. But unless these are brought to a market centre like Calicut they have very little chance to enjoy all the money. If we, therefore, do not organize what are called 'Sales Societies', well, your movement cannot boast of great service. With a co-operative Bank in our midst, where working capital is more than four lakhs, showing remarkable signs of progress and development, I am sure, it will be in a position to supply all the money that may be needed for the purpose. So there is not much difficulty about the finance; but the real difficulty will be about co-operative propaganda.

RESOLUTIONS.

Periodical Statistics—Economic Survey.

1. This Conference is of opinion that it is necessary to prepare periodical statistics by Local Unions in the Union Societies and Inspectors in the case of Non-Union Societies showing the benefits derived by members from Co-operation and request the Co-operative Department to prepare the necessary forms for the preparation of such statistics.

Organisation of a District Co-operative Union.

2. With a view to carrying on systematic propaganda and training in Co-operative principles and practice, a Federation of the local Supervising Unions be formed and styled as "District Co-operative Union" for supervision and propaganda and that it should be constituted as follows :—

(a) One representative from each Local Union, preferably the President or the Secretary.

(b) Two representatives of the District Central Bank preferably the President and the Secretary.

(c) Two representatives from Hon. Assistant Registrars.

(d) One representative from Non-Union Societies.

That the District Bank be requested to pay to the District Union the supervision fund of the Non-Union Societies in addition to the payment of half the fund already collected from Non-Union Societies and also four annas for every new loan of 100 rupees issued to Societies.

Also that every Society with a working capital of Rs. 500 and above should pay annually towards the funds of the Union Re. 1 for every unit of Rs. 500 or part thereof of its working capital in addition to the usual contributions to the conference. Contributions from individuals may be collected.

This Conference further resolves that a Committee be appointed to draft the by-laws of the proposed District Co-operative Union and to settle other details in connection with its functions in addition to active propaganda and supervision.

2. (a) The Conference authorises this Committee to proceed forthwith to get this District Co-operative Union registered by the Department and resolves that the Secretary of this Conference be the Convener of the meeting of the Committee.

Exemption from Taxation.

3. That 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 Act.

Concession from Postal Department.

4. That this Conference is of opinion that it is necessary to address the Postal Authorities to allow the Co-operative Societies to include fractions of an anna in Money Orders by societies.

Extension of Non-Credit work.

5. This Conference is of opinion that a special officer or an Inspector be appointed for organising, guiding and supervising non-credit societies and request the Co-operative Department to depute an officer specially for non-credit work.

Co-operative Building Societies.

6. This Conference is of opinion that an earnest attempt ought to be made to start as many house-building societies as possible for poor people and especially for Panchamas in the rural areas of Malabar and that the Registrar and Government be approached to render all possible help in the matter.

Execution of Decrees under Arbitration Rules through the Revenue Department.

7. With a view to setting an example to recalcitrant members of co-operative societies the Registrar be requested to forward to the Revenue Department such

arbitration decrees for execution as, in the Assistant Registrar's opinion, are fit cases for such execution, the Registrar being satisfied that the panchayat members with the help of sureties have done all that is necessary to realise the dues.

Collateral Security—Limited Liability Societies—Suggestion to dispense with.

8. That the District Bank be requested to dispense with the practice of asking collateral securities from limited liability societies as it is a great hardship and inconvenience to the Directors of such societies.

9. This Conference expresses its gratitude to Presidents or Chairmen of Local Bodies for the deposits they were kind enough to place in the District Bank.

10. With a view to securing the rapid development of non-credit co-operative societies in this District, this Conference requests the Agricultural and Industrial Departments to act in co-ordination with the Co-operative Department by lending the services of expert advisers.

11. Resolved that the members of the proposed District Co-operative Union be requested to arrange a course of lectures on Co-operative subjects for the benefit of High School and College students and also of primary school masters undergoing training and that special efforts be made to spread the movement among the women folk so as to create a general intelligent interest in the movement and that co-operative stationery stores be started in schools, colleges and training schools.

LEGALISED SABOTAGE IN ITALY. *

DR. A. SUTER'S REPORT.

The operations of Fascism in Italy are described—so far as words can describe them—in the report of Dr. A. Suter, the special representative sent by the International Co-operative Alliance to inquire into the position of the co-operative movement in Italy.

The report (published in the "I.C.A. Bulletin") is official, and it more than confirms the worst that has been said of Fascism as an anti-co-operative, anti-democratic movement.

In order to visit certain localities in which the most serious outrages against co-operative institutions had been perpetrated, Dr. Suter visited Magenta, Binasco, Ravenna, and other places in Lombardy.

The Petroleurs.

The Rasponi Palace at Ravenna, inhabited by Lord Byron in 1819, but used a hotel later, was bought by the Co-operative Federation in Romagna in 1918, and converted into the headquarters of the federation. In July, 1922, it was attacked by a band of Fascists, for whom one of the Royal Guards opened the gates. The band, of several hundreds, armed with revolvers, hand-bombs, and cans of petrol, penetrated the palace, carried off what was useful, destroyed all that remained, and set fire to the building. The grand hall of the palace had

* With kind acknowledgments to the Co-operative News, Manchester of Feb. 17th.

been decorated with allegorical frescoes, to the order of the co-operators of Ravenna, by Professor Guerrini, whose work, for which he had been given a credit of 50,000 lire, was almost finished when it was destroyed. The damage was estimated by experts at 1,200,000 lire, apart altogether from the moral and artistic damage. This federation of co-operative societies did admirable work in clearing and cultivating land, constructing roads, ports, and canals and is at present engaged in the building of four seaports. The work of these societies, says Dr. Suter, is "constructive and useful to the State and the community, in addition to being an aid to civilisation. The same applies to the majority of agricultural, labour, and consumers societies whose premises have been destroyed, goods stolen, and the directors beaten or killed by Fascist bands. . . . I could have spent many weeks, and even months, in Italy paying daily visits to the premises of societies which had been either pillaged or set on fire.

"So far as I could learn, none of these crimes have been punished, and no indemnities paid to societies which have been damaged. This seems incredible and inexplicable, but it is nevertheless a fact."

Trader Confederates.

"I cannot, nor do I wish to judge the Fascist movement as a political movement, but it is certain that often private interests are hidden under a political mask with a view to attempting to destroy the co-operative movement. For instance, at Magenta, a small town of 12,000 inhabitants, near the borders of the provinces of Milan and Pavia, co-operators told me that the shopkeepers of Magenta had called upon the Fascists of Pavia to come and destroy the co-operative societies.

"In the night of July 23rd, 1922, five motor lorries conveyed to Magenta several hundreds of armed men, some of whom were masked, and who invaded the People's House, in which are the offices and bakery of the distributive society, half-killed everyone with clubs, appropriated 5,000 francs belonging to the society, and 100 francs belonging to the small daughter of the manager, ransacked everything, and tried to set fire to the premises, then pillaged and destroyed all at the three branches of the Magenta Society. The co-operators at Magenta displayed a magnificent passive resistance; the ensuing weeks they bought nothing from the private stores at Magenta, but all they wanted they had sent from the Milan Co-operative Society until their stores were again roughly repaired and replenished with goods. The manager was forbidden to remain at Magenta under pain of death.

To Extinguish a society.

"Since that time—the expedition of the Fascists from Pavia to Magenta took place on July 23rd—the local Fascist representative, seeing that he had not succeeded in extinguishing the society, ordered the Board of Administration to accept all the Fascists of Magenta as members of the co-operative society, and threatening destruction of the society if this were not given effect to by November 1st, 1922. On October 14th, the date of my visit to Magenta, the Board of

Administration of the society had decided to negotiate with the Fascists proposing that two Fascists be appointed to the Board of Administration. This method is obviously less barbarous than destruction by bombs and fire, but at the same time it is a negation of what is legal; moreover, it must be borne in mind that the majority of the grocers at Magenta are Fascists!

"The People's House at Binasco (a large village in the province of Milan) housed a worker's circle, a restaurant, and the offices and warehouses of a distributive society. There was also living accommodation. It was a large building with a frontage of 40 metres and a vast courtyard behind with outhouses. It was completely set fire to by Fascist bands who arrived in motor lorries in the night of August 5th. A cyclist came in advance to reconnoitre, followed by Fascists armed with bombs and cans of petrol. Everything was pillaged and then set fire to, even the furniture of the tenants. The distributive society counted about 400 members, and did an annual trade of 3,000,000 lire. The damage was estimated at 280,000 lire, but the actual value of the property and its contents was at least half-a-million."

Magistrates in League.

"The damage at Binasco was so serious that it has been impossible to resume any kind of activity, the society having been totally eliminated. The authors of these crimes and of all similar misdeeds enjoy complete freedom, and no compensation can be obtained by the victims. What about the courts of justice? I then asked. They replied: 'The magistrates connive at the acts of the Fascists, or do not dare to oppose them.'"

It appears that approximately one-third of the societies in membership with the National Co-operative League have been destroyed, while the other societies are unable to pay their subscriptions to the League.

On the other hand, the League itself is unable to pay its subscription to the I. C. A. for the current year and, just at the time when it is more than ever necessary to encourage and support its affiliated societies, it is deprived of the funds which are indispensable for paying its employees and collaborators, for publishing its excellent journal, "La Co-operazione Italiana," and for performing its most urgent tasks. As even a momentary eclipse of the central organisation of Italian co-operation would be a severe misfortune for the co-operative movement throughout the world, the federations or co-operative banks in countries having a high rate of exchange would do well to lend their aid in order to permit it to fulfil its essential duties.

A much more difficult question is that of aid for "Consorzio," the Wholesale Society of Italian Co-operative Societies, and the Co-operative Credit Institutes. Dr. Suter advised the directors of "Consorzio" to write direct to the banking departments in the different countries, indicating the guarantees which the "Consorzio" could offer for a loan. He did not conceal the fact that, in view of the crisis experienced by the co-operative movement in all the countries, I did not think that the "Consorzio" would obtain adequate aid outside Italy.

What Trade Unionists Can Do.

In his opinion the trade unionist organisations rather than the co-operative could more easily bring pressure to bear on the Italian Government, since they possess more effective means of action. For instance, the refusal of the English dockers to unload an Italian ship on account of the violence exercised by the Fascists against the workers' organisations in Italy appears to have produced a strong impression amongst certain sections of the Italian population. **It is only fear of the damage which might be done to certain material interests in Italy which could make an impression on the Fascist Government**

(1) Ask the co-operative press of all countries to denounce as vigorously as possible the crimes perpetrated by Fascist bands against the Italian co-operative organisations. (2) Obtain for the National League of Co-operative Societies, from the members of the Alliance who have ample funds, financial aid as quickly as possible, so that the League can continue to function. (3) Recommend to the co-operative banking organisations having liquid capital at their disposal to consider sympathetically the requests for loans against guarantees which may be made to them by the "Consortio" of Italian Co-operative Societies.

The Executive of the I. C. A., as reported in last week's "News," have agreed to send a delegation to put the co-operative case to Signor Mussolini.

INDIAN EXPORT TRADE.*

A REVIEW BY K. V. RAJAGOPALAN M.A. M.L.

1. Mr. Joshi's brochure on Indian Export Trade is a useful publication on the subject which will be generally welcomed. Mr. Joshi has given within brief compass a mass of intelligently arranged statistics relating to Indian Export Trade between the years 1899-1914. We agree generally with his interpretation of these statistics. It is a matter for regret however that he has not brought within the scope of his volume the figures for the period 1914-22, covering four years of war and the subsequent four years of peace. He may urge that recent figures do not admit of impartial or accurate comment. While realising the force of this argument, we still feel that the utility of Mr. Joshi's publication would have been considerably enhanced if he had incorporated in his book recent figures. We hope that in a subsequent publication the omission will be supplied.

2. The first chapter of the book deals with the causes which have contributed to the growth in India exports from Rs. 50 cr. in 1870 to nearly Rs. 245 cr. in 1914. In the next chapter he shows how the variations in the figures are mainly due to the character of the annual seasonal rainfall. It is to be hoped that the Government of India will realise the necessity of protecting this country against seasonal vicissitudes by adequate industrialisation. The next three chapters deal with the main articles of export, raw materials, food stuffs, and

* By B. M. Joshi, M.A., B.L.S. (Bom.) B. Sc (Econ.) Lond. Gladstone Memorial Prize-man, London. Professor of Indian Economics, Sydenham College of Commerce and Economics, Bombay.

articles wholly or partly manufactured. Here again the figures and the graphs are most illuminating while the comments made are such as will command general approval.

The portion of the book which deals with the export of raw cotton is perhaps the best written in the whole book. We make no apologies for quoting an extract from it.

"The Indian farmer, though conservative, like his counterparts all over the world, and illiterate in addition, has a tradition of untold centuries of agricultural experience behind him and is of an essentially practical turn of mind. He is indifferent to lectures on the theory of scientific agriculture, but if he sees better results produced by a change of methods, he is not very slow to adopt the latter.

He is quite willing to introduce new crops or new varieties of crops, to use seeds of a uniform and superior quality and to employ more efficient mechanical contrivances if these things can be brought within his reach in a financial sense. He knows the value of farmyard manure and yet burns cowdung cakes to cook his food because that is the cheapest form of fuel he can lay hold of. He understands the value of waiting in order to secure a better price for his produce on the market; but in many cases he cannot wait even till the crop is harvested but is pledged to deliver it when ready to the local dealer at a low price for the sake of getting some money in advance from him. In short, the question is not one of ignorance or conservatism so much as that of organisation of credit and of the purchase and sale of materials in the interests of the farmer himself. Seed distribution depots connected with Government farms, Co-operative credit societies, co-operative societies for the purchase of implements and manures and the sale of farm produce or some of the means of solving the problem, and the extinction of illiteracy is necessary to the spread of such popular organisations."

4. Mr. Joshi is always lucid and unimpassioned and even he, finds it impossible to express himself without heat on how Indian cotton manufacture has been adversely affected by the manipulation of customs and Excise duties. Chapter VII, the penultimate chapter deals with the distribution of our export trade. Next to Great Britain, Japan and U. S. A. have been our best customers, and it is as well to bear the fact in mind when considering the question of imperial preference. Mr. Joshi points out in the concluding chapter the smallness of Indian exports as compared even to a small country like Belgium, notwithstanding the remarkable strides in the years 1909-14, and emphasises the need for a considerable industrialisation of the country.

Students of Indian Economics will find Mr. Joshi's an excellent hand book on Indian Export Trade.

INTERPRETATION OF THE CO-OPERATIVE SOCIETIES Act (II of 1912) S. 43 (2) (I).

(A HIGH COURT DECISION).

The High Court delivered the following judgment on the Application Order O. 47, R. I of the Civil Procedure Code for review of the order of the High Court dated the 26th day of July 1922 in C. M. P. No. 2573 of 1922 presented against the order dated 1—2—1921 of the Court of the Assistant Registrar of Co-operative Societies of Vizagapatam Section in Dispute Petition No. 92 of 1920-21.

Petitioner in person.

The Advocate General and Y. Suryanarayana for respondents.

Order :—Venkatasubba Rao J.—The question that was argued before us turns on the construction of S. 43 (2) (i) of the Co-operative Societies Act II of 1912.

The dispute arose between the petitioner, P. Dasaratha Rao, and the Co-operative Stores, Vizianagaram, in regard to sums of money that were entrusted to the former for purchase of certain articles. The stores claimed a balance on the ground that after some adjustments had been made the sum was found due and that the petitioner was wrongfully withholding it from the stores. The liability was disputed and the Secretary of the Co-operative Stores made a reference in writing to the Assistant Registrar who held an enquiry and passed a decree against the petitioner.

Two contentions were raised before us by Dasaratha Rao. The first contention had reference to the interpretation of the words "touching the business of a society" in S. 43 (2) (i). He contended that the present dispute does not fall within the said words and that the clause refers only to disputes regarding the internal management of the affairs of a society or disputes in regard to the principles which would regulate the conduct of business; a dispute, for instance, whether the society should purchase and deal in a particular commodity, or should take up a particular line of business would, according to this construction, come within the terms of the clause; but a dispute arising out of any particular transaction would be outside the scope of the section. The words are quite general and I am unable to accept this contention. If the restricted construction contended for is to be adopted, I find great difficulty in understanding how such a dispute can arise between the past members of a society *inter se*. The words "touching the business of a society" can be understood in one sense only with reference to all classes of persons mentioned in the clause, and, as I said above, it is difficult to imagine a dispute relating to the internal management of the affairs of a society between the past members *inter se* or again between persons claiming through a past member *inter se*.

The second contention was that the petitioner was a director and that he was therefore an officer and that the words in the section exclude the case of a dispute between an officer and the committee or between an officer and an

officer. This contention again I am unable to accept. A dispute between a member and an officer is admittedly within the purview of the section. It was brought to our notice that under a resolution of the society a purchase committee was constituted consisting of six, of whom four were directors and two were members but not directors, and in his capacity as a member of this committee the petitioner became indebted to the society. For the respondent it was argued that the dealings which the society had with the petitioner were with him *qua* member and not *qua* director. This argument, so far as it goes, seems to me correct. But I am prepared to go further and hold that on a true construction of the words of the clause, a dispute between a member who happens to be an officer on the one hand and the committee or an officer on the other, does fall within the words of the section.

I therefore reject both the contentions advanced by the petitioner and in this view it becomes unnecessary to decide the other questions argued by the learned Advocate General before us on behalf of the respondent.

The application for review is therefore dismissed. In the circumstances I would make no order as to costs.

Krishnan, J.—I agree.

A. S. V.

Review Application dismissed.

The following interpretation of the Act is derived from the above judgment:—

(1) The words 'touching the business of a society' in S. 43 (2) (i) of Act II of 1912 are not confined to disputes regarding the internal management of the affairs of a society or disputes in regard to the principles which would regulate the conduct of business.

(2) A dispute between a member who happens to be an officer of a co-operative society and the society in regard to sums of money entrusted to the former for purchase of certain articles is within Sec. 43 (2) (i) of the Act.

(3) A dispute between a member who happens to be an officer of a co-operative society on the one hand and the committee or an officer thereof on the other falls within the words of the Section.

The Madras Law Journal March, 1923.

(PP. 382—384.)

NEWS CUTTINGS.

Professor James Warming, an economist and statistician of repute in Denmark is now touring in the U. S. A. to study the system of agricultural co-operation. When asked by the farmers to narrate the causes for the success of Danish farming, he first referred to the folk schools in Denmark where adult men and women receive training in co-operative agriculture. He laid great stress on how the spirit of co-operation in his country learnt through these schools has led to the spread of rural consumers' stores and scientific farming methods. The farmers, he said, have learnt to act together, to share their experiences, to organise technical instruction, and increase the use of fertilisers which they can

cheaply acquire though the co-operatives. In the dairy, bacon and egg trade the farmers control the market prices through their co-operatives. (*Manchester News* March 31.)

* *

The cabinet in England have agreed to give legislative effect to the recommendations of Sir Theodore Chamber's committee on agricultural credit which was appointed last October and has now concluded its labours. One of the recommendations is that the farmers who bought their holdings between the passing of the Corn Production Act 1917 and the Corn Production Act 1920) should be enabled to borrow money to the extent of 75 per cent of the present value of the holding, from an approved society operating under State guarantee. Such loans would be repayable within forty years on an annuity basis.

For short term credit the committee recommended that agricultural co-operative credit societies be formed, the State providing capital on the basis of £1 for every £1 of share capital raised by each society. These societies to be allowed to receive deposits and to be given a free discretion as to the granting of loans to members for agricultural purposes. Under this latter scheme, if a society is formed with a capital of £2,000, the members will be required to subscribe immediately £500 (5sh in the £). The state will advance £2,000, giving the society a total credit of £2,500, to be employed in loans to its members as it thinks fit. If the society fails, the State has a chance to recover its money from £1,500 due from the members as the remaining purchase price of their shares. Unless the society fails, this money will not be called for. (*Manchester Co-operative News* 3 March)

* *

On 5th March the veteran co-operator Mr. E. O. Greening breathed his last in London, after a strenuous public life of more than 60 years. Born in 1836 he was one of the oldest pioneers of the Co-operative movement in England. He was the first co-operative candidate for Parliament and took a leading part in organising the co-operative productive federation and the C. W. S. An able journalist, and a powerful orator, he was the friend of Labour for more than half a century. He died in his 86th year mourned by thousands of co-operators round the world.

* *

A State decree of 29th October 1922 in Italy provided for the institution of a central co-operative commission attached to the Ministry of Labour and Social Welfare. The Commission will consist of 12 representatives of national co-operative organisations to be appointed by the Minister from the elected list of representatives supplied by them, the general Directors of Labour and Co-operative Departments and a delegate from each of the ministries of Agriculture, Industries and Commerce, Public Works, Treasury, and Finance. They will give advice on all matters relating to co-operation and the registration of and dissolution of societies and unions. (*Industrial Labour and Information* February, 9th.)

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NOTES AND NEWS.

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.

Disputes and
litigation

The Administration report on the working of co-operative societies for the year 1921-22 makes a reference to the increase in the number of arbitration cases during the year. The suits filed are heaviest in North Arcot, Chengleput, Salem, Tanjore and Tinnevely. 14,473 suits were filed during the year and the number pending at the end of the year were 5,085. The number of decrees pending execution were 12,202. Though the increasing references to arbitration always indicate the determination of the village Panchayets to prevent overdues at any cost, and such a reference to arbitration is by far better than indifference or leniency to collect the dues, Panchayets should also remember that it will redound to their credit if they are able to make their members repay the dues by their own tact and wisdom. The Registrar refers to two causes for this increase in suits. The one is "the systematic overhauling of bad societies during the year" and the other is "the too ready resort to arbitration proceedings in societies". The evil results of a wholesale reference of all overdue claims to arbitration should be borne in mind by co-operators. In the first place they take away the sense of responsibility in the Panchayets and the Local Unions to collect the overdues themselves. Defaulting members are made to feel that their society is only a collecting agent of an outside bank using external help in the work of collection. The Registrar also notes that references to arbitration "unduly swell the amount outstanding under demand. For as soon as arbitration proceedings are filed, the whole outstanding balance of the loan automatically becomes due and in such circumstances recovery by execution is naturally slow". We trust

that local unions will impress on the societies the need for referring cases to arbitration, only as a last resort.

Summary procedure for recovery of dues.

Though co-operation in Madras is often condemned for the immense State patronage it is receiving, specially in the privilege extended to it for applying the Revenue Recovery Act for the execution of its decrees, it seems that some such arrangement is really desired in other provinces. The Bengal Registrar mentions in his report "that the opinion is unanimous among non-official workers about the immediate necessity for extending the privilege of summary procedure and that he would shortly address the Government on the subject". In U. P. "owing to difficulties felt in executions a request has been made by the standing committee of co-operators to Government that a rule be made to give the decree holder the option of having his decree executed either through a Revenue or a Civil Court". Bombay is in no way better without this power for the Registrar notes "It is unfortunately the case that many arbitration awards are not followed by execution owing to the apathy of the Managing Committee or because the ties of friendship or relationship prove stronger than the claims of justice." The use of the Revenue Recovery Act for purposes of co-operative societies is in no way an evil by itself. But there is a danger to be guarded against. Such a privilege will lead "to laxity in the selection of members and carelessness in the grant of loans". And it is to prevent the indiscriminate use of this privilege that the by-law provides that every case of execution through revenue authorities should pass through the Registrar.

Village courts. In this connection it is important to note that in the Districts of South Kanara and Malabar, societies have utilised the village courts for the decision of suits up to Rs. 50. This is a wholesome procedure which may be followed in other districts too. It makes the villagers take an interest in the co-operative society and nothing is more conducive to the growth of the village community than the harmonious working of these two institutions, the one serving the financial need and the other deciding the local disputes.

Changes in the by-laws of Local Unions

At the conference of the Registrar with the representatives of selected unions and financing banks on 22nd December, 1922, certain alterations in the by-laws of local unions were made giving larger powers to them and thus releasing them from the control of the Registrar. The conference has considered unnecessary the

limitation of the power of the unions in the matter of affiliating societies. By-law 7 of the union mentions that "the affiliation shall not take effect unless it is sanctioned by the Registrar". This power is no doubt unnecessary because the unions have the right to "decline to affiliate any society" and secondly, it is not obligatory on the societies to join a union. Another alteration approved at the conference was the deletion of the power of the Registrar for sanctioning the levy of contributions from the affiliated societies as fixed in the by-law. This sanction is also unnecessary because the by-law fixes the amount to be collected from societies and it is only a matter of office routine to collect it every year. In by-law 18 the union's power of control over its own staff is greatly reduced by the fact that they cannot suspend or dismiss a supervisor without the approval of the Registrar. This is a limitation only in theory and the by-law has been rounded by making the Supervisor the complete servant of the union and eliminating this special power of the Registrar. The conference has also proposed that Supervising Unions may sanction extension of loans for their affiliated societies in the place of the Asst. Registrar. Local Unions may make these alterations in their by-laws and apply to the Registrar for registration.

Registration of societies.

Central Banks and Local Unions have outgrown the power of the Asst. Registrar to register societies without their consent. The Central Banks as the financing agency must have their say in the matter of registering new societies as they have to find the money for lending to them. Supervising unions should also be asked to express their opinion whether they can take up the supervision of the new society. These two institutions are really concerned in the matter and it is but proper that the Assistant Registrar should register any new society only with their consent. Such a previous consent the Assistant Registrar can take only in cases where a society requires the financial help of the Central Bank and where there is a union in its proximity to which it can be affiliated. Recently the absence of such a wholesome restriction on the power of the Assistant Registrar led to an anomalous position in the Salem District where the societies organised for hillmen by the Assistant Registrar were refused loans by the Central Bank. The Bank is within its right to do so. It is no doubt true that the Central Banks cannot maintain a staff of organisers of societies and they rely on the Department for starting them. The restriction of the loan amount to one-eighth of the net assets of a society minimises the responsibility of a Central Bank in undertaking the financing of a new society started by an outside agency. And the rules

provide that where a society needs loans to more than one-eighth of its net assets, the Assistant Registrar should consult the Central Bank. But as the registration of a society without consulting the bodies concerned violates the elementary principle of any organisation, and as the Assistant Registrars have got the final power of registration in their hands, it would be really conducive to the harmonious working of the Departmental as well as the non-official agencies if Central Banks and Local Unions were consulted before the registration of every new society.

As to the Local Unions, they could be consulted only if a society is started in their neighbourhood. As they themselves are empowered to organise credit societies, naturally the loan applications of such new societies will pass through them to the Central Banks. In the case of societies started by the Department, it would be nothing improper if the Departmental officers send the first loan application of a new society also through the unions, for after affiliation every loan application has to be recommended by them. And a recent alteration in their by-laws permits the direct recommendation of loans by unions, approved for the purpose by Central Banks. While such increased powers have been allowed to them, the Central Banks should also see that in places where societies can find a union to affiliate themselves with, no society is granted a loan, which has not affiliated itself to a union, and whose loan applications did not pass through it. This is all the more necessary because the affiliation of societies to unions has been facilitated by deleting from the by-laws the power of the Registrar to sanction every new affiliation. Such a procedure will strengthen the prestige of the local unions in their area and prevent delays in the affiliation of societies.

Transference of Registrar's functions.

A committee appointed by the Bombay Conference in 1921 to consider the transference of the functions of the Registrar have submitted an unanimous report which has also been approved by the last conference held in Bombay. The committee also included the Registrar of co-operative societies. Its report is valuable as showing the steps taken in our sister presidency for increasing the non-official control of the movement. Some of its recommendations recognise the authority of the Central Institute as the advisory body of the movement. The committee have recommended "that all societies should be advised to forward any by-laws excepting those relating to financial matters and involving any change in principle to the Institute in the first instance before sending them up to the Registrar and that the Registrar shall consult the Institute and obtain its opinion on any model by-law framed by him". Thus are conventions created in Bombay for the

societies, to look up to the Institute as their central authority. Thus the way is being laid for the gradual transference of the Departmental control and supervision into the hands of non-official co-operators.

Another recommendation which increases the prestige of the Central Institute is that which proposes that "the Registrar should invite suggestions from the Institute for names of gentlemen to be appointed as Honorary organisers when there is a vacancy before submitting his elections to Government". The object of the Institute is to take in all Honorary organisers into its committees and thus make it a living institution consisting of all workers. It seems the idea is that the Honorary workers should work under the Institute or Central Banks, the Department making a subvention to them equal in amount to what it is paying now for their travelling allowance. But this subject has been postponed for further discussion. We congratulate Bombay, the Registrar and the Institute for giving a right lead to the movement in this country and thus planting it on the non-official basis.

State aid to Co-operation.

The sub-committee of the Gujrat Divisional Conference which was held on September 19th of last year have passed certain resolutions on the question of state aid to Co-operation which if acted up to, will have a far-reaching effect on the agricultural industry of this country. They first demand that the Imperial Bank should find money for the Provincial Co-operative Bank at 5 per cent. We make no apology to quote the reasons mentioned in the report of the sub-committee, to substantiate their demand. "The taxpayers' money in a very large quantity is lying with the Imperial Bank without any interest and the agriculturists form the bulk of the taxpayers. This is a very modest demand in view of the big concessions made to co-operative societies in other countries." Another resolution asks that the Government should recognise "Co-operative Central Banks for the purpose of depositing surplus balances of the Court of Wards, minors and other establishments under the administration of receivers and Government officers". The third resolution requests that the Government "should try to find a portion of the insurance money as an investment in the debentures of the Bombay Central Co-operative Bank". The last resolution of the Committee urges on the Government to guarantee debentures floated by the Provincial Bank "with a view to vigorously push the movement of the redemption of prior debts". We would only say that it is a fact to be noted by all Governments that it would be impossible to issue long term loans through the co-operative movement without their aid in some form or other for raising long term deposits.

Agricultural co-operation.

Mr. K. Saraba Reddi M. L. C., moved the following resolution on February 26th in the Local Legislative Council:—That this council recommends to the Government that agricultural demonstrators be required to visit every village in their jurisdiction and do propaganda work instead of restricting their activities to a few chosen centres". Mr. Saraba Reddi was actuated by the desire to carry on "an effective agricultural propaganda" to the home of every peasant villager. The reply of the Minister for development showed the paucity of demonstrators and the need for utilising them in smaller areas in intensive propaganda. The minister also expressed his willingness to increase the number of demonstrators if "the House is ready to give its support to a large amount of expenditure in this direction".

In this connection we would like to draw the attention of co-operators as to what is being done in Bombay in regard to propaganda and demonstration work. In that presidency there were a large number of District Agricultural associations of non-officials conducting vernacular propaganda. Till 1921 they were given certain discretionary grants by the Director of Agriculture. With a view to make these effective units of agricultural propaganda in future, the Department have made certain alterations in their organisation and management. The area of the association should be a Taluq. The Government gives a subsidy to these associations of not exceeding Rs. 1000 provided **they employ a paid demonstrator** and their annual programme is approved by the Divisional Board which consists of the Deputy Director of Agriculture and the Assistant Registrar of the Division and four other non-officials. Of this Board we will mention later. The object of the scheme is to hand over district and taluq agricultural propaganda into the hands of non-officials, the Department making a grant and supplying experts for the purpose". The report of the working of these Taluq Development Associations in East Kandesh shows that local enthusiasm can be harnessed for propaganda work by the Department. These associations hold demonstrations and experiments in the members' fields with the aid of the demonstrator. They hire implements and let them out to members. They distribute seeds and manures. Two associations in West Kandesh maintain a stock breeding farm. The Development Department in Madras may make some arrangements on these lines to obtain non-official help for agricultural propaganda. The question may be considered how far Local or Trading Unions in well-developed areas of this presidency may be utilised for agricultural propaganda or whether a separate machinery should be created for the purpose.

Agriculture and Co-operation in Madras.

The latest annual report of the Co-operative Department refers to the Departmental conference held in May 1922 for the effective co-operation of the Departments of Agriculture and Co-operation in the Districts with a view to utilise co-operative institutions for agricultural propaganda and demonstration. We are glad to note that agricultural officers attend general body meetings of unions in some places and use the occasion for advice and suggestions on

agricultural matters. The monthly digest of the Department of Agriculture for the month of December mentions a number of co-operative conferences and union meetings attended by agricultural officers. We should like to draw special attention to the combined tour of the Assistant Registrar of Chittor and the Deputy Director of Agriculture IV Circle, for educating the ryots in agricultural improvements. We quote below a small report received from the Director of Agriculture on how they carried on this propaganda. "A scheme of improvements which the co-operative societies can easily undertake had been sent in advance by the Deputy Director of Agriculture to the Assistant Registrar and he kindly had it translated into Telugu and printed for free distribution to all the members of the societies visited. The tour began on 5th December and Chittor, Palminir, Pangamoor, Madanpalie, Vayalpad and Tiruvelangadu were visited. Some one in the audience would read the Telugu version of the scheme of improvements para by para, and as each was finished the Deputy Director explained in Telugu such further points as needed elaboration or emphasis. An opportunity was also afforded for discussion and the asking of questions, and very lively and interesting discussions took place. At the end of each meeting a demonstration with the monsoon and Konkan ploughs was given in dry and wet land respectively and the benefit of these ploughs was appreciated everywhere and several indents for them were put in."

Divisional Boards in Bombay.

From the last year the work of the Departments of Agriculture and Co-operation have been co-ordinated in regard to district work in Bombay. Under this scheme of co-ordination the agricultural organisers appointed by the Co-operative Department and the District agricultural officers of the Agricultural Department will both work under a Divisional Board consisting of the Assistant Registrar of Co-operative Societies, the Deputy Director of Agriculture and four other non-officials. The executive head of the Board will be either the Assistant Registrar or the Deputy Director of Agriculture according to seniority. The Credit staff will work under the Assistant Registrar and the Agricultural Organisers of the Co-operative Department as well as the officers of the Agricultural Department will both work under the Deputy Director of Agriculture. The Board will supervise the work of the two staffs and arrange their programme of work. The object of the whole scheme is to enable District heads of both the Departments to get their mutual assistance in spreading agricultural propaganda through the agency of co-operative societies. The co-ordination in the Districts will go a long way in strengthening agricultural co-operation where credit facilities and local leadership are available, and in regulating the work of the credit staff according to the agricultural needs of an area.

Takkavi Loans through Co-operative Societies.

In Bombay a sum of four and a half lakhs from the Takkavi grant has been provided in the current year's budget to be utilised for loans to co-operative societies. The

scheme of the grant to be administered is given in the Registrar's report which we quote below:—The total sum granted for the purpose will be credited to the Registrar's account in the Provincial Bank and loans will be sanctioned on the recommendation of societies and District Banks by the Registrar on the advice of the Provincial Bank. They will be subjected to careful scrutiny by the appropriate officials of the Revenue, Agricultural, or Public Works Department. The Bank will be responsible for the accounting of the loans, the fixing of suitable instalments, their collection and their final repayment to Government". There are great difficulties in the utilisation of Takkavi loans through co-operative societies. The ryot might have thought of a plan of land improvement which the Departments concerned might find it impossible to approve of. Or the ryot might be unwilling to invest money in an enterprise planned out for him by the Department. Secondly in areas where loans are to be given through co-operative societies, non-members who are enlightened and rich enough to undertake improvements have no scope to do so unless they join a co-operative society. The committee on Co-operation suggested that in cases of joint farming by a society Takkavi loans might be granted to it. They mentioned in their report that the advantage in such cases was "the society through its committee would be able to exert a control which would be most useful over the disposal of funds in such cases and over the management of the work when completed." The scheme introduced in Bombay requires to be watched whether it is really going to be of any use in helping members of co-operative societies to get long term loans or it will only assist the Government "to get rid of its banking business."

**Government
order on the Co-
operative Soci-
eties report.**

We are glad to note that the Government have also come to realise the need for extensions of loans in necessary cases and that the "so-called overdues" are sure to appear so long as the movement is being financed by short-term deposits. A very interesting comment on repayments in primary societies is made in the G. O. No. 210 Development which we quote below *in extenso*:—The conditions on which financing Banks obtain their money, e.g., deposits, overdraft from the Imperial Bank of India and the very necessary conditions imposed regarding the fluid resources of such banks preclude the loan of these banks' resources on any but short time conditions and these conditions must of necessity be repeated by the Primary Societies in relaying these sums to their members". But since these members frequently desire to expand the loans on productive works, a tendency which it is most undesirable to check, they do in practice take the loans on short term conditions with the knowledge that they cannot repay on the date prescribed, a knowledge which is shared by the Primary Societies which lend the money".

We hope that the Government, realising as they do the great handicap of the movement in this presidency, will devise some steps for making available long-term credit either by the issue of debentures or by starting mortgage banks or any other method suited to existing conditions

THE Madras Bulletin of Co-operation.

TO SUBSCRIBERS.

With this issue the "Madras Bulletin of Co-operation" completes its fourteenth volume.

All our subscribers whose subscriptions expire with the current June number 1923 are requested kindly to renew their subscriptions and send Rs. 4 as early as practicable to the Joint Secretary, the Madras Provincial Co-operative Union Ltd., Royapettah. Owing to financial difficulties in printing the usual number of pages every month, the subscription rates have been enhanced from Rs. 3 to 4.

It will be understood that those subscribers who will not make a remittance within the 30th of June nor will write to us before that date to stop sending the Bulletin to them, agree to receive the July (1923) number by V. P. Post.

As sending the Bulletins by V. P. P. has become much more expensive than before, all subscribers old and new will do well to make their remittances by postal money order.

Editor.

crop and cultivation therein, and no general statement can be vouchsafed bearing on all points. The following are some broad suggestions to the ryot. It is expected that he will apply them to his own conditions, as it best suits him.

Proper Seed:—It is a well known fact that even the best crops deteriorate after some years on the field due to improper cultivation,

354

THE MADRAS BULLETIN OF CO-OPERATION.

mixing, crossing or otherwise. It is found necessary on this account to replace such crops from good seeds raised pure and in a systematic manner or by new varieties. The Department does this work with the aid of agricultural stations and seeds thus raised can be got through the Demonstrator. Seeds of all crops have not been taken up yet, but even what has been done up to now will be found very useful. Instances of the above are those of cotton (Company Nos. 2 and 3, H 25, N 14, Cambodia), paddy (G. E. B. 24, 1307, etc.) some varieties of canes resistant to red rot, some strains of Jonna (T_1 , T_6 , etc.) seeds of tobacco and a few other crops. Besides, seeds can be tested through the Demonstrator for purity, germinating capacity etc.

Seed Rate:—Much economy is introduced by saving of seed, by use of good seed, or good methods of cultivation, as in paddy and sugarcane. In paddy, transplantation of single seedlings pays considerably and the efficiency of the work depends on the raising of a proper nursery—details for which can be learnt from any Demonstrator. A thin sown seed bed is a distinct advantage. Planting of top setts in sugarcane, the raising of nurseries to bridge over unfavourable conditions, the hatching of setts are all methods, which are likely to be fraught with good results in many places and with distinct profit where 20 to 30 thousand setts are planted to the acre. Each Demonstrator is instructed to give advice on these points in favourable localities and the ryot could, if only he would, be very much the gainer.

Manuring:—With but little industrial or economic resources and with soils in a fair state of exhaustion through years of cultivation, one of the greatest impediments in the way of the cultivator of this country is a deficiency in the stock of manure, and one which is the more keenly felt owing to the increasing areas under industrial and more paying crops. The Department is trying to replenish this deficiency by work on artificial farm-yard manure, Trichi phosphates, etc., and this work is still proceeding. At present the ryot can get through the Demonstrator supplies of green manure seed, fish guano and other manures, and advice can also be got as to what manures need be applied to a particular soil. Samples of soil or of manures can, if necessary, be sent for analysis to the chemistry laboratory at Coimbatore and the Demonstrator will help considerably in instructing what manures to choose, what prices to pay for them and how they can best be applied.

Cultural Methods:—Improvements in this respect are many and varied, depending on the crop. A few instances are given just to show how a ryot can proceed.

In sugarcane tracts where fuel is scarce, the creation of a Sindēwahe furnace is found very economical. It costs from 10 to 15 rupees according to locality; about 3 or more boilings can be done per day with the aid of trash and megass only and no extra fuel is required. The Demonstrator will help in all necessary ways for erecting a furnace in the ryot's field.

In large cotton areas, sowing in lines has a distinct advantage in saving of labour and in more efficient interculturing, as for example, in tracts of Tinnevely. New instruments for such work can be got through the Demonstrator, who will also show their working.

Iron ploughs in stiff soils as the Ceded Districts or where deep tillage is necessary, are found very efficient and can be had through any Demonstrator.

Boiling of turmeric in large pans as in Godavary is an improvement worth following, as also the selection of seed shizomes from central shoots and in these matters also advice can be had of the Demonstrator.

Growing of new crops:—Demonstration of the growing of new and more paying crops as tobacco, pineapples etc., or of new fodder crops in localities where pasture and cattle food are scarce, is done by the Demonstrator in suitable places and ryots will gain much if they get to know the cultivation of such crops as Guinea grass, elephant grass, lucerne, fodder cholam (ratoon), kolai kottai grass etc., seeds for all which are supplied by Demonstrators on application with necessary instructions.

Plant Diseases:—Much has been done against such fungus diseases as cholam smut, mildew on grapes, wheat rust, fruit rot on chillies and the 'Mahali' disease of arecanut and the Demonstrator will be helpful in doing all that is necessary in such cases, through the proper channels. It only rests with the ryot to report immediately the plant disease. "Waiting" means destruction of the crop. This only shows that the ryot should be in intimate communication with the Demonstrator.

Insect Pests:—Until other help comes, a few simple remedies will do much to prevent spread of the attack. It is the general tendency of the ryot to wait for the complete demolition of the crop and then to cry against "the help that never helped." For example a field attacked by the swarming caterpillar of paddy will be completely devastated in one night and the best that the ryot will know is that some "puzhu" ate up his crop and disappeared. If he continues inactive without adopting such preventive measures as trenching, whole acres will be destroyed. Even if help from the Entomologist comes it can only come after a few days which is sufficient to create the worst havoc on the crop possible.

Far otherwise would have been the result, if the ryot had really known something about the disease and had studied in a college where every opportunity is given him to do so; far otherwise, even if he had immediately communicated to the Demonstrator on the matter.

Other methods of use:—The Demonstrator is also of use to the ryot in raising loans from co-operative societies for agricultural purposes, in arranging for facilities for irrigation in places where means are provided or exist, in organising new methods for lifting water, in helping for the installation of new appliances as oil engines or tractors, in suggesting and carrying out better methods for the marketing of such products as cotton, groundnut and indigo, in providing proper facilities for ginning cotton or crushing groundnut, in helping to properly carry out such regulations as the Pest Act for the good of all, in the selection of new site or in the purchase of new land and in a host of other things besides. The most economical method of dealing with milk and milk products, of arranging pastures, the proper way to make or preserve manure from cattle, the feeding of farm animals, the rearing of calves for stud, dairy or working purposes—are all points on which he will give advice of some importance. He will also help in promoting good will and co-operation among the ryots.

The staff at present in the Department is too little to cope with the immense work and possibilities of work involved. It is impossible for the Demonstrator to go to all ryots. Even at the rate of one man per Taluq he has to see more than 3 or 4 thousand ryots. The only feasible remedy is for the ryot to see the Demonstrator. But in this case even, it largely rests with the ryot *himself*, how much use he makes of the Demonstrator. It is too much to expect of a paid man who has more than enough of work to do to take a deep and abiding interest in the ryot. This cannot be. Nor is it even within the limits of reason to expect the Demonstrator—or even the Department, for the matter of that—to have said the last word on Agriculture, that need be said. Few people realise that the Demonstrator is a *raw* man in service, and that while ~~what~~ he has to teach comprises not much more than the instructions of his superior officer, ~~what~~ he has to learn embraces almost the whole of agriculture. In fact, he gathers from his work, valuable experience *much* to his *own* benefit, with even more benefit than he does to the ryot. It is not by any means presumed that he can till and crop the land *better* than the ryot—perhaps it is just the other way—it is only meant that he is to guide the ryot in ways by which the latter cannot help *himself*. There is much to do in this direction. It is, therefore, *necessary* that ryots, educated or uneducated, should deal with him with a certain

degree of forbearance. This is absolutely essential in a ryot who means to make the best use of the Demonstrator.

Other conditions necessary for such a purpose are the instinct of curiosity, the desire for enterprise, an inclination to please others and a tendency, at all times, to observe and relate to the Demonstrator what all happens untoward to his crop. He should create in the Demonstrator not only the desire to help, he should not only arouse interest, he must infuse enthusiasm. Although the uses to be derived from the Demonstrator are many and endless, the amount of help got is more or less a factor of efficiency in the ryot. To make the best use of the Demonstrator, the ryot should necessarily make the best use of his own powers. The ryot should always bear this in mind. The greatest impediment in his way, at present, is ignorance. He should conquer this sooner or later, by such education as only any agricultural college gives. Then, and only then, can he make *the best* use of his Demonstrator.

CO-OPERATION IN AJMERE MERWARA AND CEYLON.

(*Ref. Annual Reports for the Year 1921-22.*)

There were 7 central societies, 460 agricultural, and 43 non-agricultural societies in Ajmere Merwara with a total membership of 15,158 during the Year 1921-22. 3 Inspectors and 16 sub-inspectors under a Registrar were in charge of audit and inspection of these societies. The societies are paying for the "audit contingencies and clerical staff of the Registrar and Inspectors' offices." 28 per cent of their profits is being used on this account and the Government have taken steps to reduce this heavy drain from their resources by strengthening the Departmental staff. The Registrar is sparing no pains for training his staff and during the last year deputed 3 Inspectors to the Punjab for attending the Refresher courses conducted by Mr. Calvert and also started a training class for sub-inspectors under the supervision of the Punjab Educational Inspector.

The 4 Central Banks were unable to utilise fully the deposits attracted, and "3 banks out of 4 stopped taking fresh deposits and were thinking to further reduce the rate of interest on deposits." The borrowing rate of Central Banks ranges between 5 to 7 per cent and their lending rate amounts to 9 per cent. The Ajmere Central Bank, the biggest of the banks, pays a dividend of 12 per cent to its shareholders. The paid-up share capital of the Banks was Rs. 2.38 lakhs and unless the Banks increase their transactions, they will be hard pressed for the payment of dividends. Individuals also borrow on the security of their deposits and

the loans issued to them amounted to Rs. 1.39 lakhs. Loans made during the year, loans repaid, and loans due by societies amounted to Rs. 5.75, Rs. 5.21, and Rs. 16.95 lakhs respectively. The Ajmere Central Bank reduced its rate of interest from 10 to 9 and was thus able to expand its transactions and increase its profits. The Registrar hopes to reduce the interest rate in this bank by half per cent during the current year. The working capital of the four Banks amounted to Rs. 20 lakhs and their owned capital (share capital and reserve) formed 9 per cent of it.

The number of agricultural societies decreased from 481 to 460 as 11 Supply Societies prematurely started were wound up and 14 Primary Societies were cancelled while only 4 new societies were registered during the year. Consequently the membership also decreased from 12,102 to 10,192. The loans due by the members to the societies amounted at the end of the year to Rs. 19.18 lakhs while the loans issued during the year were only to the extent of Rs. 2.80 lakhs. The demand under loans amounted to Rs. 2.44 lakhs which indicates that most of the loans must have been long-term loans. Deducting overdues which ought to have been repaid, the loans outstanding from members amounted to Rs. 18.61 lakhs or Rs. 182 per member. This is certainly a very high figure and the report mentions "that members had to be advanced more than they could repay during the year." The share capital, reserve, and members' deposits amounted to Rs. 4.14 lakhs, 1.96 lakhs, and .019 lakhs respectively. The owned capital formed about $\frac{1}{2}$ of the working capital. The societies have worked at a profit of Rs. 84,000 after payment of the audit fees and a part expenses for the Department. In Ajmere Merwara the accounts of rural societies are written by paid group secretaries and the Registrar mentions that the system is on the whole proving successful and is very much appreciated by village Co-operators." Another point to be noted about the agricultural societies is that members are insisted upon to get their property hypothecated in favour of the society as otherwise it would be impossible to maintain a proper control over their borrowing tendencies.

The Supply Union Beawar consisting of 117 societies sold goods to the value of Rs. 75,578 to members and purchased their products to the value of Rs. 77,559. It made a profit of Rs. 645 during the year. There were 9 sheep-breeding societies consisting of 111 members who have received loans for buying and breeding sheep to the extent of Rs. 10,207. During the two years of their existence they have built up an owned capital of Rs. 1,418. There were 15 industrial, 1 supply and 27 credit societies in urban areas. The Scavenger Society of Beawar is doing very good work for the scavenger class. The Ajmere co-operative urban bank which undertook the ginning and pressing of cotton worked at a loss

which indicates the difficulties of working agricultural industrial societies in the midst of private competition. Of the industrial societies only those of the weavers have made any profit and they supplied raw materials worth Rs. 15,918 to the members. The Sarodhana stores assists the industrial societies with the necessities of life and raw materials for their occupations but it is only feeling its way and has not yet firmly established itself among its constituents.

The 15 mill hands societies of Beawar have worked fairly satisfactorily during the year. They are working against great obstacles from the millowners as well as moneylenders. Share Collections by easy instalments amounted to Rs. 913 and the societies had loans outstanding from the Central Banks to the extent of Rs. 6,956. With this working capital they issued loans to 205 members to the amount of Rs. 14,825 of which Rs. 10,799 were repaid. The Registrar notes that he 'has arranged One Rupee Industrial Life Insurance policies on favourable terms and without undergoing the formalities of medical examination'. The Ajmere Bombay Baroda and Central India Railway Co-operative Association combines credit and stores in itself. It consists of 3,046 members who have paid a share capital of Rs. 42,660 but it has not been able to build up its reserve owing to the losses sustained in the previous year. It sold goods to the members to the value of Rs. 3.67 lakhs. The loans outstanding from individuals amounted to Rs. 38,921. It made a profit of Rs. 4,921 during the year.

With a view to prevent litigation, the Department have enforced arbitration proceedings as the only method for deciding civil suits. The civil courts execute the decrees and the Registrar considers that it will be beneficial to the movement 'if Government circularised the civil courts to make a speedy disposal of execution applications. Another difficulty for the societies arises out of the action of the Mahajans (money lenders). The latter attach very often, the property of their borrowers and the societies should be vigilant to put in objection petitions whenever they have a prior claim over these properties, which are hypothecated in their favour as soon as a member joins them.

A few interesting points about the co-operative movement in Ajmere Merwara are mentioned below as they appear to be instructive and indicate the possibilities of what an active and enthusiastic panchayat can do for promoting the interests of a co-operative rural bank. With a view to prevent large cash balances lying with societies, three-fourths of the M. O. Commission in sending the amount to the Central Bank is remitted. A society inflicted Re. 1 as fine on a member for dealing with a Mahajan.

Some societies have resolved to inflict a fine of one cocoanut on those members who talk or smoke at the time of the meeting. A society took an oath of allegiance from a member who wanted to rejoin after leaving it and running recklessly into the clutches of a Mahajan."

The report indicates the enthusiastic interest taken by the Registrar for the spread of Co-operative propaganda and the suggestion of paying better travelling allowances and giving a status to Honorary workers is a commendable one which will go a long way in popularising the movement.

Ceylon. The co-operative movement in Ceylon throws light on the development it takes when administered by agricultural officers. In Ceylon the four divisional agricultural officers are also the Assistant Registrars and naturally agricultural co-operation occupies a prominent place in the progress of the movement. The number of societies were 169 and most of them were supply societies of manure, seeds and implements. Compared to the previous year there has been a fall in the quantity of manure purchased by the societies from the firms but none the less, 45 societies purchased 221 tons of manure during the last year. The Government of Ceylon have proposed the establishment of a central manure society for supplying manures to the rural societies. Paddy cultivation is encouraged by these societies by the offer of prizes and medals and the institution of agricultural shows. Another feature of the co-operative movement in Ceylon is the organisation of training classes by the Department at several centres. The Divisional agricultural officers assist in the conduct of these classes. The Government pays a stipend of Rs. 5 to each secretary or treasurer of a society who attends the class. They are also allowed free travelling by the railway and public conveyances."

In Ceylon there are no central banks and the working capital of the primary societies mostly consists of share amounts paid by the members. The total share capital of the 169 societies amounted to Rs. 1,50,354 or Rs. 17.53 per member. The deposits amounted to Rs. 16,380 and the reserve fund, to Rs. 25,057.17. The loans granted during the year amounted to Rs. 1,75,176.20 and the loans outstanding, Rs. 1,92,333.06. The total number of members was 19,957. The Registrar notes the need for central banks consisting of "the leading residents of the principal towns and villages in the island" for the efficient financing of rural societies.

AGRICULTURAL CO-OPERATION IN AMERICA*

Extracts of a report presented to the third American Co-operative Congress held in October 1922.

By MR. W. C. LANSDON.

For more than fifty years American Agriculture has been groping about for some workable system of co-operative business. It is only within the last decade that much real progress has been made. During the last three years more along this line has been attempted than ever before and the advocates of Co-operation like to believe that much practical good has been done; and that with increasing knowledge of principles and experience in methods there is assurance of even greater results in the immediate future.

Two distinct types of co-operative marketing associations have been developed and with more or less efficiency and success are operating in our country at this time. Designated by their respective places of origin they may be called the Rochdale and the Danish systems. Rochdale organizations usually buy farm products from their members and frequently from other producers for resale at advanced prices. The profits from such transactions are distributed among the members who furnish the capital and the business.

Enterprises conducted in conformity with the Danish plan almost invariably act only as agents for their producing members. This system requires no capital investment except to provide handling facilities, and associations so organized are carried on without profits, all proceeds of sales, less only operating expenses, being returned to members.

The first co-operative associations in the United States were organized in conformity with laws then effective. As all legislation for the supervision and regulation of business, until a few years ago, had been enacted in the interest of capital and of the profit system, the development of co-operative enterprises were seriously retarded by constitutional and statutory restrictions. Proposed co-operative concerns were organized and conducted as joint-stock or common-law corporations. In these conditions it was usually only a short time until the big stockholders absorbed the holdings of the poorer members, and voting in proportion to their shares, reorganised the co-operative as a profit-making concern operated only for private profit.

The great increase in the number of Rochdale societies for marketing crops and purchasing supplies for the use of farmers was due almost entirely to the educational activities of the Grange, the various branches

* With kind acknowledgments to Co-operation, N. York, March.

of the Society of Equity, and the Farmers' Educational and Co-operative Union of America. About 1910 Co-operation began to receive recognition from the law makers. Since that time more than four-fifths of the states have enacted statutes defining co-operative business and authorizing the formation of societies or associations to function in conformity with Rochdale principles.

In Colorado, South Dakota, Nebraska, Kansas, Illinois, Iowa, Kentucky, Arkansas, and Oklahoma farmers' co-operative exchanges or wholesales with state-wide operating fields have been established and are being operated with varying degrees of success. Some of these institutions are federations of local co-operatives, others are financed by individual share subscriptions, and still others by a combination of the two methods.

One of these state exchanges, the Jobbing Association of the Kansas Farmers' Union, has entered the field of hay and grain marketing. It owns two seats on the Kansas City Board of Trade and one on the Kansas City Hay Exchange, and sells great quantities of hay and grain consigned to it by members of the Union and others in Kansas and adjoining states. So far its services as a terminal marketing agency have been satisfactory and its business is expanding so rapidly that in volume of transactions it will soon equal or exceed the business of any house on that market. During the past five seasons this concern has handled binder twine in such quantities that it has been able to fix the price paid for that commodity by Kansas dealers and consumers. Conservatively estimated, the Jobbing Association has saved Kansas Wheat Growers at least \$3,000,000 on twine since it began to handle that commodity in a large way.

In this discussion of farmers' Rochdale societies, no attempt has been made to distinguish between marketing and purchasing organizations.

Almost universally the same corporation serves its members in both ways. An elevator, organized primarily as a local outlet for the community grain production, usually acts as a distributing agency for farm supplies, especially commodities that can be handled in car lots and delivered to the member's wagon or truck through the car door or from a warehouse. Seed, coal, salt, binder twine, farm implements and fertilizers are easily and profitably handled through an elevator association. A farmers' co-operative store generally serves its members as a produce station, and markets their eggs, poultry, butter, cream, and garden and orchard products.

Something like forty years ago the Farmers of Denmark laid enduring foundations for a system for the co-operative marketing of their products.

Their associations were voluntarily formed, but once having joined with his fellow-producers the member entered into a legally enforceable contract to sell all his products through his own agency and nowhere else.

California citrus fruit growers were the first American producers to adopt the Danish system to their own needs. During the past twenty-five years they have built up a great and successful business known throughout the world for its efficiency and its fine results. The history and the business methods of the California Fruit Growers' Exchange, which handles an annual volume of sales aggregating about \$50,000,000, may be studied with profit by all who are interested in the co-operative marketing of farm products.

In time this movement, now generally known as commodity marketing, spread to other states and its principles and methods were applied to the selling of many other agricultural products. The Farmers' Union of Washington was the first body of wheat growers to undertake the practice of the pooling system in selling a great staple in universal demand. The movement initiated by Washington Union farmers resulted in the organization of wheat growers' associations in their own state and in Oregon, Idaho, and Montana. The four state units have now been federated into the Northwest Wheat Growers' Association, with its principal offices in Portland, Oregon, through which it now sells about 40,000,000 bushels of wheat a year.

Similar groups of growers have been organized in North Dakota, Nebraska, Colorado, Kansas, Oklahoma, and Texas. The Oklahoma and Texas associations have already federated into the Southwest Wheat Growers' Association and are selling this year's grain through their own agency at Oklahoma City. In time it is planned to complete the wheat marketing structure by setting up the Northern Wheat Growers' Association to handle the grain that goes to market through Duluth and the Twin Cities and the Central Wheat Growers' Association, made up of the state units in the territory tributary to the Kansas City market.

The various wheat growers' groups, now functioning, control the marketing of nearly 100,000,000 bushels of grain annually. It is the hope of the co-operators who are interested in this project that it may eventually handle more than half the wheat produced in the United States.

Cotton growers soon followed the lead of the wheat farmers. They began their movement in 1921 by organizing the Oklahoma Co-operative Cotton Marketing Association, to which about 35,000 growers pledged more than 450,000 bales of cotton before the enterprise was incorporated.

Since then nearly all the southern states have perfected units for co-operatively marketing cotton, and the state units, with few exceptions, have already federated themselves into the American Co-operative Cotton Exchange.

The producers of burley tobacco in Kentucky and adjacent states have organized the Burley Growers' Co-operative Association, in which about 50,000 farmers have contracted to deliver nearly 95 per cent of the entire production of that kind of tobacco. In Virginia and North Carolina an equally strong Bright Tobacco Co-operative Marketing Association is made up of nearly 60,000 farmers who have contracted to deliver about 85 per cent of total annual production of that staple to be sold through their own agency. An organization of the producers of dark tobacco in Kentucky and Tennessee is now being formed and will soon be ready for incorporation and active business. This will practically complete the pooling of American tobacco and is certain to result in better prices for the growers.

Scores of other commodities, such as melons, cantaloupes, strawberries, peaches, apples, sweet potatoes, peanuts, cane syrup, cranberries, and prunes have been organized under the Danish system into associations, some of which are quite large, while others are so small that they include only the product of a single community. *Men who have kept in close touch with the development of this program estimate that there are now about 400 commodity marketing associations in the United States, that such marketing organizations have nearly half a million members, and that they annually sell more than three billions of dollars' worth of farm products.*

The great beef cattle producers of the western ranges never had any marketing problems. As their animals fattened on the rich grasses of the plains and matured for market, they were rounded up and those ready for the butcher were shipped to the great live stock consignment house on the Missouri river and at Chicago. The profits from open-range cattle were so great that many princely fortunes were made in that industry.

The rich breeders and feeders of the corn-belt states were in a position almost as advantageous as that enjoyed by the ranchers of the plains. They bred their own feeders or bought them in the yards of the middle western markets. They dealt only in car lots and made their shipments of fat beef cattle directly to the commission houses in the great terminal markets.

With the small farmers scattered throughout a dozen states of the Mississippi and Missouri valleys the situation was entirely different.

Seldom maturing enough cattle or hogs for a car-lot shipment, they were compelled for a long time to sell their few animals to local speculators.

In the course of time someone, impelled by the growing spirit of Co-operation, evolved the local live stock producers' co-operative shipping association. A number of small farmers formed a loose organization without incorporation or capital investment. They adopted a simple set of rules or by-laws, elected a president and a secretary, and selected one of their members to act as manager or shipping agent. Whenever a number of association farmers had enough fat stock—cattle, hogs, or sheep—to load a car, the animals were assembled at the local railroad yards and consigned to the terminal market in charge of the shipping agent. The proceeds of such co-operative shipments were brought back to the country and each producer was paid just what his animals were sold for on the market, less only the absolutely necessary expenses of handling the business.

The first producers' live stock commission company was placed in the yards of South St. Paul by the Equity Co-operative Exchange. This co-operative movement was so well supported by shipping associations in the surrounding territory that a second house was opened in the Chicago yards.

The Farmers' Union of Nebraska was the second group of producers to enter the terminal live stock markets. This organization opened its first producers' commission house at Omaha in April, 1917. This concern grew slowly at first but within a year was more than paying its way, and at this time leads all its competitors in the Omaha yards in the volume of its sales. Other houses were soon after established at Sioux City, Iowa, and at St. Joseph, Mo. These have been extraordinarily successful from the beginning. The Kansas Farmers' Union, following the leadership of Nebraska, opened its own house in Kansas City, Mo., in October of 1918, an enterprise in which it has since been joined by the Missouri Farmers' Association. The Colorado Farmers' Union entered the live stock commission business in Denver a little later. All these Farmers' Union houses have succeeded.

In the latter part of 1921 the Missouri Farmers' Association, a strong agricultural organization, placed a live stock commission company in the national stock yards in East St. Louis, Illinois. The Farmers' Union and other self-help farmers' organizations of Illinois, Iowa, Arkansas, and Missouri co-operated in the support of this house, which soon took first place on that market. During the early part of 1922 the equity houses at St. Paul and Chicago were reorganized as Farmers' Union concerns and under a new management, with no capital, and are

now doing a large business with such satisfactory results that they will probably be able to distribute substantial shippers' dividends at the end of this year.

The nine co-operative commission houses for marketing live stock that have been established by the Farmers' Union, the American Society of Equity, and the Missouri Farmers' Association make up a most remarkable group of producers' selling agencies. In the aggregate they handle live stock sales amounting to more than \$150,000,000 annually, and they have scarcely begun to realize the possibilities of the field that they occupy. For the most part these concerns are true non-profit co-operatives, operating without any capital investment. One or two are incorporated and capitalized in nominal amounts, just sufficient to give them a legal status. The three houses conducted by the Nebraska Farmers Union at Omaha, Sioux City, and St. Joseph, constitute the greatest single co-operative marketing association in the world, and in savings on commissions alone have returned more than half a million dollars to their patrons.

The dairy farmers, especially of the northern states, have learned how to co-operate. Thousands of farmer-owned creameries, cheese factories, condensaries, and other plants are converting whole milk and cream into the finished materials ready for consumption.

The cane syrup producers of South Georgia have just completed a co-operative organization to standardize their output, guarantee its quality, advertise its merits, and put it on the markets under their own trade-mark and label. Some progress has been made by other groups. There are many co-operative flour mills scattered through the wheat belt. There should be hundreds of such enterprises enabling farmers to profit from the great spread in price between grain in the elevator and white flour in the grocers' shop.

Here is a field for co-operative effort that is much more promising than is found in the operation of marketing agencies that merely sell raw materials to the men who make fortunes by their conversion and distribution. There is no good reason why flour, bacon, butter, cheese, condensed milk, cane and sorghum syrup, preserved fruits and vegetables should not be prepared for consumption by co-operative organizations.

Insurance is a service that requires no capital investment. This is a principle that is overlooked or ignored by great numbers of enormously rich, powerful and aggressive joint-stock companies. The man who buys an insurance policy should not be required to pay for anything but protection. If his premiums include provisions for dividends on invested

capital, for the accumulation of unnecessary reserves, for the payment of big commissions to agents, and for princely salaries for administrative officers, he is charged for something that he does not need and that he cannot use.

The farmers of the United States have paid out countless millions of dollars for dividends on capital invested in the shares of insurance companies, for the building up of reserves useless to them but immensely serviceable to the interests that prosper on the profits of agriculture, for the construction of great office buildings to which they have no title, and for other purposes in no way related to the protection of their property or the security of their dependents. They have learned the folly of such extravagant expenditures and are now conducting many mutual insurance companies to which they make payments only for the services rendered.

Many hundreds of local farmers' mutual insurance companies are now functioning in every part of the country. For the most part these mutual protective associations operate on the assessment plan, supplemented by a small membership fee sufficient to cover the cost of securing and issuing the policy. These co-operative companies protect farm property against loss by fire, lightning, and tornadoes, and many of them include live stock in their lists of insurable property.

In many of the Farmers' Union states there has been a further development of the co-operative insurance that has resulted in the organization of state-wide companies operating without capital investment but collecting regular premiums in advance in cash or notes. Colorado, Nebraska and Kansas have successful associations of this type. The Kansas Farmers' Union Mutual Insurance Company has about \$40,000,000 risks on its books. It has paid back about a half a million dollars of savings to its members, and has established a reserve which, together with the reserve of the Kansas Farmers' Union Mutual Hail Insurance Association, now amounts to nearly \$500,000, of which about \$175,000 is invested in a headquarters office building that yields a return of 8 per cent to the policy-holders of the two companies who own this building and all the other assets of the two companies.

The Grange has organized its own insurance companies and in many states is saving much money for its members. The American Society of Equity has also a number of co-operative fire insurance companies and is responsible for at least one rapidly growing life insurance association. In Iowa, the Farmers' Union is now engaged in the organization of a life insurance company for the purpose of serving its membership at cost, with every prospect for success as soon as the perfected plans are

presented. Several groups of farmers' co-operative business organizations are planning to establish mutual indemnity companies to protect themselves against the dishonesty of employees.

Modern commercial customs and practices developed banks as the servants of business. The profits of banking are so enormous and banking resources are increasing so rapidly that it will not be long until the institutions that were established for service will be in absolute control of commerce as masters. Co-operative business activities—marketing, manufacturing and distribution—require the use of constantly increasing amounts of capital. The success of such enterprises must inevitably reduce the profits and restrict the operations of the older commercial organizations which have always been the bankers' most desirable and profitable clients.

Many farmers believe that agriculture can never prosper until a system of local co-operative banks, organized and conducted for Co-operation with other farmer-owned business enterprises, is established. There is an almost unlimited field for co-operative banks. Poor as they are, the farmers are financially able to enter this field. The only real obstacle in the way is the *will* to do it.

Unfortunately there are several million farmers in our country who would not be greatly assisted by co-operative banks. They never have funds for deposit, nor credit through which they can secure loans. No banking system, co-operative or otherwise, can help these men. They are the predestined victims of the advance merchant and the usurer. These poor farmers, against whom all the doors of opportunity appear to be closed, must be reached and helped in some other way.

Local credit unions for mobilizing and utilizing the small financial resources of rural communities made up of share croppers, tenant farmers and mortgaged land owners, offer some hope of relief. Such institutions have worked well in several European countries. There should be a way to adapt them to American conditions. North Carolina, Massachusetts, Ohio, Texas, and probably a few other states, have passed enabling laws authorizing the organization of credit unions, and in some places a hopeful start has been made.

This report is already long, but not long enough to do more than sketch an outline of the field of Agricultural Co-operation, and indicate in the briefest possible way the helpful things that have already been done. We believe that the various sporadic and fragmentary co-operative activities of agricultural America are gradually crystallizing into a great national co-operative system of which most of the existing enterprises are to be integral and essential units.

We are certain that there is urgent need for reliable information concerning the history, principles, aim, and results of this great Movement. Co-operative business enterprises are organized and conducted to make money or to save money for their members. From their nature they can never be active or effective educational agencies for the collection and dissemination of information among the millions of farmers who still have no conception of the possibilities of Co-operation.

We urge that all who have the rehabilitation and reconstruction of agriculture at heart give every encouragement and assistance to voluntary farmers' societies like the Grange, the Farmers' Union, the Society of Equity, and kindred associations. It is only through the intelligent activity of such organizations that the co-operative business of the farmers can be successfully established and conducted in the face of the growing opposition of special privilege and grasping monopoly.

THE CO-OPERATIVE MOVEMENT IN INDIA.*

1. Official establishments.

The Government of India publish annually a small volume containing certain statements intended to show the progress of the co-operative movement in India. The latest relates to the co-operative year 1921—22. These statements give the total number of societies in British India and some Indian States, their membership and working capital, and the operations of central banks, agricultural and non-agricultural societies, unions and insurance societies in separate tables. While this information is undoubtedly necessary, a correct appreciation of the real progress made by the movement is not possible without some further information which the provincial Governments already possess or can easily collect. For instance, the movement cannot be said to be progressive in any province where it depends largely on Government support even some fifteen years after its inauguration. Co-operation, it is true, has wonderful capabilities for the material and moral uplift of the masses. But this uplift can take place only in proportion as the movement is self-governing and self-supporting. The time no doubt has not yet come when the Government may divest itself of all functions in connection with co-operation. Audit, on the efficiency and independence of which public confidence so much depends, cannot at present be handed over entirely to non-official agencies. But other control and supervision have gradually and progressively to be developed on non-official bodies, and the responsibility of preparing such bodies for efficiently discharging those functions rests with the Govern-

* With kind acknowledgments to the *Servant of India* of March 29th and April 11th.

ment: To what extent this is being done ought to be revealed by the statements published by the Government of India. The provincial Governments maintain superior and subordinate staffs not only for audit but for inspection, supervision, control and guidance. They spend large amounts on these staffs and also some amounts as travelling allowances for honorary workers, and in a few cases give grants-in-aid to non-official organisations for supervision, training, &c. The staff maintained and the amount spent vary from province to province. Madras at the end of June, 1922, had as many as 22 regular Assistant Registrars and 4 others who, though not regular Assistant Registrars, were doing more or less the same work; and as many as 327 Inspectors for audit and supervision, for 7387 societies of all kinds. This is in addition to 176 supervisors employed by the supervising unions and 61 Honorary Assistant Registrars. On the other hand, the Punjab, which in July 1921 had as many as 8453 societies, had 8 Deputy or Assistant Registrars, 53 Inspectors and 59 Sub-Inspectors. Again, Madras spent in 1920—21 Rs. 5.34 lakhs on the Co-operative Department on 5289 societies, while the U. P. spent only Rs. 1.69 lakhs on 4483 societies. It is unfortunate that the information regarding staff and expenditure, very important and readily available though it is, is not given in every provincial report. It looks very probable that while Madras is maintaining too large a staff and spending too much money on the Department, the United Provinces are stinting themselves unduly. Yet without this information the real progress of a province cannot be gauged.

2. Arbitration Suits.

Again the movement cannot be said to be progressing unless the societies are efficient, in fact growing in efficiency. The number of societies liquidated and the number of suits filed in civil courts or of applications made to the Registrar for arbitration awards in respect of overdue loans, are certainly important indications of efficient working. These are given in the various provincial reports and could easily be given in the volume published by the Government of India. In 1920-21, for instance, the societies of Madras lodged 429 suits in civil courts and 8199 applications for arbitration awards with the Registrar, while in 1921-22 the corresponding figures were 627 and 14,473. This increase is an ugly feature and must be taken into account in judging of the progress otherwise indicated by an increase in number of societies and their membership. Bombay, with its membership and working capital amounting to about three-quarters of that of Madras, sent up 1611 cases for arbitration and none to civil courts; while Bengal with 6366 societies sent up in 1920-21 only about 100. But Burma with 4877 societies in

the same year did not feel the necessity of sending up a single case; which facts must influence our estimate of the progress achieved in these different provinces.

Further we should suggest that some more information be given regarding the operations of central banks, and agricultural and non-agricultural societies than what is now given. With regard to central banks, a column may be added to show the amount of loans overdue from primary societies, similar to the column which in the tables regarding the operations of agricultural and non-agricultural societies shows the loans overdue to them from their members. The latter tables deal with credit societies in sufficient detail but not with non-credit societies. The number of societies that fall under the different classes, *viz* credit, purchase and sale, production, production and sale, and other forms, is given in separate columns, but their membership, transactions and other details are not separately given. Stores for instance, are an important class of societies whose membership, transactions and profit or loss should be placed before the public. And the nature of non-agricultural stores is different from that of agricultural stores which would naturally deal to a greater or less extent in seed, manure, implements, &c., that are needed for agricultural operations. The extent to which these are obtained by the members of agricultural societies is an indication of the real progress achieved by them and of the co-operation prevailing between the Agricultural and the Co-operative Departments. Again, attempts are being made in every province to promote the joint sale of agricultural produce through co-operative societies with a view to eliminate the middleman and obtain a higher price for the cultivator's produce. During 1921-1922 the members of 13 societies in the Bombay Presidency sold jointly their cotton of the value of Rs. 20 lakhs. Such a transaction ought to be shown, surely, in any statement purporting to show the progress of the co-operative movement in India. Under the column "other forms" of agricultural co-operation, the Punjab and Burma occupy a pre-eminent place, the former with 354 and the latter with 42 societies, while Bengal comes next with only 5 societies. A large number of the Punjab societies under this head have been started for the consolidation of small holdings, while the Burma societies are largely co-operative "colonies." Some way must be found at giving the transactions of such interesting societies. The above are mentioned more as illustrations than as exhaustive recommendations.

We are aware that the present statements are intended not only for the benefit of the Indian public but also of international institutions, and that any change of form would inconvenience the latter. That objection,

however, is overcome by adding supplementary tables as is done in some of the provincial reports, for example, that of Madras. As the main object of the statements published by the Government is to show the progress of the movement in the whole country, it is necessary to include in them all information that is relevant to that progress.

3. The progress of the movement.

In the year 1921-22 the total number of societies of all kinds in British India and the four Indian States of Mysore, Baroda, Hyderabad and Bhopal, increased from 47,503 to 52,182 or by 4,679. This is a considerable falling off from the achievement of the previous year in which 6,731 new societies were started. Among the provinces the most notable increase took place in Madras, which, by adding no fewer than 1,100 new societies to its roll wrested the second place from Bengal. It is, however, a long way yet from the Punjab, which has for several years been the premier province. In 1921-22 it added 857 new societies—a number next only to that of Madras—and carried its total to 9,210. The societies in Bihar and the United Provinces increased by 681 and 644 respectively. These provinces appear to have become distinctly progressive. Bengal which some time ago took rapid strides seems now to be resting, for it organised only 313 new societies. But in the Central Provinces there was actually a decrease—from 5,011 to 4,967—a thing hitherto unheard of in the history of co-operation in India. Of the Indian States, Bhopal made good progress—from 691 to 781: the others were more or less stationary. The total membership of primary societies increased from 17½ lakhs to 19½ lakhs; Madras and Bombay between them being responsible for quite a half of the increase. The total working capital, as calculated in the volume under review (about which, more presently), increased from Rs. 26.42 crores to Rs. 31.12 crores, Madras and Bombay again contributing nearly a half to the increase and the Punjab coming next.

4. Statistical errors by overlapping.

As the provinces differ very much from each other in area and population, it is necessary to judge their progress in various directions by suitable common standards. In the volume before us, population has been chosen as the basis of the different standards: the relative progress of the provinces being judged by considering the number of societies per 100,000 inhabitants, the number of members of primary societies per 1000 inhabitants and the number of annas which the working capital would give per head of the population. These are no doubt useful standards and perhaps essential for international comparisons. We should, however, like to apply somewhat different ones. It has been the object

of co-operators (official and non-official) to organise a society in every village—and many believe there should be only one society for a village. We would therefore compare the number of societies in any province with the number of villages in it. The working capital, as calculated in the volume before us, is deceptive and shows a much greater amount than is available for use in the movement; because a sum passed in from one society to another is counted in the working capital of each of those societies. Suppose a district bank obtains a loan of a lakh of rupees from the provincial bank and lends it out to a number of primary societies: this lakh of rupees is counted three times—as working capital of the provincial bank, district bank and primary societies—and shown as three lakhs, though only one lakh has been available for use. Real working capital is arrived at only after omitting the amounts lent by societies to each other. How great the difference between nominal and real working capital can be is illustrated by the Central Provinces and Madras, whose nominal capital was Rs. 6.01 crores respectively, while the real capital was not more than Rs. 3.08 and Rs. 1.55 crores respectively. Even after this elimination, there will be a certain amount of overlapping in respect of share capital; for a primary society which takes a share in a central bank passes on a part of its working capital to the latter as share capital. But such amounts cannot be eliminated from our calculations as they are not separately shown. The statistics before us judge of the working capital by spreading it over the whole population of a province in annas. We think, however, that it would be much more useful to see what amount is made available per member.

5. A table of progress.

The following table has been constructed so as to show the relative position of the major provinces and States according to the standards explained above:—

Province.	Villages & townships.	No. of Societies.	No. of Villages per Society.	No. of Members.	Actual Working Capital	Amount available per Member in Rs.
				(in thousands)	(in lakhs)	
Madras	54,114	7387	7.3	458	309	67
Bombay	26,253	3411	7.3	321	308	96
Bengal	119,850	6679	18.0	250	237	95
Bihar and Orissa	87,743	4261	20.6	128	93	73
United Provinces	106,441	5137	20.7	128	99	77
Punjab	33,560	9310	3.6	259	265	102
Burma	18,699	5279	3.5	134	244	182
Central Provinces	39,117	4967	8.0	80	155	194
Assam	27,895	631	44.2	32	16	50
Mysore	16,831	1519	11.1	95	69	73
Baroda	3095	539	5.7	17	19	114
Hyderabad	20,236	1464	14.0	36	57	158

It will be seen that so far as the proportion of societies to villages is concerned, the Punjab and Burma stand in a class by themselves, that Madras, Bombay and the C. P. come next in order and are fairly satisfactory, while Bengal, Bihar, and the U. P. are lagging very far behind. Economic life in Assam is so different from that in other provinces that we doubt whether it is really so backward as it appears in the table given above. With regard to working capital, it is indeed suprising that Madras, which has more of it than any other province, nevertheless gives the least per capita financial aid to its members, Assam alone excepted.

6. Provincial and Central Banks.

There were Provincial banks in 6 out of 9 major provinces, those not having them being the Punjab, U. P. and Assam. The Banks of Bihar and Bengal are not so well developed as those in the other provinces. The expenditure incurred by the former on staff is very inadequate and as they are earning a fair amount of profit there is very little justification for this risky parsimony. The Burma and Madras provincial banks attracted the largest amount of local deposits—Rs. 80 and Rs. 54 lakhs respectively—while that of Bombay which came next had Rs. 22 lakhs. The Bombay Bank, however, got Rs. 33 lakhs as deposits from primary societies, against less than Rs. 8 lakhs obtained by the Burma Bank. It was only these two banks that got considerable deposits from primary societies, the banks in other provinces getting them through central banks. The usual rate of dividend varied from 9 per cent. in Madras to 5 per cent. in Burma. The provinces of North India had on an average 2 to 3 central banks per district as against one in other provinces. The result is that the latter are much more economically worked than the former. For example, the 32 banks of Madras handled 50 per cent. more money than the 73 banks of Bengal at about one-third the cost of the latter. The North Indian central banks will perhaps do well to amalgamate and economise.

7. Primary Societies.

In estimating the work of primary societies in the different provinces, we would emphasise two points: the proportion of non-credit societies to credit societies, and the proportion of overdue amounts to total

dues. The following table gives that information in respect of agricultural and non-agricultural societies:—

Province.	No. of Ag. Societies		No. of non-Ag. Societies		Percentage of Overdues	
	credit	non-credit	credit	non-credit	in Ag. societies	in non-Ag. Societies
Madras	6206	83	694	162	19.1	13.7
Bombay	2559	154	370	191	13.5	7.0
Bengal	6047	99	162	291	37.5	9.2
Bihar	3828	33	121	140	27.4	18.4
U. P.	4848	9	171	28	29.1	11.5
Punjab	8232	25	194	207	2.4	4.4
Burma	4023	128	171	28	—	—
C. P.	4496	32	67	28	—	—
Assam	555	—	25	32	52.2	24.0
Mysore	1170	63	158	112	36.4	26.4
Baroda	450	39	42	3	31.7	5.0
Hyderabad	—	—	114	59	6	—

It will be seen that the Punjab and Bombay have the largest number of non-credit societies of both agricultural and non-agricultural kinds. That Bengal has the largest number of non-agricultural non-credit societies and that they are nearly twice as many as non-agricultural credit societies and that Behar also occupies a very good position in this respect, is clearly due to the zeal of the Bengal Home Industries Association. For the majority of these societies come under the description, 'production and sale.' Societies of this class also figure prominently among agricultural societies in these two provinces which are served by the Association.

8. Overdues.

The figures in the last two columns show the percentage of overdues to the total loans due by members. As we pointed out on the last occasion, it would be more appropriate to give the proportion of collection and balance to demand than to total dues. The real position is, therefore, much worse than that revealed in these columns. That in Burma and the Central Provinces no figures should be given under overdues is quite gratifying. Their absence could not be due to a failure on the part of the authorities concerned to supply the figures. For in the previous year's volume a figure is given for the C. P. non-agricultural societies. That the overdues in agricultural societies form such a high proportion in all the other provinces except the Punjab is a most painful revelation. Even in non-agricultural societies they are unexpectedly high. The existence of these overdues in this

proportion is a negation of moral improvement in the members. We hope the provincial Governments will give their most urgent attention to the rectification of this evil.

9. Working Capital.

Share capital is a prominent item in the working capital of the agricultural societies of the Punjab, Burma and Madras. Members' and non-members' deposits are largest in Bombay, the Punjab coming next. The non-agricultural societies of Bombay are financially the strongest in the country. Their working capital is more than a third of the entire working capital of all non-agricultural societies in British India. In the matter of rural stores Bengal was foremost with the Punjab as second, while in the matter of urban stores Madras and Burma and Mysore were supreme. Considering its population, the store movement appears to be strongest in Mysore. On the whole we should think that the Punjab should get the all-round championship prize, with Bombay and Burma disputing the second place.

THE MOPLAH REBELLION AND CO-OPERATIVE SOCIETIES*

28. Efforts were made at the time of the audit to gather information as to the extent of the damages sustained by societies in the rebellion and I beg to embody it in this paragraph. Complete information can be got only when all societies have resumed their normal work and the authorities have finished dealing with the rebels. The information now furnished was all that could be got hitherto.

The rebel area consisted of Calicut, Ernad and Walluvanad Taluks and the northern portion of Ponnani and the total number of societies situated in the area was 136. In all except 7 societies the chief office bearers were Hindus and most of them had to flee from their houses for protection. They had hardly any facility to carry much property with them, but it is a commendable fact worthy of special attention that in the majority of cases they took care to carry with them the records of societies in their charge. Some could preserve only the cash book and bonds and on the whole the damage caused to societies' records was insignificant compared with the magnitude of the disturbance. Only in 3 societies viz. (1) Melattur (2) Vilayur and (3) Kodyathur, the records were completely destroyed. In 4 societies Mannarghat, Aliparambha, Velambur and Chennamangalore some damages were caused, but the chief records were unaffected. It is clearly evident that the

co-operators concerned realised their full responsibilities in the matter of the societies and in the appreciation of this fact it is possible to draw some irrefutable inferences. One legitimate inference seems to be that co-operative societies are in the generality of cases in responsible hands.

In two societies, damages were caused to property and in 42 societies the rebellion has affected the members. Six co-operators were killed by the rebels and 30 who were rebels themselves lost their lives in action. The number of members convicted so far is 386 and it is probable that some more remain to be dealt with by the Police and Courts.

The number of loans due by members killed and imprisoned amounted to 735 at the end of the year and their value is Rs. 11,434—3—3 but it is reported that all this amount except a small sum of Rs. 50 is recoverable. Perhaps this information may not prove to be quite true but it may be taken that the irrecoverable amount will not be large.

In the four societies in which there was only a partial destruction of records, fresh records were easily made as the Cash book and bonds were available. In regard to the three societies, viz. (1) Vilayur, (2) Melattur, (3) Kodyathur in which there was complete destruction of records, the lists of outstandings and list of members were available in my office and the District Bank respectively and all the records have been completely prepared. In Vilayur, the members have all accepted the new records. This has not been done in respect of the other two. Perfect peace had not been restored in the two villages when the year ended and people had not returned to their houses. There will however be no difficulty to get the new records accepted by the members as they all know that it is in their interests to do so.

One society which sustained irreparable damages was Perintalamanna co-operative conveyance society Ltd. It remains a problem how to bring it back to its original condition. It has recommenced work, but being crippled, its scope is now limited.

The Vasumathi Wholesale Society also sustained some damage. It was however not caused directly by the rebels. The society which was at the time curing green arecanuts had to be abandoned by the Directors and all the arecanuts on their hand were damaged. Much work remains to be done to rehabilitate the existing societies and new societies will be wanted in Ernad Taluk where there are only 9 societies now. If the demand for societies become keen, a few additional Inspectors will be required to deal with the situation.

* Extract from the District Administration Report for 1921-22.

ROUND THE SPECIAL SOCIETIES IN MADRAS.*

The only **Grain Bank at Cholasamudram (Anantapur)** was started on its work in the beginning of the year under report. Only about a dozen members have joined. Sincere efforts are being made by the Directors to expand the transactions. An application for registering another grain bank was received from Kuntinaddi. I have requested them to begin work in earnest and apply for registration after gaining some experience. There seems to be some genuine desire in the district for such societies. The people seem to like the idea and they are also willing to deposit grains. But the difficulty seems to lie in the management, as there will be different kinds of grain and also different sorts of the same kind of grain. Storage and protection are difficult.

The Sydapuram Soap Stone Workers' Society (Nellore) is a unique society of its kind in the district started in December 1918. The society provided itself with a pump to pump out the water in the quarry but owing to disputes, first among the panchayatdars and later between the President and the members, the work was not satisfactorily done. As a result the society sustained a loss of Rs. 53/10/0 in the year. As the Panchayatdars took on lease an adjoining quarry lying in a shrotriam village and were attempting to draw off some of the members into the private quarry, the members since removed the panchayatdars and elected fresh officer-bearers, under whom the society has been making good progress. It promises better results during the current year.

The Berhampore wage earners Co-operative Society (Ganjam) requires special mention under this class. It was started on unlimited liability basis and a loan of Rs. 250 was disbursed by the Madras Central Co-operative Bank, Limited, in 1918-1919. The whole amount was loaned to the members for the purpose of building houses when they were in great need of it. Out of Rs. 186 which became overdue by 30th June '21, under principal Rs. 20 was paid leaving a balance of Rs. 160 by 30th June '22, and an overdue interest of Rs. 5-12-6 by 30th June '21, including that which fell due in '21-'22, amounting to Rs. 10-2-6 was fully paid up. Considering the internal working of the society to be unsatisfactory an enquiry under section 35 was ordered and the result of the report was also reported to the Registrar who passed certain orders in his letter No. 1,349 dated 17th June, '22. A further reply on the subject was given in this office R. C. No. 139/22 dated 9th Aug. '22. So far no philanthropic gentleman has been secured to undertake the task suggested.

The main idea of **Cobblers and Blanket Weavers Society, (Kistna)** though organised as credit, is to encourage and facilitate joint production and sale which however have not yet been attempted on any noteworthy scale. The members seem to prefer for the present, each to borrow his needs and independently to market his own goods. In the fullness of time these people may learn to buy their raw materials in bulk and sell their finished products to the best advantage. The same is the case with the **bamboo workers society in Bandar (Mahendra)**.

* Extracts from the Dr. Administration Reports of Assistant Registrars for the year 1921-22.

The wood cutters society in Jaggayyapet (Kistna) was registered at the instance of the Forest Member of the Board of Revenue but it is found difficult to start work for various reasons. Wood is available in several other places, besides the Forest Reserves, in Patta and Zamin lands; numerous wood cutters bring wood and sell from house to house and it is not possible to group such a promiscuous population into a co-operative society. A central Co-operative Depot of selected wood cutters to work in a select coupe has little chance of success. Above all the Forest Department insists on down right payment of its lease money and wants somebody to be personally responsible, but nobody can undertake such responsibility. The wood cutters themselves have no property and cannot put up share capital and therefore cannot raise any credits.

The Kallakurichi Industrial Society:—objects: 1. to put up a factory to convert animal bone into bonemeal for manure and the raw produce of the members into more finished forms and arrange for their joint sale. 2. the purchase and distribution of seeds, manure and agricultural implements to the members and 3. the owning of valuable implements and machinery for hire to members. It has made considerable progress during the year under report. The number of members under individuals rose from 48 to 95 and under societies from 46 to 59. The share capital in the beginning of the year was Rs. 10,313-6-11 and it rose to Rs. 15,899-7-3 at the end of the year. The amounts subscribed by individuals was Rs. 7,559-11-5, while that subscribed by societies was Rs. 8,339-11-10.

The objects of the society being mainly the conversion of the agricultural produce of its members into more finished forms for being readily marketed, the installation has been constructed with a gas engine of 37 H. P. and it provides for decortication of groundnut, hulling of paddy and ginning of cotton. The total cost of the installation comes to Rs. 26,700 as noted below.

			Rs.
1.	Building	...	5,684
2.	Gas engine	...	18,216
3.	Huller	...	800
4.	Decorticator	...	300
5.	Gin	...	1,350
6.	Tools and implements	...	350
Total ...			26,700

There are in all two decorticators, one huller and one gin, all fit for work. The factory began to work about the end of December 1921, and during the entire period of 6 months the huller has been steadily on work. During the groundnut season the decorticators also got work for two months and the gin did not begin work during the year. The income realised for decorticating groundnut and hulling paddy has been as shown below.

Paddy hulling	...	...	7,119	4	9
Decortication	...	...	1,736	2	11
Total			8,855	7	8

The income has been fairly good. There has been no competition hitherto in the locality. But towards the close of the year a rival company was floated by private persons with objects similar to the one undertaken by the society. This new factory has also since begun to work but the income in the co-operative factory has not been very much affected. The gross profit of the society during the year 1921-'22 amounted to Rs. 9,181-13-0 and deducting the working expenses and other incidental charges in all amounting to Rs. 5,729-5-8 and also allowing depreciation on account of machinery and buildings which was calculated at Rs. 1,371-15-11, the net profit of the society came to Rs. 2,080-7-5.

The Sivanandapuram Building Co-operative Society (South Arcot) was registered mainly for the purpose of relieving congestion in the crowded areas of Cuddalore Municipality. There are now 44 members on the rolls with a paid-up share capital of Rs. 880. Since the close of the year additional number of shares were taken thus raising the same to Rs. 2,020. An extent of 5 acs. 26 cents of land was acquired by Government at a cost of Rs. 3,796 from out of the deposits made by the members as advances. A sum of Rs. 1,231 was also spent in improving the site, levelling roads, forming streets and conservancy lanes. According to lay out that has been so far made, there is provision for 46 buildings, one vegetable market, one school and two temples. The foundations were laid during the year in the case of 17 houses and before the end of the year the construction of one house was almost completed.

The locality commands fresh air and a very good supply of drinking water. The foundation stone was laid by the Hon. Minister for Development, Mr. K. V. Reddy Naidu, in July 1922. The society's members have now almost all of them laid foundations on their respective house sites. Some houses have risen considerably and further progress is being hampered for want of sufficient funds. The District Bank loan which carries interest at a high rate does not satisfy the needs of the members and therefore application for State aid has been submitted already to the Registrar. The society has many ambitious schemes as the installation for electric lighting and the clearing up of the Uppanar for boat traffic.

The South Kanara Co-operative Wholesale Society.—The membership rose from 91 at the beginning of the year to 95 and the share capital from Rs. 3,270 to Rs. 4,010 at the end of the year. The society effected a joint sale of 21,990 muras of rice, 90 muras of black gram, 33 muras of gingelly and 14 muras of peas and the sale proceeds amounted to Rs. 1,60,875-5-2. The estimated savings to members by this is Rs. 3,111-5-2. There are no deposits in the society nor are there any central bank loans. Advances to members are now being made out of the sale proceeds relating to the goods of other members which is harmful to the society. For if all members who have pledged their

goods claim the sale value soon after the sale, there will be no means of making any advance to others. This danger has to be avoided by making suitable arrangements preferably by securing an overdraft from the Central Bank and thus making money available to meet unexpected demands. The society earned a profit of Rs. 1,152-13-3 after deducting last year's loss of Rs. 368-1-4.

The Ballikere Tobacco Growers' Co-operative Society (South Kanara).—The transactions under joint sale effected during the year under report were less when compared with the previous year. Tobacco worth Rs. 5,321-5-1 was sold through the society and the gain to the members on that account is estimated at Rs. 324. It had 61 members on the roll with a paid-up share capital of Rs. 3,012 at the end of the year. On its credit side 36 loans amounting to Rs. 9,050 were disbursed to members, and the outstandings at the end of the year were 59 loans of the value of Rs. 8470 all of which were overdue. The smallness of the transactions is chiefly due to the fact that members are not loyal to the society though the society is endeavouring its best to sell the members' produce to the best advantage. It has opened a branch office at Mangalore but there was no appreciable increase in its business. The net loss at the end of the year amounted to Rs. 961-4-0 including Rs. 433-15-11 of the previous years.

The South Kanara Garden Planters' Co-operative Society at Vittal with its branch warehouse at Mangalore did good work during the year though it has not recovered fully from the terrible shock caused by the defalcation committed by its late managing director in the Mangalore Branch. Owing to the exertions of Mr. H. Shiva Rao, the Vice-President of the South Kanara Central Co-operative Bank, and of the directors the society is slowly regaining its lost popularity. Arecanut is the important produce that is being marketed besides Ramanpatre, cardamoms, and pepper. The sale proceeds amounted to Rs. 90,884-8-2 as against Rs. 51,150 of the previous year and the gain on account of the joint sale is estimated at Rs. 2,694-2-11. The society undertook also the joint purchase of jaggery, oil cakes, kerosene oil and other necessities of life to the value of Rs. 7,640-7-11 and the net savings effected by its members is estimated at Rs. 588-5-9.

The number of members at the end of the year was 227 individuals and 2 shareholding societies and the paid-up share capital Rs. 28,180. The society was financed by the central bank to the extent of Rs. 47,753 during the year. Of the 105 loans amounting to Rs. 58,119 outstanding at the end of the year 24 loans to the value of Rs. 14,491 were overdue, as against Rs. 28,479 at the end of the previous year. Every effort is being made to collect the overdues. The net profits earned by the society amounted to Rs. 1,449-12-0.

The Sadananda Co-operative Printing Works Ltd. was transferred from Puttur to Mangalore about the middle of the year. It had a membership of 36 individuals and 113 shareholding societies with a paid-up share capital of Rs. 3,170. The total borrowings at the end of the year amounted to Rs. 25,877 as against 22,093 at the end of the previous year. The press

purchased stock of the value of Rs. 4,282-10-8 and sold stock worth Rs. 7,006-6-0 and held Rs. 10,462-3-0 worth of stock at the end of the year against Rs. 10,847-11-7 at the close of the previous year. The total investments in machinery, type etc., on 30th June amounted to Rs. 12,300. Owing to the transfer of the press to Mangalore, it had to bear heavy contingent charges. Deducting the profit of Rs. 17-6-7 from the loss of the previous year the net loss amounted to Rs. 1,285-13-4. It is hoped that the press will be able to recoup the loss by the end of the current year as a result of its transference to Mangalore.

The Puttur Co operative Labour Union is a society organised for providing labour and reasonable wages to the labourers. It undertook road contract work and realised Rs. 5,094-2-0 in the business and earned a profit of Rs. 2,457-0-10. The net profit earned by the Labour Union amounted to Rs. 1,357-5-0. The Labour Union has been a splendid success and it promises to continue to be so in the future also. It had 22 members on the roll with a paid up share capital of Rs. 22 at the end of the year.

The Central Co operative Printing Works, Ltd. Madras, open only to societies has made some progress. The number of members rose from 91 to 106 and the paid-up share capital from Rs. 8,830 to Rs. 9,070. It purchased during the year machines for Rs. 2,053. The value of work turned out was Rs. 18,708 as against Rs. 13,764 in the previous year. The net profits of the year was Rs. 1,375 after allowing 15 per cent on the depreciation value of machines and types, 20 per cent on stock of books and forms, and 10 per cent on bills outstanding.

The old Salt Loaders' Society continued to do its work satisfactorily though the number of members and their share capital fell from Rs. 108 and 719 to 80 and Rs. 488 respectively on account of more members having left it than those who joined it. It will be interesting to note that the 44 members who left the society finally had, in addition to the normal wages they have had then and there, for the services rendered by them, an accumulated Savings deposit of Rs. 976 in addition to their share capital of Rs. 272 all of which was paid when they left the society. Petty loans amounting to Rs. 6,968 were granted in the year to save them from the clutches of usurers. They were punctually repaid. The wages earned by the society for the labour done on contract was Rs. 1892 1/2 as against a sum of Rs. 17,165 paid to members for wages and the cost of management, thus leaving a margin of Rs. 1,761. The society earned Rs. 468 in interest on outstanding loans to its members leaving thus a net profit of Rs. 2,289.

The Kumbakonam Building Society is the only one of the kind in this section. It had 97 members on the rolls on the last day of the year, with a paid-up share capital of Rs. 3,310. Its borrowings amounted to Rs. 5,272 as deposits and Rs. 11,085 as loans from the Central Bank. It disbursed to its members ten loans amounting to Rs. 8,435 entirely for building and repairing houses. There was thus an outstanding of Rs. 20,251 due from members of which Rs. 3,109 was overdue which is 26.9 per cent of the demand. The society worked at a net profit of Rs. 679-2-10. The amount of reserve fund

held by the society inclusive of this year's addition amounted to Rs. 1,244-14-6. Should the society expand its activities by forming town extensions, as is contemplated, there is considerable scope for its useful work.

The Kalyanapandal Estate Labourers and Staff Co-operative Stores (Coimbatore)—registered and started during the year under review did substantial business by way of distribution of Kamblies, male and female cloths and other necessities of life to the labourers and staff working on the estate and I am glad to note that it has earned a net profit of Rs. 3,810-3-0 and is working very satisfactorily under the able management and guidance of the estate manager, Mr. Irvine Stewart.

The Othechekurs building society (Coimbatore) which has completed 38 dwelling houses is collecting instalments and the construction of 8 buildings in the Reddi chuklers society is nearing completion.

THE SOUTH CANARA DISTRICT CO-OPERATIVE BUSINESS CONFERENCE.

(AT PUTTUR ON FRIDAY, THE 29TH AND 30TH MARCH '23)

The Assistant Registrar, Vice-President and Secretary of the Central Bank, Agricultural Demonstrator, Mangalore, Honorary Assistant Registrars, Union Representatives, Inspectors and Supervisors were present on the occasion. The following are some of the important resolutions passed at the Conference.

1. *Rules of Interest* :—The Conference is of opinion that in the present state of the money market in this district, it will not be possible to lower the rates of interest on deposits and other borrowings and it will not therefore be possible to lower the rates of interest on loans either in the Central Bank or in the primary societies.

2. *Constitution of a Bad Debts Fund* :—The Conference is of opinion that it is both necessary and desirable to constitute a Bad Debts Fund from out of the annual net profits of the Central Bank, in such proportion as may be decided in consultation with the Registrar.

3. *Supervisors* :—The scheme of training Supervisors should be settled at a meeting of the Board of Management of the Central Bank in consultation with the Assistant Registrar.

Transfers of Supervisors should always be settled at the Business Conferences; but in urgent cases of interim transfers, the Assistant Registrar should have authority to issue the necessary orders as far as possible in consultation with the Central Bank and the concerned Unions.

4. *Scale of Supervision contribution from special types of societies* :—In the case of new special societies, the scale should be fixed at Rs. 2 per cent of gross income. Where there are credit transactions also in such societies, an additional sum may be levied at 8 annas for every sum of Rs. 10—15—0 received and

receivable by way of interest on loans. The total contribution should in no case exceed Rs. 150 for a year.

5. *Monthly and Annual Statements from societies*:—The progress made by Unions in securing regular submission of monthly statements from societies was reviewed and found to be satisfactory. The Conference recommends to Unions that no papers of any kind relating to societies defaulting in this respect should be disposed of before securing the regular submission of such accounts. As regards annual accounts, the Conference invites the attention of different Unions to the desirability of educating the office-bearers of societies.

6. *District Tour*: The Conference is of opinion that a tour of the Central Bank and Union representatives to visit all the different union centres in the district should again be undertaken and carried out in the month of May next as was done in 1921. The Assistant Registrar will be requested to defray the travelling expenses of the Honorary Assistant Registrars, who will also join the party. The Assistant Registrar may also be requested to direct Chief Inspector and Trade Inspector to join the party. The Central Bank is requested to arrange the programme and form the travelling party, defraying the expenses of the travelling representatives from the supervision insurance fund.

7. *Property Statements Registers*:—The progress made in societies in maintaining property statement registers was reviewed. The growth of a greater sense of responsibility in seeing to the regular maintenance and periodical revision of such registers was found to be sufficiently gratifying. It was agreed that in the case of persons governed by the Aliyasantana or Marumakkattayam Law, that fact should be noted in the remarks column. In exceptional cases the Panchayetdars of societies might in their discretion, dispense with the signatures of the concerned members.

8. *General Ledgers in village societies*:—The Conference is of opinion that the maintenance of general ledgers need not be insisted upon in the case of village societies except such as carry on a comparatively large volume of transactions.

9. *Non-credit activities by the Trade Inspector*:—The Conference is of opinion that it would be desirable for the Trade Inspector to illustrate the actual working of the joint purchase system by undertaking it and carrying it to a successful conclusion at least once experimentally within the area of any single union. The experiment may be tried this season in the jurisdiction of the Gurpur Union.

10. *Organisation of Hannar nuts trade*:—The Conference is of opinion that the possibilities of organising a co-operative society for the relief of nut producers of Hannar may be further enquired into by sending an Inspector of Co-operative Societies with the Honorary Assistant Registrar of Coondapoor in the company of an officer of the Agricultural Department.

11. *Arbitration Societies*:—The Conference warmly commends the organisation of arbitration societies on the Punjab model and requests the Department

at an early date to prepare a set of suitable by-laws for the purpose adapted to local conditions.

12. *New organisations*:—The Conference is of opinion that in the matter of organising Weavers' societies, it would be desirable to bring weavers within the fold of the existing ordinary societies and start joint purchase and joint sale operations experimentally through such societies, before starting separate societies for weavers. Such operations may be tried experimentally at Nileshwar.

In regard to the organisations of new societies of the ordinary type, the Conference is of opinion that the responsibility for organising new societies should in certain selected union areas, vest actually in the Unions concerned. The Coondapoor, Mangalore and Puttur Unions are selected for that purpose, for the present.

In the matter of organising new societies in other areas, the Conference is of opinion that in future, organisation of new credit societies should ordinarily be confined only to areas where the pressure to have the societies comes voluntarily from the villagers themselves and only on very satisfactory proof that the desire is *bona fide* and the future of the proposed society is free from any doubt.

In the matter of organising separate societies for Moplahs, Pussalars and Adi-Dravidas the Conference is of opinion that the possibilities of organising such societies may be left to be enquired into by the officers of the Department and reported at the Business Conference.

13. *Default in payment of supervision contribution*:—In the case of societies which commit defaults in the payment of supervision contributions, the Conference is of opinion that the concerned unions should be advised to refer the cases to the Assistant Registrar as regular disputes and collect the dues through the assistance of Courts of Law in the ordinary course.

14. *Sale of copies of by-laws*:—The progress made in selling copies of by-laws to members of co-operative societies was examined and found to be satisfactory, though there was scope for greater sales.

15. *Rate of dividends in primary societies of the ordinary unlimited liability type*:—The resolutions passed at the North Arcot Co-operative Conference held at Natrampalli on 25th September '22 and the note prepared by M. R. Ry. Rao Bahadur A. Vedachala Aiyar Ayl., on the subject of primary societies being allowed to distribute dividends up to 9 per cent, were read over and considered. The Conference was of opinion that in the conditions prevailing in the South Kanara district, there was no need for asking Government to raise the maximum rate of dividends in primary societies to 9 per cent, or to allow primary societies to constitute a dividend equalisation fund out of the surplus net profits.

16. *Transfers of members of Government Servants' societies*:—In view of the desirability of evolving a suitable scheme for the transfer of membership and bonds of members of one Government Servants' Society to another when members are themselves transferred from one place to another, the Conference recommends to the South Kanara Government Co-operative Society of

Mangalore, the necessity of convening a Conference of all the Government Servants' Societies in the district in order to discuss and settle a workable scheme for the purpose.

17. *Working of the forecast system* :—The working of the forecast system so far in the district, was examined and discussed. It was discovered that the forecast system as it was being worked hitherto afforded some scope for book adjustments being made and for more money being borrowed from the Central Bank than was absolutely necessary. It was agreed that these dangers could be considerably reduced by the adjustments being strictly limited to the actual cash balances existing in the societies at the time when the forecast disbursement slips are sent to the Central Bank. It is recommended that disbursement slips should always be prepared in duplicate, one copy being preserved in the societies as an office copy for being examined during inspection. In order to allow adjustments being made as laid down above, the concerned societies should make it a point to accumulate collections without re-lending them, until the forecast slip reaches the Central Bank and the amount and adjustment are both sanctioned and permitted.

It was considered desirable to insist on societies quoting in the slip, the number and dates of the panchayat resolutions in which the loans referred to in the slip are sanctioned to members.

It was decided that the period for which forecasts should be prepared in future should be from the beginning of June to the end of the succeeding May.

18. *Training of Office-bearers of societies* :—The Conference is of opinion that it is desirable for suitable arrangements being made for training office-bearers of societies in the proper maintenance of accounts. General Meetings of Unions would be suitable occasions for giving necessary instructions to the office-bearers of societies, if societies are instructed to send as delegates to the meetings, such of their members as are looking after the clerical work, connected with the management of societies.

19. *Economic Enquiry* :—The Conference considers it essential in the present stage of development to institute a suitable and detailed enquiry into the economic condition of members of co-operative societies and would for that purpose request the Registrar to prepare or get prepared a suitable questionnaire with the object of enabling at least non-official co-operators to undertake and conduct such an enquiry.

20. *Defaulters and fresh borrowings* :—The Conference thinks it necessary that a suitable by-law or amendment should be made in the by-laws of all societies prohibiting the grant of loans to defaulters or the acceptance of defaulters sureties until the loans in respect of which they have been defaulters are completely discharged.

21. *Other suggested changes in model by-laws* :—The Conference thinks it necessary that an addition should be made to the by-laws of unlimited liability societies prohibiting panchayatdars from being present at a meeting of the Panchayat when any matter in which he is personally interested is being discussed

22. *Defaults and overdue instalments* :—It has been brought to the notice of the Conference that in many cases where default has been committed in respect of any single instalment of a loan made repayable in instalments, the whole loan accounts are usually closed and the whole outstanding amounts are called in at once and treated as overdues. The Conference carefully considered the wording of the by-law in question and came to the conclusion that there was no obligation to call in the whole outstanding amounts at once, treating them as overdues. It would be quite consistent with the existing provisions of the by-law to treat as overdue only that instalment which has remained unpaid within the stipulated date. The Assistant Registrar is requested to issue necessary instructions in this behalf to all the inspecting and auditing officers of the Department.

23. *Agricultural Matters* :—The Agricultural Demonstrator, Mangalore, addressed those assembled on the advantages of using the Meston Plough for ploughing and the value of bonemeal as manure. He pointed out the desirability of purchasing a machine at a cost of Rs. 150 for pulverising bones for manurial purposes and announced that the Puttur Union had already decided to purchase such a machine. He also referred to the profit possible to be derived by the use of two kinds of paddy in particular, viz., Government Economic Botanist's Strain No. 24 and Siromani. Both these kinds would yield a very good return at a comparatively smaller outlay both in point of the quantity of seed required and in point of the manure necessary.

A vote of thanks was recorded in his favour and the Conference was dissolved.

CO-OPERATION IN THE NATIVE STATES.

1. BARODA.

Ref. Annual Report of the Registrar of Co-operative Societies for the year ending March 1922.

The number of societies in the State of Baroda were 539 under the administration of one Registrar, an assistant, and 7 auditors. There were also 15 Hon. organisers whose jurisdiction mostly extended to single taluqs. As many of the societies could not command the services of trained secretaries for writing accounts, they have appointed out of their own resources 9 group secretaries whose duties are to visit periodically the societies in each group, prepare their accounts, and train also future secretaries for the work from among the Panchayatdars. The Central Banks are not developed sufficiently to attract local capital as their area of operations is large, as the societies do not contribute to their share capital, and as the State does not allow the Local Boards and municipalities to deposit surplus moneys in them. Only the Baroda Central Bank maintains an inspector and the arrangement for supervision and inspection by the Central Banks cannot be said to be sufficient.

Though the agricultural societies in Baroda derive no strength through overhead services either in the matter of detailed supervision by the State or non-officials, or of finance through efficient Central Banks, their condition is by far better than that of their class in some of the big provinces in the British territory. Their working capital amounted to about Rs. 15.5 lakhs, of which only less than half were borrowed from the Central Banks. Loans and deposits held from members and non-members amounted to Rs. 2.30 lakhs and Rs. 1.97 lakhs respectively, and these formed more than a fourth of the working capital. One fact should be noted here that in Baroda the money lending classes deposit their moneys in co-operative banks and that they form nearly 9 per cent of the total membership. The owned capital of the societies including the members' deposits amounted to about 32.5 per cent of the working capital, a figure which very nearly approaches that of Bombay, and rises far above those of Bengal, Madras, and Bihar and Orissa. Neither do the societies lack in working capital as compared with other provinces, because of a larger dependence on their own resources. For a total membership of 13,826 the working capital amounted to Rs. 15.49 lakhs or Rs. 112 per member. The average amount of loans issued per member during the year amounted to Rs. 52. The reserve fund of the agricultural societies amounted to Rs. 2.60 lakhs and this amount is utilised by them for giving loans to members and not invested outside. This may be due to the reluctance of primary societies to invest their reserve fund in Central Banks which pay only 6 per cent on their borrowings and charge 8 per cent on lendings. The societies pay 6 per cent on their deposits and lend at 9½ per cent and as their deposits are large, they are able to command a wider margin of profit.

Central Banks in Baroda are working side by side with the State-aided Agricultural Banks which are four in number. The State has invested in them share capital amounting to Rs. 66,250, which very nearly equals the share investments of private individuals. These Banks had loans outstanding from co-operative societies to the amount of Rs. 1.24 lakhs. The State is also directly helping the co-operative banks with long term loans for the redemption of prior debts of members. It has lent one lakh to the Baroda Central Co-operative Bank and half a lakh to the Mehsena District Co-operative Bank at three and a half per cent interest to be given to the societies on the recommendation of the Registrar at 5 per cent and by the societies to the members at 6 per cent. It seems that a wholesome restriction has been laid down that only those banks which show a certain specified amount of share capital will be granted Government loans on long terms.

A special type of society for the storage of fodder with a view to assist the farmers in times of distress has been attempted in Baroda. 27 of them were working during the last year, and it appears that their success mainly depends on grass production which is subject to climatic and monsoon conditions like other crops. A great deal of propaganda work was done before their starting with a view to enlist the co-operation of the ryots. Baroda should be congratulated for this new and interesting venture.

2. TRAVANCORE.

(Ref. Order No. 90 of the Development Department, Travancore.)

The co-operative movement in Travancore needs a great deal of non-official help before its main principles take root. It is peculiar to note that 145 out of 299 agricultural societies were on the limited liability basis. Another fact to be noted is that of the total number of 367 societies, "183 served the interests of particular communities." It is not far wrong to infer that generally communal societies alone were on the unlimited basis, and where co-operation has been tried to bring several communities together, it has not been an unmixed success. The question is one for serious consideration whether societies of a communal type will really raise the morals and life of the ignorant and submerged classes.

The total number of societies in the State were 367 of which 71 have not started work. There were 7 inspectors, 1 chief inspector, and a Registrar, by no means insufficient for the audit and inspection of all the societies. Four additional inspectors have also been sanctioned recently by the Government. The one Central Bank in the State had to raise the rate of interest on deposits to 7½ per cent with a view to increase its working capital. It consisted of 232 members of which 98 were society members. It is surprising to note that overdue percentage of the Central Bank under principal and interest was greater than that of the primary societies. The former stood at 53.9 per cent, and the latter, at 47.25 per cent. The Department have taken steps to make the Board of Management of the Central Bank more representative of societies. Provident deposit accounts have also been instituted with a view to tap local deposits.

The Primary societies have collected a large amount of share capital amounting to Rs. 2.11 lakhs which very nearly equals the amount of loans advanced to the members by them during the year. The G. O. notes that "the Registrar has attributed this healthy feature to the fact that the majority of the societies are formed on the share capital basis with easy instalments". This is in strong contrast to the condition of the central bank which was not able to collect its share calls during the year amounting to Rs. 3,720. While the system of increasing owned capital by the collection of shares in primary societies is to be appreciated, it should not be forgotten that in a heavily indebted country like that of ours, co-operative societies are mainly societies of borrowers and it is impossible for them to meet all their needs from out of their own resources. A glance at the working capital of primary societies indicates that they very poorly finance the needs of members. During the year under report one loan has been issued for every three members and the average loan amount per member worked to Rs. 10.8. The average working capital per member amounted to Rs. 19. The co-operative movement requires the influential support of individual shareholders in all the areas for the formation of banking unions. It is doubtful whether the unlimited primary societies are strong enough for declaring dividends on shares. The Department would do well to consider the system of dividends in different provinces and see which is suitable to their own State, consistently with the financial condition of unlimited societies. The system of Supervising unions is

coming into vogue in the State and it is hoped that the Department will not increase their number by a mechanical registration of unions for each area, irrespective of the sufficiency of non-official co-operators able and willing to undertake supervision with a sense of devotion and loyalty to the movement. Co-operation has not spread into many special forms in the State but mention should be made of two special kinds of societies which seem to be instructive types. The Pavukara Sithavilasam Co-operative Society is worked by Nair women "with the special object of introducing and developing cottage industries like knitting and lace making". The Madhya Tiruvitancore Ayurveda Co-operative Society has "the object of disseminating knowledge and use of Ayurvedic medicines". The progress of co-operation is sure to be rapid with the increasing interest evinced by the Government in evoking non-official enthusiasm and we are glad to find that they have budgeted Rs. 2,000 as travelling allowance to Honorary Assistant Registrars and for the expenses of co-operative conferences during the current year.

3. MYSORE.

(*Ref. The Annual Report on the working of the Co-operative Societies in Mysore.*)

When comparing the strength of the primary societies with that of the Central Banks in Mysore, one is naturally tempted to infer that the latter can be a great deal strengthened as balancing mediums for the agricultural societies to receive their surplus moneys and transfer them to the needy ones. The share capital, deposits and reserve fund of the agricultural and non-agricultural societies together amounted to Rs. 29'6 lakhs, Rs. 15'5 lakhs, and 7 lakhs respectively while their investments in the Central Banks at the end of the year only amounted to Rs. 1'48 lakhs. Some early arrangement in Mysore is necessary to strengthen the District Banks and the Provincial Bank as a federation of societies. Of the total number of 1,233 agricultural societies and 270 non-agricultural societies, only 791 have taken shares in the Central Banks. The development in Mysore has been the growth of primary societies as strong and independent rural banks depending on their own resources for their transactions. The share capital and the reserve fund of the societies is used by them as part of the working capital. Of the total loans of Rs. 56 lakhs due by the members to the societies, the latter had only an outstanding of Rs. 12 lakhs as due to the Central Banks. In fact, of the respective working capital of Rs. 23'95 lakhs and Rs. 34'48 lakhs of agricultural and non-agricultural societies in Mysore, the percentage of their share capital, reserve and deposits formed 44'3 and 49'7, 10'8 and 11'9, 10'4 and 35'1 respectively. It is not likely then that they will go in for loans from the Central Banks at 8½ per cent interest. The agricultural societies, in spite of the overdues which amounted to 26'7 per cent of the demand, were able to work at large profits and declare a dividend of 4 to 7½ per cent because of these internal resources and their utilisation in the transactions.

But the Central Banks had not been really a financing medium to the fullest extent for the primary societies. The G. O. notes about the Bangalore Central Bank, "The primary object of the central bank to finance co-operative societies

seems to have been lost sight of and the funds of the Bank are diverted chiefly to the financing of individual members". A financial crisis in the Mysore Provincial Bank owing to the non-payment of overdues by societies was averted by the Department during the last year. The outstandings would have brought the work of the Bank to a standstill had it not been for the "timely steps taken by the Department to improve its resources".

With a view to prevent such heavy overdues which the Registrar notes as due to "tardiness of the execution proceedings which emboldened the defaulters to put off payments as long as possible," the Government have instructed the Revenue Commissioner "to issue stringent instructions to Amildars to speed up the work of execution of decrees and submit reports of progress achieved from time to time for the improvement of Government". The retrenchment policy adopted by the State has affected adversely the touring of inspectors and consequently the inspection and supervision work also. Only three inspectors are maintained by the two Central Banks. The G. O. notes that many of the societies are remaining uninspected for several years and that they have issued instructions for arrangements being made for the inspection of these uninspected societies by Assistant Registrars". The inspection work can be efficiently done by the District Banks when once they are put on a strong basis by the Department by insisting on the societies to take shares and deposit their surplus in them and enlisting the sympathies of individual shareholders wherever possible. The G. O. notes that as the number of auditors maintained by the Department is insufficient for the work, the Government have issued orders "making every inspector of the Department responsible for the auditing of societies in his own charge." Co-operation on the non-credit side has rapidly developed in Mysore because of the division of officers as auditors and inspectors. While one cannot deny that audit is the primary work of the Department and that improvements in the existing system to that end are but proper and just, the Department should see also that the non-credit developments are in no way hampered by these changes.

The number of societies in the State were 1,522 and membership in them amounted to 96,912. Loans to members on the security of immoveable property have increased by 5 per cent and lessened by the same amount on the personal security of the borrower and his sureties. Also loans have decreased by 7 per cent for productive purposes.

Non-credit societies are fairly progressing in Mysore. There were 72 supply societies of agricultural requirements which mainly distributed seeds of ragi, sugar-cane and groundnuts to their members. The distribution of prizes to societies which grow the best ragi seeds is a wholesome institution and last year "27 co-operative societies in the Bangalore, Kolar, and Tumkur Districts won prizes". The 43 weavers' societies consisting of 1,970 members sold articles to the value of Rs. 3'56 lakhs and made a profit of Rs. 19,822. The Bangalore City Weavers' Co-operative Society, the premier one among these, sold raw materials and finished products to the extent of Rs. 1'39 lakhs and made a net profit of Rs. 6,012. Only 25 of the 43 weavers societies really conducted the weaving busi-

ness and others were credit institutions for issuing loans to weavers. There were six sericultural societies whose main objects were to supply disease-free eggs and all appliances for rearing silk worms, grant short term loans to members for carrying on sericultural operations, and help the members in the sale of cocoons in suitable markets." The two sandalwood makers societies are working satisfactorily with the assistance of the Arts and Crafts Depot which undertakes the sale of their products.

4. COCHIN.

(Ref. Annual Report for the year ending August, 1922.)

There were only 98 societies at the end of the year including a Central Bank which is owned by the societies alone. The cost of working the movement was Rs. 10,569'90. There is a Registrar, a chief auditor and 3 Inspectors and yet the expansion is very slow.

The borrowings of the Central Bank were more than 21 times the paid-up shares and the share capital must be strengthened.

The reserve funds of societies have been allowed to be utilised in erecting buildings and this is not a wholesome procedure as their values may deteriorate and are not easily realisable.

The Registrar notes with regret that non-officials are not sympathetic and do not come forward to make a study of the movement. It is also to be noted that sufficient opportunities were not given to non-officials to participate in the working of the movement. The Central Bank by not permitting individual shareholders is losing non-official co-operation for its financing and administration. No non-official supervision has yet been thought of. The whole movement is State-managed for the present and necessary steps should be taken for enlisting non-official sympathy to the movement.

The Italian co-operative congress of Ex-service men at their meeting in Genoa from 17th to 19th December resolved that special facilities should be given in regard to tenders for contracts and that their representatives should be permitted to participate to a large extent in the work of Government advisory committees.

The Canadian co-operative congress held in last September at Woodstock (Ontario) resolved that the federal government and each of the provincial Governments should make a grant to the consumers' co-operative movement as has been done in the case of agricultural co-operation.

The American Co-operative congress was held at Chicago from October 26th to 28th 1922. The growth of labour banks in America is a noteworthy development of the movement in that country. Of the resolutions the important were those advocating the promotion of co-operative education through co-operative schools and labour educational bodies, and that preference be given by co-operatives to goods bearing the label of the Co-operative Union, New York.

CO-OPERATIVE JOTTINGS.

Payments to Secretaries of village societies.

The Secretary of a village Society may get remuneration for the work he does on the recommendation of the general body and the approval of the Registrar. But the right to recommend only rests with the general body. The latter, at least some among the latter, unable to understand that the society is their own, may misconstrue the enforcement of repayments by the secretary as an exercise of personal authority and therefore refuse to sanction any payment for him at their annual meeting. Though the Secretary of a rural society may not like his remuneration to be subject to the approval of the general body, it is but proper and in keeping with the by-laws that the latter alone should have the right of fixing any payment. Fixed payment for the Secretary in proportion to transactions irrespective of the resolution of the general body has got its own advantages that it makes him work efficiently with an eye on the profits of the society. But it may transform the Secretary into a collecting agent of an outside bank, not really caring for the general body. The question cannot be solved by changing the position of the Secretary into a paid clerk and appointing a member secretary to supervise his work as it is very difficult in villages to get members to be responsible for a clerk's work, as the expenses of maintaining a clerk can hardly be met by a village society, and as the system takes away rural training in accountancy which is inherent in the institution of elected secretaries. The solution lies in making the secretaries dependent on the general body for their position and remuneration, and the official and non-official agencies persuading the societies to pay the secretaries for the scriptory service rendered by them. When in course of time the members are able to identify themselves with the interests of the society, the question of payment to the Secretary will solve itself of its own accord.

Valuation of assets in unlimited liability societies.

It is but common knowledge that societies for agriculturists have been formed on the unlimited liability basis for increasing their credit power by the joint pooling of their resources which when individually offered, are hardly recognised as assets by Commercial Banks. As the total credit of members in an unlimited society cannot be easily and accurately measured, it has been normally fixed at one-eighth of the net assets of members. Such a calculation may be considered as unscientific but can by no means be said to err on the side of speculative or reckless finance.

The share capital in unlimited liability societies is never intended as the basis for the assessment of their total credit but only to supply the

financing banks with the foundation capital for raising credit, to encourage thrift among the members, and to increase the internal capital of the societies. It is because the members are too poor to pay large instalments of share capital, and the amount of credit accommodation which they require is very much greater than what they can raise on a share basis, the principle of unlimited liability has been introduced in agricultural credit societies.

An ordinary agricultural society will find it easier to increase its borrowing capacity on the basis of $\frac{1}{4}$ of its net assets than by raising large share. Where net assets are less, the privilege of increasing the borrowing power, also by raising paid-up share capital will not ordinarily be practicable. Secondly, it will be introducing a new method of valuation of assets in unlimited societies. The Committee on Co-operation rightly said that they did not mean that by merely increasing its share-holding in the Central Bank, a society can indefinitely extend its borrowing capacity. The extent to which it may be financed by the Central Banks depends on quite *different* and *independent* considerations.

The power of control over the fixation of borrowing power should lie with the Registrar as it would be an effective check in his hands to keep a watch over the efficiency of societies. This power should no doubt be used not to *increase* the borrowing power of societies for the latter are sure to demand as much in proportion to their needs, nay more, but to reduce it for special reasons as want of energy in seeking deposits, disobedience to instructions and so on.

The borrowing power as fixed by the societies and approved by the unions should in no way be increased by the Assistant Registrars on any other basis than that of one-eighth of the net assets. Specially when the borrowing power is increased on the share capital basis, the Central Banks should be consulted in the matter whether they would be willing to lend to such societies, and this is all the more necessary at present, dependent as the village societies are on the Central Banks.

Share capital It is always preferable to increase the internal capital in unlimited credit societies by maintaining a fair margin between the borrowing and the lending rates. Where this is not possible, where local deposits can hardly be expected at low rates of interest, and where Central Banks alone form the financing agency lending at a rate which hardly admits of a large margin of profits, the collection of share capital is the only method of increasing the internal capital of a society. Such a collection has no doubt many beneficent advantages as interesting the member in the society and encouraging qualities of

thrift in him. The by-law in regard to shares has been so worded as to permit of their payment in instalment or in lump and monthly or annually with a view to suit individual conveniences of members. The opinion on this subject of Mr. Karl Hildebrand, the General Inspector of the Central Agricultural Loan Bank, Berlin, himself a staunch upholder of the system of share payments in unlimited societies, is worth quoting.

"The willingness to subscribe share capital depends further on the ability to do so, a factor of great importance among the members who are weakest from the point of view of capital. When payment by instalments is necessary in consideration of the small capacity of the members to subscribe capital, the amount of compulsory payment should be fixed at as high a figure as possible—it is in consideration of those who are economically weakest that the amount of the minimum payments is fixed—and the instalments should be fixed at a moderate figure and they should be made payable by periods which correspond to the ability of the weakest members to subscribe and in general coincide with the periods with which their income is received".

Any resolution of the general body of a society insisting on the full payment of share capital will prove great hardship to existing and prospective members. They will block the doors of the society to poorer members. 'While granting that there must be something very wrong with a man who cannot save one rupee a year', it should also be admitted that any hard and fast rule as to the payment of share instalments will scarcely suit the conveniences of members. To allow a partial payment when the complete payment is possible would be a mistake". But having fixed the instalments agreeably to the earnings of the poorest member, it should be adhered to at all costs.

The real difficulty arises when societies admit non-borrowers with a view to increase their net assets. These members feel no incentive to pay their instalments and when they become overdue, their membership naturally ceases. This in turn reduces the net assets of the society and consequently its borrowing power. There is only one way out of this *impasse*.

"The Co-operative Society should offer adequate advantages in exchange for the willingness of members to subscribe capital. This must be done from the start by means of a clear programme which does not consist merely of empty promises but is economically possible to carry out".

NOTES AND NEWS.

District Co-operative Service.

There are now eight agencies in each District which are doing the work of supervision and inspection of societies. The Local Union Supervisor, the Union Governing Body Member, the Circle Inspector, the Hon. Assistant Registrar, the Reserve Inspector, the Assistant Registrar, where there is a District Council, the Council Executive and the District Supervisor—all of them inspect the societies and sometimes a doubt naturally arises whether responsibility can really be felt by any of these agencies as to the efficiency of societies. We would like to impress on Supervising Unions that though the Assistant Registrar is naturally the head of the movement in the District, they alone are responsible for the detailed Supervision of Societies, the proper sanction of loans, and the enforcement of their repayments on the due dates. But difficulties may arise as the departmental service, not being directly responsible for the work just mentioned, may be tempted to note only the defects which should induce the Local Unions only to put more enthusiasm in their work. Here they may feel another difficulty that they do not have a free hand in determining policies of the hour, organising societies, and guiding them in their area. The fact should be admitted that Local Unions on the average have not grown into strong units to be trusted with full responsibility for their areas. Local Unions can become trained in the work of propaganda, and educating societies only with the assistance and guidance of the Assistant Registrar. Such a co-ordination of work is doubly useful as in the first place weaker unions are educated to realise their responsibilities and stronger unions will feel they are shaping co-operative propaganda and education in the areas. It has also a value in preventing any conflict of ideas and thus perplexing the societies which may ensue in its absence. The best method of co-ordination lies in the Assistant Registrar consulting the Central Banks on all financial matters affecting the societies and the Local Unions, or other matters involving change of principles or policy.

Inspectors and Supervisors.

Specially is co-ordination necessary in the matter of inspection. The Supervisor and the Inspector submit the same reports of societies in each area, the only difference being in the language used for writing the

reports. On this point the Assistant Registrar of South Arcot remarks in the following words in his latest Administration Report:—The Supervisors who are employed in each Union and the Government Inspectors have been going through the same area over and over again. As such an arrangement is inconvenient, and the unions do not realise the amount of responsibilities entrusted on their shoulders, it is under contemplation in unions where there are competent and trained Supervisors to make them responsible for complete supervision of 25 to 30 societies situate in a compact block." We understand that the Department means to restrict itself only to audit. The Local Unions will then be faced with the full responsibility of supervising and inspecting the areas under their control. This they will be able to discharge only if they entertain an efficient supervising staff properly recruited and trained.

The Training of Supervisors

As early as 1910, Mr. R. Ramachandra Rao, the Registrar of Co-operative Societies, Madras, referring, to this subject writes in the following words:—
"Unions will replace the State establishment in the work of supervision. Mr. Luzatti is of opinion that inspection by the State when there is a union is worse than no inspection at all. I shall shortly submit proposals that for every complete number of 50 societies supervised by unions, two Government Inspectors may be removed and replaced by an auditor. Only the order of reduction should come into effect three months after the last union yielding the 50 societies is registered, so that, the supervisors appointed by the unions may be trained by the experienced Government Inspectors. Later on when the unions begin to earn a certain minimum income, they may be required to contribute to the pay of the auditor. When this *sumum bonum* is reached, the Societies will work without directly costing the State a single pie."

• In 1923 we are trying to reach the ideal set forth in the above quotation. Owing to the lack of finance in the unions, the recruitment and training of supervisors have been done in a haphazard manner, with the result that the supervising staff have not attained that efficiency necessary for undertaking complete responsibility in the matter of supervising, inspecting and organising societies. An ideal system of local unions for supervising societies by their own representatives has been introduced in this Presidency and consequently a tradition has come into vogue that the Central Banks should function only to finance the societies and not to supervise them. Neither the local unions command sufficient capacity and energy to undertake efficiently the work of supervision.

There are only two ways of strengthening the non-official units for co-operative propaganda, organisation and supervision. The Central Banks should move in the matter, call for an early conference and utilise part of the rebate which they give to societies in making arrangements for the training of supervisors, or the Department should move in the matter, appoint a special Assistant Registrar for co-operative education who should also organise training classes for supervisors.

Training classes for Rural Secretaries of Primary Societies.

Rural Credit Societies, as they exist now, can hardly be said to be independent of village banks. In fact where, owing to illiteracy, the Secretaries do nothing but issue receipts, all the scriptory work is done by the Supervisor of the Local Union. The neighbouring societies, though in a position to maintain properly their accounts with their secretaries, grudge the work and want to have it done by the Supervisor. We are glad to note that the Department is strictly enforcing the rule that Inspectors should not write the accounts of societies, and their work is only inspection of societies for keeping the Assistant Registrar informed of their condition, and also audit. But it is unfortunate that the Supervisor has slipped from his real work of supervision to that of doing clerical service for a group of societies. If he is to be restored to his normal work, each society should be able to maintain its own accounts, to prepare loan applications and property statements and submit annual statements for the auditor's report. The secretaries' work can easily be minimised if efforts are taken to simplify accounting in village societies to the greatest degree possible. But simplification alone cannot solve the question. The Supervisors should be instructed that on no account should they write the accounts of societies unless they cannot command the services of any member to do the work. And here too they must try to put them in the way and not to directly do the clerical work for them. It is only by compelling the societies to undertake the work themselves, correcting their mistakes, and thus training them in simple account-keeping, the societies can be made efficient in the matter of clerical service.

The training of Panchayetdars.

The most difficult problem as to the training of Panchayetdars of Rural Societies is not one of finding lecturers but of finding students. Generally speaking, the Panchayetdars may not feel the inclination to attend training classes

and some way should be found of attracting them to rural centres very near their villages for these classes. The occasional talks of the Assistant Registrar or the Inspector fail to make a lasting impression of co-operative principles in their minds because of the absence of such a training. Every Panchayetdar should be made to understand the basic principles underlying the by-laws of his society. Such an education will pave the way for the Panchayets to become really democratic institutions and prevent the transformation of societies into one man's affair or institution. We hope that the District Banks, the Assistant Registrars and the representatives of Local Unions would concert some early measures for the successful arrangement of training classes for Panchayetdars.

In Marquette University at Milwaukee, Wisconsin, a radiophone set was installed for broadcasting lectures. Father Joseph Reiner of the University reports that the very first lecture to be broadcasted was one on the co-operative movement. Thousands of radio fans listening intently with receivers to their ears heard the clear message of co-operation. Father Reiner who is attempting to organise inter-collegiate study groups in all colleges and universities is giving a course of lectures on co-operation at Marquette University which will be sent to the four winds. Word was received that the first lecture was heard in Sault Ste. Marie, Michigan, about four hundred miles away.—*Co-operation, New York, January.*

The Ministry of Public instruction of Reval, Esthonia, has authorised the Esthonian Co-operative Consumers' Union to organise a plan for teaching co-operation in the secondary schools as well as in the high classes of the Primary Schools in agreement with the administrative authorities and the competent Director of the school, so long as this teaching does not interfere in any way with the ordinary work of the scholar. The Esthonian Union, last year, had a membership of 126 societies, supplying 74,848 families.

At the congress of the independent co-operative movement in Roumania held on 19th November 1922 it was resolved that profuse State aid had undermined the independence of the movement, that therefore savings bank deposits in societies should be increased, and that a co-operative code eliminating State intervention should be early drafted.

At the world peace congress at the Hague convened by the International federation of Trade Unions from December 10 to 15th the following important resolution was passed :—

"That in the present stage of the evolution of humanity war can no longer be tolerated as a method of settling disputes between nations. The first influence to bring into action is that of women, who both in the home and their social action may contribute to a new pacifist mentality. To this end the general organisation of women must be encouraged. It is indispensable that the teaching in public schools should be in accord with this aim, that the teaching of history should emphasise the economic and social development of humanity and cease to glorify conquests and conquerors."

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At the second Australian co-operative congress held in Melbourne on October 10th it was resolved that co-operative unions, wholesales, and education committees in every society, should be formed.

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An international co-operative exhibition is to be held at Ghent, Belgium from June to Sept. 1924.

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A Bill has recently been submitted to the Hungarian Parliament to provide for the establishment of workmen's productive co-operative societies. The Bill provides for their establishment in connection with the Central Co-operative credit association. Apart from financial aid the State may appoint experts to supervise the work undertaken by the societies. The societies will be given preference for government contracts if they satisfy the required conditions like other competitors. (International Co-operative Bulletin, March)

* * * *

At Freidorf in Switzerland a co-operative garden village is working for the past two years. The village is equipped with all the modern sanitary and other conveniences. The whole village is common property. Every householder must take up at least a hundred francs share. No tenant can be evicted so long as he conforms to the rules. The general meeting is the final source of authority and the administration of affairs is entrusted to a council of 9 members whose work is supplemented by that of seven committees (attending respectively to educational, health, business, building, financial and safety affairs besides entertainments. Freidorf aims at the development of a Communal type of mind. (*The Producer, Feb.*)

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It is interesting to note that each child collects at the rate of one penny a day from 15 to 20 members and deposits the amount in the Savings Bank.—(*The New Zealand Co-operator, January.*)

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The premiums in respect of accident and disablement insurance as well as insurance in favour of dependents are paid by the society. Each member is insured for 500 frcs which is payable in case of death (*International Co-operative Bulletin, March.*)

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(The Union acknowledges with heart-felt thanks the
publications sent free or in exchange by the
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INDEX OF CONTENTS

OF

The Madras Bulletin of Co-operation

Vol. XIV ending with June, 1923.

CO-OPERATIVE FINANCE.

PAGE NO.

Co-operative Banking in the Madras Presidency—Notes and News	6
Do By Rao Bahadur A. Vedachalayar	17 to 22 & 49 to 58
Co-operative and Commercial Banking 17—Deposit Banking in Central Banks 18—Deposit Banking in Primary Societies 49—Credit facilities for short and long term loans 53—	...
The National Land Bank in Ireland. Notes and News	7
The Land Purchase Scheme. The Irish Economist	37
Set Free Rural Credit. Notes and News	41
Co-operative Banking in the Madras By.—H. W. Wolff	48
The Madras Central Urban Bank. Notes and News	83
Central Banks—Rao Bahadur A. Vedachalayar	91
Credit allowed by Central Banks to Primaries Do	95
Rural Co-operative Credit ... Do	115
Borrowed Capital and Central Banks ... Do	116
Rural Credit in Canada—A Review	196
Enhancement of Dividends in Unlimited Liability Societies—Mr. V. Krishna Menon	313
Report of Sir Theodore Chamber's Committee on Agricultural Credit ...	344
State Aid to Co-operation ...	349
G. O. On the Co-operative Societies, Report—Short term and Long term loans ...	352
Valuation of assets in Unlimited Liability Societies (Co-operative Jottings) ...	393
Share-capital ... Do	394

THE CO-OPERATIVE MOVEMENT IN INDIA.

Co-operation in Four Indian provinces—A Review	...147 to 150
Co-operative Finance 147—State Audit 148—Hon. Organisers 148—Rural and Urban Development of Co-operation 149—The Co-operative Ideal 149.	...

The numbers denote the page numbers in the Bulletin.

Co-operation in Mysore—A Review of the Annual Report for the year 1920-21. ...	180
Co-operative Finance 180—The Morale of the Co-operator 182 Non-Credit Forms of Co-operation 183—Co-operative Propaganda 184. ...	
Co-operation in Assam. A Review of the Annual Report for 1921-22 ...	195
Co-operation in Coorg ... Do ...	200
Agricultural Societies in India 1920-21—A Comparative Statement ...	207
The Progress of the Co-operative Movement in the Madras Presidency ...	257
The Co-operative Movement in Orissa—Mr. L. N. Sahu ...	270
The Madras Co-operative Annual Administration Report for the year 1921-22 ...	297
Establishment Official and Non-official 297—The Provincial Bank 298—Decentralisation of Finance 299—Share Capital of Primary Societies 299—Resources of Central Banks 300—Local deposits 301—Special deposits 301—Surplus money 302—Profits 302—Overdues 303—Co-operative Trade 303—Societies for the Adi Dravidas and the Backward classes 304—Weaver's Societies 304—General 304 ...	
As the Registrars see—A Review of annual reports for the year 1921-22 of Madras, Bengal, Bihar and Orissa, U. P. and Bombay, and of Burma for 1920-21. Registration 316—A Comparative statement 317—Increase the local deposits 318—Overdues 318. Inspection, Supervision and Audit 319—In Bengal 320—Bombay 321—U. P. Bihar and Orissa and Madras 321. ...	
Co-operation in Ajmer—Merwara and Ceylon ...	357
Co-operative Movement in India ...	369
Co-operation in Baroda ...	387
Do Travancore ...	389
Do Mysore ...	390
Do Cochin ...	392

AGRICULTURAL CO-OPERATION.

Co-operative tenants. Notes and News ...	81
Improvement of Agriculture Do ...	82
Education to Agriculturists Do ...	82
Co-operative Credit and Agriculture Do ...	82
Co-operative Organisation and Agriculture Do ...	83
The Tanjore District Manure Co-operative Society, Nidamangalam Do ...	84
Co-operation and Agricultural Demonstration work in the Central Provinces for the year 1920-21 ...	107
Co-operation and Agriculture—Notes And News. ...	117
The Encouragement of Agricultural Co-operation in Great Britain and Ireland during and since the war ...	161

Agricultural Co-operation in the United Provinces ...	163
Agricultural Colonies and Tenancy Copartnership Societies in Burma ...	193
Profit-sharing in Agriculture in G. Britain and Ireland—A Review ...	197
The Queens—land Producers' Association Bulletins Do ...	197
Agricultural Co-operation in Madras ...	350
Divisional Boards in Bombay ...	351
Takkavi loans through Co-operative Societies ...	351
How the ryot can make the best use of the Demonstrator Mr. S. N. Venkatraman ...	353
Agricultural Co-operation in America. Mr. W. C. Lansdon ...	361

INDUSTRIAL CO-OPERATION.

The Charka industry—Notes and News ...	1
Sharing profits with employees—A Review— ...	69
Co-operative production— Notes and News. ...	118
The Copartnership production societies of G. Britain. Do ...	119
Weavers' co-operative societies in Madras ...	198
The weavers' Central Co-operative Stores Ltd. Amritsar. Notes and News. ...	113
Financing of producers' societies. Mr. Otto Rothfeld ...	263
Organisation of small scale industries. Mr. L. S. Potnis ...	266

CONSUMERS' CO-OPERATION.

The Non-Agricultural co-operative stores societies in the Presidency of Madras. ...	58
Collective capital.—Scottish Co-operator ...	63
The stores movement in schools and colleges. ...	67
A Co-operative Stores' Conference—N. Subramanyam. ...	205

CO-OPERATIVE CONFERENCES.

The South Arcot Co-operative Conference—Notes and News ...	2
The Cochin Co-operative Conference—Notes and News ...	41
The All—India Industrial Welfare Conference Do ...	46
The Third Cochin State Co-operative Conference— ...	109
The First Co-operative Business Conference, S. Kanara ...	129
The North Arcot District Co-operative Conference ...	134
The First Bellary District Co-operative Conference ...	165
The Anantapur Co-operative Conference ...	169
The Eleventh Madras Provincial Co-operative Conference ...	209 to 256
The annual stock—taking 209—the rate of interest 210—Arguments for and against 210—Financial position of Central Banks 211—Some reduction possible 211—A compromise 212—Creditable to the Conference 212—Loan recommendations 212—Organisation of new societies 214—The Madras Provincial Co-operative Union 215—Address of the Chairman of the Reception Committee 217—Presidential Address 219—Resolutions 223—Papers submitted to the Conference 232—	

List of Contributions 249—List of Reception Committee members 250—List of delegates 252—Statement of receipts and expenditure 256	...	...
Conference of the Registrar with the representatives of the District Central Banks	...	271
Do with the representatives of selected unions	...	273
Co-operative Conference at Kudligi	...	274
Co-operative Conference at Alur	...	276
The Bombay Provincial Co-operative Conference	...	278
Maharashtra Divisional Conference	...	289
The Fourth Pudukottah Co-operative Conference	...	326
The First Malabar Dt. Conference	...	328
South Kanara District Co-operative Business Conference	...	383

SPECIAL TYPES OF SOCIETIES.

The Central Co-operative Anti-Malarial Society. Notes and News	...	42
The Dasuria Co-operative Agricultural Society. Do	...	43
The Bombay Social Service League Do	...	44
The Co-operative Stores—The Laundry—The Club—The Dispensary—The Savings Bank—The Need for Leaders.	...	...
The Co-operative Consolidation of Holdings, Punjab	...	87
A Co-operative Insurance Scheme	...	100
The Weavers' Central Co-operative Stores Ltd. Amritsar. Notes and News.	...	113
Co-operative Life Insurance. Keshava Prasad C. Desai	...	121
A Note on the Scheme. Rao Bahadur A. Vedachalayar	...	125
Shevaroy Hill Societies. Notes and News.	...	150
The Model Town, Lahore	...	151
Co-operation for the Depressed Classes	...	151
Irrigation Societies in Bengal	...	177
Arbitration Societies in the Punjab	...	178
Co-operative Commission shops in the Punjab	...	199
Silt Clearance Societies in the Punjab	...	199
The Fisheries Department and Socio-Economic work for fishermen	...	294
The Co-operative Movement and the working classes by Mr. E. Raman Menon B.A., I.T.,	...	305
The Grain Bank at Cholasamudram (Anantapur)	...	378
The Sydapuram Soap Stone Workers' Society (Nellore)	...	Do
The Berhampore Wage-earners Co-operative Society (Ganjam)	...	Do
The Cobblers and Blanket Weavers' Society (Kistna)	...	Do
The Woodcutters Society—Jaggayyapet	...	379
The Kallakurichi Industrial Society	...	Do
The Sivanandapuram Building Co-operative Society (S. Arcot)	...	380
The South Kanara Co-operative Wholesale Society	...	Do

The Ballikere Tobacco Growers' Co-operative Society (S. Kanara)	381
The S. Kanara Garden Planters' Co-operative Society at Vittal	Do
The Sadananda Co-operative Printing Works Ltd.	Do
The Puttur Co-operative Labour Union	382
The Central Co-operative Printing Works, Ltd. Madras.	Do
The Old Salt Loaders' Society	Do
The Kumbakonam Building Society	Do
The Kalyanapandal Estate Labourers and Staff Co-operative Stores (Coimbatore)	383
The Othechekurs Building Society (Coimbatore)	Do

CO-OPERATIVE ADMINISTRATION.

Retrenchment in Mysore—Notes and News.	...	85
Property Statements—A Correspondence	...	204
Registrar's Circular—Encumbrance Certificates	...	206
Amendments to the Rules framed under the Co-operative Societies Act	...	293
Interpretation of the Co-operative Societies Act (II of 1912) S. 43 (2) (i)	...	342
Central Co-operative Commission in Italy	...	344
Disputes and Litigation in Madras	...	345
Summary procedure for recovery of dues	...	346
Village Courts	...	346
Changes in the by-laws of Local Unions	...	346
Registration of Societies	...	347
Transference of Registrar's Functions	...	348
Payments for Secretaries of Village Societies (Co-operative Jottings)	...	393
District Co-operative Service (Notes and News)	...	396
Inspectors and Supervisors Do	...	Do
The Training of Supervisors Do	...	397

CO-OPERATIVE EDUCATION.

The Bombay Central Co-operative Institute—Notes and News.	84
Co-operative Education—Irish Homestead	38
Co-operation and Education in England and India	71
A New Co-operative Educational Centre—Scottish Co-operator	78
The Fourth Annual Report of the Bengal Organisation Society for the year 1921. Notes and News.	86
Report of the Training Class of Secretaries of Rural Co-operative Societies affiliated to the Central Co-operative Bank, Narayanjanj (Bengal)	86
Second report of the C. P. federation Training class	144
The Karnatic Co-operative Institute	147
Non-official Agency in the Co-operative Movement—Review.	153
District Co-operative Federations	185
The Provincial Co-operative Union and its Reconstitution	191
Co-operative Propaganda in France.	296
Training Classes for Rural Secretaries of Primary Societies (Notes and News)	398
The Training of Panchayatdars Do	Do

CO-OPERATIVE LEGISLATION.

Amendment Proposed to the Co-operative Societies Act II of 1912	102
M. Ananta Row B. A. B. L.	292
Do	322
Indian Co-operative Societies Act Mr. R. G. Nallakuttalam Pillai	

CO-OPERATION ABROAD.

Irish Co-operation—Notes and News—	7
Retrospect and prospect—Irish Economist—	9
Some aspects of Co-operation in Germany, Italy and Ireland—A Review	22 to 36
Village Banks in Germany 22—Federations and Unions 24—	
Supply and Sale Societies 25—Milk societies 27	
The Vinegrowers' Societies 27—Land Mortgage Banks 28...	
The Electricity Societies 29—Craftsmen Societies 29	
Housing Societies 30. Urban Banks in Italy 31—in Germany	
32—Co-operative Store in Italy and Ireland 32—Italian Co-operative farming 33 —Labour Societies 35	
Co-operative sale of wheat	201
Propaganda on Agricultural Co-operation in Italy	201
A Century Old Co-operative Store	202
Market Gardening Act in Austria	202
The Co-operative Societies Act in Greece	203
Co-operative farming in Germany	204
Legalised Sabotage in Italy	337
Agricultural Co-operation in Denmark	343

CO-OPERATION MISCELLANEOUS.

Co-operation in North Arcot. Rao Bahadur A. Vedachalayar	139
A District Co-operative Enquiry. Notes and News	145
The Madras Social Service League Do	146
A request to all Co-operative Officers	176
Madras Census on Weaving	198
Indian Export Trade—A Review	340
The Moplah Rebellion and Co-operative Societies	376

PIONEERS AND LEADERS.

The late Sir Vitaldas Damodar Thakarsay	89
The late Mr. E. O. Greening	344

INDUSTRIES REPORTS.

Annual Report of the Department of Industries, Bombay	
1921—22. A Review	152
Annual Report of Bihar and Orissa Do	152

AGRICULTURAL.

Preparation of Cocoanut Jaggery—Notes and News	8
Agriculture in Politics—The Irish Homestead	13
Cocoanut stem—bleeding disease. The Mysore Economic Journal	15
Agriculture in the Central Provinces Do	37
Preservation of Cattle manure Notes and News	47
Sugar—cane cropping Do	47
Agricultural practice Do	114

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By H. CALVERT, I. C. S.

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1921

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