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The Madras Bulletin of Co-operation

Issued every month in two languages—English and Tamil.

"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. XV.]

JULY 1923

[No. 1.

PRINCIPAL CONTENTS.

(For detailed contents see inside.)

CO-OPERATIVE MARKETING IN CALIFORNIA

—E. G. DEZELL.

CO-OPERATION IN NEW SOUTH WALES

—R. GRIEVSON.

CO-OPERATION FOR FISHER-FOLKS

—V. GOVINDAN.

AGRICULTURAL CREDIT

—A. VEDACHALAYAR.

STATE AID FOR HOUSING SOCIETIES

—R. SURYANARAYANA RAU.

MESSAGES FROM EDITORS.

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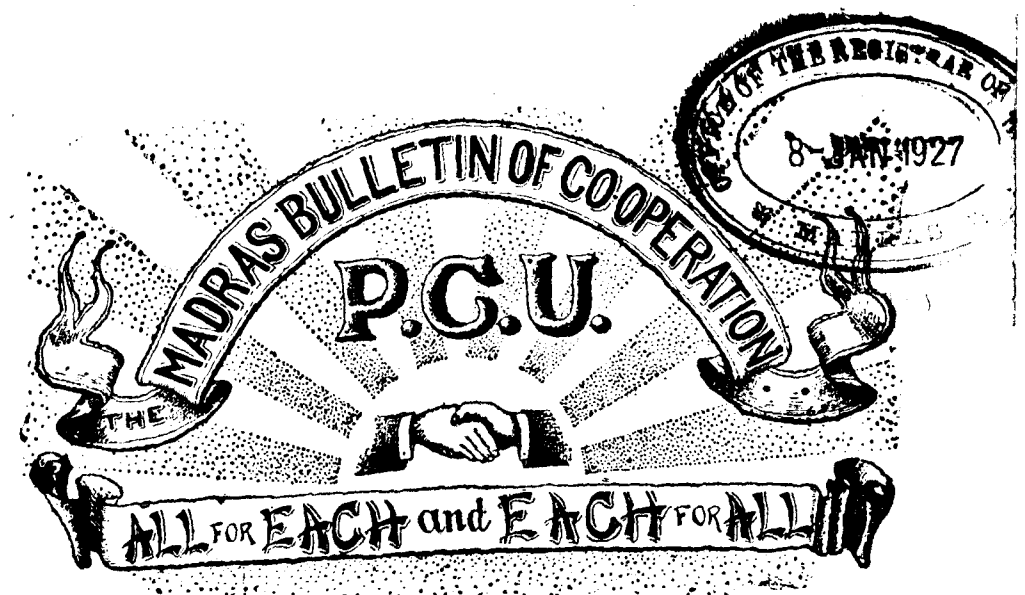
Madras Provincial Co-operative Union, Ltd.,
Royapettah, MADRAS.

Subscription per annum for individuals and non-affiliated Societies
Rs. 4, and affiliated and contributor Societies free.

N.B.—Complaints of non-receipt of parts will not be attended to if
not received within a month after the due dates.

CONTENTS.

	PAGE No.
CO-OPERATIVE CITRUS MARKETING IN CALIFORNIA—	
MR. E. G. DEZELL, GENERAL MANAGER, CALIFORNIA FRUIT GROWERS' EXCHANGE.	1
CO-OPERATION IN NEW SOUTH WALES—	
MR. R. GRIEVSON, GENERAL MANAGER, THE NEW SOUTH WALES CO-OPERATIVE WHOLESALE SOCIETY LTD. ...	8
RECLAMATION OF KALLARS—	
CONTRIBUTED BY THE MADRAS LABOUR DEPARTMENT ...	10
DEVELOPMENT OF COTTAGE INDUSTRIES—	
MR. I. WASHINGTON.	11
THE CO-OPERATIVE MOVEMENT AMONG THE FISHER- FOLKS IN THE MADRAS PRESIDENCY—	
RAO BAHADUR V. GOVINDAN B.A., F.Z.S., ASSISTANT DIREC- TOR OF FISHERIES.	13
AGRICULTURAL CREDIT IN INDIA AND OTHER COUNTRIES	
—RAO BAHABUR A. VEDACHALAYAR.	20
STATE AID TO HOUSING SOCIETIES—	
R. SURYANARAYANA RAO, MEMBER, SERVANTS OF INDIA SOCIETY.	27
RULES FOR THE GRANT OF STATE LOANS TO CO-OPERA- TIVE BUILDING SOCIETIES.	30
REGISTRAR'S NOTIFICATIONS.	32
MESSAGES FROM EDITORS.	33
NOTES AND NEWS.	37



VOL. XV].

JULY 1923

[No. 1

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.

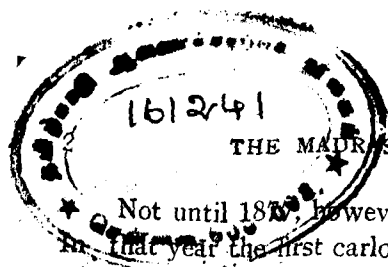
CO-OPERATIVE CITRUS MARKETING IN CALIFORNIA.

BY MR. E. G. DEZELL.

General Manager, California Fruit Growers' Exchange.

Just when oranges and lemons started to grow in California is a question. But it is definitely known that as far back as 1865 these two citrus fruits were attracting attention in other sections of the country as well as in California.

It was in that year that "the Keokuk Constitutional," of Iowa, printed on March 21st an item stating that oranges and lemons were being more and more successfully grown each year in California, principally around Los Angeles, and that there were about 6 men engaged in the business. This same article estimated the production of citrus in that year as 100,000 single oranges and 40,000 lemons.



Not until 1873, however, was any citrus fruit shipped from this state; in that year the first carload of oranges shipped from California was shipped from what is known as the "Wolfskill Orchard" in Los Angeles, the fruit being all seedlings. Most of the plantings up to that time had been for domestic purposes only.

With the completion of a transcontinental railway, the growing of oranges received a new stimulus which was soon accelerated by the comparatively high prices received after the advent of Washington Navels on the markets.

The year 1873, when the Washington Navel orange, originally grown in Brazil, was introduced in Riverside, California, by the United States Department of Agriculture, marks the opening of the era of commercial production of orange in this state.

During the first few years prices were considered very satisfactory, although there was considerable unevenness in the average prices returned by the grower. Some growers received 100 to 200 per cent more than other growers for the same variety of fruit.

By 1885, the shipments amounted to nearly 1,000 carloads and marketing conditions even at that early stage of the industry were becoming almost unbearable. On October, 24, 1885 a convention of growers representing the various sections of Southern California met in Los Angeles to formulate plans for a more successful method of marketing their fruit. The result of this convention was the organization of the "Orange Growers Protective Union".

The results obtained by this organization the first year were satisfactory, but after an existence of a few years the Union was finally broken up by the commission men and speculative buyers, who were able to make larger profits by forcing the growers to sell their fruit individually.

From the time the Union dissolved until 1893, the growers were virtually proportioned out among the various private shipping firms, none of which would invade the other concern's territory. Prices returned by the grower during this period were anything but satisfactory. Many instances were reported where growers were producing fruit at a cost of 50 cent per box in the orchards and were then forced to sell it for 10 cents per 70 pound box in the groves.

By this time certain sections or districts had formed small mutual associations and were marketing their fruit through the officials of these organizations in such a manner that the growers connected with them began to realize that they were at last upon the right track. The birth of

these first few weak local associations marks the origin of the co-operative marketing movement in California.

Another mass meeting of growers was held in Los Angeles on August 29, 1893, in the Chamber of Commerce, the purpose being, as expressed by leaders, "To provide for the marketing of all the citrus fruit at the lowest possible cost under uniform methods and in a manner to secure to each grower a certain marketing of his fruit and the full average price to be obtained in the market for the entire season."

Following this, local associations were organized in practically all the principal citrus districts upon the basis that the packing of the fruit would be done at cost, and the marketing done through an executive committee composed of one member from each district. This plan continued through the seasons of 1894 and 1895, and while not entirely satisfactory, gave evidence to the growers that they were marketing their fruit along proper lines.

On October 24, 1895, the Southern California Fruit Exchange was organized on a purely co-operative basis. Under this arrangement the growers were organized first under the local associations in the various districts and these associations in turn formed a sub-exchange for the units of their locality. Each district exchange had its president, secretary and bookkeepers and virtually the same organization as exists to-day. The board of directors of this exchange was chosen from representatives of the various local associations or packing houses affiliated with it. A representative of each sub-exchange in turn acted as a director on the board of the Southern California Fruit Exchange. This same method of representation exists to-day in the organization of the California Fruit Growers Exchange.

Between 1895 and 1900 the citrus shipments from California increased 255 per cent. From 1900 to 1905 they jumped another 71.7 per cent. In the five year period, 1905-1910, they increased 10.9 per cent and from 1910 to 1914, increased 43.5 per cent, and in the eight years since, shipments of oranges and lemons from California have increased over 32 per cent.

During the seventeen month period from April 1, 1903, to August 31, 1904, the Southern California Fruit Exchange combined its interest in the sale of their fruit with the principal non-exchange shipping interests under the name of the "California Fruit Agency". The results of this arrangement were not entirely satisfactory and on September 1, 1904, the exchange resumed the sale of the fruit it controlled. Then on March 27, 1905, the California Fruit Growers Exchange was incorporated and on

September 1st of that year succeeded to the business of the Southern California Fruit Exchange.

To-day the California Fruit Growers Exchange is composed of 196 separate associations or shippers, handling the fruit of its 10,500 growers through 20 sub-exchanges. The exchange has its own representatives in 85 markets of the United States and Canada. And now shipments in a normal year are ten times as great as when the organization was first formed, and when growers were continually fearing over-production.

The citrus industry of this state, which from the commercial standpoint is less than 50 years old, represents an investment of between 200 and 300 millions of dollars to-day. The annual shipments of oranges and lemons in a normal year have now reached the enormous total of 50,000 to 60,000 carloads, with a valuation in California which varies from 40 to 60 million dollars.

Latest estimates on the bearing and non-bearing citrus acreage in California compiled by the State Department of Agriculture, state that there are at the present time approximately 257,973 acres of land planted in citrus fruits.

During the year ending October 31, 1921, which was the last normal crop year, California shipped 48,350 carloads of oranges and grapefruit and 11,797 carloads of lemons making an aggregate of 60,147 cars of citrus fruits shipped from California.

Members of the California Fruit Growers Exchange shipped in this season 33,677 carloads of oranges and grapefruit and 9,915 cars of lemons totaling 43,592 carloads or 72.5 per cent of the citrus shipments from the entire state. Reducing this to a box basis it amounted to 15,185,999 boxes of oranges, 204,106 boxes of grapefruit and 5,175,239 boxes of lemons.

The returns in this period for Exchange shipments f. o. b. cars California were \$61,080,003. Based upon these returns the state of California received \$83,537,344 for the season's citrus crop, the delivered value being \$128,431,059 including \$44,893,715 of freight and refrigeration charges. From investigations of jobbing and retail margins it is estimated that retail dealers paid \$145,855,046 for the crop and consumers about \$203,642,000 during the season of 1920-1921.

The shipments for the season 1921-22 represent only 54 per cent of the original estimate for this season's crop, which was seriously reduced by the freeze on the nights of January 19, 20 and 21, 1922. Because of this frost, the shipments of oranges were reduced approximately 50 per cent and that of lemons 35 per cent compared with the original estimate for the season.

The 1921-22 crop of citrus fruits was marketed successfully in a year characterized by a series of marketing handicaps. In spite of this disastrous freeze, the oranges shipped through the Exchange during this season which equalled in volume only 53 per cent of the preceeding season's shipments, brought approximately 90 per cent of the receipts of that season for the fruit on the tree.

The successful handling of emergencies of this kind are made possible only because a large percentage of the producers are working together through one organization and have studied the distribution of their fruit from the trees to the consumer and have realized the necessity of preserving the confidence of the trade and consumers in their product to enable them to profitably market their increasing crops.

The success of this industry and the faith which has been engendered into the citrus grower of California has not come about over night nor by the quick assimilation of theories upon marketing. Each milestone marking the progress of the grower has been passed because of the ever present pressure of necessity.

It is certain that there was **Necessity** and still is stern and unrelenting necessity that bands this group of real "dirt farmers" together into an organization that works together.

The necessity of getting a fair return on their capital invested and at the same time make a living off their labors, was the first compelling factor that made growers seek organization for mutual benefit.

Then there came the necessity of getting fruit prepared in the proper manner for market, so that it would carry those 3,000 odd miles to market and still be in fit shape for consumption.

And next came the necessity of marketing their products in an intelligent manner so that one market was not glutted while another which wanted oranges was left barren.

When these necessities had been partially cared for through the co-operative organization of growers, then others saw the desirability of entering the citrus industry and soon another compelling necessity was close upon the heels of the citrus producer.

This was the necessity of marketing the rapidly increasing production of oranges and lemons which was continually coming into bearing with each new year.

So it was that necessity turned the growers of citrus in California to national advertising in 1907, to increase the outlets for their products through an enlarged public demand for oranges and lemons stimulated by printer's ink.

And looking back twenty-eight years ago when California shipped approximately 2,000,000 boxes of oranges a year we see growers facing a fear of over-production. In fact the supply was so in excess of demand at times that the returns to the grower were less than the actual cost of production. This is a spectre that has shadowed the growth of the citrus industry throughout its half-century of existence.

By 1904 growers had pushed up their annual sales to 10,000,000 boxes. And because of the stability afforded to the California citrus industry through the influence of co-operation thousands of new acres were planted and over-production once more loomed on the horizon.

Three years later in 1907 members of the California Fruit Growers Exchange turned to advertising to expand their markets. Necessity had once more pushed them forward with the determination to conquer new markets for their increased production.

In the fifteen years since the first Sunkist advertising campaign was launched in Iowa, the consumption of California oranges has more than doubled. And this has been accomplished in the face of greatly increased productions of other fresh fruits in the United States. The country now readily consumes over 20,000,000 boxes of oranges to-day where formerly 8 or 10 million boxes staggered growers with the fear of over-production.

New markets are continually being opened up by the educational consumer publicity which is carried in the advertising campaigns of Sunkist each year, telling people new ways to use oranges and lemons and also of their healthfulness and necessity in the daily menus.

To-day the Sunkist orange from California can be found in its tissue wrap in every community in America and often journeys to the Arctic Circle, to the markets of England and the Continent, and is even sometimes found in Palestine, the oldest orange producing region in the world.

The following note is extracted by the editor in order to give the readers a detailed description of the working of the Exchange.

The working of the Exchange.—The California Fruit Growers' Exchange is an organisation which acts as a clearing house in providing the facilities for growers to distribute and market their fruit. It is built on the local association of growers, the District Exchange, and the Central Exchange. These are organised and managed by the growers on a non-profit co-operative basis, each of them operating at cost, and each distributing the entire net proceeds to the growers after the operating expenses are deducted.

The Local Associations are formed by the growers of a community, the membership including from 40 to 200 members and on the average about 500 acres of groves. The growers usually organise as a corporation without profit under the laws of California and issue stock in proportion to the bearing acreage, to the number of boxes shipped, or in equal amount to each grower. The

Association usually owns a packing house alongside a railroad, where the fruit of the members is assembled, graded, pooled, packed and prepared for shipment, these operations being done at cost prorated on the number of boxes shipped by each grower. The associations are managed by a board of directors and a manager and are conducted exclusively for the benefit of the growers. They accumulate no profit and declare no dividend. The fruit is generally pooled each month, or sometimes the pool includes the entire season, each grower receiving his proportion of the proceeds received for each grade handled during the pool. Occasionally the association handles the fruit for each member individually. Many of the associations pick the fruit, and some of them prune and fumigate the trees for the members. The Associations have brands for each grade of fruit, and when a carload is ready for shipment, it is marketed in co-operation with the District Exchange of which the association is a member through the agents and the facilities provided by the California Fruit Growers' Exchange.

The District Exchanges.—They consist of the local associations, and are corporations without profit, with nominal capital stock, each association in the exchange usually owning one share and having one member as its representative on the board of directors. The function of the district exchange is to act as a clearing house in marketing the fruit in co-operation with the associations through the facilities provided by the California Fruit Growers' Exchange, and to act as the medium through which most of the business relations between the Exchange and the Local Associations are handled. It is the duty of the District Exchange to order cars and see that they are placed by the railroads at the various packing houses, to keep a record of the cars shipped by each association with their destinations, to inform themselves of the California Fruit Growers' Exchange of all phases of the business, to place the information before the associations, to receive the returns for the fruit through the General Exchange, and to return the proceeds to the associations.

The Central Exchange is a non-profit corporation with capital stock. It is managed by a general manager. It has a board of directors, one representing each district exchange. Its function is to furnish marketing facilities for the District Exchanges and associations at a *prorata* share of the cost. The Exchange places bonded agents in the principal markets in the United States and Canada, defines the duties of the agents and exercises supervision over them. It gathers daily information through them of conditions in each market and furnishes it daily in bulletin form to the Associations. It makes prompt accounting of returns which are sent to the farmers through the office of the District Exchange. It takes care of all litigation, handles all claims, conducts an extensive advertising campaign and develops new markets. At the end of the year it levies an assessment against each district exchange for a *prorata* share of the expense on a basis of the number of boxes shipped. It declares no dividends and does not buy or sell fruit or any other commodity and exercises no control either directly or indirectly over their sale or purchase. Under the exchange system every shipper (local association) reserves the right to regulate and control its own shipments; to use its own judgment as to when and in what amount it shall ship; to what markets it shall ship and the price it is willing to receive; reserving the right of free competition with all other shippers, including other members of the same organisation uncontrolled by any one. The agent in the market acts directly under the order of the shipper, who determines the price at which each car should be sold outside of the auction markets and all other matters connected with its disposition, the California Fruit-Growers' Exchange acting as the medium through which orders pass from the agent to the shipper, but never selling a car or determining its price at which it shall be sold.

The membership in all the associations is voluntary. Members may withdraw after a year. The Central Exchange merely supplies the information of market conditions and acts as the publicity agent for the growers. One-third of the entire shipments is sold in auction markets, and the remainder through unrestricted competition. There is no uniformity of price in the different brands because the fruit in each section, on account of soil and other local differences has an individuality of its own, and every brand sells on its own merits. As the State and Federal Statutes prevent combinations of any kind that act unreasonably in the regulation of prices or in restraint of trade, the practice followed by the Fruit Growers' Exchange is the best. This has brought about economies in the purchase of supplies in preparing the product for shipment, and in the cost of selling the fruit; it has secured lower freight weights, reduced the losses from bad debts; it has standardised the physical handling of the fruits, the grading and the packing, and has thereby given the consumer a better product; it creates a demand for oranges and lemons by advertising, and it distributes the product uniformly to the wholesale trade throughout the year and throughout the country. This uniformity in distribution has resulted in a lower retail price to the consumer and gives a larger proportion of the retail price to the producer.—*Extracted from G. Harold Powell's Co-operation in Agriculture.*

CO-OPERATION IN NEW SOUTH WALES.

BY MR. R. GRIEVSON.

(General Manager, The South Wales Co-operative Wholesale Society Ltd.)

In writing to our Indian Friends we are as yet unfamiliar with the constitution and aspirations of your Movement.

Co-operation in New South Wales covers three phases, *Rochdale Consumers' Co-operation, Farmers' and Producers' Co-operative Societies, Co-partnership.*

It is with the former that we are concerned.

Whilst each of the Movements performs a task in organising their respective groups in Society, a wider community interest exists in Rochdale Consumers' Co-operative Societies, and it is only reasonable to expect that ultimately, the Consumers' Co-operative Movement will dominate, if not absorb the other Movements.

In no State of Australia has the Rochdale Movement made such progress as in that of New South Wales.

We venture to say that the reason of this is due primarily to the fact of the Coal industry being most prominent in this State. It is only to be expected that the British Miners migrating to Australia would take the co-operative idea with them, as it is part of their life in the older land.

That the impetus to co-operation is due to this community influx is borne out by the fact that nowhere in Australia has the Co-operative Movement succeeded so well as in those places where the community is leavened by a heavy percentage of British industrialists.

The Movement in New South Wales has struggled along with more or less success during the last 50 years, until to-day, it is firmly established, and consists of about 30 distinct groups of Societies, each with a number of branches, ranging in membership from the smallest of 102 members, to the largest of 14,500.

The approximate combined annual turnover is about £3,000,000 sterling; the total membership is well over 40,000.

Although it is over 50 years ago since the first Co-operative Society was commenced in New South Wales, it is only as recent as 1913 since Retail Co-operative Societies turned their attention to Wholesale Co-operation. Prior to this they had been content with distributing private enterprise production.

In 1913, 4 of the Societies, tired of Conferences, called with the object of discussing Wholesale Co-operation, decided to make this venture, and the Wholesale Movement was launched very quietly with the very small sum of £861 Capital.

Its rate of progress has been phenomenal; To-day the bulk of Societies are affiliated, and the capital grown to £37,000, and it holds reserves exceeding £5,000.

From a turnover of £24,552 per annum, the sales have increased to a total £412,643 per annum, and huge extensions are contemplated in the near future, in which it is hoped that many of the goods distributed by Retail Societies will be manufactured.

Our Retail Stores may be classed rather as Community Stores, serving to stock and distribute the requirements of the Consumers located around them and cover, in most instances, the whole needs of the community. The Wholesale Movement has commenced to manufacture their requirements, and present indications point that it will not be long now, before the majority of goods consumed in the Movement will be manufactured in Factories owned and controlled by these consumers.

The question of Co-operative Housing schemes, and Co-operative Rural Banks are also being considered by the people.

RECLAMATION OF KALLARS.

(SPECIALLY CONTRIBUTED BY THE MADRAS LABOUR DEPARTMENT.)

The Piramalai Kallars of the Madura District have been notorious for their criminality, and they were always dreaded by the peaceful inhabitants of the district. The depredations of the Kallars extended to other neighbouring districts also. Agriculture was the only ostensible and peaceful means of livelihood which the Kallars pursued from time immemorial, but they found it difficult to earn a living by this means. Agriculture afforded them work, granting they were inclined to it, only when the season was good, and this was only for a certain number of months in the year. The rest of the year was spent by them either in idleness or in committing crime.

Attempts are now being made to keep the Kallars employed in various pursuits such as cattle rearing, keeping grocery shops, cottage industries, weaving, carpentry etc. The younger generation are being given primary education, and in a few cases vocational training also. New Co-operative Societies have been started, and they are adequately supervised so that they are run on correct lines, first awakening the spirit of co-operation among the members. These new societies are working well, and any loans obtained by the members are promptly being returned in as much as the money borrowed is being utilised for the purpose for which it was so borrowed.

The Kallar has to be helped in every possible way to improve his income and reduce his expenditure or in other words to increase his earning and saving capacity. This has to be done by constantly moving with them and advising them so that gradually they may be trained to look at things in an altogether new light, and forget their old and bad ideas about their social, moral, mental, and economic functions. Their country has to be opened up to civilisation by connecting interior villages with advanced towns etc., by roads. These roads will not only afford labour to the Kallars of the neighbourhood in the making, but will also help the Kallar-capitalist to launch on contract works and educate him as to how to do business on proper lines. These things will of course be difficult for the Kallars to begin with, but the officers engaged in the work of their reclamation help them constantly with their advice, and steer them through their labours. Gradually the Kallars are bound to stand on their own legs, and shift for themselves like any other orderly citizens.

The Kallars did not formerly benefit by the loans given to them by the Government under the A.I.L. & L.I.L. because they contrived to mispend the money. Even the loans issued to them in the previous years by the Co-operative Societies formed in the Kallarnad were left unpaid.

By constantly educating the community by personal contact and by frequent persuasion, a good deal has been done to induce them to profit by the various measures afforded by the Government towards their uplift, and the good results so far achieved are clear indications to justify the continuance of these measures, and for augmenting them in the future. The Kallars themselves being a very intelligent class of people have begun to realise their backwardness and have keenly taken to profit by the advantages given to them.

In course of time when the younger generation ripen to manhood after having had some education and having lived in the new environment created in each Kallar village, a very backward and criminally inclined community will, it is hoped, be effectively reformed.

DEVELOPMENT OF COTTAGE INDUSTRIES.*

BY MR. I. WASHINGTON (Y.M.C.A.)

The development of cottage industries chiefly depends on the nature of the field in which secretaries work. It would be advisable if the following points are considered before thinking of developing any particular industry in a locality:—

1. Natural resources.
2. Capital.
3. Technical knowledge.
4. Market facilities.
5. Transport facilities.

It is a well known fact that India's future greatly depends on her industrial progress. Some people think that hand power can never replace the modern power-driven machinery. Although this is true to some extent, it is admitted by eminent men and industrialists that manual labour and hand-power are also necessary for a healthy growth of an industrial nation. Besides this point, these cottage industries advocate the cause of the poor people for employment in their leisure hours to supplement their earnings derived from other sources such as agriculture, etc. So the development of cottage industries needs the support of all people who care for the economic uplift of their country. There are several reasons why our country is poorer than other countries to-day, though it is a country of fertile soils with extensive territories abounding in natural resources. One of them is the inability to make the best and intelligent use of our natural resources. Almost in all places in the rural

* A paper read at the Y.M.C.A. rural conference held on 2nd April 1923.

parts one can find enough materials for a particular cottage industry and the people do not know how to make the best use of them. Let me mention a few products which can be used for several purposes:—leaves of palmyra, coconut and date trees, fibres of coconut, plantain trees and aloe and cotton plants; Kora grass, wood of some trees, bamboos, canes, horn, etc.

Here are some of the industries that can be carried on:—

1. Handloom weaving. 2. Tape making. 3. Handspinning. 4. Basket making. 5. Mat weaving. 6. Rope and coir making. 7. Cane work. 8. Bamboo work. 9. Embroidery and lace making. 10. Paper flowers. 11. Toy making. 12. Button making.

Some of these are non-equipment industries which can be easily followed by poor people. Middle class people can take up other industries which require some capital.

We would be doing a real service to our country if each one of us try to persuade our men, women and children especially in the villages to take up any industry that would bring them a small income. There are many families for whom an earning of an anna a day is not a little. Many of them do not know how to earn this amount but have enough self-respect not to beg for that sum. So as we travel in the rural areas we are sure to find a number of people who can be persuaded to take up an industry to supplement their other earnings. Mahatma Gandhi did not appeal in vain when he asked the people of India to carry on hand-spinning. His message is chiefly for the millions of the rural areas who are ready to respond to this call. We, as rural secretaries, have a great responsibility on our shoulders to influence the rural people not only to take up hand-spinning but also many other industries to help them to supplement their earnings. You are all aware of the present clamour for vocational training. This training scheme, if well planned and worked out, is sure to give every boy and girl an impetus to pick up some industry during the school course. I have great hopes for the future in this line of education.

When introducing any industry in a particular home or in any industry centre it will be always better if we see whether everything coincides with the points mentioned in the 1st paragraph. It will be advisable if we select one or two industries which can be easily carried on with a market for the disposal of the finished products. Secondly, there should be enough capital and skilled labour. These should be observed very carefully. With regard to the capital there is always the co-operative society where one can get loans. If there is a co-operative stores, it can also serve as a medium to sell the finished products and also to influence the public to start cottage industries which have failed because

of uncertain capital and bad management. Before starting any industry, we will have to find out whether there is a market for the finished articles. The local shandies can be made use of for disposing of the articles. In the case of an industrial school or training centre it would be well if we observe the following points: Our aim should be to make the particular industry self-supporting to some extent. A careful selection of intelligent boys and girls should be made lest there may be unnecessary wastage of articles made. Secondly, we should always have one or two skilled men on the spot to do the work on wages system.

THE CO-OPERATIVE MOVEMENT AMONG THE FISHER-FOLKS IN THE MADRAS PRESIDENCY.

(RAO BAHADUR V. GOVINDAN B. A. F.Z.S.)

ASSISTANT DIRECTOR OF FISHERIES. *

1. Sea-faring, a noble profession.

When the Government of Madras sanctioned the organisation, though on a very modest scale, of the Fisheries Department with the view of undertaking practical steps for the betterment of the fishing industry by demonstrations in various improved methods, we at once found ourselves against formidable obstacles such as ignorance, illiteracy, intemperance and indebtedness which I may call the four blind (1's) in the socio-economic structure of the fisher folk. Of these, heavy indebtedness was the most disheartening feature of the situation. The fishing industry, from its very nature, is an extremely precarious one, more so, in India, where, in addition to other disadvantages, owing to the climatic conditions, fish cannot be kept wholesome for more than a few hours they have been caught. Hence, even when fairly large catches result, fishermen are not able to derive a proportionately larger income; nor did facilities exist for preserving fish in a hygienic condition, and what was imperfectly cured with salt was an article which carried its own condemnation wherever it was conveyed. The vast majority of the people in this country are not prevented, be it remembered, by their caste or religion, or other scruples, from consuming fish. Wholesome fish forms in fact a delicacy in the diet of most classes but the mal-odorous salted or cured article, which is known as *Karuvad* in Southern India, is a detestable deleterious product which no decent class of the consuming public would touch. It is this evil smelling stuff, that is carried for the most part to the interior areas where fresh and wholesome fish are unprocurable; and it is no won-

* Extracts of the address delivered at the first Conference of the Co-operative Societies of the Arayar fishermen of Travancore on 26th and 27th May, 1923.

der that the public treat with contempt not only this stuff, but also the people who deal with it. It is not their hereditary, sea-faring profession that has lowered the fisherfolk in the social scale, but the trade in such unclean and evil-smelling stuff. Gentlemen, if you read the history of the Japanese, Danish and other maritime nations, you will find how dignified is the sea-faring profession which, of course, embraces fishing also.

2. Socio-economic Conditions.

Later on, facilities were provided by the opening of Fish Curing Yards, but the fisherfolk, illiterate, timid and intensely conservative, failed to take advantage of the facilities so that the trade passed into the hands of merchants and middlemen who until then were not connected with this industry. It is these classes who now swallow up the main profits of the fish trade. Having thus lost their due share of the fruits of their own toil and industry, the fisherfolk became more and more indebted to these shrewd and enterprising interloper classes. I could not do better than reproduce Sir Frederick Nicholson's own graphic and accurate description of the condition as it was and still is, of the fisher communities in most localities in this Presidency. Sir Frederick says:—"that the vast majority of them are in general at a very low stage of intellectual, social and economic development; their calling is despised, largely by reason of the character of the material and products in which they deal, and the consequent condition of their houses and hamlets; they are as a class very poor, deeply in debt, in most places so controlled or exploited by middlemen, curers, and money lenders, as to be almost serfs; and like the 'Silly sheep', they cannot stir on their own behalf; they are among the most utterly ignorant classes of the Presidency, having in general, neither schools nor teachers, while their absence day and night at sea places them largely out of touch with the rest of the population and with current ideas; improvident, partly because of their poverty and hopelessness, partly by hereditary custom based on the fact that what the sea gives them to-day, it will probably give to-morrow, partly because there is no means whatever of putting by savings or windfalls, such as often happen in lucky seasons; intemperate, partly because of their calling, partly from ignorance, partly again from hereditary custom, which refuses to allow a son to despise or depart from the weakness and vicious habits of his father; partly from the absence of recreations and outside rational or civilized interests or pleasures; as the Assistant Director says; the toddy shop is often 'the nearest sign of civilized life' and, in fact, it is too often at or near the toddy shop that their village consultations are held. Their position is totally different from that of an agricultural village with its mingling of castes and classes, and with its village head and other officials of standing, with its schools and shops

and trade and market and often its post office and savings bank, with its long standing communal life and often its ancient co-operative interests, as in the common management of its irrigation work, its temple, and other items of village interests or its share in the stir of life, as one of a series of similar and contiguous units in a union, taluk or district. Hence for such folk, the problems almost everywhere are those of the essentially backward classes, and they must be dealt with as such.

It is obvious that co-operation among such people, is quite a different proposition from that of co-operation in our agricultural villages and towns, and must be dealt with both cautiously and with special knowledge and probably by special methods; certainly only by a propaganda conducted by persons of wisdom and precise knowledge, well known and of good report among the fisher class, if possible of their own community, thoroughly versed in their customs, prejudices suspicions, needs and interests, sympathetic, not merely officially but naturally, moving continually, as friends, yet with authority, amongst them and continuously enforcing their views and teachings".

3. The problem of Co-operation for fishermen.

It was in the teeth of such depressing conditions and with such miserable human material that an attempt to organise co-operative societies was made. At one time, it was even thought that it would be necessary for the Government to render direct pecuniary help to extricate these people from the coils of the money lender, similar to loans granted to agriculturists. On further consideration, however, it was found that this scheme would have no value in inculcating habits of self-respect and self-reliance, but on the other hand, by too much official interference, which was inevitable, the people would be kept always in leading strings. Hence, the idea of Government loans had to be given up, and co-operation was embarked upon, as the only remedy, to save these people from the clutches of the money lender. But with so thriftless a people, who have no correct idea of the value of money, and who habitually spent all that they got without a thought for the morrow, it was considered risky to organise credit societies of the ordinary type with powers to borrow from the central bank and to lend such money to these people at rates of interest which when compared with the exorbitant interest that they had been accustomed to pay, were trifling—cheap money is admittedly spent more lightly than money borrowed at higher rates of interest. As a matter of fact one or two societies, which were started at the very beginning by people without correct knowledge of the peculiar character and habits of the fisherfolk, were not successful. Hence, the Fisheries Department had to frame special bye-laws suitable to this particular class of people,

and in this task the information which I had gathered in Europe regarding the working of the societies among the labourers was also of great use. According to this scheme the value of each share is fixed rather high, ranging from Rs. 25 to Rs. 50 to be paid by easy monthly instalments of a rupee or half a rupee spread over long periods, three to six years; no calls being made during the 2 or 3 monsoon months when the fisherfolk earn no income. As most of the fishermen possess no tangible property, except a few boats and nets, which in most cases, are heavily mortgaged, these societies had necessarily to be worked on the limited liability basis and to be built upon the sure foundation of *prior and steady thrift*. As Sir Frederick Nicholson again remarks "as all capital is derived from savings, and as all credits should be based on thrift and prudence, the stimulation of thrift and prudence is a necessary antecedent to the grant of credit." So, the object was, as you will perceive, to inculcate thrift among them by making them contribute a small portion of their hard earned income to the society and thereby enable them to build up a small capital on which they could fall back, whenever necessity arose. As the share value is being thus paid up, such amounts are available for meeting loans to members in urgent need of money, and to help them to discharge prior debts to meet other pressing demands.

4. The achievements of Co-operation.

The first of the societies worked on this scheme was organised in 1914, soon after my return from Europe, and though circumstances were very discouraging, I am glad to say that the results achieved in this direction have exceeded our most sanguine expectations. In the first two years, it was possible to start only a few societies, but their success and the benefits accruing to their members served as stimuli, and the number of the societies rapidly increased. At present, we have nearly 60 fishermen societies all worked on the thrift basis, with a membership of 3,581 of whom 453 are women. Their paid-up share capital on 30th June last was Rs. 81,702 the loans disbursed aggregating Rs. 253,303 whereof Rs. 44,615, were for the liquidation of prior debts and Rs. 99,634 for the purposes of their trade and industry. Their borrowings from the central banks and other depositors, amounting to Rs. 21,608, were proportionately small; there are at the same time, several societies which, instead of borrowing money, have deposited their surplus cash in central banks. In addition to credit work, these societies also make joint purchases of the necessities of life or of accessories required for their industry. We have also a few societies for joint production and sale of cured fish, fish manure, fish oil, etc. As regards these last named societies, I must confess,

that they have not been thoroughly successful, owing to the lack of proper human material among them to manage their affairs. For similar and other reasons, it has also not been possible to organise store societies. Moreover, the experience of store societies organised even by educated men, has not been very encouraging. I have a great mind, however, to organise, as an experiment, a store society, which should be worked by women folk, as they are better acquainted with the kind and quality of articles required for our daily and necessary use. I have every reason to believe that the women folk would be able to run such organizations more efficiently and successfully than their men folk.

5. The illiteracy of the fisher folk.

The second obstacle as I have already mentioned, is the illiteracy of these fisher people. There are whole fishing hamlets, even now where you may not find a single literate man or woman. Illiteracy was therefore not only an obstacle to the organisation of co-operative societies, but also an insurmountable impediment in introducing improvements in the fishing industry. Hence, to remove the ignorance of the people and to bestow on them, at least on the rising generation, the benefits of education by the opening of elementary schools in their villages, was another important item of work lying before us. Ordinary elementary schools which existed in a few villages, had their drawbacks, so far as the education of this community is concerned. Most of the aided and Board schools are situated far away from the fishing hamlets, and, besides, owing to the peculiar nature of their calling, the fishermen are not able to send their children to those schools, during the regular class hours, since even little fisherboys have to work when the boats return to the shore, helping their fathers on the beach. Secondly, as they are a backward class, wanting in self-respect and self-reliance, abjectly poor and in thrall to other classes, their children are socially at a peculiar disadvantage, in seeking primary education in the ordinary schools, where the children of the socially and materially better circumstanced classes predominate. Thirdly, they being a special class requiring special treatment both in method and agency, special curricula of study and a special teaching staff are necessary.

6. The opening of elementary schools.

In consideration of the aforesaid and other reasons, the Madras Government sanctioned the opening of elementary schools for fisher communities in those villages, where they had no facilities whatever for educating their children. But the difficulty was to secure suitable teachers, who would move in sympathy with the pupils as with their parents, and discuss with these their business affairs and difficulties and would advise them against influences prejudicial to their welfare, and who

in addition to their teaching work, would condescend to live among them, verily like the typical Irish Parish Priest, who, apart from his spiritual functions, attends to the social, economical and business matters of his parishioners. Hence after deep consideration, a special training school was opened by the Department of Fisheries for training specially selected young men, belong mostly of the fisher-men community. The training course includes literary and welfare work relating to the community, such as co-operation, temperance, and first aid. As these pupil teachers are mostly selected from the educationally backward fishing classes we have not only to coach them up for the standards for which they are trained, but have also to impart instructions in various technical matters. Hence, the training course, extends over a period of three years. Being under the direct control and supervision of the Fisheries Department, these teachers, as agents of the Department, are in touch with the people and are expected to popularise the improvements which the Department have in view, and they are also expected to generally help the people in the management of their village Co-operative Societies. There are at present under the control of the Fisheries Department 18 Day and 9 Night schools with a total strength of 1,533 pupils, all being only elementary schools. Pupils who are intelligent and deserving, are encouraged to continue their studies, in the higher standards by means of special scholarships.

Most of the schools are held in temporary sheds, but ultimately, they will all be housed in decent buildings, which in addition to accommodating the classes, could also be used for holding meetings in connection with temperance, welfare work, and other caste or communal gatherings. In a few places decent and substantial buildings have already been constructed by the villagers themselves with liberal grants-in-aid by the Madras Government, and this awaking of public spirit may be claimed as one of the first fruits of the welfare propaganda work which I have inaugurated among our fishing communities on this coast. Another piece of work done by Fisheries Department, has been to secure honorary offices on Bench Courts and local and Municipal bodies for leading members of the fishing communities, chiefly in the maritime district. One object of this work is the raising of the status of these communities in the estimation of other classes, who have hitherto looked down upon the fisherfolk.

7. Man, the vital factor in industry

It is a trite saying, that no industry can be developed without improving the condition of the industrials, i.e., the people engaged in it. As Mr. Natarajan of Bombay, when presiding over a Social Service League Con-

ference in Mysore a few years ago, aptly remarked "modern Governments and industrialists, are apt to think more of developing coal and oil, iron and gold, forests and fisheries than of the men and women who are the real and only wealth of a country. Education in what are called the "humanities" is looked down upon in favour of the technical studies that enable matter to be converted into power and revenue as quickly as possible. It is the object of social reform to insist that in administration and in industry, the first place shall be given to man, and that the greatest material gains are dearly bought if they involve any reduction in the health and happiness of human beings." The Fisheries Department has not lost sight of this all important human factor, and the result, thus far, is what I have endeavoured to describe to you.

8. Trading Companies.

I should wish to offer a few remarks on the formation of Companies on a limited liability basis for the purpose of trade in fishery products. A few years back, I heard that people were desirous of floating such Companies, but it was apparent that the organisers were encouraged mainly by the success achieved by some Companies which had been floated in these parts for the opening of rubber, tea and other plantation products and which had been able to pay their shareholders very handsome dividends. I was astonished to hear a very elderly and well-to-do member of the fisher community in one of the villages here enthusiastically advocating the organisation of similar Companies for fishery products. One would have thought that such new ideas could spring only from the imaginative brains of the younger generation. The incident shows, nevertheless, that it might not be difficult to raise the requisite capital by a Joint Stock Company for carrying on business in fishing and the fish trade. Capital alone will not bring success and one of the most important factors for the success of any trade is the employment of the services of well-trained well-informed and highly capable men, who would devote their time and energy to the true interests of the undertaking.

9. Co-operation in Travancore.

It is a source of pleasure and encouragement to one who, like myself, is so intimately associated with the work of promoting co-operation among our fisher classes, to observe that the movement is gradually expanding and taking root in your midst. Last year, I find, you had 33 fishermen's (including Valans' and Christians) co-operative societies, or 11 more than in the preceding year, and that is surely a matter for congratulation. I hope and believe that, through the continued unsparing exertions of your Registrar of Co-operative Societies, the cordial collaboration of your Fisheries Department and a willing and sensible response on the part of the fisher communities themselves, the day is not far distant when co-operative credit and co-operative production and industry, will have helped to bring a rich measure of both moral and material prosperity into the lives of your fisher-folk.

AGRICULTURAL CREDIT IN INDIA AND OTHER COUNTRIES.

BY RAO BAHADUR A. VEDACHALAYAR.

1. Credit needs of a farmer.

Agriculture is the greatest industry of this country. The ability to secure capital on reasonable terms is essential to the success of farming. A successful farmer becomes more of a business man every year. He must use machinery, buy more fertilisers, and sow better seeds. He must erect better buildings, raise better stock, and grow better crops. He must store his produce in order to sell in the dearest price market. He must pay cash in order to buy cheap. These aspects of the farmer's business show us the necessity for short term credits to enable him to improve his profession and increase the amount of his output. The man who borrows to increase the yield from his farm and cheapen the cost of growing and marketing of crops does exactly what prudence dictates, because the transaction enables him to take advantage of his opportunities and give full play to his talents.

2. Long term credits.

In addition to the short term credit requirements of the farmer he has need also for long term credit to enable him to make investments in fixed assets and permanent improvements, the returns from which can only be gradual. The active farmer frequently desires to purchase more land either for himself or his son and to erect suitable buildings upon his farm to redeem the mortgages on his land. There should be some provision by which he might be able to borrow the amount required for such additions and pay back the amount borrowed from the annual returns accruing from the investment.

In addition to these credit requirements of the landowner, there should be facilities for enabling tenant farmers who have comparatively little capital, but good character, ability, and a desire to remain on the land, and who want to be the owners of their own farms in the shortest possible time. If the tenant farmer can be provided with suitable long term credit under reasonable safeguards so as to prevent his immigration to the cities, the economic results will be incalculable. There is the constant need to make farm life exercise a stronger appeal to many who have forsaken it. If a business man in starting business could not count on being able to get advances from others, but had to rely on his own resources, many of them would never undertake the risk. In the same way if a farmer cannot get loans under such terms of interest and repayment as will enable him to use them profitably, he will hesitate before embarking on any new venture, or having undertaken it, will become a

hopeless debtor. If such a man can get the necessary loans to enable him to apply his labour in the most productive manner, and repay these loans gradually out of the proceeds of their investment, there will be a larger return to himself. He will be more hopeful of undertaking the ownership and cultivation of the land.

3. The issue of short term credit.

1. The local merchant comes to the farmer's rescue and helps to carry him over from harvest to harvest. The farmers depend too much upon this book credit. By this system of indirect credit the farmer keeps a running account with the merchant, and when he has no choice left but to trade at the store he has to pay the highest prices for everything that he buys. On such accounts he also pays the highest interest rates. This system usually prevails in localities remote from trading or financial centres. The farmer has no local branch bank to lend him for short terms on personal securities. Even if they are available, the farmer's statement of his financial position is insufficient for the granting of loans by a business bank.

2. The farmer sometimes stipulates with the merchant and money lender to return the short credit in the shape of his products at a low price, thereby giving away more of his products than he would have otherwise to do.

3. The farmer sometimes makes a contract with the merchant that all his products should be sold to him alone. On failing to do so the merchant will close his account and refuse to give him credit accommodation subsequently.

4. The merchants and some money lenders in rural parts being persons dealing with their own capital have a limited supply of money and therefore demand exorbitant rates of interest as a result of competition among borrowers.

4. The issue of long term credits.

Long term credit is always secured by a mortgage on real property. The mortgages against farm lands are held almost entirely by private individuals, there being no banking concern to issue loans to farmers for a long term. Some mortgages contracted at high rates of interest have crippled the resources of the farmer who becomes unable to support his farm and his family, and who contracts more debts till finally he has no other recourse but to sell his property to the creditor.

It is no doubt true that there are farmers who can borrow money at fair rates. But a large number are not in a position to secure borrowing privileges from the money lenders or even banks to the necessary extent of their requirements. Even the substantial farmers are not in a position

to use their credit to the degree that it ought to be used for employment in agricultural production, in the same way or in the same measure as manufacturers or merchants do. Intensive use of the land so as to secure the greatest returns from it demands the employment of much larger amounts than are procurable from money lenders. It is because capital or credit has not been extended to farmers upon such terms as are favourable to the special conditions of agriculture that farmers as a class have not yet learned what profitable use might be made of their lands by the utilisation of more capital in them.

The farmers are not served by the commercial banks in existence to-day. The Imperial Bank Act has not been framed for the direct promotion of agricultural interests. The bank's funds must be preserved in a liquid form. The farmers can at best obtain loans on the security of the grain.

5. Agricultural and commercial credit.

The longest period allowed for a commercial loan is entirely too short for the farmer. A business man can use the three months' loans satisfactorily because he usually turns over his goods or capital five or six times a year. But a three months' loan is of little value to the farmer. His money generally returns to him once a year. As a general rule he has but one turn-over a year. The shortest period for which the farmer can ordinarily borrow is six months and he can secure the returns from his investment during that period. More frequently he needs the loan for 18 months a year. It is natural that a commercial bank should do business with the merchant, the manufacturer, the banker, and the middleman because they can complete the processes for which they require credit within the customary period of the loan. The farmer's position is different. He waits much upon the seasons; his financial returns come only when the seasons have run the course and if the season should be extraordinary or unusual, causing a partial or a total failure of his crops, he must have a longer time to meet his obligations. If he wants to buy cattle or other stock for breeding purposes, he cannot sell such stock and make profits in a year. Almost all the farmer's processes run from eight months to two, three and four years and he is not in a position to repay the capital advanced until the periods expire, and his returns accrue. But an eminent banker of United States has expressed his opinion "that agriculture considered year after year and over extended areas is the surest of all operations in regard to returns".

6. Farmer's security indeterminable.

In considering the problem of farm finance, the economic organisation of the farmer's world demands different treatment from that of the

commercial man's world. The security which the farmer has to offer is commonly understood to be good but it is not bankable in the banker's sense. Its precise value cannot be ascertained. The security cannot be easily watched and controlled by a bank. There must be a system of supervising agencies to observe the farmer's economic position and note the changes in their final standing. The bank does not know the farmer and if the latter is able to raise his money, his security will have to be put into a different form in order to make it bankable. This is sought to be undertaken by District Central Banks and primary rural co-operative societies, the former, on the limited liability basis and the latter, on unlimited liability basis.

7. In England.

Having considered the principles underlying farm finance, it is proposed to give a short outline of the existing legislation in other countries for the financing of agriculture.

In England credit societies have not developed. The reasons are (i) the reluctance of farmers to borrow, (ii) their unwillingness to enforce their financial needs to their neighbours, (iii) their opposition to anything in the nature of unlimited liability. The real reason is that the banks and merchants have extended credit to farmers on easy terms and fair rates of interest. The small holding allotment Act of 1907 empowers the government to take lands and sell them on lease at reasonable rates for favourably long term periods.

8. In Ireland.

In Ireland at first the State lent the money required by the poorer ryots. The result was disappointing. Later on credit institutions of the Raiffisin type were organised which are attempting to stand on their own legs.

State credit has been afforded to tenant farmers to enable them to purchase holdings. First the Irish Church Act of 1869 empowered the government to advance money to the tenant farmer to enable him to pay the purchase price to the landlord. Acts of 1903 and 1909 gave authority to the Government to finance schemes of giving advances to tenants to buy lands. The period within which it should be repaid is 70 years. By this process large acres of lands have been transferred from landlords to tenants.

9. In France.

In France credit banks have been given facilities by the State. The bank of France, a state institution, finances the regional banks which include the local mutual banks. The latter are built on a basis of unlimited liability, though it should be said the liability is limited to a

multiple of the nominal value of shares. Long term credits are given by a limited liability bank which issues bonds on the strength of its mortgages. They are given for ten to twenty-five years on the amortization plan.

10. In Italy.

Rural credit societies are working on the limited liability basis. There is a national federation of co-operative societies whose object is to encourage the development of these societies by means adapted to their requirements.

11. In Germany.

Germany was the first country to develop a system of rural credits. *Longterm mortgage credit:* Land mortgage banks granted mortgage credit from one half to two-thirds of the appraised value of the property. These banks obtained money by the issue of land mortgage bonds. The bonds of each institution were secured by the collective mortgages held by it, its reserve and sinking funds. They were non-profit institutions and usually had no share capital. The articles of association required the sanction of the Crown and the banks were subject to State supervision. Local representation was a cardinal principle of these associations and membership ceased with the payment of the mortgage. Administration charges were small and officers served without pay and these associations were able to pay the running expenses, with a margin of half a per cent. The members were familiar with the circumstances of the borrowers as the banks operated in limited areas.

Short term credit: Credit societies are able to disperse short term credit by deposits from members and non-members. The cardinal features of such institutions are.

1. Unlimited liability.
2. Limitation of the area.
3. Loans made only to members and for production purposes.
4. Absence of profit-seeking.
5. Dividends paid were limited usually to the rate of interest paid by the borrowers.
6. Office—holders except the Secretary usually served without any remuneration.
7. The promotion of thrift

12. In America.

The Federal Farm Loan Act was passed in 1916 under whose provisions there was established in the Treasury Department at Washington the Federal Farm Loan Bureau under the supervision of the Federal Farm

is divided into twelve areas for the operation of a federal land bank in each of them. Each bank has a large subscribed share capital, mostly contributed at first by the United States Treasury. Under this bank the farmers form local national Farm Loan associations of borrowers. Each borrower must subscribe for stock in the federal land bank through his local association to the extent of 5 per cent of the amount of his loan. He must pay his stock subscription when the loan is granted.

Loans are secured by a first mortgage on the land of the borrower and must not exceed one-half of the value thereof and 20 per cent of the value of the improvements which must be kept insured. The proceeds of a loan must be used for productive purposes. Land mortgage loans are taken from five to forty years and paid off on the amortization plan with further provision that the borrower can pay all or any portion of the loan at the end of five years or at the expiration of any year thereafter. The interest must not exceed 6 per cent. The borrower's stock earns dividends during the term of the loan. When the mortgage is paid, the stock is redeemed at par and restored. Each district federal land bank has power under the approval of the Federal Farm Loan Board.

1. To issue and sell farm loan bonds of the kind authorised under the Act, to buy the same on its own account and restore the same at or before maturity.

2. To invest such funds as may be in its possession in the purchase of first mortgages on farm lands situated in the districts.

3. To receive and deposit interest with the Farm Registrar of the district to be held by him as collateral security for farm loan bonds and to empower National Farm Loan associations to collect and pay to them the dues, interest, amortization instalments etc. under the term of the mortgages and the loans secured thereby. The whole business is under the strict supervision of the Federal Farm Loan Board.

13. In Quebec.

A new type of people's bank has been evolved in Quebec. Its objects are to inculcate a spirit of thrift and to give credit to the farmers. In every case the good character of the borrower is the first security required. Each society is confined to a small area and to a small membership for the reason that its members should be known to one another. Everybody who is honest, sober, industrious and loyal to the institution are members. Money is a secondary, not a primary, consideration because a people's bank is an institution which aims at the betterment of its members rather than mere profits—an association of honest individuals rather than one of mere funds like a joint stock company. It is a sort of manufactory for turning

out capital through the spirit of thrift. It is not a reservoir of funds already accumulated and looking for a good investment. The society aims primarily to serve all the people, not those only who look for large profits on their investment.

14. In Manitoba.

Long term mortgage credit. The American model has been adopted. The Manitoba Farm Loans Act of 1917 was passed and farm loan associations have been formed to be managed by a board of 5 members to be appointed by the Lieutenant-Governor-in-Council.

15. Conclusion.

The above is a resume of co-operative legislation adopted in various countries for financing agriculture. In India, especially in the Madras Presidency, a rural society on unlimited liability basis is expected to serve as a mechanism of credit responsive to the necessities of agriculture. The primary societies have federated themselves into central banks or district banks with individual shareholders to connect the farmer with the money-market. The central banks are therefore expected to offer to the money market attractive rates to secure the required credit to be passed on to the farmers. Deposit banking has been tried, and successfully in such central banks by which deposits are received for a year or more and are distributed as loans to primary societies, keeping as fluid resources a definite amount to keep up to the engagement with the money market. The stabilisation of the working of the central banks is an important piece of work to which attention has to be paid by the agencies interested in the co-operative movement and this stabilisation is possible only if rural societies are placed on an efficient footing. The central banks can at best be useful to give only short term loans. Short term loans are of two kinds. One kind is that which is given during the course of operations in agriculture to be repaid soon after the harvest or as soon as the produce can be marketed profitably. It will avoid confusion if such loans are classified as crop loans. The local Tamil equivalent is *Kaikadan*. It is practically a book account kept by a farmer in a co-operative society according to which he draws credit when required, pays it whenever he gets cash by the sale of produce, and arranges with a co-operative society for the limit of credit to be issued to him each year.

There is another kind of short term loans which relate to giving circulating capital to the industry of agriculture, for example, house building, buying plough cattle, purchase of ploughing instruments, purchase of milch cows, purchase of sugar cane mills etc. These can be bought with the aid of short term loans but their repayment must be in instalments varying

from two to six. Such a kind of transaction can be called a short term loan, or more correctly, a medium term loan. The co-operative machinery hitherto available for finance has been fitted to dispense medium term and crop loans.

There is another kind of loan which may be called the long term loan. These should be generally from 15 to 30 years and can be used for purchase of lands, for making land improvements and have to be repaid by small instalments out of the proceeds of the land purchased or out of improvements effected. Such loans should be given on the security of mortgages. This sort of loan can be given to co-operators through the societies only by a land mortgage bank or by the existing financing institutions getting the privilege of issuing bonds or debentures repayable in a definite period of time.

STATE AID TO HOUSING SOCIETIES.

BY R. SURYANARAYANA RAU, B.A., (MEMBER, SERVANTS OF INDIA SOCIETY.)

The subject of State aid to Housing Societies has long been the topic of much controversy in this presidency, and it is gratifying to learn that after all the Government have accepted the principle of granting financial assistance to co-operative building societies. With a view to encourage building of houses for the poorer and the middle classes whose sufferings on account of insufficient accommodation have been more than once recognised, the Government have made a provision of Rs. 4 lakhs and have recently issued rules to regulate the grant of loans to Building Societies. While recognising the importance of the step taken, it must be said that the rules on the whole are not calculated to evoke much enthusiasm, and it will be no matter for surprise if the concessions are not availed of to the full extent, especially by the poorer classes. We shall attempt to show in this note how far they can be deemed satisfactory.

As the lack of housing accommodation is more keenly felt in the urban areas especially in cities like Madras and Madura, and that too by the poorer and the middle classes, it is good that the grant of loans is restricted to societies which confine their membership to those classes, and the Registrar has been empowered to decide the eligibility for loans. We have no doubt very great precautions will be taken to see that this wholesome rule is strictly applied. Loans will be granted not exceeding three times the paid-up share capital in the case of individual ownership system, and eight times in the case of co-partnership tenancy system. While we are of opinion that every attempt should be made to encourage

societies based on the co-partnership system, it is well to bear in mind that in this presidency, owing to many causes, individual ownership is more favoured, and the few societies that have been formed have mostly been started on that basis. So in the beginning at any rate such distinction need not be maintained. If it is absolutely necessary to draw some distinction, the rate of interest may be different, say one or half a per cent less in the case of co-partnership societies. The Government will be well advised in reducing the rate of interest in regard to co-partnership societies. A longer term, say 40 years, should be the period for repayment in their case. While it is satisfactory to note, that in the case of individual ownership societies, the Registrar has been empowered to extend the period by ten years, no such provision exists in the case of co-partnership societies. Moreover, we do not understand the basis of the proportion between the share capital and the loan granted by the Government. In the case of individual ownership societies confining membership to the middle classes the proportion of three times may be reasonable. But as regards the working classes, the loan granted by the Government will not be sufficient. So we would suggest that a provision made in England in the Housing, Town Planning Act of 1919, fixing the loan to be granted by the Government up to three-quarters of the cost of the acquisition of the land, the improvement of the site and the creation of houses, may be incorporated in the rules. The working classes will find it difficult even to find the one-quarter of the cost required, and they will have to be permitted to secure deposits from philanthropic persons.

Rule 11 makes it obligatory for the society to pay all the interest accrued up to the date of completion of buildings in a lump sum or on the expiry of 18 months from the date of disbursement of the first instalment of the loan, whichever is earlier. We doubt very much if this is possible at all. The interest accrued will be sufficiently large. We would like therefore, to suggest that interest should be charged from the date of the completion of the buildings, so that the first instalment due after a year might be paid together with interest for the period. This will prove a great incentive to house building. In England according to the rules framed under the Housing Act of 1919, the subsidy is equal to 40 per cent of the annual charges on three-quarters of the total capital raised, whatever may be the source from which the capital may have been raised. So the concession demanded is nothing when compared with the provision for subsidy made in England. The maximum borrowing power which is fixed at three times the paid-up share capital may not be sufficient for carrying out the building operations unless the members themselves invest deposit amounts in the society

which is hardly possible in the case of the poorer and the middle classes. Another rule prohibits borrowing by the society either in the shape of deposits or otherwise except from members. While it is admitted that these conditions have been imposed with a view to safeguard the interests of the State, such restrictions are sure to retard the growth of building societies. It must be remembered that there may be societies who may not wish to use to the full extent their powers of borrowing from the State. Nor may the members be in a position either to deposit or lend to their societies. There may be philanthropic persons and institutions who may not be members of a society but who would like either to deposit or lend to further its interests, perhaps demanding only a lower rate of interest than the State. Instead of prohibiting borrowing in the shape of deposits or otherwise except from members, the Government may insist on fixing the rate of interest allowed on such borrowing and also stipulate that notwithstanding any borrowing from other sources the loan made by Government will be the first charge on the society's assets.

A word about the rate of interest now fixed at $6\frac{1}{2}$ per cent. In a note addressed to the Board of Revenue by the Registrar of Co-operative Societies so far back as the middle of 1914, the Registrar made elaborate calculations and recommended that Government should provide building societies with loans to be advanced to the society at 4 or 5 per cent and to members at 6 per cent so that the members may be able to extinguish the debt within a reasonable period, say 20 years. He has clearly shown in his calculations that it would be impossible to expect a member to pay more than Rs. 3 per mensem on a house costing Rs. 500. Nothing extraordinary has happened since then to change the point of view presented by the Registrar. If the society borrows from Government at $6\frac{1}{2}$ per cent interest, the rate at which members can borrow will at least be $7\frac{1}{2}$ per cent. That necessarily means the monthly payment due by a member will be more than Rs. 3, per mensem, all other conditions remaining the same. It is clear from this that the rules framed by the Government will not in any way help in starting societies for the poorer classes, and even for middle classes whose incomes are limited. But it may be argued that it is not right to expect Government to lend money at a rate of interest lower than that at which they borrow. While there is much to be said on this point we wish to point out that the State must be prepared for a sacrifice with a view to improve the housing conditions, which means better health and greater prosperity.

These criticisms have been made with a full knowledge of the housing conditions especially in the Madras city, gathered from actual study of the conditions under which the working classes and the poorly

paid clerks live. There is no doubt that the scheme of State aid has been devised with a view to ameliorate their conditions of living. But it is feared that unless the rate of interest is lowered, the object of the scheme will be defeated. Some more defects may be noticed in the actual working of the scheme and what they will be it is more than one can say. It is earnestly hoped that every effort will be made by the Government to provide other facilities such as land, etc. to work the scheme successfully.

RULES FOR THE GRANT OF STATE LOANS TO CO-OPERATIVE BUILDING SOCIETIES.

(G. O. No. 512, 11th April 1923, Development Department, Madras.)

The Government of Madras are prepared to grant loans to Co-operative Building Societies to an extent of four lakhs of rupees during 1923-24. The grant of these loans will be regulated by the following rules:—

(1) Only societies which are registered under the Co-operative Societies' Act and which confine their membership to the poorer and middle classes and their operations to urban areas will be eligible for a loan from the Government. The question whether a particular society is eligible for a loan under this rule will be decided in each case by the Registrar of Co-operative Societies and his decision shall be final.

(2) No society shall be eligible for a loan from the Government exceeding three times its paid-up share capital if formed on the individual owner system or exceeding eight times its paid-up share capital if formed on the co-partnership tenancy system.

(3) No loan shall be given to a society except for the construction of new dwelling houses.

(4) The rate of interest charged by Government on all loans granted to building societies in 1923-24 shall be 6½ per cent. A penal rate of 10 per cent will be charged on all overdue instalments of principal or interest from the due date to the date of actual payment.

(5) The period within which a building society formed on the individual ownership system must repay any loan or loans made by the Government shall not ordinarily exceed twenty years, but the period may in special cases exceed twenty but not thirty years, on the recommendation of the Registrar. In the case of societies formed on the co-partnership tenancy system, the period shall not ordinarily exceed thirty years. These periods exclude the time taken for completing the building as fixed by rule 10 and the period of one year referred to by rule 9.

(6) Every loan made by Government to a building society will be a first charge on the society's assets. The society shall transfer to Government its interest in the mortgages obtained from its members or in the buildings constructed out of the Government loan.

(7) Every society to which the Government have sanctioned a loan shall draw the money in instalments as the work of construction of houses progresses. The second and subsequent instalments shall, subject to the condition laid down below, be paid only on receipt of a certificate to the satisfaction of the Registrar

or the Assistant Registrar having jurisdiction over the society from the managing committee of the society that the instalment or instalments already drawn have been properly utilized and that the work actually done together with the value of the land bought up to date represents expenditure exceeding by at least 25 per cent the actual amount already drawn. If in any case the Registrar or the Assistant Registrar considers that an independent certificate is necessary, the society shall arrange to get such a certificate from a qualified engineer of rank not lower than that of an upper subordinate of the Public Works Department approved by the Registrar or the Assistant Registrar for the purpose. If, for any reason, the whole amount sanctioned to a society cannot be drawn before the close of the financial year in which it is sanctioned, the society shall be entitled to take the balance outstanding from the loan allotment sanctioned for the subsequent years, at the rates and subject to the conditions in force when the first instalment of the loan was drawn.

(8) A society which has taken a loan from Government shall repay the amount together with the interest due thereon either by equated annual instalments or at its option in annual instalments together with interest due on the amount outstanding from time to time. After exercising its option a society shall not ordinarily be allowed to change its method of repayment. If the society elects to pay by equal annual instalments, it will be allowed to make repayment to Government at any time before the due date whether of whole instalments or part instalments. All the members of the society shall repay their loans and interest due thereon to the society either on the system of equated payments or on the equal instalment system, according as the society itself has elected the former or the latter system.

(9) Repayment of the first instalment of every loan made by Government to a society under these rules will fall due on the expiry of a full year from the date on which the buildings for the construction of which the loan is granted are finished or of thirty months from the date of disbursement of the first instalment of the loans whichever is earlier.

(10) The buildings for which a loan from Government has been obtained shall be commenced within three months and completed within eighteen months from the date of disbursement of the first instalment of the loan to the society.

(11) The interest due to Government shall be payable annually along with the instalments of principal. But the interest accrued up to the date of completion of the buildings for which a loan is granted shall be payable in a lump sum on the completion of the buildings or on expiry of eighteen months from the date of disbursement of the first instalment of the loans whichever may be earlier.

(12) Every society receiving a loan from Government shall agree to an annual inspection and valuation of the buildings constructed out of the loan from Government. The inspection and valuation will be made by a Government Engineer of rank not lower than that of an upper subordinate of the Public Works Department free of cost to the society.

(13) Every society receiving a loan from Government shall furnish such information and submit such returns as the Government or the Registrar may call for from time to time.

(14) Every society receiving a loan from Government shall make provision in its by-laws:—

(a) prohibiting the alienation by any member of the house or houses (and the site or sites) on the security of which he has obtained a loan or loans from the society except to another member of the society or to a person whom the managing committee of the society is prepared to admit as a member;

(b) fixing the maximum borrowing power of the society at not more than three times its paid-up share capital and the maximum borrowing power of a member at not more than four times his paid-up share capital;

(c) making its shares non-withdrawable. But after the outside liabilities (including the liability to Government) of the society have been reduced to an amount equal to, or less than, its paid-up share capital a member may be permitted to withdraw a portion of his share capital provided that at no time the total paid-up share capital of the society shall fall below its outside liabilities and provided also that no member shall be permitted to withdraw in all more than 75 per cent of his share capital;

(d) prohibiting borrowing by the society either in the shape of deposits or otherwise except from members.

NOTE BY REGISTRAR OF CO-OPERATIVE SOCIETIES, MADRAS.

"The Registrar is advised that a Village Court constituted under the Madras Village Courts Act 1888 (Madras Act I of 1889) is not a Civil Court within the meaning of section 42 (5) of the Co-operative Societies Act II of 1912 (India) and of Rule XIV of the Rules framed under the latter Act and applications for execution of decision or awards under rule XIV of the rules referred to above cannot be filed in such a Court."

NOTIFICATION.

Fort St. George, April 10, 1923 (G. O. No. 501, Dev.)

In exercise of the powers conferred by section 43 of the Co-operative Societies Act 1912, it is proposed to add the following rules to the rules framed under the Act and published at pages 1039-1042 of the Fort St George Gazette dated the 9th November 1915, as subsequently amended.

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

Draft rules.

1. Add the following as clause (4) to the interpretation clause in the preamble to the rules:—

(i) (b) the expression 'society' means a registered society as defined in the Act.

(ii) Renumber the existing clause (b) as clause (c) with the words 'save as otherwise provided', prefixed.

2. Insert the following as rule VIII-B:—

All societies with limited liability which accept deposits and loans shall provide for fluid resource in respect of deposits and loans received from individuals and institutions other than co-operative societies in such manner and according to such standards as may from time to time be prescribed by the Government. The Government may, however, empower the Registrar by General or special order to relax the standard prescribed for a particular society or for a particular class of societies for a specified period.

MESSAGES FROM EDITORS.

(We regret our inability to publish these messages in the front page owing to their late arrivals—Ed.)

The Co-operative Character of Australia.

While gladly welcoming the first number of your valuable journal for the year 1923-24 let me send my best thoughts for the success of your noble endeavour to found the human society on the basis of co-operation.

Two million nine hundred and seventy four thousand, five hundred and eighty-one square miles constitute the area of the Commonwealth of Australia. It is nearly $2\frac{3}{4}$ times as large as British India. Its population is roughly $5\frac{1}{2}$ millions, and most of these people dwell in the coastal areas. About 12 per cent of the population are non-European. The three main industries, in the order of their importance, are farming, (sheep, wheat, general and fruit) mining and manufacturing. The farmers are organised remarkably well for the Co-operative preparation and disposal of their produce. The Farmers Australian Co-operative Federation Ltd. has a selling floor in London, and handled from three to four million pounds worth of produce last year. 90 per cent of the butter manufactured last year in N.S.W. (the chief State in the Commonwealth) was put through Co-operative factories, owned and controlled by the farmers. There are also some magnificent Farmers Co-operative Consumers Societies, the Eudunda Farmers' Society in South Australia, having a membership of over 10,000, a trade of nearly £600,000 per annum, and owning a Co-operative steamboat, in addition to 28 branch stores.

There are also strong and vigorous Consumers Co-operative Societies belonging to the mining operatives and to the general workers in manufacturing districts. The Balmain Co-operative Society, operating with a dozen stores in Sydney, the capital of New South Wales, has 12,000 members and £60,000 share capital. The mining township of Lithgow has a Co-operative Society with an annual turnover of £400,000, and refunds $\frac{2}{3}$ in the £ to its members on their purchases.

The immense area of Australia makes federal Co-operative action difficult, so a small Committee loosely links the States together. South Australia has a Co-operative Union, Western Australia has a Farmers' Co-operative Consumers Wholesale Society, and New South Wales has a Co-operative Consumers Wholesale Society, which now has extensive packing flourishing consumers premises at New Castle. Propaganda Committee of the Wholesale Society supervises the educational, legal and publicity work for the State. The *Co-operative News*, the official organ of the Consumers Movement, circulates 10,000 copies monthly throughout the Commonwealth. Two All-Australian Congresses have been held, and at them farmers, miners and industrial workers were represented.—

THOMAS E. SHONK,

Editor, the Co-operative News, Sydney,
AUSTRALIA.

The English Co-operative Wholesale Society.

In sending cordial greetings to the *Madras Bulletin*, and the best wishes for the success of co-operation in India, the editor of *The Producer* seizes the opportunity of briefly recording the position of the co-operative movement in Great Britain as an object lesson of achievement through combined add persistent endeavour.

In 1922 the British co-operative movement comprised 1,472 distributive co-operative societies, with a collective membership of 4,500,000, share capital exceeding £73,000,000 sales exceeding £172,000,00, and a net surplus of nearly £14,000,000; whilst the number of employees exceeded 128,000. At the same time, the English Co-operative Wholesale Society (embracing 1,195 societies with a membership of 3,500,000) had a sales turnover of nearly £66,000,000 including commodities to the value of £20,500,000 produced by its own manfactories and works; whilst the turnover of the C. W. S. Bank Department amounted to nearly £500,000,000. If the trade of the English and Scottish Wholesales are added together the combined sales work out at over £80,000,000 for the year. And but for the two years abnormal depression in trade, the figures would have eclipsed all past records.

Meantime, the English Co-operative Wholesale (established in 1864) remains the greatest co-operative institution in the world. Its tea plantations in India, Assam and Ceylon, extend to about 50,000 acres, and its purchasing depots extend to four continents. In England its farms and estates extend to 34,000 acres, and its industries for the supply of its affiliated societies are of a range and diversity for which private enterprise can provide no parallel.

With regard to the future, the British co-operative movement (which is now a political as well as an economic force, and has four representatives in Parliament) is fully confident that there are greater achievements in store than those in the past, when once the affairs of Europe are re-established on a sound economic basis.

Co-operative marketing in America.

In welcoming the new 15th volume of your valuable Bulletin, let me take the opportunity of giving an idea to your readers of the main problem relating to co-operative organisation in our country.

"In organizing a co-operative marketing association, the farmer is not creating an agency that will automatically solve his marketing problems, nor one that is endowed with any supernatural powers. The organization is nothing more than he and his neighbors working together

to do those things which they can accomplish better collectively than as individuals. In moving a product from the farmer's field to the consumers, table certain services must be performed. They can never be performed, without cost. Can the farmer perform these services more effectively through his organization, or can they be performed better by private middlemen?

"Attention to this problem will enable students of co-operation to escape the error of thinking of co-operative organization as an end in itself. The first essential of successful co-operation is that there must be a definite object in view; the organization must perform a definite service or services. Furthermore, it seems to function more satisfactorily when based on a single commodity, or a group of closely related agricultural commodities. Then it must have sufficient business; it must have good management; and, finally, it must have a loyal, informed membership. There is no magic in co-operation. It is an attempt by the farmer to solve his own problem, and that means that it will succeed only to the extent that he exercises forethought and judgment. This does not mean that a farmers' organization should not employ experts to handle the details of the business, but it does mean that in the long run the movement cannot advance any farther than the farmers themselves are able to carry it.

"For this reason we all are concerned with co-operation as an educational factor. If the farmers learn through the operation of their co-operative organization something of the economic factors that directly affect them, if they gain in ability to analyze and evaluate these factors, then much may be expected in the way of permanent improvement through co-operation. Co-operation means working together, profiting by mistakes, and becoming stronger through experience. The form of co-operation which will be of permanent value to the farmer is one which he himself controls and which enables him to learn better business methods and gain a better understanding of his problems".

LLOYD S. TENNY,

Assistant Chief of Bureau of
Agricultural Economics,

WASHINGTON D. C.

Co-operation in Scotland.

The spread of co-operation in India is a subject which has interested us in Scotland greatly and we are glad to know that despite the very great difficulties in the way, the cause of collective working for the common good is making headway. Here in Scotland we are still suffering from

the slump in trade and in wages which followed the war and the immediate prospects are none too rosy. We have confidence, however, that with the return of normal conditions of trade the onward march of the practical application of the principles of co-operation will be resumed. Our membership is almost 700,000 out of a total population of a little over 4,000,000; or about one co-operator to every six of the population. If we reckon that every co-operative member represents a co-operative household of four persons—a conservative estimate—it will be seen that more than half of the total population are being supplied co-operatively with their household needs. This we think transcends position in any other part of the world. Sales amount to between sixty and seventy millions of pounds sterling and the amount expended on Co-operative Education was £37,000, while £66,000 were distributed in charitable and philanthropic donations.

I trust the new year on which your Bulletin is entering will be more successful than any of its predecessors and that the new year will see an expansion of co-operation throughout your vast empire.

Yours faithfully
WM. RIED
(Editor, Scottish Co-operator)

Dear Fellow Co-operators:—

We send greetings to you and congratulations upon the completion of the Fourteenth Volume of your excellent magazine, *The Madras Bulletin*. You are making headway in India against great difficulties, just as we are in America. Your difficulties arise from the poverty of the people; ours arise from the wealth of the people. They are much the same. In a fertile world, dominated by the motive of profit-making and privilege, the poverty of one class means the wealth of another, and the wealth of one class means the poverty of another. Both mean spiritual decay.

In the United States we are building a foundation upon which in the future a new organization of society may be reared. We believe that the present economic system is far advanced in decay. A great crisis in our country is imminent. We are training the people in their co-operative societies to administer their own affairs when the immoral and impractical capitalistic system has collapsed and the corrupt and coercive government has become impotent.

Best wishes to you across the world!

Yours for Co-operation,
J. B. WARBASSE,
Editor of Co-operation,
President of The Co-operative League.

NOTES AND NEWS.

Messages.

Elsewhere we have published the greetings received from Editors across the seas. We cannot be too much thankful for the spirited messages they have given, which must inspire us to a sense of duty and steady work for the progress of the co-operative movement in this presidency. We take this opportunity of thanking our subscribers for their generosity and indulgence to our sins of commission and omission in conducting the Madras Bulletin of Co-operation. We look forward to their support in future and we trust that we will not fail to receive contributions from them relating to the working of the co-operative movement in this Presidency. Day by day larger powers and responsibilities are transferred to non-official agencies, and their success depends in their training and education. The Bulletin can play a useful part in the dissemination of ideals and practical knowledge with the assistance of official and non-official co-operators.

Honours.

At the commencement of the new Co-operative year, we are glad to congratulate Mr. K. Devasikamany Mudaliar, Personal Assistant to the Registrar, on his receiving the title of Rao Sahib from the Government. He is an old co-operator and though the title has been given to a Government officer, the official and the non-official work so merge together in the co-operative field, that it is impossible for co-operators not to feel that it is an honour done to themselves.

Fixation of Normal Credits of Members.

Mr. A. S. Krishna Rau who presided over the Nellore District Co-operative Conference on June 29th last, drew pointed attention to the absence of any system in this presidency for the fixation of the normal credits of members in a primary society. The question is one deserving of important consideration and we deal with it in a little detail in the following paragraphs. Mr. Krishna Rau based his remarks on the recommendations of the committee on co-operation who have elaborately dealt with the necessity of determining the normal requirements of each member in the General Body meeting. He said that it was no doubt true that the maximum borrowing power of a society is fixed in the by-laws but they

are silent on the question of fixing the normal credits of members. The Panchayetdars, according to the Madras by-laws, have the right of sanctioning loans without any consent or guidance from the general body excepting long term loans for themselves and their relations. This limitation of powers is no doubt a healthy check on the misuse of their powers by the Panchayets for their private ends but the most effective check lies in publicity and general supervision by the general body whose vigilance alone can prevent the conversion of a village society into a private bank.

By-law No. 35 of unlimited societies in Bombay specially mentions that "the normal credit of each member should be fixed at the annual general meeting under by-law 12 and shall be the amount believed by the general meeting to be sufficient to meet his current agricultural expenses. Loans within this limit may be granted on demand of the member without further enquiry for periods not exceeding one year on the authority of the chairman and one committee member. No formal committee meeting is necessary but sureties must be given and a bond passed as usual." In Burma the General Meeting has to decide "the maximum loan the society will advance to him if need be during the coming year."

The criteria for deciding the normal credit of a member should be his earning capacity, the current requirements of his occupation, and his character. Such a fixation of credit for each member makes easy the preparation of the forecast of loans by the committee. It supplies a scientific and a rational basis for assessing the borrowing power of the society as a whole. The Panchayet, the Local Union, and the Central Bank can effectively control the borrowings of a member on this basis. The financing of societies promptly and adequately by Central Banks is made easy. The need for a detailed enquiry into each loan application form disappears. The society is made to serve the interests of all the members and thus prevent the temptations of Panchayet members to sanction larger loans for themselves.

In the Madras Presidency the Property Statement form includes items in relation to the fixation of the normal credits of members. Columns 21 to 25 in the statement require that the society should prepare a proper estimate of a member's requirements under the headlines of (a) credit for carrying on his occupation (b) credit for redemption of prior debts and (c) long term loans for land improvements. Items 28 and 29 deal with the annual net income of the members from lands or otherwise. It is very easy to strike the normal credit of a member, provided the figures given are accurate, from these columns. We would like therefore to suggest that a last column may be added fixing the normal credit of each member. Or the columns 21 to 29 may be given in a separate form with the addition of the just mentioned column. And the Property Statement forms should be placed before the General Body and approved. By-law 31 of unlimited societies requires that the General Body should fix the

maximum liability of the society each year "with reference to the revised property statement of its members." This by-law may be changed enforcing on the General Body the submission of the property and the normal credit statements and on their basis the fixation of the "maximum liability to be incurred by the society each year."

It may be said that the system of forecasting member's needs prevalent in some societies will form a substitute for determining normal credits. But forecasting is a detailed statement of member's needs month to month and should be prepared by the Panchayet on the basis of the normal credit and should be fixed for each member by the General Body. Secondly, it may be argued as fixed for each member by the General Body. But the property statement contains all the items necessary for the preparation of normal credits. Only a column has to be added to strike the figure, consistently with the savings of the member shown in columns 28 and 29. It may be said that the societies do not possess the capacity to fix the member's normal credits. If they are expected to prepare a reliable property statement with a number of columns which deal with the economic status of each member, they may as well be expected to fill up another column which is only a summing of the last few columns containing figures of the members' needs and savings. The column relating to the net income of each member will be filled with a scrupulousness and caution as it will form the basis for deciding the normal credits. In fact the Local Unions and their staff should train the societies in assessing each member's credit with reference to his net assets and annual savings. Considering the advantages of the system to the society, the Union and the Central Bank, and also the training it gives to the rural ryot in the basic methods of management of rural banks it must be said, that the introduction of the principle of fixation of normal credits by the general body of the society, will serve as a secure foundation for its growth and efficiency. We have therefore no hesitation in supporting Mr. Krishna Rau's proposal that the Department should see that the General meetings of primary societies fix annually the normal credit of each member. On this basis the forecast for short term loans might be promptly prepared by the Panchayet.

2. Committee of Supervision in urban Primary Societies.

Mr. Krishna Rau also made a reference to the need for the formation of supervision committees in urban societies. Supervision committees in India are an adaptation from Germany but without the power of punishing the members of the managing committees either by suspension or removal, which is the main feature of the German system. It is no doubt true that in the Madras Presidency there is no need for the formation of supervision committees in rural unlimited liability societies, as there are already a network of Supervising Unions. Can the system then be introduced for urban societies? Urban societies are few and far between in every district and it is not possible to have a supervision committee for the whole district. By-law No. 37 of limited societies empowers them to affiliate themselves with any co-operative union 'with suitable jurisdiction'. But supervision and organisation of rural societies so

fundamentally varies from those of town banks that to club together both the work under an agency mainly intended for rural purposes will only be a handicap to the growth and efficiency of urban societies. In fact, as mentioned by Hemingway in his manual, the idea in permitting the affiliation of town banks to Local Unions, is only to obtain for the working of the latter, the best men of the town. At present urban banks affiliate themselves with Local Unions but no difficulty is experienced in the work as they have not yet grown sufficiently to serve the needs of consumers, workmen, and traders. Where there are a large number of urban societies in a city, the formation of a Supervising Union is easy. But where urban societies are few and scattered, the question is for consideration whether Supervision committees might be formed for each of them.

Supervision committees are provided in the by-laws of Burma, Bombay and other provinces. In Assam they are called controllers. The Committee on Co-operation while acknowledging, in their report, the difficulty in getting a sufficient number of public spirited men in rural areas for two kinds of committees, recognised that the system could work well in urban areas and they testified to the fact that "similar committees undertaking the same duties of supervision have been tried in some cities and have been found of distant use in enhancing the efficiency of societies". Anyhow they recommended only a trial and it cannot be said that after a period of seven years since the publication of the report the system as tried in other provinces has been encouraging enough to convince co-operators of the value of supervision committees in urban societies as a permanent part of the co-operative movement.

Mere increase in the number of committees will not enhance the creditworthiness of societies. No penalties exist for failure to do executive work and these committees give free services honorarily. Neither can it be said that the pecuniary interests of committee members will bind them to their work for that is by no means generally large. And when every committee is expected to do its work only through a sense of duty in themselves, it is better to have as few committees as possible.

Supervision committees over the managing committees should grow out of necessity rather than by super-imposition. The question becomes a practical one, only when the town banks have grown sufficiently in their transactions. Further it is difficult to find in many mofussil towns men greater in influence and status than the members of the managing committee to supervise the work of the latter. And where both are drawn from the same rank and position, it is difficult to expect criticism of equals, or it may lead to bitter wranglings. And when the Supervision committee members are not empowered with any disciplinary authority to control the managing committee, the utmost they can do is to represent matters to the General Body which they as members may do at all times. Supervision committees may prove useful in big town banks with a large membership and working capital. And it is better they grow out of a felt need than by an artificial imposition from outside.

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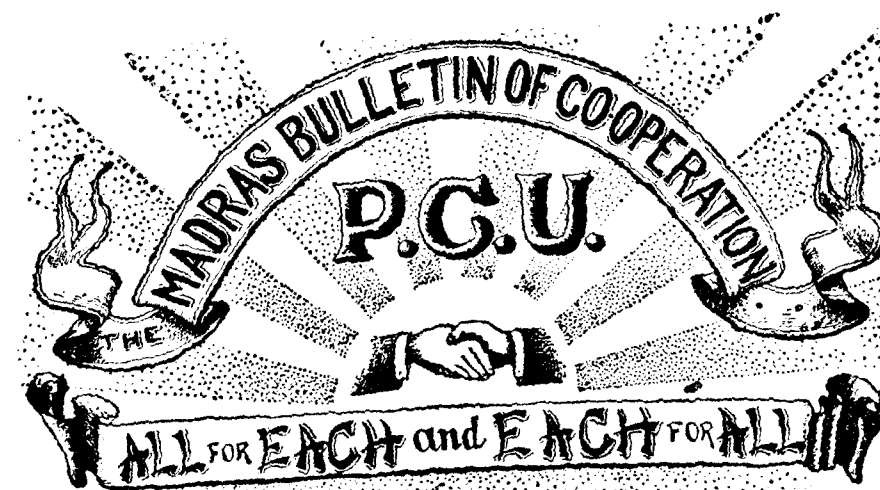
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CONTENTS.

	PAGE No.
FOREST FUEL—COUPE CONTRACTS BY CO-OPERATIVE SOCIETIES—	
RAO SAHIB M. S. SESHACHALAYAR....	41
THE TALUQ AGRICULTURAL ASSOCIATION, KHAMGAON (BERARS)—	
B. N. BODLE, B. A., LL. B.	44
LABOUR CREDIT SOCIETIES AT THE CRESCENT MILLS, BOMBAY—	
L. G. GOKHALE, AUDITOR OF C. S. BOMBAY.	46
RURAL CREDIT IN AMERICA—	
A STUDENT.	47
CO-OPERATION AND THE MARKETING CONDITIONS IN RURAL AREAS—	
T. J. KUMARASWAMI, M.R.A.S. (LOND.), (RESEARCH SCHOLAR IN ECONOMICS, UNIVERSITY OF MADRAS.) ...	53
THE TRAINING OF SUPERVISORS—	
A CO-OPERATOR.	58
THE 5TH NELLORE DISTRICT CO-OPERATIVE CONFERENCE.	67
CO-OPERATIVE JOTTINGS.	69
CO-OPERATION IN RUSSIA 69—A BILL FOR CO-OPERATIVE BANKS IN U. S. A. 71—THE SYSTEM OF FARM FINANCE IN CANADA 72—ANTI-TRUST ACT, CANADA 72—RESPONSIBILITY OF THE MANAGER 72.	
NOTES AND NEWS.	73
THE CHARACTER OF ANNUAL ADMINISTRATION REPORTS 73	
—ARBITRATION SOCIETIES IN THE PUNJAB 75—LIMIT OF LOANS TO MEMBERS 76—INVESTMENT OF THE RESERVE FUND OF PRIMARY SOCIETIES 77—RETRENCHMENT IN BENGAL 78—DATES OF INTEREST CALCULATION 80.	



VOL. XV].

AUGUST 1923

[No. 2

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

FOREST FUEL COUPE CONTRACTS BY CO-OPERATIVE SOCIETIES.

BY RAO SAHIB M. S. SESHACHALAYAR.

Fuel and wood for domestic and agricultural requirements, both in towns and in villages are supplied from reserve forests. In former times permits were being issued for collecting fuel either in cart loads or in head loads and many a labourer used to bring in head loads for sale and there was enough of supply. Abuses were easy in the system and hence the Department adopted the forest coupe system, by which a definite area is set apart for cutting away the whole growth and making it available for the people. The coupes were leased out to contractors at a rate per acre and the cutting was permitted only by

expert workmen who are trained in coppicing. The system did not satisfy the Department as the contractors charged heavily for fuel which is one of the necessities of life. The Department then cut the coupes themselves and opened depots for sale of fuel and other agricultural requirements. They were not able to run it profitably and so again reverted to the contract system.

In December 1919, fuel was selling at 1 Rupee 12 annas per Gundu (Rs 70 per Ton) owing to the scarcity of the stock and the combination of contractors, in Thiruvannamalai. The public clamour was very strong against the very exorbitant prices and yet the Department could not do anything. The forest range officer, Mr. Duraisamy Iyengar, who was working the forest under the Panchayat system and who had some idea of the co-operative movement suggested the leasing out of coupes to co-operative societies and the matter was earnestly taken up by co-operators and two coupes of 240 acres were taken on contract at Rs. 4-8 annas per acre. The contract was taken by a local society of which many were daily labourers. Wood cutters from neighbouring villages were also admitted so that the contract might be completed within the prescribed period. A depot was opened in the town and the trading union was in charge of the same. 2,008 cart loads of fuel were brought to the stores and sold for Rs. 11,059-8-9. Fuel was selling at a uniform rate of Rs. 10 per ton throughout the year and other contractors had also to keep up to this rate. The labourers who were getting one rupee per cartload as cutting charges were given from Rs. 1-8-0 to Rs. 1-12-0, and 12 cartmen were also engaged for bringing the loads to the town. The net profit after meeting all charges amounted to Rs. 445-12-0, and it was distributed among the labourers according to the cart loads cut by them.

The experience of one year's working of the coupe with the aid of labourers brought in some changes in the system and in the next year two coupes of 145 acres were taken on lease by the local trading Union at Rs. 4-4-0, per acre.

(a) Necessary finances to pay the kist, security deposit and initial cost have to be found and the labourers who are always indebted to the contractor could not contribute anything. No society can lend money to an organisation of such labourers unless they are controlled by a responsible agency.

(b) The Forest Department expects that co-operative organisations should conform to the conditions laid down for private contracts the chief among them being (i) the cutting of trees under the coppice system and (ii) finishing the work in the given time,

(c) The labourers and cartmen do not feel the responsibility of fulfilling the contract which, if broken, brings them heavy loss. They are satisfied with demanding heavy wages irrespective of loss or gain and are pessimistic about the participation in profits. At every opportunity they demanded higher wages and they used to stop from work for many days if their requests were not complied with. Co-operative principles, eventual profit by economical working, and collective responsibility do not appeal to them and they are often misled by contractors who were their original masters and whose profits are now affected by the Co-operative undertakings.

To avoid all the initial difficulties, it was decided that the trading union must take up the contract and hand them over to the affiliated society which is near the coupe to undertake the work. The labourers should become its members. The trading union will open depots in the town and pay for fuel at a fixed rate and sell it to the public.

Two societies were tried and they were not able to manage the business. So again the trading union had to employ a staff to supervise the coupes, and run the depots in the town. The second year brought some more profits. Though the quantity sold was small, the total sales amounted to Rs. 6,757-8-2, and the net profit Rs. 838-7-1 and it was divided equally between the labourers and the trading union.

During the current year 4 coupes of 331 acres were taken on contract and 74 labourers joined in the work. The average contract rate per acre was raised to about Rs. 6 owing to the keen competition of the old contractors in open auction. The price of the fuel had to be raised to Rs. 12 per ton and yet the undertaking resulted in a profit of Rs. 313-1-3 for a turnover of Rs. 13,050-11-7 for the year. This reduction in the profit was due to the high rate per acre. The stock lasted only up to the end of February '23 and the new year was to begin only from April. During the month of March the price of fuel in the town was from Rs. 20 to 25 per ton, a temporary rise owing to the absence of stock in the Co-operative depot.

Meantime it was thought desirable that the Forest Department should be requested to lease the coupes at a reasonable rate to the Co-operatives, as in public auctions the disappointed contractors combined to raise the rate per acre and consequently the consumers suffered. It was suggested to the Department to lease the coupes on a five years' average rate. As the lease was shortly approaching, the Government could not decide it and so offered all the coupes at the previous year's rates. The trading union has taken all the 7 coupes in the Taluq extending to 381 acres at an average rate Rs. 5-2-0 per acre.

There is a difference of opinion among co-operators that contracts of these kinds must be undertaken by organisations of labourers themselves and not by a trading union. In the first place an organisation of labourers cannot raise the necessary credit. There is no mutual trust among themselves. Co-operative character is very much wanting and the responsibility of fulfilling the conditions of the contract is not felt by them. So unless some co-operative organisation comes forward to help them giving them all the advantages of a labour organisation, this kind of contract cannot work satisfactorily. Even on principle there is no objection for such contracts being undertaken by a trading union. Fuel is one of the necessities in life and a co-operative store is perfectly within rights in regulating its supply to consumers. Even the society members in the villages require agricultural implements and fuel, that are being supplied by the trading union from the nearest coupes. The labourer always expects high wages and the consumer expects fuel to be sold at a cheaper price. A trading union is a compromise between the two and the distribution of profit among both is perfectly sound.

This kind of contract may be undertaken by the co-operative organisations wherever possible and thus they may render substantial help to labourers and consumers. The Forest Department is immensely satisfied with the work done by the co-operative organisations and have expressed their desire to extend the system to other parts.

THE TALUK AGRICULTURAL ASSOCIATION, KHAMGAON (BERARS)

BY MR. B. N. BOBDE B.A., LL.B.

1 Objects

This Association was started in 1914 with a view to improve the economic condition of the agriculturists in Khamgaon Taluk by the supply of pure seeds and improved implements, by the institution of seed unions and co-operative stores, and by exhibitions and propaganda.

2. Its working.

One itinerant servant is engaged by the association who goes from village to village, explaining the objects of the association and securing orders for the purchase of seeds and iron ploughs. He induces people to keep seed farms of rosea, side by side with farms of other seeds to convince them about the superiority of the former over the latter. The government provides every year pure seeds of rosea to the central farm and the seed produced in this farm is distributed to other fields called seed farms. A number of seed farms with a central farm in a village is called a seed Union.

The members of this union agree to sow the pure seeds supplied to them, to weed out other plants from this crop and get it ginned separately in a ginning factory of the seed union or a private one. The agricultural assistant of the district supervises these unions and the working of the association. He instructs the servants of the association how to deliver lectures in villages, provides them with agricultural leaflets and pamphlets which they distribute in the villages.

In the beginning the members made an annual contribution of Rs. 2 to the association and the organisers invested Rs. 500 for the purchase of iron ploughs. These were kept in the association shop and let out on a daily hire of four annas to non-members and three annas to members. The public demand for the iron ploughs can be well understood from the fact that the shop's income from this account rose from Rs 76 in 1918 to Rs. 1,400 last year.

In 1918 the association was registered under the Co-operative Societies Act and funds were raised on the share system of 5 Rs. per share. There are now about 200 shareholders and the working capital is Rs. 2,800.

The association stored linseed cakes, Japan ground nuts, copper sulphate, and nitrate of soda for sale, in addition to the iron ploughs and seeds.

The association has engaged the services of a clerk who maintains the accounts and does the official work with the help of one more servant under him.

Out of the profits the association pays a dividend of 7½ per cent on the shares to the shareholders and distributes the balance to the reserve fund, provident fund, building fund, library fund and exhibition funds. All these funds amount to Rs. 1,800 at present.

3. After 1919.

The association was prosperous till 1919. It started pig killing clubs, to destroy the pigs which damaged the crops. It held iron plough races. It increased the cultivation of pure rosea seeds. But from the end of the year 1919 began its downfall when it purchased a printing press for Rs. 6,000 with a view to invest the profits in the working of the association on a large scale. Till the end of 1919 the Association has made a profit of Rs. 3,000. But the venture of the printing press brought only a loss of Rs. 3,500. So the members sold the press at a loss. The Association was started afresh and has earned Rs. 1,400 by way of hiring charges by letting out ploughs. Though it has lost all its previous profits, its share capital of Rs. 2,800 is intact. This year it repaid Rs. 4,500 to the Co-operative Provincial Bank, Nagpur. This sum was borrowed from

the above bank for the purchase of a printing press and its accessories at 8 per cent interest.

4. The lessons of experience.

The Association hopes to recoup its losses within a period of two years. It has stored 70 iron ploughs for letting purposes, and sold 30 for cash. It is keeping pure seeds for sale and has resolved never to depart from its legitimate objects.

To the cultivators the Association has done immense good. They have taken to the use of the iron ploughs, the rosea seeds and better manures. Some of them have purchased tractor ploughs. They seek the advice of the Association in the purchase of any agricultural requirements.

LABOUR CREDIT SOCIETIES AT THE CRESCENT MILLS, BOMBAY.

(BY L. G. GOKHALE, AUDITOR OF C. S., BOMBAY.)

As an item of the Welfare-work programme, Co-operation was introduced by the Social Service League, among the workmen of the Curriembhoy Ebrahim Mills and at present the work of 30 Co-operative Credit Societies with a membership of more than 1,200 is being carried on in the different departments of the said Mills with a view to improve the economic condition of the workmen and to create in them the spirit of thrift and co-operation. Out of these 30 societies the largest number (8 societies) belongs to the Crescent Mills and during the last two years a very substantial progress has been made as regards their working which will be made clear from the following information:—

The first society named after the mills, was started in December 1918 and stands in the first class. Five new societies were organized in 1919, one in 1920 and one in 1921, when the work of starting new societies in the Mills was for the time being stopped and that of consolidation and development was undertaken. So, the total number of societies at present comes to 8 with a membership of 225 while 363 members have taken advantage of them upto now. Two of these stand in the first class and the rest in the second class. The fact that two of the eight mill hands' societies of the mill secure first class carries considerable importance inasmuch as very few societies have won that class in this city. The amount of their share capital is Rs. 2,028. The amount of deposit raised by the members is Rs. 28 while the Institute has given a deposit of Rs. 3,686 free of interest. The total amount of the transactions out of this circulating capital of Rs. 5,714 comes to cover Rs. 61,000. (Rs. 33,000 as loans granted and Rs. 28,000 as loans returned,) and a sum equal to Rs. 2,500 was

realised in the form of interest. It should, however, be remembered that this amount of interest which the borrowing members had to pay would never have been less than Rs. 10,000 had their Creditor been a Marwari however benevolently disposed he might have been. Then again it is worth while to note that out of the interest of Rs. 2,500 which the borrowing members had to pay, about Rs. 300 was returned to them as dividend on their share. Monthly Rs. 1,125 is spent in salaries and other expenses by the society and about Rs. 845 is kept with them as Reserve Fund which they can use as circulating capital.

The sound financial position of the societies can also be clearly seen from their Assets and Liabilities which are Rs. 7,129-12-6 and Rs. 6,587-9-3 respectively, leaving a net profit of about Rs. 542 for this year.

The number of defaulters has considerably gone down, at present it being only 11.

The Manager of the Mills, Mr. J. S. Smith, and other officers and also the Supervisor have to be congratulated on their earnest efforts for the efficient condition of these societies.

With all the many good points as shown above there are many other important things that have yet to be accomplished. The number of persons taking advantage of this activity must be increased and thus the scope of this useful movement widened. The amount of members' deposit must also be increased as that alone will be actual thrift and will also make the societies self-reliant. It is always seen that societies of the weaving department, the largest department in a mill, do not thrive. It is worthwhile to find out the cause and devise means for the removal: the managing committee of the weaving department societies should direct their efforts towards this object.

RURAL CREDIT IN AMERICA.

BY A STUDENT.

1. The need for Credit Unions.

It may look as a matter for surprise that America, one of the most advanced countries in co-operative marketing, has not shown any inclination to associate for credit purposes. A survey of the banking system in the states as given in Bulletin No. 1048 of the U. S. Department of Agriculture does not show that the American Banker lags in any way behind his caste in making the utmost of the farmers' credit needs. As mentioned in the same Bulletin page 25, "In some States the practice of requiring a minimum balance from the proceeds of a loan to be maintained at the bank, as well as that of collecting interest in advance, materially

increases the rate on the amount actually made available to the borrower. Such subterfuges are believed to be contrary to the public interest and where they are the result of unwise legal regulation of interest rates, such regulation should be properly modified." Neither can it be said that the credit needs are non-existent for the whole population in U S A., for many of the Bulletins admit the harassing exactions to which the poorer population are subject in cities and rural parts. At the same time, the fact also is admitted that local banks are not enthusiastic over a full supply of short term credit needs which hardly pay personal investigation, and at the most are secured by sureties unknown to them and future agricultural produce which may fail.

2. Causes for their absence.

What is it then that prevents the farmers' mutual credit organisations? The co-operative association on the unlimited liability basis in America is no new thing, for farmers combine on this principle in fire insurance companies, they combine for marketing purposes, the profits being distributed in proportion to the transactions of the members. The causes should be sought first in the growth of capitalistic banks for a century and more, secondly, in the impetus given to joint stock banking concerns by State aid, thirdly, in the institution of State Bank for direct aid to agriculture, and fourthly, to the assistance given by Producers' Associations to the farmers by way of advance on the security of their goods.

The Federal Farm Loan Act of 1916 instituted a system of federal Banks which are giving long term loans on mortgages at easy rates of interest to be repaid in small instalments. These Banks can issue bonds to the total value of the mortgages and the Secretary of the Treasury is authorised to make deposits in these Banks to make up a capital of 50,000,000 dollars till the latter amount is itself owned by these Banks. Till the time the owned capital reaches 100 million dollars, the directors are to be appointed by the Federal Farm Loan Board and afterwards by the latter and by the national Board, which is a State Department and afterwards by the latter and by the National Farm Loan Associations.

3. Seed Grain Loans.

In States where there is a failure of crops as in Kansas, Oklahoma, Texas, Montana and South Dakota, the President of the U. S. A. sets apart a seed grain loan fund to be administered by the Treasury Department and the Department of Agriculture through the local federal Banks and where the farmers are unable to repay the loan they are written off. Thus for the year ending 30th June 1921, 4 million dollars odd were issued as loans through 3 federal Banks, one million dollars odd were

collected and one million odd was uncollected. During that year a guarantee fund was collected at the rate of so much per bushel harvested and as it was found insufficient to cover the losses and difficult to collect also, the system was stopped. For 1921 and '22 the Congress voted sums for the alleviation of agricultural distress and the recoveries were very small compared to the amount of loans issued.

4. Federal Loan Banks and the War Finance Corporation.

The Federal Reserve System supplies sufficient credit to commercial Banks which are thus placed in a strong position to finance agriculture. More than all, the War Finance Corporation started in 1918 to promote War measures has been converted by the Agricultural Credits Act of August 24, 1921 into mainly an agency for financing agricultural production and marketing. That act gave power to this body to finance co-operative marketing associations as well as co-operative producers' associations including live stock for periods of not exceeding one year and also to extend the time to three years. The capital stock was fixed at 500 million dollars and subscribed by the U. S. A. and the corporation was authorised to issue bonds to 3 times its paid-up share capital. The corporation during the last 2 years has immensely assisted the marketing of cotton and live stock and its existence was continued from June 1922 to one year more, because it supplied a form of credit necessary for farmers.

5. The need for intermediate credits.

The Federal Banks issue long term loans. The private Banks assist in short time credit from 3 to 6 months. Some financing system is necessary for supplying the credit needs of farmers for purposes which may extend between one to three years. The following remarks on this system of credit by Mr. Valgren in charge of Agricultural Finance, U. S. A., in his article in the "International Review of Agricultural Economics" are worth quoting:—

"Intermediate credit is particularly needed by the man desiring to build up a herd of live stock on his farm. It is also needed by many farmers for the purchase of more expensive and durable farm equipment and certain types of farm improvements, the payments for which must be derived from more than one year's income. Even certain credit needs in connection with the production of crops such as those for fertilizers, seeds etc., which must be incurred early in the spring, call for a term longer than that now generally granted. If the customary six months' term only is given on such credit, it means that the farmer is compelled either to rely on renewals of his loan or else to throw his crops on the market

immediately after harvest time without regard to the market conditions prevailing. Just as the individual farm mortgage is now being used in the Farm Loan System as security for standardised investment bonds which can be sold anywhere in the country, or even abroad, without imposing upon the purchaser the necessity of personal investigation of the security back of the bond, so it seems essential that the farmers' intermediate credit papers must be transformed into some kind of standardised security that can be bought on grade, instead of as at present on personal investigation or inspection."

6. Agricultural Credits Act of 1923.

The War Finance Corporation was supplying this form of credit but as its period of existence came to a close with June last, a new Act was passed by the Congress which was signed by the President on March 4th. Under the present Act the power of the federal reserve Banks which are financing Commercial Banks has been extended. They can discount agricultural paper maturing at the end of nine months instead of six months as before. The Federal Banks which give long term loans are empowered to lend to individuals to a maximum of \$25,000 instead of \$10,000. 12 Federal Intermediate Banks are instituted as adjuncts of federal banks to finance agriculture for a period of 6 months to 3 years. Their objects are to discount agricultural paper of trust companies, banks, and co-operative credit or marketing associations, make loans to them direct on paper securities and issue tax-exempt debentures for periods of not more than 5 years, to ten times the amount of the capital and the surplus earnings. The capital is supplied by the Government to the extent of 60 million dollars, and the Banks work under the supervision of the Federal Farm Loan Board. Certain restrictions are provided that the discounting of paper should be undertaken only for those banks whose owned capital is at least 1/10 of their total liabilities. The Federal Intermediate Banks should not increase the rates of interest on debentures to more than one per cent of that on the first issue. The first interest rate on debentures is to be fixed by the State Farm Loan Board.

Another class of Banks called national agricultural credit corporations come into operation under the Act, to be financed by private capital amounting to not less than \$250,000. They can lend to individuals on the security of agricultural paper secured by warehouse receipts or similar documents. They are also empowered to issue debentures for periods not exceeding 3 years and subject to the tax levy. They are to be under the supervision of the Comptroller of the Currency. While these methods will no doubt set free liberal credit, these State and private Banks will grow as rival institutions to the Co-operative Producers' Associations. The State

becomes enmeshed in banking business. And the country will be flooded with new issues of tax-exempt securities. The ideal of the Government seems to be to achieve economic strength by profuse assistance to bankers and exporters, and not to eliminate inequalities of wealth by strengthening farmers' co-operative associations on which alone depend the building up of the co-operative commonwealth.

7. Credit Unions in North Carolina.

In one of the circulars of the Department of Agriculture issued in October 1921, it advises the institution of a State Agency in every State to organise credit societies. In ten of the 48 States co-operative credit Acts have been passed and in only 3 of them societies have come into existence and of these only in North Carolina, owing to the appointment of a Superintendent by the State, 33 rural societies are to be found. In the two other states of Massachusetts and New York they are mainly urban. It is curious that except in North Carolina the other States have placed the Banking Department in charge of these credit unions. No better supervisory agency can be found if the object of these States is to make their co-operative legislation a dead statute in their books. There are very few institutions for the development of rural co-operative credit and the Credit Union League of Boston is the important non-official agency for the purpose existing in the U. S. A.

8. Their Working.

The average resources of each of the North Carolina Unions or societies till 1921 did not exceed 2,000 odd dollars and average membership amounted to 42. The funds were made up of the paid up shares, interest on loans, entrance fees and fines, deposits from members, non-members, and junior members, and loans from Banks and other associations. The major part of the working capital was made up firstly, of deposits and secondly, loans borrowed from outside. The societies also undertake purchase and sale of foodstuffs and other agricultural requirements for the members. No reserve fund is built up, but the balance of cash is deposited in Local Banks which amounted to one-eleventh of the total resources in 1920. The idea of utilising the surplus of one rural bank in another and thus erecting a central Banking union has not yet developed. The Local Joint Stock Banks only form the Central institution for them for investing their surplus capital. Of the 41 societies started, 8 have been dissolved between the years 1916 and '20, the reason being not default in payment, but lack of sustained interest in working them.

9. Their Bylaws.

The bylaws of the societies require special mention as they throw light on a novel type of credit organisation. The members elect three

committees, a Board of 5 Directors, a credit committee of 3, and a supervisory committee of 3. The Board elects a Secretary, Treasurer, a President and a Vice-President and they direct the administration of the credit union like our Panchayats of Primary societies. The credit committee scrutinises the securities and sanctions loan applications. The supervisory committee is all powerful over these 2 bodies and for cause can disqualify the members of any other committee or any officer of the society. A peculiar feature of these credit societies is the admission of boys and girls as Junior members who are not permitted to get any loans but can deposit and take shares in them. There is a junior committee presided over by one of the Directors of the Bank. Each share costs 10 dollars and it can be paid by instalments. The societies are only on the limited liability basis and the individual liability of a member for the debts of the organisation is equal to twice the par value of the shares of stock held by him.

10. Conclusion.

Surveys of banking conditions conducted by the Department of Agriculture clearly indicate that there is a large population unable to raise loans on reasonable rates of interest and forced to pay more price to retail merchants for getting their domestic requirements on credit. Rural credit societies which combine also co-operative buying will expand in U. S. A. only with the creation of a special division as a subordinate Branch of Agriculture in States where agriculture forms the mainstay of the people.

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All forms of co-operation are nothing else than the abolition of an old-time duel.

The Consumers' Society: Duel between the purchaser and the seller.

The Credit Society: Duel between the lender and the borrower.

The Productive Society: Duel between the employer and employee.

Prof. Charles Gide.

CO-OPERATION AND THE MARKETING CONDITIONS IN RURAL AREAS*

By T. J. KUMARASWAMI, M. R. A. S. (LOND.),

(Research Scholar in Economics, University of Madras).

Any estimate of the probable effects of co-operative organisations for purchase and sale in the rural tracts must be based on an understanding of the present marketing conditions in those parts. So I shall begin with a description of the present conditions.

At present there is no organisation among the agriculturists themselves to market the farm produce or purchase their requirements, with the result that they get a very low price for what they have to sell though they have to pay dearly for their purchases. Now, middlemen, mostly money-lenders, assume the risks of distributing the surplus supplies of the villages. They are Mandy-merchants (Mandy-a place for marketing and storing commodities), owners or agents of rice mills, brokers and commission agents of the exporting firms and agencies. Immediately after the harvest the needy ryot who has to make a number of money payments takes the produce of his lands to the Mandy in the nearest town. Soon as he goes there he will find a number of people coming and asking for rates and inspecting his goods. Then the Mandy-merchant, if he has not any orders from outside merchants or higher rates, will arrange for the disposal of the commodities locally. He will get his commission from the seller as well as the buyer. The buyer, if it is paddy, will husk and prepare it for the rice merchants who used to go to such people and gather in dribbles to supply the distributing agencies; if it is ground-nut the agents of the European firms purchase it when it is brought to their godowns located in the neighbourhood of such villages. They prepare it afterwards for the market. Similar conditions are obtained in the marketing of cotton.

In all these cases a number of middlemen are engaged as brokers and commission-agents to secure a good supply from the villages. If these crops are sold collectively by the villagers through a co-operative society they stand to gain at least 20 per cent. more than what they get at present. Co-operation aims at the elimination of the unnecessary middlemen and economic waste. If these crops are prepared for the market in the villages or in the neighbourhood they will provide some subsidiary occupation to our villagers not to speak of the training it may give them in business methods. Paddy can be husked, ground-nut decorticated and cotton ginned locally. This will save much in the carriage.

* Paper read before the Economic Conference held in Jan. 1923 at Lahore.

expenses. These economies will give a stimulus to the growth of capital in our villages.

Such savings will increase if similar organisations are formed for the purchase of the requirements of the villagers. Now he gets his cloth from the draper in the town at credit at a price which is generally 20 to 50 per cent. above that charged for others, and he has to pay interest for that amount in kind which amounts to about 50 to 100 per cent. Sometimes these loans are renewed owing to famines or other unexpected happenings in the family of the ryot. Then the sum trebles itself in no time. The ryot purchases his other requirements as spices and articles of food, kerosene and implements at prices from 10 to 20 per cent. above the rates charged for others.

In collective purchase more than in such sales the ryot stands to gain a greater amount by eliminating the unnecessary middlemen as may be seen by the abnormal prices charged for the articles he is in need of by the retailers who judiciously divide among themselves (like the middlemen in urban areas) the right of catering to such customers, thus establishing monopolies of predatory rights for themselves.

In this connection a description of the Shandies or periodical fairs will not be out of place. These fairs serve as collecting and distributing agencies for the local produce and they also cater to the villagers by selling some luxuries which are otherwise procurable only in towns. They are held at places which are at convenient distances to a group of villages and are generally well attended, the attendance being in direct ratio to their importance. Generally they are held from 6 a. m. to 6 p. m. though half-a-day fairs in the afternoon only are not uncommon. They are held once a week and the prices in such fairs are determined solely by the intelligence and the bargaining capacity of the contracting parties. The ubiquitous middleman is omnipotent in such fairs. He will see that no bargain is concluded without him and he rules supreme in cattle fairs more than in others. Our agriculturists are like Goldsmith's Moses at the fair, quite helpless in his hands at the cattle fairs. The importance of cattle to our agriculture can never be over-estimated. Judicious buying of cattle by co-operative organisations will save a great amount to our ryots.

All such savings will increase the efficiency of our agriculturists and at the same time will be a stimulus to the growth of capital in rural areas. And such an improvement will be beneficial to the country as a whole as our main occupation is agriculture.

It is not my object to subject the middleman to a severe censure but merely to point out the importance of co-operative organisation to market

the farm produce and to supply the requirements of the villages. The average ryot is not financially strong, and individually is at a disadvantage in bargaining and in protecting himself against aggression. Hence the exploitation by the middlemen. Such a state of affairs can no longer be countenanced as it retards the best development of our country life. Unless we solve this problem we cannot improve the condition of our agriculturists. The good effects resulting from a solution of the other rural problems will also be greatly nullified if we do not find a solution to market difficulties in rural parts.

Of late, something has been done in the Madras Presidency to combine the villagers to form co-operative trading societies and organisations for purchase by indent. In some taluks in the North Arcot District there were sales amounting to three lakhs of rupees of articles purchased on indent and it showed a profit of Rs. 60,000, thus working up to a dividend of 20 per cent. Our former Registrar, the late Mr. F. R. Hemmingway, estimated that the members of the primary agricultural societies who were 170,000 in number could make a profit of 34 lakhs of Rupees a year—calculating profits at a modest rate of 10 per cent of the sales. Our late Registrar, Rao Bahadur A. Vedachala Ayyar, worked heart and soul for the success of such societies.

The method adopted by such societies was quite simple. On the requisition of the panchayat, the members of the primary societies sent an indent for their requirements. These indents were collected and a big order was sent to the best available wholesale supplier. The articles were distributed soon as they were received for cash or on short time credit to be collected by the primary societies. Much of the success of those societies is due to the zeal and enthusiasm of the official and non-official votaries of co-operation. Similar arrangements were also made to sell the farm produce.

Such has been the success of co-operative organisations for purchase and sale in small areas. The success of such societies clearly indicates that more economies can be secured by a better organisation along those lines. First, we shall take the starting of such societies for purchase and sale.

The unit for such societies should be a village and in any case it must not exceed three villages. Else there will not be that mutual knowledge among members without which no society can be really co-operative in character. The members must be made to understand the real necessity for the starting of such a society. Such societies must keep separate accounts and must be kept distinct from other co-operative undertakings

though the personnel may be the same in the various co-operative societies of the villages. The membership must be restricted to agriculturists residing in the villages. If necessary, two separate societies may be organised, one to conduct the sales of the farm produce and the other to purchase the requirements of the villagers.

If success is to be achieved, the members must be loyal to the society and must be actuated by the spirit of co-operation (all for each and each for all). After all it is not very difficult to secure the loyalty of the members if the management is really efficient and tactful. Nothing succeeds like success. If necessary, a paid manager may be appointed who knows his business thoroughly well.

In the trading societies referred to above, no provision has been made for the godown accommodation of the articles. In the stores for distributing articles to members and in the sales of societies formed for the disposal of the surplus produce of the villagers some sort of godown accommodation is necessary. It may be rented or owned. Everything depends on the magnitude and success of the business.

A share capital must be raised to provide funds for meeting such expenses. It must be greater in amount for the stores societies as they will have to pay for the purchases. If cash sales are insisted upon, we need not raise much of share capital as the proceeds of sales will increase the working capital. Members may also be encouraged to make deposits in such societies. The increasing economies brought about by such societies may also stimulate the growth of such deposits. We can also develop a system of co-operative exchanges by a mutual understanding between the societies for purchase and sale for persons who are members in both of these societies. The net profit must be divided *pro rata* to the contribution of the members, not to the share capital but to the sales or purchases as is common in the consumers' co-operative societies.

In the societies organised for selling the farm produce the following are the difficulties encountered.

- (1) We have to collect, grade and sample the supplies on lines best adapted to meet the market requirements.
- (2) We have to maintain a granary or godown.
- (3) We have to make provision against loss by deterioration or damage caused by insects or other agencies.
- (4) We must avoid undue competition among ourselves.
- (5) We must find a market for the goods.

All these difficulties can be overcome by an efficient management. The Agricultural Department has suggested many methods by which we can provide against the loss due to insects *etc.* in the granaries. The last two problems can be solved by a federation of village societies for purchase and sale and the urban stores, and by a system of scientific distribution. We can get into direct touch with the wholesale agencies. If we organise ourselves properly the wholesale agencies as the big exporting firms, stores *etc.* will themselves come to us. Our dealing in bulk is a distinct advantage in our favour. They are assured of the quality of our goods and getting a regular supply and in bulk which will save them much time and money. Our agricultural holdings are small and the return for the individual farmer is also small. Hence the imperative necessity for collective bargaining in marketing our farm produce.

The chief factor contributing to the success of such undertakings is business capacity. If we cannot get capable business men as honorary officers, we shall appoint them as paid managers or secretaries. The wants of our agriculturists are not too many. Salt, kerosene, cloth and a few articles of food exhaust the list. Village stores will be a success unless they are mismanaged by inefficient or dishonest men. Perhaps the only difficulty will be the want of funds for the agriculturist to make cash purchases. This can to some extent be overcome by securing a short time credit accommodation to the honest ryot at the primary co-operative credit societies who will guarantee or pay for his purchases at the stores.

The handloom weavers and those engaged in cottage industries may also be admitted as members in such sale and store societies.

In all such co-operative societies the members must be careful not to sully the fair name of co-operation by dealing in inferior and spurious stuffs or by bad practices as dealing out short weights *etc.* If they are careful about it, their success is assured. Honesty is the best policy in such business.

Lastly, we may also start co-operative societies for preparing the articles to the market by providing for the husking of paddy, for the ginning and packing of cotton, for decorticating ground nuts, for the crushing and refining of sugar-cane. Many of our rural areas producing such products are very near the ports from which they are exported. For example, in the South Arcot District noted for its ground-nuts and sugar-cane we have two outlets, namely, the ports of Pondicherry and Porto Novo, very near the source of production. Such industries may be started at convenient distances to serve a number of villages and if the magnitude of business warrants it, every village may have one such organisation.

By propaganda work conducted by the officials and non-officials and by mutual co-operation between them we can solve the marketing problems in no time. The economies effected by solving these problems will stimulate the growth of capital in the villages which in its turn is sure to result in increased efficiency in production not to speak of its good effects from a social point of view.

THE TRAINING OF SUPERVISORS.

1. Larger Powers to Local Unions.

Three years ago when the Co-operative Department was re-organised, the aim of the Government was that the movement should be given a fillip in this presidency by increasing the staff. It was said that this expansion was temporary with a view to aid localities deficient in civic spirit and leadership. It was also stated that when once the machinery for distributing credit has been efficiently installed, there would be a reduction in the staff of the Department. Now three years have already passed and it is essential that the Department should lose not a minute in strengthening the non-official agency to administer and supervise the co-operative societies so that by the end of the 5 years' period "co-operators will have devised means whereby the Government will be relieved of the cost of audit either in whole or at any rate as to a substantial part thereof". The resolutions passed in last December at the conference of the Registrar with the representatives of Central Banks and selected unions, have recommended a larger modicum of power to strong unions, as the direct sanctioning of loans and organising credit societies. The conference has also recommended certain alterations in the by-laws, that the sanction of the Registrar is unnecessary in regard to the affiliation of societies, and the levy of contributions from them at the rate fixed in the by-law. Also the Registrar's final power for suspending or dismissing supervisors is eliminated under these proposed alterations.

2. The Importance of the Supervisor.

Though it is an undisputed proposition that a grant of larger power gives greater opportunities of training for non-officials, definite steps should also be taken for actual training with a view to raise the efficiency of the non-official agency in the supervision of societies. Local unions can function successfully only through the paid agency of supervisors. It was with the intention of recruiting the best men that the by-laws of unions provided that supervisors, if appointed, should be from among men "who have been certified by the Registrar to be fit for such work." The efficiency of the societies depends on them. The task of a supervisor

is quite different from that of an auditor. "Even where it covers the same ground as audit, it differs from it in that it aims not merely at testing the efficiency of a society but at helping it to be beneficent and it comprehends the further task of seeing that the defects noted at audit have been remedied. The supervisor is concerned to see that the work of the society is not only business-like and up to date but generally co-operative. While satisfying himself that the accounts are in good order and that business is being conducted regularly and prudently, he would refrain from verifying the figures in detail and would set himself to test the knowledge of the committee and members, to advise them with regard to difficulties and disputes, to explain and remedy mistakes, and impress upon them the principles which societies should always have before them."

—(Report of the Committee on Co-operation—Page 60).

3. The Present System of Training.

The above quotation must really open the eyes of the Department and co-operators to the need for instituting a trained co-operative service. At present a three months' practical course is supposed to be given to a new recruit before he is appointed as a supervisor. He is expected to tour, with the Assistant Registrar for a fortnight, and with the Chief Inspector for six weeks and to watch their methods of overhauling a society. He is also to write the accounts of some large rural or urban society for a fortnight and to train himself at the office of Assistant Registrar for another fortnight. More than that, the Assistant Registrar is also expected to test him by giving him the practical work of interim audit "under the advice and guidance of trained officers." Meantime the supervisor is asked to acquaint himself with the Act, the by-laws of several types of societies, and the circular orders of the Department.

4. Need for Standardisation.

The Madras system for the training of supervisors leaves everything in the hands of the Assistant Registrar. It is the supervisors that come in daily contact with the rural farmer and by their preaching and example are expected to raise their standard of disciplined and combined action. And it is highly necessary to prevent unequal standards of efficiency among the supervising staff as a result of their appointments being left to the individual choices of Assistant Registrar. The qualifications should be standardised in the interest of the movement and as a guidance for their selection, by Assistant Registrar or local unions.

5. The System in Burma and the Punjab.

In Burma there is a special Superintendent of Training who arranges for training courses for the Government as well as the non-Government

staff. In the Punjab matriculates are selected as society—paid auditors who work under an Inspector for five months. These Inspectors are graduates in economics selected from the rural population who undergo before they are appointed, a course in rural economics and also a short practical training in the field. So the training of supervisors under the personal guidance of these inspectors forms a sufficient education in co-operative principles. During these five months they have to study "Law and Principles of Co-operation", by H. Calvert, the Punjab manual of co-operation, and the Departmental circulars. He has also to study some Urdu literature on the subject. The Inspector examines him *vivoco* three times and then recommends him if found fit to attend the special monthly course conducted by the Assistant Registrar with the help of the Educational Inspector. After the conclusion of the course they have to undergo a written examination. Then the Assistant Registrar decides as to his fitness for appointment as supervisor.

6. Duplication of work in Madras.

It is a question for serious consideration what really stands in the way of making proper arrangements for the training of supervisors. The field staff of inspectors maintained by the Department is so ample that each inspector has been given a small area over which he can conduct detailed supervision like a society-paid auditor. This system takes away the sense of responsibility of Local Unions in looking to the efficiency of societies and eliminates their impetus to improve their staff. On this point the Assistant Registrar of South Arcot remarks in the 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."

This difficulty is found in Districts where local unions have grown strong and are financially able to maintain a staff of supervisors. Such a contingency is sure to arise during the transition period unless the Government agency imperceptibly withdraws its inspection work from the localities where the societies are able to supervise themselves efficiently.

7. The division of the Inspecting staff.

If the Department means to do so, it can only be done by dividing the staff into inspectors and auditors. Where local unions are strong in funds and men, the Inspectors should concern themselves only with the

final audit. Every auditor may be asked to audit at the rate of 20 societies each month. The area of inspection may be varied from 60 to 75 societies for an inspector in proportion to the strength and capacity of the union to undertake the work. The present inspection area may continue in non-union areas.

Such an arrangement may gradually pave the way for these auditors to work under a non-official audit union of agricultural credit societies, and the Department to concern itself with super-audit for every three years as proposed by the Committee on Co-operation.

8. The system of grants.

It is not enough if the Department merely hands over the work of interim audit of rural credit societies in few districts as North Arcot, Chengleput, Salem, and South Kanara in the hands of local unions. The Department should make grants to growing unions so that they might be in a position to entertain a capable staff. This is a saving to the Department and a method of training non-officials in conducting the administration of rural primary societies. In proportion to the increasing strength of the unions, the subsidy may be withdrawn. In Bengal the pay of supervisors is taken over year by year by the Central Banks and thus the Department is relieved of its burden. Co-operators should be thankful to the Department wherever they have lent to infant unions the services of their inspectors free till their finances were sufficient to enable them to maintain their own staff. And the next step in the direction of democratising the movement should be to make grants to growing unions where human material is available and thus facilitate their appointing a capable staff from their own funds very soon.

9. Organisation of a teaching staff.

No reform in this line is possible unless the Department makes the necessary arrangements for the recruitment of an efficient supervising staff. As in the Punjab our inspectors have neither been recruited nor trained to bring to bear on the movement the broad outlook and the co-operative sense to infuse the spirit of co-operation in the masses and strike new policies with a resourcefulness. The work of audit and inspection makes any one fall "into routine habits and staleness". And the course of training adopted for them is the same as that for supervisors. So they cannot be expected to train the latter in co-operative principles and organisation. Some other agency should be created for his work of training. The present arrangements for practical training in inspection are quite sufficient to put the new supervisors into the field if only they are strictly adhered to. It is not expected of supervisors to initiate policies or organise societies for non-credit. They are

propagandists of co-operation to the rural farmer and organisers of credit societies. Some course should therefore be arranged in the elementary principles and practice of co-operation. The Department should engage a paid Superintendent of Training who should be not only sufficiently experienced in co-operative work but also possess a fresh mind enriched by a study of standard literature on co-operation. He should be in charge of co-operative training and education of Inspectors, Supervisors, Office-bearers and governing body members of all types of societies. The work of organising classes for Supervisors should be under his direct control. He may obtain the services of Honorary Lecturers who should be paid by the Department their travelling and boarding expenses. The lecturers chosen should be those steeped in co-operative literature who can expound the Act, the by-laws, and the rules, with a wealth of illustrations and reasoning and elucidate the principles that underly them. They should know of the different practices in the various presidencies and be in intimate touch with the progress of the movement in India and abroad. The Assistant Registrars also should be asked to take these classes. The services of the staff of the Diploma in Economics College and also Economics Professors of Colleges may be requisitioned for the work. The question also should be considered whether the general classes on co-operation whether intended for all co-operators or officers in the co-operative service might not be held jointly as extension work of the University in collaboration with the Department. In that case the University may take up the classes on general principles and the progress of the movement in India and abroad as extension work and issue their own certificate. The Department will then have to issue another certificate to candidates for their practical training and knowledge.

10. Admission of candidates.

Only those who are in the eligible list for the University course should be selected as candidates for the Supervisors' Training class. The District Bank or preferably the District Council wherever it exists should be entrusted with the work of selecting recruits for the post. After selection, they should place them for training under Assistant Registrars for a period of three months. The latter may either train them, directly under their personal supervision, or through their inspectors. During this period of training the supervisors should pick up a working knowledge of Hemingway's manual and the procedure in village Primary societies and method of conducting interim and final audit. The system now in vogue for practical training will be quite sufficient if strictly adhered to. As soon as the period of training is over, the Assistant

Registrar should certify that the working knowledge of the candidate is quite sufficient to enter the Training class. These candidates should be given a theoretic course bearing on their future work for a period of three months.

11. Course of Lectures.

The object of the course should be mainly to train a credit staff for the Local unions. Prominence should therefore be given to the system of rural credits in this presidency. As they are directly to be recruited for the work of supervision, what they have learnt in the field should be consolidated by a course on the procedure in village primary societies, the methods of testing the efficiency of a society, the valuation of assets, the preparation of property statements *etc.*, the rules for interim and final audit, and the principles underlying them. As they are the teachers of the village societies, the lectures should educate them in co-operative principles and how they are embodied in the Act. As propagandists who should infuse the spirit of co-operation in the rural ryot, they should be educated in the possibilities of the movement by lectures on special types of societies in India and abroad and what great economic reconstructions the movement is achieving through the organised efforts of the farmer and the industrial wage earner. As organisers of credit societies they should know the principles of organising societies, and the elements necessary for their success.

The following subjects based on the aims above outlined, may be arranged, each subject to run concurrently for an hour a day during the three months. The classes may be held for 5 days in every week. In the treatment of the progress of co-operation, only essential details should be told with a view to emphasise the principles. The lectures should be so arranged as to impart a foundation knowledge of elementary principles and stimulate further studies when the supervisors are engaged in active work.

12. Course of studies.

1. The object and principles of co-operation—the relation of co-operative credit to agriculture—The Co-operative Societies Act, Text book—Law and Principles of Co-operation by H. Calvert.
2. The system of rural credit—the village societies, constitution and management—the composition and employment of capital—liquidation and dissolution—supervision and audit—Local Unions and Central Banks, a study of the principles of their working as related to village societies. The subject should be so treated as to give a sound knowledge of the basic principles of rural credit organisation and how for they have been modified to suit the conditions in this Presidency.

Text book—Select chapters from the Report of the Committee on Co-operation.

3. Detailed administrative working of credit societies, their supervision and audit. The object of the course should be to explain the reasons for the several rules of procedure adopted in their working.

Text book Hemingway's manual, circulars and other orders of the Department.

The course should also comprise lessons on organisation of credit societies, methods of teaching panchayetdars, and delivering general lectures on co-operation.

4. The co-operative movement in general—Agricultural co-operation, different types of societies for seeds, manure, implements, farming, marketing—industrial co-operation, small scale industries and co-operation—urban banks, their value to workmen—Consumers' co-operation, buying clubs, stores, housing societies, General principles underlying these types of societies—A short account of various types of societies in India. The course should also include some lessons on the collection of data in regard to various occupations and trades in the District with a view to understand their condition—How to collect figures for any rural surveys, relating to economic conditions—A short description of the special developments of co-operation in other countries should also be given when treating of the several aspect of co-operation.

13. Examinations.

The Superintendent of training should arrange for the examinations. The examination should be a written one on all the subjects learnt in the field and the class. The Superintendent should arrange for a panel of examiners each year from the lecturers of these classes. If the University co-operates in this work, there should be two representatives of the University in the panel. Otherwise the panel should consist of 3 Assistant Registrars nominated by the Registrar in consultation with the Superintendent of Training, and 3 elected from the lecturers by themselves. Where the university co-operates, the number of the Assistant Registrars and lecturers in the Board should be reduced by one each, and their place should be filled up by the University from among its lecturers whose services are lent to the Training work. The Superintendent of Training may ask their services for the setting of question papers. If any course on co-operative accountancy is started by the University in the Government College of Commerce, the staff of the college may be selected also as examiners. In regard to the correction of answers, the work should be distributed equally among all the lecturers of the year in the order of the subjects they handle in the class.

14. The working and cost of the scheme.

To put the scheme into operation, the Assistant Registrars and the Local Unions should first consult among themselves whether the existing supervising agency is capable and can be depended upon without any super-inspection over them or any or some of the inspectors themselves might be transferred to the control of those unions whose supervision work is not efficient. Then a scheme should be made out as to the number of Supervisors' places that should be filled up by the Inspectors. As soon as this reorganisation is complete, they should be sent for training and the present scale of pay fixed for inspectors should be introduced for all the supervisors.

Wherever the Department considers that the unions are well developed, the inspection work should be handed over to them and the Department should make a grant to meet the increased cost of inspection. Whenever the Departmental inspectors have to be relieved owing to the efficiency of the existing supervising staff, they may be trained for audit work of the rural, urban and central banks, and those who show a special aptitude for non-credit work may also be trained for it. This we will deal with later in a special article. It is sufficient here to say that there is a enough work and more for inspectors so relieved for improving and organising Trading unions and stores, and industrial societies, if only they are approved as capable of doing the work by the Development Department.

As to the expenses in connection with the training classes, the Supervisors' salary during the training period should be paid by the Local unions whether they belong to the old staff or are inspectors newly put under their charge. The Department should make a grant to the Unions equal to the increased cost which they have to bear from the day their Inspectors are put under union control. New recruits selected in future by the District councils might be paid a small stipend by the local unions for the period of attendance at the classes. The Department should meet the expenses of travelling for lecturers and the preparation of question papers and correction of answers. With the spread of co-operative knowledge, the increase in the number of non-official lecturers, and the growth of financial strength of unions, the work may be handed over to the Provincial Co-operative Union. The arrangements for classes should be undertaken by the District council or the District Bank which operates in that centre. The centres should be changed year by year so that each District council or the District Bank might get the privilege of arranging these classes. The expenses of boarding and lodging arrangements should be equally met by the Central Banks or the District councils and the Department.

15. Library Arrangements.

For the success of the scheme, provision for a sufficient number of books on co-operation at each centre should be made. This should be undertaken by the District Bank or the District Council.

16. Follow up work

Mere training alone will not keep the mind alive and fresh to receive new knowledge and gather new facts. Hence circulars bearing on the work of the supervisor and the possibilities of credit co-operation in each area should be issued by the Superintendent of Training and the District Bank or Council at least once a month in a leaflet form. Arrangements should be made for translations of standard literature on co-operation by the Department. Easy textbooks in the vernacular on co-operation by the lectures above mentioned should be prepared. The Provincial Co-operative Union should meet to see what arrangements can be made for issuing co-operative publications in the vernacular.

The scheme of training classes should not be restricted only to those districts where the Department intends to hand over inspection work and make also a grant to the unions to meet the increased cost. It may be put into operation in all districts where Supervisors are entertained by local unions. The classes may also be attended by the Governing body members of unions.

The Department will have to incur two kinds of expenses if the scheme proposed is carried out. 1. for the training class and 2. for making grants to well developed unions for maintaining supervisors at a higher pay. This can be met by the savings effected by a reduction in the inspection staff. In the first place the transference of the control of the inspectors wherever their services are needed, to efficient unions will secure a large saving to the Department as the latter bear only the increased cost to the unions by the payment of a higher salary. Secondly, the proportionate increase in the number of societies inspected by Departmental inspectors, in accordance with the degree of ability of the local unions to undertake the work with their supervisors, should also relieve a large number of inspectors from the present work they are doing. Under this scheme the areas of local unions should be divided into three kinds;—

1. those which need a small temporary grant and are capable enough to control the inspection staff.
2. those which require departmental inspection but not so detailed as at present and therefore permit of a larger number of societies being given to an inspector.
3. those in which the present arrangement should continue. The areas classed as 2. may very soon join the class 1, when once their supervisors are trained and their finances improved to meet a major part of the establishment expenses. At the end of 1925, the temporary grant to unions may be withdrawn, so that the Government will bear the cost only of a small audit staff for credit societies.

The scheme here proposed is not considered by the writer as a well-thought one but only as a basis for discussion. If this article is able to provoke thought among co-operators and direct their attention to the formulation of a more practical scheme, the writer will only be too glad and consider his efforts more than repaid for setting the ball rolling.

Co-operator.

THE 5TH NELLORE DISTRICT CO-OPERATIVE CONFERENCE.

(HELD ON 29TH AND 30TH JUNE UNDER THE PRESIDENCY
OF MR. A. S. KRISHNA RAO M.L.C.)

The following are some of the important resolutions passed at the Conference.

1. That since large funds are necessary for expanding the Co-operative movement in the District, the people of the Nellore District be approached for getting in more deposits in the District Co-operative Bank.
 2. The rates of interest now charged by the Co-operative Societies are far in excess of the prevailing rates in the villages, that therefore the old rates of interest may be restored.
 3. This Conference offers its heart-felt thanks to the District Board for the deposit of Rs. 50,000 of Railway Cess accumulations in the District Bank and requests them to deposit the balance of their accumulations also at an early date in the District Bank.
 4. This Conference is of opinion that trust funds may be permitted to be deposited in Co-operative Central Banks and that the Government be requested to take steps to amend the Trusts Act and the rules framed by the High Court in this matter.
 5. That the Government be requested to locate post offices within six miles, radius of Co-operative Societies.
 6. This Conference is of opinion that in villages where there are no village panchayets, the Co-operative Societies may constitute themselves into village panchayets and undertake the duties of village sanitation, primary education, petty repairs and elementary and Technical Education.
 7. This Conference requests the Government to grant long term loans at specially low rates of interest to housing societies meant for the poor and the lower middle classes.
 8. This Conference is of opinion that more agricultural non-credit Societies be formed in this District.
 9. This Conference is of opinion that the Co-operative Societies in the District should encourage hand-spinning and hand-weaving as cottage industries and should, in pursuance of the above object, make joint purchase of the necessary articles, distribute the same among the villagers and that they should also maintain not less than two hand-looms in each society. This Conference also requests the departmental officials to help them in making joint purchase of cotton and other necessary articles.
 10. That a trading union be established in the District and that every co-operative Society should try to get the necessary articles under the indent system through the said Trading Union.
 11. That Societies be organised in the District by the Department for doing purely non-credit work.
- That in pursuance of the above object
- (1) a milk supply society be organised at Nellore ;
 - (2) a society for wood cutters be organised at Amencherla ;

(3) and cattle breeding societies be organised at convenient localities in the District.

12. Supervising unions should, as far as possible, be made independent in their work.

13. The Co-operative Societies in the District are requested to freely admit Audiandhras and other depressed classes as members and grant them necessary loans; and that if any Society expresses its disinclination to admit them as members, a separate society be organised for the benefit of the said depressed classes and affiliated to the Nellore District Co-operative Banking Union.

14. This Conference requests the Government to grant the same concessions to Co-operative Societies in the matter of Money Order Commission as in the Bombay Presidency, i. e., 75 per cent. remission.

15. This Conference requests the heads of various departments to arrange for the deduction of the instalments due from the subordinates of their departments from their monthly salaries in respect of their loans to Co-operative Societies.

16. This Conference is of opinion that some more grain banks be established at Nellore.

17. That it is necessary and expedient to take early steps for the organisation of a Co-operative Life Insurance Society.

18. (a) This Conference exhorts the primary Societies to undertake the expansion of Primary Education.

(b) This Conference requests the Government to appoint a representative of the Co-operative Societies to the District Educational Council.

19. Resolved that a Standing Committee consisting of one representative from each of the Unions and two representatives from the District Bank be appointed to organise the District Conference, to maintain accounts and invest the surplus, if any, remaining out of Conference collections in the District Bank.

20. Union directors visit the Societies in their jurisdiction at least once in two months.

21. This Conference is of opinion that in the District Banks and Co-operative Societies, interest should be calculated from the date of the loan and the date of repayment, instead of treating periods less than 15 days as 15 days.

The Provincial Co-operative Union, Madras, be requested to take necessary steps in this matter in consultation with the other Co-operative Banks.

22. A Cattle Insurance Society may be organised in this district noted for cattle.

23. Arbitration societies, similar to the ones in the Punjab, may be organised in this District.

24. This Conference is of opinion that immediate steps may be taken by the District Bank for the training of the Secretaries of the rural Societies.

25. This Conference is of opinion that in the following Post offices where there are Co-operative Societies or Unions, an insurance branch may be opened in the Branch Post offices there.

26. Resolved that Co-operative Societies may be organised for the consolidation of small holdings.

CO-OPERATIVE JOTTINGS.

Co-operation in Russia in 1922.

The co-operative movement in Russia received a serious setback in the early years of the Soviet Government. It was caught in the whirlpool of nationalisation and municipalisation and was restored to its original position of a free economic movement only as late as 1921. Even now it cannot be called a free movement in the sense our movement in India is. The distributive societies are obliged to carry out the directions of the Supply Organs of the State, and supply among the population the articles of prime necessity issued by them.

Of the four forms of co-operation distributive, agricultural, credit and producers', only the former two may be said to have established themselves in Russia. The distributive movement can be called only a town movement. It has not been received with confidence by all the agriculturists. Producers' co-operation has not made any headway for lack of finance while credit is slowly reviving.

The organisation of co-operative distribution may be sketched as follows. Under the Soviet legislation the whole Republic is divided into so many "Co-operative Unions" or districts. Within each Union citizens are at perfect liberty to form free co-operative distributive societies; and every citizen though he may not belong to more than one society, has the right to join or leave a society. The primary distributive societies are thus registered with the Co-operative Unions which are in their turn combined in Provincial Unions or "gubsoyus". The gubsoyus then form the All-Russian Union of distributive co-operative societies the Centrysoyus.

At the end of 1922 there were 95 gubsoyus with 738 branches. The number of affiliated co-operative unions was 24,559 and free co-operative societies 4631. The number of co-operative stores actually working was 29,370 employing about 250,000. There were also occupational co-operative bodies which are of special interest. Thus labour co-operation counted 4631 co-operative societies and supplied 3,500,000 persons. In transport there were 67 regional Unions with 1,641,000 subscribers. The number of persons supplied was approximately 4½ millions.

Though the co-operative societies have shown considerable development in their activities they cannot be said to have participated in the trade of Russia to the extent they could have possibly done under normal conditions. In the internal trade of the country they have to compete with

the State and with private traders-both of them fully organised and strong. The total transaction of the distributive co-operative movement as a whole during 1922 amounted to 330 millions gold roubles. The Central Centrosoyus alone handled goods to the value of fifty million gold roubles.

In foreign trade the Centrosoyus play a substantial part. Added by the monopoly of establishing agencies abroad, of collecting certain raw produce such as flax and fur, it exported raw materials to the value of 17 to 18 million gold roubles or about one-fifth of the export trade of Russia.

To form an **agricultural co-operative** society there should be at least 5 members, and no one is allowed to belong to more than one co-operative society of the same kind. The agricultural societies are entitled to preference as regards State contract and enjoy special facilities as to maintenance and supplies.

In October 1922 there were 10,000 primary societies organised in 99 unions. The unions are affiliated to the All-Russian Control Union of Agricultural Co-operatives (Selskosoyus). The number of families served by this section of the co-operative movement was 17,000,000. The object of the Selskosoyus is to supply seeds and agricultural materials to its members and organise the sale of their products. The sales of the Selskosoyus in 1922 under the head of livestock and dairy produce amounted roughly to 270 milliard Soviet roubles and purchases to 230 milliard roubles. 652 horses, 205 pigs and 50 bulls and cows were purchased for breeding purposes. It issued during the year to its members 727 mowing machines, 500 harvesting machines, 60,000 ploughs and 63,000 scythes, 31,000 bill hooks, 23,000 poods of iron mongery, nails etc., 13,000 poods of insecticide, 23,000 poods of chemical fertilisers. Flax worth £2,93,800 and hemp valued at 5,490 were exported. The commercial activity of the agricultural movement is still considered comparatively slight for the peasants dispose of only a small portion of their produce. In foreign trade the Selskosoyus has participated only to the extent of 2 million gold roubles.

In October 1922 there were more than 10,000 **producers' societies** with a membership of more than 600,000. There is an All-Russian Union of Producers' Co-operatives. Hitherto its action has been confined to mainly supplying raw materials to its members. Eighty per cent of the commercial transactions of the producers' societies is effected with the Centrosoyus, 18½ per cent with the State and the rest with private traders. In State contracts these societies enjoy preferential rights and may receive cash and raw materials as advance for carrying out such contracts. The progress of the movement is still considered unsatisfactory.

There were 600 **credit societies** in 1922. The development of credit co-operation has been slow and unsatisfactory owing to insecurity of investment and owing to their late reorganisation by the Soviet Government. As an adjunct to Distributive Societies it has so far thrived well.

(Ref. Co-operation in Russia. No. 5, Supplement, March 2nd, 1923, *Industrial and Labour Information, Geneva*)

S. K.

A Bill for Cooperative Banks in U. S. A.

In U. S. A. there is no national law under which co-operative Banks can be registered. Senator Brookhart, the champion of farmers' co-operation brought in a bill in the recent session permitting the incorporation of co-operative banks. "The introduced Bill permits the incorporation of co-operative Banks having only \$ 15,000 in capital and issuing shares at as low a price as \$ 10. The Bill limited dividends of stockholders to 8 percent and provided that no stockholder should have more than one vote by proxy. It provided further for the distribution of profits to both depositors and borrowers on a patronage basis, and for the creation of a co-operative reserve fund. Senator Brookhart has announced his intention of re-introducing the bill next session in almost identical form as an amendment to the National Bank Act."

"The question as to the profits of co-operative banks should be distributed not only to borrowers but also to depositors is generally answered in the negative. Most co-operators hold the view that in a co-operative society, capital whether represented by shares or by deposits of savings, is only entitled to a limited interest at the current rates. That part of the profit which is not devoted to the formation of a common reserve fund should therefore be distributed, not in proportion to the interest received by the depositors, but in proportion to the sums paid to the bank, either by persons who have received loans or discount, or by those who have carried out any other transaction with the bank for which they have had to pay a commission. For example article ten of the French Act of 13th May 1917 concerning peoples' Banks lays down that after the proper amounts have been paid into the reserve fund, the surplus profits "shall be divided among the clients of the Bank in proportion to the payments of all kinds which they have been obliged to make. The provision thus forbids the distribution of profits to deposits."—(*Industrial and Labour Information, 4th May.*)

A Co-partnership Bill in the House of Commons.

Mr. Basil E. Peto, M. P. has introduced a bill in the House of Commons on April 17th. The object of the Bill is to promote industries on the co-partnership system through State influence and aid. The Bill proposes the establishment of a commission of 5, one to be nominated by each of the following organisations: The Trade Union Council, The Federation of Employees in British Industries, the Labour Co-partnership Association, and the President of the Board of Trade. The Chairman will be appointed by the Board of Exchequer. This body will approve of all schemes of apportionment of profits between capital and labour, and register the productive companies on the copartnership basis. Such Registered concerns will be assessed at only 3/5 of the income tax and the stamp duty will be at half rates. The Bill also provides that the schemes of co-partnership submitted for approval should provide for the payment of the current wages to the employees, a basic rate of interest on capital, and investment, of not less than half of the bonus of the employees in the capital of the company. The Commission is to work subject to the approval of the Chancellor of the Exchequer. The Bill also provides that

the Government and Local Authorities should give their contracts to these firms after the lapse of a year.

The Bill was opposed by Mr. A. Hopkinson that it unnecessarily involves labour in the risks of capitalistic trades. Further development of the Bill in the H. of C. is gladly awaited.

The Grain Growers' Guide of May 16th, (Winnipeg, Canada) makes a reference to **the system of farm finance** in Canada. A special Agricultural committee has been appointed in the H. of C. to enquire into the condition of agriculture. The prairie provinces require permanent land improvements which are possible only with a larger flow of credit. As the article notes, it has been the cost of credit and its uncertainty which has caused and is causing to-day a great restriction in agricultural development. For long-term loans farmers in West Canada are paying nearly 9½ percent if the legal expenses are also added. Short term loans cost nearly 10 percent as interest is always deducted in advance. And for all the improvements the farmers make, they pay heavily as they purchase their requirements in retail, and as the Railway freight charges are high. The article proposes that if the Banks do not lend mortgage credit at 7 per cent the Dominion Government should borrow at 5 per cent and lend through Provincial Boards, to the farmers at 6 per cent or more on the amortisation principle.

An Act before the Dominion Legislature of Canada recently introduced proposes to prevent trusts, combines, and monopolies. Under the Act "a combine is said to include any actual or tacit contract, agreement or arrangement or combination which has or is designed to have the effect of preventing or lessening competition in or substantially controlling within any particular area or district purchase, barter, sale, storage, transportation, insurance or supply." Under this head may be brought many of the farmers' marketing associations for exporting wheat, wool, livestock etc. though they combine only to protect their interests as producers. The legislation needs amendment as it creates trouble to non-profit seeking institutions, though unintended by the Government.

The May number of the "Canadian Co-operator" has a brilliant note on the **Responsibility of the Manager** which we mention below and trust that our Directors of trading concerns will not fail to take note of. The Editor takes the example of a society in Pennsylvania which appointed too many managers within a short period and analyses the cause of the failure of the society whether it is due to want of managerial ability or of proper supervision from the Directorate. The managers when they were employed under private concerns were doing excellent work. Then why not under co-operative societies? They "soon appreciate that there is no effective supervision and, not being co-operators and having nothing but a job-holding in the undertaking, they become indifferent and careless. If the managers had, regularly in a proper business manner, to report business and statistical information disclosing the quality and the effect of their management, and if the management committee and its sub-committees exercised systematic supervision, the chances are the first man appointed would have been a success."

NOTES AND NEWS.

The character of annual administration reports.

Mr. Krishna Rau M. L. C. at the Nellore District Conference held on 29th June made the remark that the annual administration reports contain only glowing accounts of the progress of co-operation and never reveal the true situation. He made a reference to the latest administration report wherein it is said "that the continued unsatisfactory state of collection is due mainly to the adverse effects of an unfavourable season on a considerable portion of the presidency". On this point he quoted the Government review on the report wherein it is mentioned "that the Government find it difficult to accept the explanation of the bad seasons which is offered by the Registrar as the principal cause of these arrears". He also drew attention to the District report where the apathy of the panchayetdars is distinctly referred to as the cause of the heavy overdues. He also remarked that the report gave a poetic picture of the moral results of the movement while they are only in the realm of ideas. "Both in towns and villages people have begun to learn the meaning of democratic institutions. There has been an increase of mutual trust and confidence as also of self-respect and self-reliance." He characterised the just mentioned extract as somewhat exaggerated. While we feel a little difficult to accurately assess the moral results of the co-operative movement, and hence diffident of discussing this topic, we must admit we agree in the main with the remarks of Mr. Krishna Rau that annual reports should be a little more searching. An analysis of the defects in the movement will lead to a better order of things. An annual report should take stock of the progress made, whether the foundations have been rightly built up and the pitfalls on the road, and formulate a practical programme for the coming year, in the light of the ideals of the movement, and its existing conditions.

Let us take the Bombay report. The Registrar first defines the policy of his department "that we look to non-official helpers for all work of organisation, propaganda, loans, collection and supervision. The Department Officials will have to confide themselves more and more to their statutory functions of registration, audit, enquiry, arbitration and liquidation". When dealing with the general progress, the Registrar never minces the fact of inefficiency of the Panchayets. He mentions "that

broadly speaking, the main faults in the movement whose effects the overdues register are indifferent supervision, indiscriminate selection of members or officers of societies and inadequate teaching and propaganda". Dealing with the agricultural societies, he refers to the defects found in the Hony. organisers, the inefficiency of guaranteeing unions and the character of panchayats district by district. He suggests the need for an economic enquiry in each district with a view to remove the evils which hinder co-operation but not necessarily connected with it, as for instance the land question. In regard to each aspect of co-operation, he defines the ideal, of town banks to be financing agencies of indigenous industries, of District Banks, 'to supply all the advantages of capitalism, without its abuses', of the consumers' movement 'to remedy the defects of the present distributive system' and of producers' societies 'to eliminate the capitalist master and capitalistic ownership and deal direct for themselves with the consumer'. He does not stop with merely envisaging the ideal. He analyses the efforts taken in the past to reach the goal and the defects found in the working of the different aspects of the movement.

Take again the Burma report for the year 1920-21. There is a frankness and candour about it that one feels that the movement is destined to grow under the leadership of the department which recognises actualities only to be stimulated to persist in its endeavour. We give the following quotation from the report which summarises the condition of the movement in that province and is amplified in full in the several chapters. "Co-operation in Burma has many faults as elsewhere; else the Registrar's post would be sinecure if it were not so. Paucity of highly educated, well read and experienced students of Co-operation, dependence of agricultural credit societies on Central Banks, failure to attract savings deposits in the villages, inelasticity, cumbrous procedure and stereotyped practices in issuing loans, lack of co-ordination for finance between all classes of financing institutions and the eternal difficulty (which is the root of all troubles) of spreading co-operative education to all co-operators—are among them. All these require hard work and careful thinking and progress is painfully slow; but for any one who has known Burma since Mr. English began his work in 1906 there are ample grounds for the optimism which stimulates the reformers".

The latest Madras report, certainly makes certain interesting comments in regard to rate of interest, progress of the stores movement, overdues and arbitration. But the development of the movement is by no means so lean or so simple as not to lend to an analytic treatment of its

progress under different heads. It can certainly be made more enlivening and interesting by the infusion of more spirit and information. In fact certain administrative reports of the districts contain a wealth of information on the progress of the movement which can be utilised to the benefit of co-operators. And when a detailed analysis of several aspects is made, it is sure to lead to the next progressive step, for there is nothing like publicity and exposition in the removal of defects and the building up of any movement.

* * *

Arbitration Societies in the Punjab.

Mr. Calvert at a lecture delivered by him to the students of the Delhi University on the reconstruction of the Punjab, made the following remark on the arbitration societies started by him. "In all, there were 148 of these societies with 16,600 members and many were doing very good work, settling disputes and saving the expenses of litigation. Unfortunately their success frightened the lawyers and the Minister has ordered them all to be closed. Litigation is our second biggest industry in the Punjab and must not be interfered with".

The above cryptic statement is astounding to read. Other Provinces are looking up to the Punjab as the model for starting different types of co-operative societies, and in fact many District Conferences have passed resolutions requesting the Department to start arbitration societies similar to those of the Punjab. We understand that the Department is also trying to frame model by-laws for the formation of such societies in this Presidency. We would like to know from the Ministry of Development, Punjab, what special reasons actuated them to close all these societies. Is it because that the Registrar by his very position gathers to himself powers of deciding on appeal certain civil disputes, which should naturally go to the courts, that the present order has been promulgated? We published last December an account of these societies and the extracts which we gave about their working must have shown to our readers their tangible achievements in reconstructing rural life on the basis of mutual understanding and social discipline. We hope that the Ministry of Development will enlighten us on this matter.

* * *

Limit of loans to members.

The Hon. Mr. C. V. Mehta, the late minister for Development in Bombay (and now member of the executive council) appointed a committee in January last to make a co-operative survey of West Kandesh and formulate proposals for the spread of co-operation. We quote below a summary

of the recommendations of the committee as given in the latest Bombay Co-operative Quarterly. "The financing of members should be based on their agricultural requirements as judged by the average cost of cultivation as estimated in the report. Further, the maximum credits of members should be fixed on the basis of their agricultural and other requirements. Loans however should not be given in large lump sums but by instalments as and when required from time to time. All societies should be induced to maintain field registers. The grant of maximum credits should be restricted only to societies classed as A and B. As an additional safeguard the committee propose that loans for seeds, particularly cotton seeds, should be given in kind. Arrangements for the supply of seed should be made by the Bank which should try to purchase seed in December or January when prices for cotton seed are lowest. Other loans should as far as possible be given by means of cheques. This will make it unnecessary for societies to maintain large cash balances at their villages and will inculcate banking habits among the agricultural classes. To facilitate the recovery of loans, the committee propose that strenuous efforts should be made to induce as many members of as many societies as possible to sell their agricultural produce through the Bank. Also societies which may be registered hereafter should be given to understand that if they wish to be financed by the Bank, they should send the money crops of their members to the Bank for sale, provided the Bank is prepared to arrange for such sale. If all these recommendations are accepted, the committee believe, Societies can and should finance their members freely and fully".

We have quoted the above extract in full as it proposes a method of meeting the complete credit needs of members. But the main point to be noted in the whole recommendation is that the maximum credit for a member should not be fixed arbitrarily in the by-laws but should be based on his actual needs for his occupation and home. In Bombay loans are sanctioned in proportion to deposits held by a member in a society. Such a system does not take note of the fact that deposits follow the fullest satisfaction of the members' credit requirements and not *vice versa*. And if owned capital is to be increased, the instalment payment system of shares, or long term deposits is the best.

In Madras and Bombay the by-laws enforce the fixing of a maximum limit for individual loans. This is arbitrarily fixed and is not necessary in provinces where the normal credits of members are assessed annually by the General Body of the society. In fact in unlimited liability societies the amount of loans sanctioned should be in proportion to the repaying power of the member and not be based on any other criteria. Mr. Hemingway in his manual while appreciating the need for a society to supply all the

requirements of members says that the limit for individual loans is fixed only as temporary measure in the beginning when the societies' resources will be small and therefore should be safeguarded from being largely utilised by the rich. To quote his own words, "Until the societies improve their position to such an extent that they can meet all the needs of the members, however rich, it is necessary to fix a maximum which any member can borrow. This maximum is generally fixed at the reasonable requirements of an average man neither rich nor poor".

The question is one for consideration whether even within this maximum limit, loans are freely granted to members. A member who gets a long term loan can rarely obtain a short term loan for his current agricultural needs, for which then, he applies to the Sowcar. And for the debts due to the latter, he again comes to the society. To quote the words of the manual on this question, "The Sowcar will take special pains to exact the payment of his dues and the result will be that the unfortunate member will be in a much less favourable position for paying the debt that he has already borrowed from the society, than he would have been, had the society lent him the second debt also."

The fixation of limits for individual loans may be replaced by the system of assessing annually the normal credits of members in the case of efficient societies, and cash credits may be granted on the basis of their forecasts by the Central Banks. The question is inextricably bound up with the administrative capacity of the Panchayets and secretaries to meet the credit needs of all the members and recover the loan at the proper time.

* * *

Investment of the Reserve Fund of Primary Societies

The Registrar of Bengal has issued a circular (No. 12 of 1922) suggesting that Primary Societies should invest their reserve funds, as soon as it reaches Rs. 50, in the Central Banks at $4\frac{11}{16}$ per cent interest who should reinvest them in the Provincial Bank at 5 per cent. It is a welcome fact to note that other provinces where the reserve fund was used as working capital in Primary Societies have also come to recognise the need for its investment in outside limited Banks. We extract below the arguments mentioned in the circular as they indicate the propriety of the system adopted in Madras and will also be an eye-opener to those co-operators who have been insistent that the reserve fund deposits, as they fetch a lower rate of interest from the Central Bank, should not be invested in them but be used in the working capital of societies.

"It is now generally recognised that the main objects of the reserve fund are to increase the security of a society and to provide a fund to meet

emergencies: that these objects are not fulfilled if the funds are used as working capital and are not separately invested in a readily realisable form. Co-operative societies should be run on strictly business lines in order to render themselves capable of attracting capital. Too much stress, therefore, cannot be laid on the need for an adequate cash reserve for every Co-operative Bank, as without such a reserve their financial position will always be open to criticism by business men. A liquid reserve further popularises them in the eyes of the more wealthy and critical residents of the town in which the Societies operate, and thus increases the probability of their being able to enlist the support of these classes and of obtaining local deposits."

When once the principle of separate investment of reserves is accepted, it should also be granted that there is no better method of investment than in the Central Banks of this Presidency which pay 6 per cent interest, a certainly higher rate than what a Post Office savings deposit or Government paper will bring.

We would venture to make one or two remarks on the rate of interest on reserve fund deposits and their reinvestment in the Provincial Bank as suggested in the Bengal circular. In the Madras Presidency the Central Banks are not required to reinvest the reserve funds of societies in the Central Urban Bank as this will necessitate payment of a commission by the societies to two agencies. Perhaps the local conditions in Bengal require this reinvestment. The Central Banks borrow at 4 to 7½ per cent and lend at 9¾ per cent to 10 ¹⁵/₁₆ per cent. The societies lend at 12½ to 15 per cent. When the Central Banks lend at such a high figure as compared with Madras, they can certainly pay 6 per cent interest on the reserve fund deposits. We would like it to be explained why the rate for the latter has been fixed so low and why reinvestment in the Apex Bank is suggested in the circular.

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Retrenchment in Bengal.

The Bengal Retrenchment Committee have made drastic recommendations for reducing the strength of the Co-operative Department and their establishment. They have recommended that the post of 2 Assistant Registrars, one Deputy Registrar, one Personal Assistant, 4 divisional auditors and all the Inspectors, should be abolished. The cost of audit of societies less than 18 months old now incurred by the Department should be borne by the other societies and the Department in the proportion of half and half. Tour clerks for Assistant Registrars should not be allowed; also their duty allowances should be stopped. Their pay in future should be that as fixed

for the provincial executive service. The travelling allowances for honorary organisers need not be continued. And the propaganda work done by the Inspectors should be done in future by circle officers or sub-collectors. The total reduction they recommend amounts to 2.66 lakhs.

It is a point to be noted that the total strength of the Co-operative Department in Bengal comprises only one Registrar, one Deputy Registrar, one Personal Assistant, 4 Assistant Registrars with a divisional auditor attached to each, and 65 inspectors for inspecting and auditing 6679 societies comprising 2.42 lakhs of members. It is also a fact to be remembered that Bengal has organised different types of societies for irrigation, medical relief, milk supply, weaving, and cottage industries.

No one can find fault with the remark of the committee that the Department should restrict themselves more and more to audit. But they base their conclusions on certain dogmas of their own which betray hopeless ignorance of administrative needs for the development of co-operation. They lay down that "the community as a whole is educationally backward and that nothing that is deep or involved can be assimilated by it". Then they go to the next argument that the principles of co-operation are neither abstruse nor technical". And this "simple propaganda and the general inculcation of co-operative principles" is to be left in the hands of the Taluq revenue officers. And all other work should be done by non-official agencies. What we object to is not so much the retrenchment of expenditure and reduction of staff which they have proposed but the enunciation of very wrong principles as to the functions of co-operators and the Department. It is a point to be noted that any clear policy of co-operative development should include two aspects of co-operative education. The one is the supply of trained experts for the progress of the movement in all directions, and the other the elementary training of the masses in simple principles of co-operation. Co-operation for its development requires trained managers for central and urban banks, stores, industrial societies and agricultural societies for purchase, production and sale. Surely this aspect of training organisers and administrators cannot be called simple. The second aspect of the work may be undertaken by non-officials who are willing to give their leisure for spread of co-operative principles. But the retrenchment committee reverses the order and wants the latter work to be done by the revenue officers. We would like to ask whether training of managers, agricultural and industrial organisers, accountants and auditors is a work which can be left in the hands of non-officials. Even in regard to the training of secretaries and panchayetdars for rural societies, can it be said that the work may be completely left in the hands of non-officials without any financial assistance, till the masses are trained efficiently to conduct rural banks. If the Retrenchment Committee had proposed that instead of centralising co-operative training and propaganda in the Department, non-official agencies should be strengthened to undertake the work, they would have shown a sense of propriety and understanding concerning the principles

underlying the progress of Indian co-operation. Instead of that, they reduce the possibilities of co-operation into a simple nothing. And thus they betray a very narrow conception of co-operation when they want it to be undertaken by revenue officials of a lower grade. The work demands enthusiasts, not clerks who draw balance sheets, men in various trades who have understood business, who feel a joy in rubbing shoulders with farmers and small producers and who can organise the latter with a great amount of tact and patience. For a proper success of the movement it should recruit men possessing the capacities of brokers and agents in the various trades, and sufficiently educated to realise the value of co-operation for an agricultural country. But no wonder the committee has recommended revenue inspectors for co-operative organisation and propaganda when according to them it is a simple work. It is this very same outlook on the movement that has made them consider Assistant Registrars as mere auditors like those of private banks.

* *

Dates of interest calculation

The Nellore District Conference last passed a resolution that "in the District and Primary Societies interest should be calculated from the date of the loan and the date of repayment, treating periods less than fifteen days as fifteen days." As in the Central Banks required sufficient profits to meet their expenses they were not in a position to maintain the necessary staff were granted the concession of calculating interest by every fortnight loans and repayments. It is hardly justifiable to continue an old system especially when the Central Banks have expanded their transactions efficiently, and it is but proper and just that interest should be calculated from the date of repayments and not by fortnights fixing two special dates as the 1st and 16th. We understand that some Central Banks as those at Conjeeveram, Cuddapah and Tanjore are not following the old system but only calculate interest for each day on loan and repayments. The Nellore District Conference has requested the Provincial Co-operative Union to gather the views of the Central Banks in the Presidency whether the old rule should be changed or not and we hope the District Banks will intimate to us their views on the matter.

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: MONTHLY**

118, Corporation Street,

MANCHESTER,

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CO-OPERATOR**

MONTHLY

PUBLISHED
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Houses on plots 60 by 100 feet and over were built, each one amounting to an investment of 4,500 dollars (the land 700 and the house \$ 3,800.)

Tenants buy shares in the Garden Homes Company. The preferred stock amounts to \$ 250,000. Shares are \$ 100 each. The preferred stock may be acquired by investors other than tenants, and draws interest at the rate of 5 per cent. The common stock is owned only by the home occupant. It draws interest if the corporation so determines. The occupants are required to subscribe to common stock equal to the cost of homes on the partial payment plan. As the occupant pays for his stock the corporation uses that fund to purchase and retire the preferred stock. The owners of the preferred stock stand much in the same relation as the holder of the mortgage on a home. Besides paying for his stock, the home-owner pays a rental sufficiently high to cover interest taxes, insurance, depreciation and repairs.

The control of the Company is in the hands of a committee of tenants elected by the common stockholders. They pass on the fitness of administration and management. At present both common and preferred stockholders vote. The voting is carried on in proportion to the number of shares held, instead of each tenant having one vote irrespective of the number of shares held; but the tenants (the common stockholders) will gradually supersede the preferred stockholders as they take over the latter's holdings and gain complete control. This unfortunate non-co-operative provision was necessary, temporarily, to satisfy the loan investors' prejudices. Its only other justification is that since no one can own common stock than equals the value of his home, each holder of common stock will have a nearly equal number of votes.

The home-owners do not receive title to their specific houses. The tenant does not purchase a house. He owns common stock in the Company. This is in accordance with the experience of co-operatives the world over. To eliminate all speculation in houses, the co-operative society as a whole must always own and control the title to both the land and the building. This not only tends to eliminate exploitation of the tenants but also prevents their exploitation of others at any time. The so-called unearned increment of land values is also preserved in this way for the whole group. The co-operative company—not the individual profits

by any increase in the valuation of the property. It is not the purpose of co-operative building societies to enable tenants to obtain homes at bottom prices by building collectively and then to allow the individuals to own and sell for profit to others. Such a policy destroys the co-operative society. The purpose of co-operative building societies is to provide permanent homes for the people collectively owned and controlled by the tenant members without private profit or speculation in land and buildings. The general operating expenses amounted to \$ 22.25 per month which includes taxes, fire insurance, repairs, contingent fund, and life and accident insurance. But in the beginning years the monthly charge is greater as each tenant has to pay \$120 per year as amortisation payment towards ownership of stock and \$ 205 per year as interest at five per cent on the preferred stock on \$4,500 per year. As the owned stock of the tenant increases by and by, the interest payment on the preferred stock will decrease.

It will be seen that many benefits are obtained by the members of this co-operative Garden Homes Company. The tenants obtain a home at a rental not higher and probably less than elsewhere. Although the cost of the house is high, more than the average worker can to-day afford, yet the present members are obtaining homes which could not be possibly at such a price otherwise. Economies have been effected through the wholesale buying of land and materials, through the building of houses in numbers, and through the elimination of speculative profit. The home-owner secures a house with a garden, plenty of fresh air, a house well built and beautiful, one in which he can take pride. He lives in a community where all are equally desirous of keeping up the property. In order to insure care in the use of the property, a plan has been adopted to deduct the cost of repairs from the 12th month's rent, and to remit the remainder to the tenant.

If on account of sickness or because a member is compelled to give up his residence and move elsewhere, the by-laws of his society provide that the Garden Homes Company must purchase his paid up common stock at its par value, less any damage that may have been inflicted upon the residence. The last report indicates that about 90 houses are now nearing completion while many more will be under way in 1923.

AGRICULTURAL REVIEWS.

Punjab favours intensive agricultural demonstration.

The report of the Department of Agriculture, Punjab, for the year ending with June 30th 1922 makes a reference to certain methods of agricultural propaganda which can be usefully followed in Madras. With a view to stimulate the use of agricultural implements, the Department lends a large number of Government implements to the Zamindars (those who hold ten acres and more in Punjab are called Zamindars). The staff of the Department then visit the farms of these Zamindars and instruct their workmen in the proper use of these implements. Another method of propaganda which has been recently begun is intensive work in two or three villages. Places where the people show a desire and aptitude to take up to improved methods of cultivation are selected and "attention is concentrated in such villages with a view to converting the whole place into a model for scientific husbandry." The report mentions that "this does not preclude other villages or other Zamindars from seeking advice or receiving the full attention of the Department". Apart from the Government farms there are a number of District Board Farms and the Government review on the report makes two instructive remarks about them. Commercially viewed they have been a loss as the area of the farm has not been large enough to meet the expenses in maintaining a trained staff. Where private farms are small in area, "a part should be set aside as a model farm, whereby the development of intensive agriculture and such subsidiary occupations as poultry and bee-keeping, fruit-gathering and dairying, and the possibilities of increasing the economic returns of the small holding may be demonstrated".

The Ministry of Agriculture makes an important reference to the Department to survey the condition of vegetable gardening. To that end they suggest that "existing pleasure gardens might be used". Growing of vegetables, fruits and flowers is one of the important industries which will receive great quickening as the result of an enquiry.

Central Banks advance agricultural improvements in Bihar.

The report of Agricultural Department of Bihar and Orissa for the year ending 30th June 1922 indicates how much, co-operative societies can assist in the spread of agricultural improvements specially when the Department cannot maintain the sufficient number of demonstrators for scouring the whole province. The Central Co-operative Bank has been mainly instrumental for the spread of sugarcane in its area by issuing loans amounting to more than for Rs. 7,000 for erection of bundhs and excavation of wells for its cultivation. The Secretary of the Bank, Babu Bijar Kumar Roy, is very much interested in extending better varieties of paddy, superphosphate and green manures. At certain places grain godowns for storing grain have been erected and such godowns are useful in storing good seed and selling them to farmers. The report mentions the difficulty in spreading better seeds as the farmer refuses to part with his old ones and in such cases the Central Banks can immensely help by advancing loans for buying new seeds.

and allowing the farmer to sell his old ones at any market. Another advantage is that the Central Banks can supervise through their inspectors whether the improved varieties have been used. The Khurda Central Bank maintains a trained maistry who "helps in the extension of sugarcane, ground nuts, dhaincha, green manuring of rice fields, and miscellaneous rabi crops". It is instructive to note that in Orissa, Co-operative Societies employ trained maistries and that the Department is taking steps to train more of them for spreading better sugarcane and groundnuts through co-operative societies. The agricultural associations started separately, do not show as much signs of progress as co-operative societies in taking to new improvements.

Bengal favours agricultural associations on the co-operative basis.

The Bengal Agricultural report for the year ending 30th June 1922 refers to a new scheme of utilising co-operative methods for agricultural improvements. Under this scheme an agricultural association is registered under the Co-operative Societies Act. It raises its share capital, maintains a farm and supplies seeds and manures to members as well as non-members. The Patna Agricultural Association has reorganised three of its rural branches on this basis. This new method has been undertaken as some of the District Agricultural Associations and their branches did not work well. None the less, their value can in no way be minimised in reconstructing rural life. The Birbhum District Agricultural Association has been able to achieve a great deal through its energetic Secretary who spares no pains in collecting funds and financing improvements. To quote the report "In the Birbhum District 68 tanks were reconstructed for irrigation purposes by these associations and as an instance of their splendid activity it may be noted that they purchased during the year under report about 360 maunds of seeds and 600 maunds of manure of different kinds. The Bankura and Midnapore Branch Associations also purchased 43 maunds of seeds and 700 maunds of manures, and 135 maunds of seeds and 95 maunds of manures respectively".

The District Board of Hughly, Burdhan, Midnapore, Birbhum, and Bankura also do agricultural propaganda. They supply manures at concession rates, print leaflets and spend also for exhibitions. Such a hearty co-operation of local institutions in agricultural work cannot be too highly praised.

The opening of private farms is fairly progressing in Bengal. Agricultural improvements are sure to progress as a result of District surveys which have been undertaken by the Deputy Director at the instance of the Minister.

Burma's scheme of housing rural labour.

The Burma Agricultural report for the year ending June 1922 shows that the Department is increasing its propaganda activities. The number of Junior Agricultural Assistants who are selected from District Agriculturists increased from 17 to 37 during the year under report. 6 Deputy Directors were working in the several districts. The policy of the Department will be to restrict the work of demonstration to a few centres. "A small number of farms are to be

(1) They can secure the services of an expert in agriculture and marketing who will be paid by the society.

(2) Co-operative purchase of seeds, manures and implements and in this way they are sure to get all these articles much cheaper than they would have individually got.

(3) Co-operative sale of the produce in the best possible market.

(4) Co-operative use of costly machines and implements.

(5) They will be able to secure loans at a fairly low interest (but the society should grant loans only for productive purposes.)

(6) Consolidation of small holdings, etc.

In addition to economic gain the members can progress morally, socially and even I may add educationally by joining the society. There is a great movement in India at present to raise the status of depressed classes and I think co-operative farming may become one of the most important factors to achieve this end.

CO-OPERATIVE SOCIETIES AND TRAINED MAISTRIES.

SAADUT ULLAH KHAN, DEPUTY DIRECTOR OF
AGRICULTURE, VI CIRCLE, MADURA.

Before writing something about the subject I regard it essential to say a few words about the agricultural improvements undertaken so far by the Co-operative Societies in the Southern Districts of the Madras Presidency.

The co-operative societies are yearly lending a fairly large amount to their members, but I can boldly say that a very insignificant part of it is generally spent on agricultural improvements while the rest is spent by the members for unproductive purposes. The real spirit of co-operative credit societies should be to lend money only for productive purposes and in very rare cases for unproductive purposes such as marriage, etc.

One of the most important causes of the liquidation of so many societies is that the money lent is spent on unproductive purposes.

Every one agrees and Dr. Mann, Director of Agriculture, Bombay, has only recently declared publicly that the greatest difficulty experienced in the improvement of agricultural methods, etc., in India are mainly due to the poverty and financial conditions of the agriculturists. Co-operative societies are the only institutions which can efficiently rectify these drawbacks by increasing the number of their members and lending money to them at reasonable rates of interest only for productive purposes.

The following are some of the ways of how the co-operative societies can assist in getting trained maistries for private farms:—

(a) Every co-operative agricultural society ought to have a demonstration farm where costly implements can be used, experiments on different crops carried out, and money spent from common funds. The society can lease out some land from one of its members for this purpose. One agricultural expert is to be appointed to look after the farming and to teach the permanent coolies employed on the demonstration farm how to handle costly implements and how to do other agricultural operations. In due course of time all these permanent coolies can be sent to private farms to do the duties of demonstration maistries; and new coolies employed to be trained. In addition to other useful purposes that the demonstration farms will naturally serve, they can also be made the training ground for the coolies, or ryots' sons to be trained in all the agricultural operations in order to be able to serve as maistries on the private farms.

(b) Landless labourers' co-operative society on which I have already written a short article can also assist in getting trained maistries for private farms. According to the rules of this society the members themselves do the agricultural work under the guidance and supervision of a committee and an agricultural expert.

In a fairly short time all the members are trained well in all the agricultural operations and their services can be usefully utilized as maistries for private farms.

The agricultural improvement work which has been undertaken by the Agricultural Department, can be much facilitated and substantial improvements can be effected in comparatively shorter time if only co-operative credit societies will lend money to their members for productive purposes (e.g., purchase of bullocks, implements, seeds and manures, etc.) and not for unproductive purposes. They should see that the money lent is well spent. The Agricultural and Co-operative Departments should work hand in hand for the common good of the public and for this purpose inter-departmental conferences are necessary.

PRINCIPLES OF CO-OPERATIVE MARKETING

RAO BAHADUR A. VEDACHALAYAR.

1. Present Conditions.

Though agricultural production does not lend itself to the group work of machine industries, combination among farmers is absolutely essential for taking their products to the doors of the consumer. Co-operative

marketing should have as its objective the prevention of the dumping of agricultural products and the substitution of the merchandising of agricultural products. The farmer raises cotton and picks it over a period of 2 or 3 months. He may pick a bale now, another in two months and another in three months. Each farmer, as soon as he picks his cotton and has a bale, brings it to the street buyer to sell. He knows nothing about the trade in cotton, nothing about its quality or its strength or any of the factors that raise its value. He comes there and throws his cotton against every other farmer bringing cotton that day. The street buyer may only want to buy two or three bales of cotton and fifty farmers will be flocking around urging him to take their cotton. He quotes the lowest price he can because each farmer has dumped his cotton on the market and quoted the price against each other. It is not the speculator who breaks the price of cotton. It is the grower. Each man dumps his cotton against the other man's cotton and the speculator simply takes advantage of the situation. The growers unintentionally are their own enemies. This sort of arrangement prevails in regard to cotton, groundnut, tobacco, chillies and other food products in local shandies. The dumping must cease and the agricultural products must be merchandised.

2. What is wanted.

What is wanted is the centralised control of these crops so that they move to such markets and such times as the market can absorb the crops at a fair price: you must get buyers to take the whole crop. This will not happen if the quality is not right. Hence improvement in the quality of production is necessary. You must have grading perfected. You must extend your market by extending the time of marketing and the place of marketing. You store them till better prices prevail. You must study various markets and transport products to those markets. You must create fresh markets to absorb your products. You must bring your products under centralised control. You must consider supply at the point of consumption and not at the point of production. To save a little by co-operative purchasing alone will not improve the condition of the rural farmer. He should know as well to merchandise his crops. The speculator or trader depends on the margin of rates between buying and selling. This is what the wholesale merchants do.

Co-operative marketing is to introduce a system which prevents waste and speculation, and which means that the men who produce the farm products shall have a chance to merchandise that product and earn the profit that is due to them.

3. Organise the Farmer.

The individual farmer cannot improve his methods of marketing by himself. There are many improvements which are dependent largely upon organised effort on the part of a number of farmers faced with similar problems. Careful grading and standardisation are important in marketing many of the products of the farm to the best advantage. The average farmer has to devote most of his time to questions of production and has neither time nor the facilities for keeping in constant touch with the ever-changing market conditions. The bargaining power of the individual farmer is often limited by his small volume of business and this prevents him from obtaining the best possible results in the sale of products. Co-operative marketing organisations can be helpful in removing these difficulties of individual farmers. These organisations can grade and standardise products of members and sell them on the basis of different grades. Combining products from a number of farms gives a volume of business which warrants the employment of trained and capable men to study the market conditions and sell the products for the members. The organisation cannot be expected to obtain unreasonably high prices for their products. They can sell the products in the best manner possible and keep the members acquainted with market conditions and demands.

4. Local surveys.

Co-operative marketing organisations can be brought into existence only where existing agencies (traders) are not rendering satisfactory service. If a real need exists, the farmers will look with more favour on co-operative marketing. A co-operative marketing organisation should not be started unless the volume of business available is sufficient to permit economical operations. A survey of the local situation taking into consideration all factors of importance should be made and a decision reached as to whether or not conditions are favourable for undertaking the venture in that locality.

5. Management.

The failure in co-operative marketing is ascribed to disloyalty of the members due perhaps to general lack of knowledge of co-operative ideas. The real cause seems to be lack of a proper basis of organisation and business safeguards in the methods of management and accounting.

Co-operative marketing is organised selling in place of individual selling. The members are left free to specialise in production, their natural field of endeavour and unite to hire proficient ability in marketing. The prime necessity is that the basis of organisation should be such as to adequately carry on the work and allow of a natural growth of business.

non-members. It also buys ornaments for sale. Goods worth Rs. 22,737 were purchased and sales during the year amounted to Rs. 20,000 and odd. The society also undertakes manufacture of ornaments for customers who supply gold and silver and on this score received wages for work done for them to the amount of Rs. 1,638-7-0. During the year under report the society has also purchased dead stock to the value of Rs. 373. It had also stock on hand to the value of Rs. 3,437 at the end of the year.

The number of members was 124 who work at home and receive wages for the work. The manager fixes the wages according to the market rate. The maximum liability of the society is fixed at Rs. 15,000 to be raised on the share basis. The value of a single share is fixed as Rs. 25. No deposits or loans have been received from outside and the whole concern is working with a paid up share capital of Rs. 3,320. This small capital is turned over and over again by a quick sale of the goods manufactured. It cannot be said that the society gives full work to all the members. This requires a large investment in gold and silver and a closer supervision of work. The society is not permitted to make any advances on the pledge of ornaments. Accounts are kept according to their communal methods. The society was able to make a net profit of Rs. 723-13-9 during the year and it has a promising future before it, being a growing concern.

The Twasta Kasar Industrial Producers' Society Ltd., Girgaum.

This is another society of a similar type just mentioned but selling the manufactured silver articles to a local merchant instead of maintaining a sales department. The society is not yet able to secure a shop in Mali Bazaar. The Twasta Kasars were working as labourers under Bombay merchants and executing work as per orders. They wanted to sell their goods themselves and hence this society was formed. Silver and alloy are bought by the society and distributed to workmen who are paid wages according to the bazaar rate. The Secretary has made arrangements with a local merchant who buys articles by outright cash payment or pays only wages if he has supplied silver for the same. With a view to see that the society is not put to any loss by transactions with this local merchant, the Secretary attends the market to know the bazaar rates for silver articles. The society maintains no moulding accessories and pays to a private merchant for their use for the manufacture of articles of different patterns.

The society was registered on 14th October 1922. Its liability is fixed at Rs. 25,000. It seems that silver is advanced to non-members for manufacture and it is preferable to convert their wages into shares and make them members. The number of members was 26. The audit order notes

that local attempts should be made to increase the members and share capital and that local deposits should be induced.

During the year ending 31st March 1923 the Society bought silver to the value of Rs. 11,880 and paid wages to the amount of Rs. 3,356 (perhaps this includes the wages paid to non-members). The total sales amounted to Rs. 12,823 and the stock on hand was worth Rs. 3,465. Out of the gross profit of Rs. 1,007 realised, the establishment charges amounted to Rs. 609.

Girdharilal Kalicharan Co-operative Chitrasala.

This is an institution which started work on January 22nd and registered on 19th April 1923, by the Co-operative Department with the assistance of Mr. P. K. Jamhhekar of the Bombay Central Co-operative Institute. At Kandawadi in Girgaum a few families of artists were making painted clay toys and selling in the market by hawking. These artists have learned their trade from one Mr. Girdharilal, a leading artist from Gwalior. Among them they are training young boys in this work and with their assistance the trade is carried on.

The preparation of these clay toys involves different aspects of work in all of which, the master workmen of this society command sufficient skill. Designing, moulding, burning and painting are the different processes in the manufacture. The master artist is paid a special rate for pattern making and this has been decided by the committee for each pattern. The society has fixed a rate for each kind of toy for patterns, moulding, burning and painting. When the society was started, the artists who were conducting the trade had paints, clay, coal, moulds and ready made toys to the value of Rs. 1,215. This amount has been transferred as share capital to the new society, the share amounts paid by them being calculated in proportion to the value of articles held by each. The maximum liability of the society is fixed at Rs. 5,000 to be raised on the basis of shares, each share costing Rs. 25. The present number of members is 14 of which a few are boys. The society has received a deposit of Rs. 300 at six and one-fourth per cent interest.

The toys manufactured comprise those of political leaders, animals birds, and Puranic heroes. The price for each ranges between two to five annas. All the workers are members of the society and if non-members are given any work, part of their wages is converted into shares. From April 19th to 10th of June last, 143 dozens of 14 different kinds of toys were manufactured. It should be noted that progress was necessarily slow in these months owing to the absence of students from the workshop for vacation months. The average rates for moulding, burning, painting and designing for all kinds of toys per 9 dozens amounted to

Rs. 3, 8 annas, Rs. 5, and 5 respectively. Calculating on the basis of these rates, the total cost of manufacturing 143 dozens of 14 different kinds amounted to Rs. 47-15, Rs. 18-13, Rs. 71-6 and Rs. 37-9 respectively, or a total of Rs. 190-6. 79 dozens of all kinds of toys were sold during the period for Rs. 190. Of this, sales worth Rs. 100 were made from the old stock. A profit of not less than 70 to 80 per cent can be made on their cost price if only all the toys were sold. The success of the concern is assured so far as production is concerned. But its marketing requires steady hawking in the busy places of Bombay which the boys themselves do. These are paid 25 per cent commission. The Department would do well to find a quick and ready market for these attractive fancy toys which are sure to find a sale with due publicity and advertisement.

THE CO-OPERATIVE COMMISSION SHOP, BARAMATI.

This is one of the purchase and sale shops maintained by the Bombay Central Co-operative Bank as an adjunct to their branch central banks in the districts. Started in 1911 the shop has been adding to its main trade in jaggery other purchases as well, for the supply of agricultural requirements. Its objects are the sale of agricultural produce, mainly jaggery and purchase of manure and implements for the members of the several Co-operative Societies on the Nira canal.

Management.

The Bombay Provincial Bank has recently appointed an Advisory Committee with the object of enabling local members to gain sufficient experience and training in this sort of work. The three unions of the area elect three members, the non-union societies elect four, and the Bank nominates two. The members of the committee meet generally every month. A few lectures are also delivered under the auspices of this Committee by the Bank Staff.

Jaggery Sale.

The Nira valley in the Poona District is a fertile area where sugarcane is largely grown in tracts watered by the Nira canal. In this tract there are two shops for the marketing of jaggery at Nira and Baramati under the management of the Bank. The jaggery business on behalf of the members and in a few cases on behalf of the non-members is carried on by the shop on the Commission basis at the rate of three annas on the sale of one Ataki or 200lbs. of jaggery. As the commission is on the weight sold and not on the price for that day, the seasonal fluctuations in the price of jaggery do not affect the profits of the shop. Under the terms of the loan bond it is incumbent on the members of the societies financed by the Bank to bring their jaggery for sale and, unless specifically asked

by the member in writing to postpone the same pending receipt of a particular rate, all the goods so received are sold by open auction at the shop and the amounts realised are credited through the local branch of the Bank to the current accounts of the respective societies to which the members belong, after deducting the shop's commission on the sales. The societies concerned are at the same time informed of the names of the members and amounts credited to enable them to make the necessary entries in their books and the members are individually informed directly by the shop of the rate, weight, expenses, and the amount credited to their account.

As soon as jaggery is received in the shop, a receipt is given to the number of lumps and they are stored in a specific place allotted to them with the duplicate of the receipt prominently pasted on any one of them. Only during the time of auction the lumps are weighed, deducting the broken lumps, and the net weight is found as they usually get less in weight after drying. The price to be paid to a member is the auction price per ataki (5 to 6 lumps). Every member has also to pay one per cent commission on the sale price to the merchant who buys the jaggery from the shop on his account. Whenever a member sells outside the shop, the shop receives the one per cent commission.

The advantages by selling through the shop are many. In the Bazar every farmer has to pay apart from the commission of 3 annas per ataki (200 lbs), a sum of 12 annas per cent which includes bazar Kasar, (market commission) Dharmaday (charity), and Havalay (coolie hire). The farmer is protected at the shop from false weighments to which he is a victim owing to his ignorance. More than that, the stuff is not purely kept by the merchant which naturally reduces its sale price. The merchant is not bound by any rule to sell the jaggery at once and so pays the farmer at his convenience. The shop has to give intimation of the sale within fifteen days of the receipt of jaggery in its godowns. Strict business management and organisation have led to higher auction prices in the shop's premises than in the outside bazaar.

The average price per ataki is Rs. 33, but after the harvest the prices usually go down from January to May. Last year the price went down to Rs. 20 per ataki which affected the members very badly. Absence of quick transport owing to want of Railway wagons is one of the main reasons for the decline in prices but it has also been a stimulating factor in inducing the members to store jaggery and sell it when the market is brisk.

During the year ending 1923, 3,608 carts and 1,03,481 lumps were received at the two centres, Nira and Baramati, of which 3,456 carts and

few places. Secondly, the change in the bed of the Ganges in Lower Bengal have created dead rivers, fit places for the habitation of mosquitos. While the construction of canals to take the water and reform the drainage near railways are problems which may require a large outlay, Mr. Chatterjea has hit upon possible smaller improvements by the combined efforts of villagers which should go a great way in conserving the health of the village. With the help of the Co-operative Department and the District officials Mr. Chatterjea has been able to start co-operative societies with the object of clearing out jungles, filling up pools, sprinkling of kerosine over stagnant places, distributing quinine, and maintaining a dispensary and a doctor.

31 societies, of which 9 were ready for registration and newly started, worked during the last year mostly in the districts of 24—Pergas and Burdwan. The members collect a monthly subscription ranging from 8 annas to one rupee and supplement it from the aid given by the Central Society. Many of the societies maintain a dispensary and a doctor for which they get a special aid from the Central Societies. Where a dispensary is started, shares are raised for buying medicines and dividends are distributed from the annual profits realised from sales. All societies maintain either paid labourers or get volunteers to do the work of kerosining stagnant water, clearing the jungles and filling up the pools in the rainy season from August to December. Sometimes the District Board helps by giving a subsidy for the maintenance of a doctor. The average number of members in a society is 30 and the annual income ranges between 300 to 600 rupees. Most of the work is undertaken as free labour by the villagers.

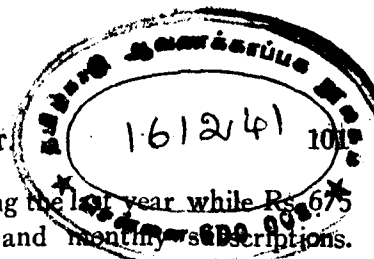
The working of the societies opened out newer methods of administration as a result of experience. They have shown that such societies will succeed only when they function for the whole village. Members must contribute not only to clear their vacant lands but also those of the non-members and common lands of the village. Mapping the area, allotment of work, and a thorough cleaning, filling and kerosining have been undertaken by the society at Ghola. To understand vividly the advantages of anti-malarial operations, the Pannibatty Society first, and many others on its wake, have introduced the system of keeping fever registers. Each family fills the register with the number and kinds of fevers, which occurred during the year in their homes and thus are in a position to compare conditions with the previous years. The latest report compares the fever percentages with those in the previous year in each society which indicates that in many of them there has been a decline in fever by 50 per cent. Another experience newly gathered is about the treatment for malarial

fever which comes off for every two days with a shivering, spleen enlargement, and intense pain. The injection of antimony salt into the veins cures this fever and for this purpose, wherever such fevers occur, three operation centres have been opened by the Central Society.

The Central Anti-Malarial Society was registered on the 5th of July 1919 with a view to organise and finance rural societies of this type, to purchase wholesale the required commodities for them, and provide advice and supervision. Its nominal capital is Rs. two lakhs to be raised by shares of the value of Rs. 5 each. Shares are divided into ordinary and preference, the former held by individuals who pay an annual or life subscription of Rs. 6 or 100 respectively, and the latter by societies which contribute every quarter one per cent of its quarterly subscriptions and are first entitled to a dividend of not more than 6 per cent on their shares. But actually no dividend is paid and all the profits are only carried to the reserve fund. The maximum shareholding of an individual member is restricted to $\frac{1}{2}$ of the share capital or Rs. 5,000. "The Board of Directors shall consist of not less than 9 and not more than 12 of which number at least $\frac{1}{3}$ shall be representatives of members holding preference shares and elected by them, the rest being members holding ordinary shares." Though the Secretary of the Central Society insists on self-help in the management of the rural societies, the centre gives them much financial aid, and manages the work with the aid of donations and subscriptions from philanthropists. The Board has also the power to disaffiliate or expel a society which is bad in its working, disobeys the by-laws and acts contrary to its interests. The Central Society may raise donations from members and outside, but all donations and share collections should be separately invested in the Provincial Banks, and only the accrued interest shall be used by the society. The by-laws also provide for the grant of loans to societies not exceeding twice the amount of their realised annual share subscriptions, and ten times the share capital. From the annual profits, a sum not exceeding 25 per cent shall be credited to the reserve fund. But in practice all the profits are carried to the reserve. As the society is not permitted by the by-laws to use its donations and shares which therefore form a guarantee capital, and as it engages in no trade but only spends the annual income, it is not understood why the surpluses of the year should be invested as reserve fund instead of being carried over for the expenses of the next year.

The total capital of the Central Society was Rs. 3,49,492 during the last year of which Rs. 2,000 formed the share capital, and Rs. 30,651, donations. There was also a reserve fund deposit of about Rs. 2,000. Donations of about Rs. 7,000, subscriptions of Rs. 225, and an interest of,

STORE MANAGEMENT



Rs. 1,716 on fixed deposits were realised during the last year while Rs. 675 were disbursed to the societies as donations and monthly subscriptions. Considering the vast amount of work turned out, the establishment and contingency expenses seem to be very little as they amounted only to a small sum of Rs. 40 per month.

The success achieved so far surely indicates the large field of work that lies before the Central Society. It requires men to organise a net work of anti-malarial societies to eradicate the deadly disease and money to finance the schemes of minor village improvements and purchase the required materials and medicines wholesale for distribution to them. The Central Society surely plays a great and important part in building up the rural life of the districts on a basis of healthy and clean living.

STORE MANAGEMENT.

BY RICHARD HENSCHKE, (UTICA, NEW YORK).*

The principal duties to be performed in managing a Co-operative Store are buying and selling merchandise.

While buying is a much shorter and quicker transaction and occupies much less space in this article, it is nevertheless of equal, if not higher, importance than selling. The old saying that "Goods well bought are half sold" applies as much to the Co-operative Store as to any other establishment.

Buying should as much as possible be done by the manager. Some societies appoint a buying committee or authorise the store committee to do the purchasing for the store. This puts the manager at a disadvantage, as it is obvious that he is not always going to get what he thinks is best for the store. Furthermore, clever salesmen very often prefer to do their selling to a committee than to one man alone, especially so, if part of the committee are made up of men who cannot be expected to be familiar with all the items needed by a store. So it would seem best that the manager should be given full authority to buy. He should enjoy the full confidence of the Board of Directors who will work in harmony with him, thereby affording him an opportunity to prove his ability in buying and selling. This does not mean that his buying should not be controlled; for he is going to make his mistakes, which should be pointed out to him by the proper committee. The manager should keep in close touch with the market conditions through trade papers, market and Government reports and through conversations with salesmen, farmers and whoever else are in a position to give him information.

* A paper read before the last American Co-operative Congress.

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A complete record should be kept by the manager showing in detail every item bought for the store; when it was bought, where, the quantity, the price, discounts, and all other conditions connected with it. Some prefer for this a card system, others the book form. The card system appears to be handier as the cards can be arranged alphabetically, and information as where to buy and the quantity needed to insure a reasonable quick turnover are always readily available.

Most Co-operative Societies are not yet fortunate enough to have a Co-operative wholesale where of course all buying would be done. Until such a time we advise to buy as below.

A few general rules may be laid down as follows:

Don't overstock and be especially careful when buying a new line of goods.

Be careful of "specialty men." The agent who calls on you regularly, has a certain interest in selling you dependable and suitable merchandises, while the specialty man will very often see only that one time and never again. The more he can sell you the better he likes it, because his job depends on that.

When you see a bargain, take it; not all jobbers and wholesalers are robbers. They sometimes are ready to move goods and are ready to sacrifice in order to do so. Take advantage of such a condition when possible.

Fruits, vegetables, etc., should not be bought unseen. Whenever possible go to the public market and pick out whatever you want.

Examine the goods as soon as they come to your store and don't hesitate to return what is not absolutely right. Be a kicker because the kicker always gets the best.

Storing Merchandise

After the merchandise has been brought to the store and carefully examined, before it leaves the store again it will have to be kept for various periods. It is very important that the goods are stored properly with the least possible danger of spoilage. If only a small part of a shipment of goods are spoiled, the entire profit may be lost. Storage rooms must be dry, airy and not subject to abnormal heat or cold. Especial care should be taken with easily spoiled goods. Tea, coffee, spices, etc. should be as little exposed to the air as possible for they will lose their flavour.

Costs and Prices.

Supposing that the above described conditions prevail in a store that we have a manager who is good a buyer, that the store is clean and up to

An Employee of the English wholesale speaks out.

'The employee in Consumers' Co-operation' is a forcible contribution published in the May and June numbers of *Co-partnership* which tells the whole truth, and shows the plain spot in the C. W. S. (England) where the shoe pinches. The writer himself is an employee and his arguments should convince any management that unless the workers are treated to feel their oneness with the factory, there is no charm in the word 'Co-operative' to make a factory conducted by consumers' societies really different from that of the capitalist. The capitalistic system is condemned because it utilises the worker as a tool and rejects him to a scrap heap. It does not give the scope for self-improvement and development. The writer shows how in many capitalistic concerns amenities for education and recreation are provided which are lacking in a 'co-operative' factory.—Even Railway Companies provide for the man who is guilty of the crime of getting old.' What does the C. W. S. do? The managing committees of stores bestow no constructive thought, and are living from hand to mouth racking their brains for any precedent for making new changes. Secondly, the employees are reluctantly tolerated as members of the Management and it is considered they are unfit to direct the concerns. But who are they that sit on these committees? They are workmen themselves. And if the latter who are not engaged in the detailed work of production for the C. W. S. can manage their factories with a general knowledge, cannot the workers who know the minutiae of the working of the whole system be expected to show a better equipment for sitting on the Board of Management? And they should be trained for it which means an investment of money for workers' education. The article admits want of loyalty in the employees but advises two remedies—permitting the workers in the Management and giving them educational facilities.

New South Wales helps the farmer by a credit bill.

The Government of New South Wales are bringing in a bill this month called the 'Rural Credit and Community Bill.' The bill is intended to assist the farmer. A Banking federation of co-operative societies is permitted under the new bill but friendly societies (urban stores) formed under the Act of 1912 are excluded from this federation. The individual limit for share capital is fixed at £500 and the rules also prohibit the holding of more than 1/5 of the share capital by a single member. 25 per cent allotment of the surplus to the reserve fund and an amount of not more than 10 per cent of the remainder for charity are provided in the bill. But the bill does not prohibit private capitalistic companies from using the word 'co-operative'. The bill, it seems, is intended more to help the farmer than the consumers' societies in towns against the wholesale and retail trader.

The Consumers' Movement in the U. S. A.*References,—*

1. *Pamphlets of the Co-operative League, N. Y.*
How to start and run a co-operative store on the Rochdale Plan.
2. *The co-operative consumers' movement in the U.S.A. Buying clubs.*
3. *Proceedings of the Annual convention of the Central States Co-operative wholesale society, Illinois.*
4. *Co-operation, New York Jan. 1923.*

Labour unions have given a great impetus to the organisation of stores and they have spread throughout America. The individualistic spirit, the existence of different races, the fearful competition, Trusts and Combines all act against the formation of co-operative wholesales in America. One of the reasons mentioned for their failure in a pamphlet of the co-operative League is typically American. "This is the land of business and in every part of the country promoters are projecting spurious co-operative societies which vary from the wildest and most fanciful schemes of the well-meaning to the rankest sort of humbug and fake. These enterprises are taking millions of dollars from the working people and leaving them stung and for ever hostile in their ignorance to true co-operation." The stores are prevalent among different communities as the Finns and Jews. Some of these stores start on the Rochdale plan and become swallowed in the hands of a few shareholders. It is a fact to be noted that the bitter experiences gained by Labour in running the stores, are teaching them that the American 'Big' trade should be replaced by loyal retail stores with a few steady and loyal members. The labour unions of Seattle began a very big trade in meat and groceries in 1918 and had a successful period. The idea of commanding a big market and getting a larger share capital resulted in making the whole concern uncooperative and with the closing of ship-yards which gave work to the members the trade declined. It is interesting to note a few lessons derived from this venture by Mr. N. G. Moore in his article on this topic in the January number of *Co-operation* N. Y., which is given below.

America teaches by its adventurous failures.

1. The membership of every society or a volunteer group should have a general instruction from time to time in accounting, so that they will be able to bring intelligent criticism to bear upon a financial statement. Usually unimportant and trivial items are criticised and important ones missed. Sound business principles should be set forth clearly outside of general business meetings, which are apt to be controversial. When the members understand what the principles are, they will soon learn to apply those principles and not be diverted by trifles or personal animosities.
2. When the membership is not interested enough to persistently seek this knowledge, there is no hope for a co-operative society.

3. An intriguing mind is a source of danger, specially if coupled with a desire for a job. Again the remedy is a thorough knowledge of co-operative principles and practice. If this knowledge exists, individual acts of intrigue can be safely discussed in open meeting without developing personalities.

4. Speculative experiments and ventures are out of place in a co-operative.
5. Do not despise the day of small things.

6. A board of Trustees is of little use unless it organises into committees and in addition finds some method by which to draw the entire membership into the society's work. "Satan finds mischief for idle hands" is certainly true in a co-operative and it is a hard fact that if the Board does not enlist the members in constructive work for co-operation, they will be soon busily engaged in tearing the Board and the organisation into pieces.

7. A thorough accounting system including thorough checks to prevent leakages and as a means of establishing a correct mark-up is vital. The real truth is that few of us have even been taught how really to live together with our wives or husbands or children. And after all, this is what the co-operative is—just a larger family in which all are brothers and sisters. If we have learned kindness and consideration in the home, we will practise it in the co-operative.

8. Small beginnings. Build carefully. Build soundly. The Tower of Pisa is a great curiosity but we do not need a world full of them. And what is the foundation? The co-operative desire; then the co-operative understanding, achieved by study and experience. That is the mental side. On the economic side, organise your customers (your members); know that and how much of it they use per week or month. Buy accordingly and handle it in as small a space and at as little expense as possible.

Thus may we move on to a realisation of the actual kingdom of heaven taught by the great co-operator on the shores of Galilee two thousand years ago.

Government should issue notes on the security of mortgage bonds.

The McMaster Committee appointed by the Dominion Government of Canada to enquire into the system of agricultural credit have recommended a searching enquiry into the needs of rural farmers in Western Canada and the application of state aid for long term loans. The committee recommended that Provincial Governments should be issued free the Dominion Notes for the bonds pledged by them with Treasury for giving long term loans to the farmers. The Banks have got this privilege of depositing certain approved securities with the Treasury Board and receiving Dominion notes for the same. On the basis of the latter they issue their own notes. The Committee demand the same privilege to be extended to Provincial Governments who will then be in a position to issue credit notes to the farmers on long terms equal to the value of the mortgages held by them.

The U.S. Government brings down Cotton prices by its paternalism.

The American Cotton Association, Lexington, U. S. A., has started from last year to issue crop reports on cotton for the benefit of growers and business men with a view to give correct estimates, as far as possible of actual sowing. From this year the Federal Bureau has begun a system of issuing crop reports of the intentions of the farmers. With this end in view they have instituted a crop reporting service who are asked to send replies to the questionnaires about their individual plans of sowing. The data are secretly handled and passed on to the committee on agricultural outlook who publish a forecast of crops for the next season on the crop intentions of farmers. This report was issued on April 21, 1923. The Cotton Association shows by statistics that even actual reports of forecasts after sowing, published by the Government were so inflated with the result that there was a depression in the market. The Government's publication of an expected large outturn based on farmers intentions resulted in a fall in the price of Cotton in the month of May and consequent loss to the farmers. As one of the letters expresses in the *Cotton News*, "the harm arising to business is less when reports are issued by private farms on crop forecasts than when they are published with the information of the Government. The feeling is very keen in America that there should be less Government in business" As a result of such mischievous reports the American Cotton Association has begun to issue its own crop forecasts from actual sowings and not from intentions, with the data collected through its crop reporting service. Its programme of work must be declared a real achievement of the American Farmer.

An Irishman wants to control Bank credit.

A very interesting article on "the future of Agriculture" from the pen of Mr. Alexander, one of the active members of the association for national control of credit, is published in the July number of the *Irish Economist*. Mr. Alexander makes a proposal that the Dail (the Parliament of Ireland) should ask the leading Banks not to lend to merchants, unless they were prepared to allow a fair return to the farmer, and to retailers unless they sold agricultural produce at the wholesale rate with a fair margin of profit for themselves. The object of the proposal is to protect the farmer and the consumer against the middlemen's profits. The State in return for the help given by the Banks should guarantee a flat rate of 3 per cent interest on all agricultural overdrafts. The scheme also proposes that every farmer should maintain a field register with accurate figures of production costs as on this basis the price at which the merchant should sell is to be determined by the Banks. In the first place the State must determine the production costs perhaps by striking on an average of the farm expenses throughout Ireland which might vary with the capacity of the individual farmer and the seasonal conditions. The merchants should be paid a reasonable commission for marketing the produce; such a fixation might lead to inefficiency in marketing.

Production of records before auditors.

We hear complaints often made that office-bearers of some societies do not produce the records when demanded by an auditor. And it has been expressed by some co-operators that there should be some penal provision to compel office-bearers of societies to bring before an auditor all the records whenever wanted by him. Inspection and audit by outside agencies create the impression in some societies that such things are only a super-imposition which they should try to evade as far as possible. Questions as failure to produce their records before an auditor will never arise if a society feels audit as a thing essential for its good working and future prosperity. In so far as there are Panchayets of societies who feel the Central Banks as private moneylenders and the Department as their collecting agents, and in so far as they do not feel any scruples in making fictitious transactions and misusing cash balances, they will devise every method not to produce the books for fear of exposure. It is no use making a specific penal provision for, non-production of records is a serious default. An auditor has got the right to see all the books and in England "refusal by an officer to furnish information required is an offence under the Act". Sir T.W. Russel when he gave evidence before the House of Lords Committee on the Thrift and Credits Bill in 1914 narrated the difficulties of the Agricultural Department in Ireland in getting at the books of the societies for inspection purposes and proposed the need of some penalty in such cases. The only remedy, though strong but necessary in such cases, is the application of Sec. 35 on the Registrar's own motion. If after enquiry the society can in no way be improved, only the next step of dissolution should be taken. We have to consider that non-production of records is no light offence.

Rural Reconstruction.

On July 19th the Hon'ble Sirdar Jogendra Singh brought a resolution in the Council of State urging the Government of India to the appointment of a committee to consider the question of rural reconstruction for organising agriculture and to formulate an agricultural policy regarding land revenue, village education, co-operative credit and other allied matters. The resolution without asking the Government to consider definite issues comprehensively demands a resuscitation of village life. Mr. Singh asked for a number of reforms every one of which could be solved only by a special enquiry. He demanded abolition of land revenue and in its place an export duty on grains, the introduction of power in every home for the aid of cottage industries, the spread of modern methods of agriculture, the consolidation of small holdings and the development of agricultural credit.

It is impossible to deny support to a resolution of this kind; the only question was as to the practicability of the enquiry. The Hon'ble Mr. B. N. Sarma detailed the steps taken for the spread of agricultural improvements and co-operative credit societies in the Provinces. The passing of tenancy laws in some provinces, the initiation of a large number of irrigation projects, the improvements in communications were also referred to by the Government member as beneficent rural legislation in recent times. In the end he said that the subject mentioned by the mover for the enquiry belonged to the domain of Provincial Governments and "that the Government of India could not agree to the appointment of a committee to make an enquiry into the condition of villages containing over 300 millions, each district differing completely as regards almost every item of enquiry."

While endorsing the arguments of the Revenue Member we must say that there is an absolute need for District enquiries which are sure to throw much light on questions as, how far co-operation can solve the economic needs of the ryot, what other remedies as land and labour legislation are needed if co-operation is to achieve any success. Such an enquiry will also indicate signs of rural growth, if there be any, as a result of co-operation and introduction of new agricultural improvements. It will show the fruitful soils where agricultural co-operation can be practised, and be useful in regulating the work of the credit and agricultural staff in regard to the needs of different localities. We understand that in the Punjab the Government have appointed an Economic Development Board consisting of officials and non-officials to make District Economic enquiries and submit their suggestions of economic improvement.

It requires no mention that there are a large number of questions on which an enquiry is needed. Questions of migration, sufficiency of agricultural labour in villages, fragmentation of holdings, the proportion of the produce which goes to the cultivator, landlord and the Government, the irrigation sources, the condition of cottage industries and co-operative societies, in fact, a host of a questions demand an enquiry district by district. Co-operators may take up this work and formulate a scheme of district improvements with the Assistance of Agricultural, Industries, co-operative and Revenue officers.

Co-operative farming. The article on co-operative farming by the Deputy Director of Agriculture, Madura, which is published elsewhere, requires careful consideration by co-operators. A scheme is proposed of preserving the agricultural labour in this country from being exploited by the Kanganis for the plantation estates outside

India. The article favours collective farming by landless labourers in this presidency. To get lands on lease by a co-operative society, and distribute them to the members for individual farming are hardly suited for the landless labourers, who not having the desire to own and preserve property as a result of long servitude, cannot be expected to bestow detailed attention on their individual farms. Mr. M. L. Darling in his book "Co-operation in Italy and Germany" favours this system for the Punjab colonies occupied by small landholders. But the labourer in this part of the country has worked for years only for wages given by landlords, and he can easily therefore be made to work for the "co-operative landlord." Mr. Jayakaran, one of the Y.M.C.A. rural workers stationed at Coimbatore, tried collective farming by the depressed classes and he mentions the reasons for its success so far, as the communal ties, and the habit of working only for wages. As tersely put by Mr. Darling, "collective farming is only possible where cultivation is done by the labourer, and the individualistic, where it is done by the tenant".

Collective farms are very common round Ravenna in Italy and they are mainly composed of labourers. But in both the systems the profits are not distributed. In the case of individual farming in Italy the society makes a small profit by levying a little higher rent from the member than what is due to the landlord. In the collectivist farms the profits are added to the shares of members in proportion to the work done by them. But the article referred to mentions that 40 per cent of the profits should be distributed from the beginning. It is a question to be considered whether in such societies of labourers it is necessary to distribute profits from the beginning.

The Deputy Director would like the whole work to be undertaken by an expert aided by a committee from among the members. The whole question turns on the sufficiency of capable managers. Some method should be devised for recruiting and training managers. The selection should be from the communities themselves or, failing which, from agriculturists who have got their minds set on the success of such endeavours. The manager is not expected to initiate new discoveries in agricultural improvements, but only to popularise tried methods. The capacities required in him are more of a managerial character. The driving power to get work done by others, the skill in organising men, efficiency in keeping accounts, and the business ability to market the produce are what are required in a manager of such societies. Either the Agricultural, the Co-operative or the Labour Department, should introduce a system of short courses for capable demonstrators for about a month on farm accountancy and marketing,

The Labour and Agricultural Departments would be paving the way for starting co-operative farming societies if they will first make a survey of certain suitable localities in regard to the earnings of agricultural labourers, their indebtedness and the fertility of the soils where farming societies are to be formed.

Co-operative Land Purchase Societies. The Revenue Department, Government of Madras, have issued a G.O. in regard to the sale of lands for members of depressed classes in the Peryar tract in the Madura district. The conditions of sale are given below.

1. The price proposed is not below a fair market value to be fixed by the Collector with the approval of the Board in each case.
2. The area can be provided without infraction of existing right in the village in which the land lies.
3. Irrigation facilities can be provided without injury to existing rights.
4. The price is paid in instalments within a period not exceeding fifteen years
5. The land is not alienated within the period fixed for completion of the purchase except to a member of the co-operative society.

The object of the scheme seems to be to make the depressed classes independent proprietors of the soil. And the machinery of the co-operative society is provided so that members may cultivate the habit of thrift by saving small sums annually and the State also may find an agency to collect the instalments due to them. Perhaps the lands will be tax free for a period of five years. Under the scheme the society is not expected to live after the payment of all the instalments. It is not possible to surmise how many persons will take hold of this opportunity to possess lands for themselves.

And then an efficient secretary will be required to popularise and collect the instalments on the proper dates. Further, granting that many members do become owners of lands after the period of 15 years, what guarantee is there that more enterprising people not belonging to the depressed classes will not buy these lands and thus restore these landless men again to their original state? Lease of Government lands to co-operative societies and their sub-lease by the latter to members on payment of a reasonable rent may instil in them a sense of possession of property and gradually pave the way for their purchase. Nevertheless where landless labourers are persuaded to form co-operative societies for the purchase of land, we trust that the organisers will try to utilise them for other purposes as well, as purchase of agricultural and domestic requirements and sale of produce, so that when the purchase price has been completely paid and the society need not therefore exist, the members would have acquired co-operative habits and discipline sufficient enough to prevent them from leaving the society.

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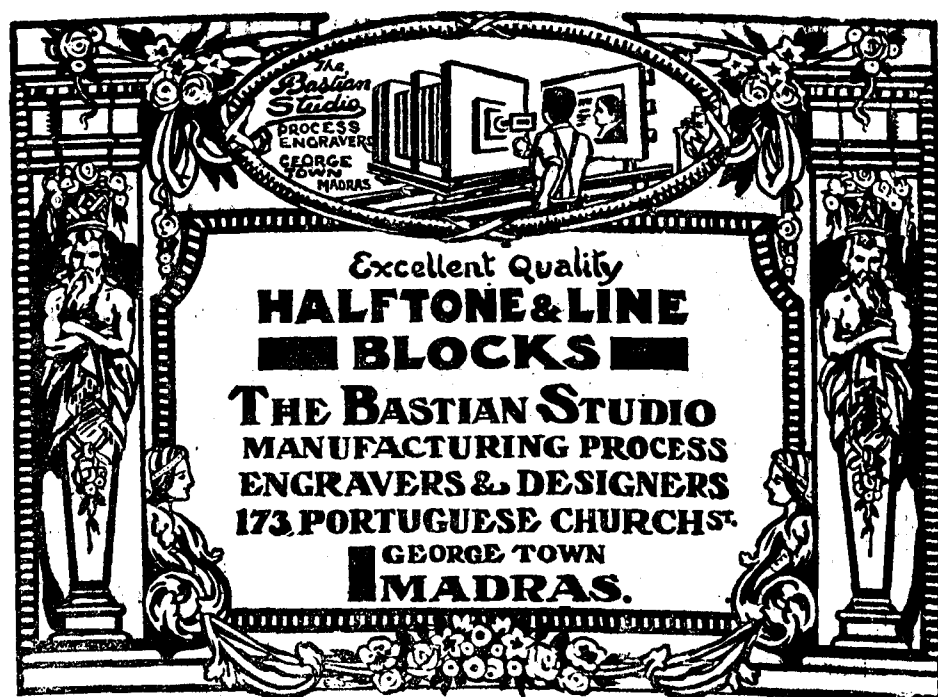
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In this edition, all amendment to the Act suggested by Local Governments have been discussed. Much new matter embodying the opinions of all the chief writers has been added. Special chapters are included on "What is Co-operation?" "Co-operation and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

The parent association enters into a contract with the subsidiary, guaranteeing that its product will be handled through the facilities provided by that corporation, at a fair handling charge. The association, on the other hand, has marketing contracts with its members by which they agree to market all their product of the kind handled by the association, for a period of years.

The stock of the subsidiary is issued in classes, one class to be retired each year. The number of classes corresponds to the number of years the marketing contracts between the association and its members run. In the marketing contract the members give the association power to deduct each year a sufficient percentage of all returns, to retire one class of stock in the subsidiary.

As the stock is retired, its value represented in warehouses, etc., automatically passes over to the parent association and when it has all been retired, the association, therefore, has an equity in those assets proportional to the amount which has been retained from its returns to buy back the stock. If a member withdraws from the association at any time, his equity is assessed at its book value and he is paid the amount.

A little study of this arrangement will reveal that the collateral security behind the stock of the subsidiary is really the total value of all the product marketed through the association during the term of the marketing contract between it and its members. This abundant security appeals strongly to investors and in consequence that rate of dividend required to attract investors is less than it would be if the stock were less fully secured. Some of the great California co-operatives which are organized on this basis have been able to sell their securities in New York at as favorable rates as those obtained by the great United States Tool Corporation.

Mention has already been made to credits that must be obtained from banks for financing advances to members on delivery, for storage, etc. Such credits are secured by depositing certified warehouse receipts, bills of lading, and other commercial paper as collateral. Co-operative marketing associations, having such extensive dealings with the banks, must put forth every effort to establish and maintain harmonious relationships with those institutions. The success of the whole co-operative structure depends very largely on the maintenance of such harmonious relationships.

MARKETING AGREEMENTS OR CONTRACTS.

A co-operative marketing organization, to function most efficiently, must have a marketing agreement or contract with its members by which they agree to deliver all of their product of the kind which the association

handles, to the association to be marketed for them. They transfer to it the right to sell the product. In return for the transfer they receive the full control of the association and the advantages of more efficient salesmanship in disposing of the product of their labor.

The contract is really an agreement between the member who signs it and all the other members that they will market the product collectively instead of against each other. There is nothing new about this idea. It has been in operation in Denmark for over 40 years and in California for 20 years. All the great co-operatives which have been organized in that state and which in recent years have sprung up in other states and in Canada have binding contracts with their members. In 1922 at least a billion (\$1,000,000,000) dollars worth of products were marketed on this continent through contract co-operative associations.

TYPES OF CONTRACTS.

There are three types of contract in use. One is known as the term contract. It runs for a definite term of years at the end of which all contracts expire. A renewal campaign is then put on and the contracts signed up for another term. The length of time varies but five years is the popular. Some are for seven years. The contract of the Raisin Growers of California runs for 14 years with withdrawal privileges at stated intervals.

Another type is a permanent contract with an annual withdrawal privilege. It continues in force until cancelled either by the member or the association. Cancellation can only be effected after the end of the crop year after due notice has been given between dates specified in body of the contract.

A third type is a combination of the above two types. It is a term contract to begin with, having no withdrawal privilege until the end of a specified number of years after which it renews itself from year to year until cancelled, becoming in fact a contract of the second type explained above.

When the central organization is constituted by a federation of local units a three-part contract is necessary. It binds the member to deliver to the local and the local to sell through the central.

WHY CONTRACTS ESSENTIAL.

There are many reasons why a definite and binding contract should be adopted by a co-operative marketing organization. The most important will be briefly stated.

1. It is of great value during the organization period of the co-operative. As was stated previously it is advisable, if not essential, that a large percentage of the product in the territory covered should be guaranteed to the association so that it will, from the start, be the largest single agency in its field marketing the product which it handles. An objective is therefore set and unless it is attained the association does not commence business. With the contract it is possible to know at any time just what percentage of the total has been secured. When the territory has been covered by the membership canvass, it is definitely known what percentage has been signed up and whether or not it is sufficient to warrant going ahead with the business.

2. The contract system ensures volume of business. Without it there is no assurance as to the amount of business that will be done through the organization. With it the only fluctuations in volume are those due to fluctuations in production from year to year. The volume of each year's business can therefore be estimated in advance with a fair degree of accuracy. This greatly simplifies the business and cheapens the cost of doing it.

3. A better manager can be secured. With the assurance of a large and dependable volume over a series of years more capable men can be interested and their services secured than if the organization starts out with no such assurance.

4. With a large and assured volume the management can negotiate sales knowing that the product will come forward to fill the orders. This greatly strengthens the position of the organization in the market. Distributors prefer to deal with concerns which can furnish them regularly with such stocks of standardized quality as they require in their business.

5. If, due to increasing production or to increasing membership, there is a danger that the market which the association supplies will not absorb the product, the situation can be foreseen and the market extended by judicious advertising or otherwise. In no field of their endeavor have the co-operative, especially those of California, served the interest of their members better than in this.

6. Great economies can be effected in handling the product. Under competitive methods of marketing a great deal of effort is expended in drumming up business. With the product of the members under contract the management of the co-operative is saved this expense. The product comes forward according to the terms of the contract and the management can devote all its energies to efficiently marketing it.

Other advantages could be given but these must suffice. It is a common saying that the farmers cannot stick together. The co-operatives

that have adopted the contract have no trouble on that score. A definite and binding contract is a feature of all the largest and most successful co-operatives on this continent and it is recognized by all authorities as fundamental to the greatest success of a co-operative marketing enterprise.

MERCHANDISING vs. DUMPING.

Under competitive methods of marketing a farm product is "dumped" on the market. A splendid example of dumping is furnished by the way the wheat crop is handled. Fully 75 per cent of the wheat crop of this continent is dumped on the market within 90 days after it is harvested. During the same period only about 25 per cent of it is consumed. This makes it necessary for speculative dealers to step in and take control of the temporary surplus which they hold over until such time as it can be taken care of by consumptive demand.

Another example of dumping is furnished by the marketing of Ontario cheese. Cheese production fluctuates from almost nothing in midwinter to the full flush of production in the early summer. A large percentage of it is produced in the two months beginning late in May.

Cheese being a staple food, is consumed at a fairly even rate. The consumption varies less than 11 per cent in Great Britain during the six or seven months that Canada supplies that market. The consumption in Canada is at a fairly even rate throughout the year. But Ontario cheese is not marketed at the rate at which it is consumed. It is thrown on the market irrespective of what the price is, at the rate of production. Most factories sell their cheese regularly every week. In other words they dump it.

The dumping method has given rise to most of the abuses that have crept into the marketing of farm products. Price manipulation and profiteering are rendered possible because the farmers, as primary producers, dump their product on to the market with no regard to the immediate consumer demand.

The chief aim of organization for co-operative marketing is to substitute merchandising for dumping. Merchandising involves several factors, the most important of which are as follows:

1. GRADING AND STANDARDIZATION

All products marketed by a co-operative are strictly graded according to quality. The grades are thoroughly standardized. Settlement with the producer is made on the basis of quality. A powerful incentive is thereby given to the producer to improve the quality of his product. A flat price gives a premium on the inferior product. It is struck somewhere between

the real value of the poorest and best qualities and favors the former at the expense of the latter. Under a grading system the man who produces better quality of goods is rewarded for his extra work and care. It has been the general experience with those co-operatives handling commodities that can be improved by care and intelligence that payment by grade has resulted in marked improvements in the quality of the products of their members.

The product is sold according to the grades on which it is received from the producers. Purchasers are therefore assured that their supplies are of standard quality. The premiums that they are willing to pay on the higher grades are accurately reflected in the prices which the producers of those grades receive.

2. PACKAGING.

Within the last 25 years a revolution has taken place in the way a large number of foodstuffs entering into consumption are handled. Formerly retailers purchased most of their supplies in bulk and weighed or measured them out to their customers as sales were made. Now nearly everything comes to the retailer in handy packages, ready to hand out to his customers. A glance at the shelves of any grocery store will reveal the extent to which business concerns have carried out this idea. The co-operative simply takes a leaf out of their book. A careful study of the consumers' preference is made and when the kind of package that best meets their needs or fancy is discovered the product is put up in that package. Several kinds of packages may be required for different sections of the trade. There is a lot of work still to be done in evolving suitable packages of food products originating on Ontario farms. For example practically nothing has been done along this line with cheese.

3. ADOPTING A BRAND OR TRADE NAME.

Packages should always be put out under a brand or trade name. The co-operative pays special attention to the quality of its goods and the brand adopted should come to be associated in the consumer's mind with satisfactory quality. That is the way repeat orders are secured. In extending the market demanded by judicious advertising, as will be outlined below, the brand is played up so that consumers will ask for that particular brand when making their purchases. It is not enough that they should be induced to consume more of the product which the co-operative handles. They should be induced to consume more of the particular product which the co-operative is marketing so that it, and it only, will receive the benefit of the expenditure for advertising. The only way they have of identifying it is by the brand which is used on the package.

4. FEEDING THE MARKET.

A merchandised product is marketed, not at the rate of production as is the case under the dumping method, but at the rate of consumption. This is called feeding the market or orderly marketing. The organization holds over its own surplus from the season of high production to the season when consumption is in excess of production. No attempt is made to unduly enhance prices by holding back supplies that the consumer will take at fair prices. Such a practice would defeat its own objects by controlling consumption and inviting competition. Feeding the market means feeding it, not starving it. The rule of success in livestock feeders holds good here. The market is given all that it will eat up clean. The prices must be such that the consumers will take the full amount produced out of the way of succeeding crops. Each crop must be marketed.

Feeding the crop also involves orderly distribution. It avoids local gluts and shortages at points of consumption. The product is kept moving into consumption evenly at all points of the consuming territory.

The market demand for the commodities they handle has been greatly increased by many co-operatives. Consumers which used their product only intermittently or at certain seasons have been induced to become steady buyers throughout the year. Light consumers have become heavy consumers. New consumers have been found in districts or countries where formerly the product was not on the market.

5. EXTENDING THE MARKET.

Markets are extended by first of all paying attention to grading, to standardizing the quality, packaging and through distribution as outlined above. The co-operative stands squarely behind the quality of its product. Repeat orders, or what makes the market demand and repeat orders, only come from satisfied customers. The modern consumer demands high quality and is usually able to pay for it.

In addition the methods of modern salesmanship are utilised. Consumers are made acquainted with the merits of the product going out under the co-operative's brand by judicious advertising. A study of the newspapers and illustrated magazines will reveal the extent to which such products as raisins, oranges and several other commodities are being advertised by the Co-operatives of California. Business concerns are doing the same thing for some food products. For example certain brands of bacon, hams and lard are being extensively advertised by the packers.

The co-operatives follow up their advertising with assistance to retailers in making attractive displays of their product. Many retail storekeepers in country villages, Ontario, for instance, display oranges according

to directions sent out by the California Fruit Growers Exchange, the big co-operative citrus fruit association of California.

Though the advertising is directed to the consumer and assistance is given in display and selling methods to the retailer, no sales are made direct to either. When the retailer requires stocks to meet the demand that has been created, he must go to his wholesaler through whose hands the product of the co-operative always passes.

6. PRICES SET AT POINT OF COMPETITION.

No co-operative associations can ignore the law of supply and demand which governs prices. It can, however, alter the time and place at which that law operates. Under the dumping method it operates as to place, at points of production and as to time, when the product is thrown on the market. Under the merchandising method it operates as to place, at or near points of consumption and as to time, when the product is moving the hands of the final consumer. In other words the supply and demand at time and place of consumption affects the price directly instead of through the long, tortuous, obstructed and costly channel of the speculative trade. The result is that price fluctuations are reduced, the cost of maintaining the speculative trade is eliminated and the net profits over losses made in speculation are saved. To the producer this means steadier prices and higher prices.

THE POOLING SYSTEM.

The sales made by a co-operative to the wholesalers are usually in considerable quantities, carlots or more. On the other hand the product is received from producers in comparatively small quantities or consignment. It would be manifestly impossible for a co-operative rendering the full merchandising service and handling millions of dollars worth of product annually to keep each consignment separately, keep the money received for it separate, figure out its proportional share of the overhead costs and return the balance to the producer. Such a procedure is only possible when the business is on a simple commission basis and no real merchandising service is rendered.

To avoid this complex and costly procedure a very simple method has been discovered. It is known as pooling.

When a consignment is received by a co-operative it is first graded according to quality. An accurate record is made of the amount and grade of the consignment. The consignment then loses its identity, being pooled or mingled with other consignments of like kind and quality. This is called pooling and the divisions of the product according to quality are called pools. All product of No. 1 grade goes into the No. 1 pool, No. 2 into the No. 2 pool and so on throughout the different grades.

With products having a more or less constant production throughout the year or even a shorter season another division is necessary. This second division is according to time. For example, a co-operative handling cheese might have monthly pools. All No. 1 cheese coming in during the month of May would go into the No. 1 May Pool; the No. 2 into the No. 2 May Pool and so on for the different grades. Then at the end of the month all the May pools would be closed and the June opened, one for each grade. This procedure is carried on for the different months and the different grades throughout the year.

From the pools thus established the co-operative makes its sales, usually as has been said, in considerable quantities. The price the producer receives is the net average price received for the pool into which his product is graded. He may have sent in product of various grades which would go, therefore, into different pools. In each case he gets the net average, or pool price for his contribution to each pool.

From the gross price received by the co-operative deductions have to be made to cover the cost of doing the business. These include interest on the capital employed, storage and insurance, advertising, salaries and other office expenses and reserve. These costs have to be estimated in advance by the business management. Since the organization has contracts with its members the volume to be handled, can, with most products, be estimated in advance with a fair degree of accuracy. It is therefore possible to figure out in advance what charge shall be made per unit (pound, bushel etc.) during the coming season. A safe margin is allowed so that the deductions will more than cover expenses.

When a consignment is received from a member an advance in cash is made to him, generally of about 75 per cent of the current market price. When the production in a pool has all been sold the deductions for handling charges are made and the balance returned to the members, according to contributions of each to the pool. This is done for all the pools as rapidly as they are sold out. At the end of the year any excess that has been deducted over the amount required to meet all items of cost is pro-rated amongst the members according to the amount of business done for each, the total of these remittances, including the initial advance, the balance of the pool price, and the *pro rata* distribution of excess deductions, represents the full return for the season which the members receive for their product. The marketing service has been rendered at cost. The co-operative makes no profits for itself. Everything above the cost of doing the business is returned to the members.

One item of cost in forwarding the product is not pooled. That item is the freight rate from point of shipment to the pooling centre.

Farmers should not be deprived of the advantage of location close to market. They generally have to pay for that advantage in the price of their farms. Transportation charges incurred between the farm and the pooling centre are, therefore, deducted for each consignment separately and are not pooled. This makes it equitable as between those living close to market and those living further away.

EFFICIENT MANAGEMENT.

Efficiency is the watchword of a co-operative marketing enterprise. Efficient management is necessary to its success. Without efficient management no enterprise, co-operative or otherwise, can be successful.

The control of the policies of the organization is in the hands of the board of directors. They must accept the responsibilities of their position and render to the members an account of their stewardship. There was a time in the history of farmers' business organization when it was held that all positions of responsibility in them must be held by *bona fide* farmers. Such a policy almost invariably led to financial disaster. It was learned, at great expense, that though the directors must be *bona fide* farmers and producing members of the associations the actual business management must be in the hands of men of wide experience and proven ability in marketing the commodity handled by it. The business management of a highly specialized character, like a commodity marketing, calls for men of highly specialised training. The directors have, or should have, great ability in producing the commodity. They cannot have, at the same time, highly specialized training in the marketing of that commodity. They must engage men who have that specialized training.

Under the board of directors, therefore, and directly responsible to them must be a business manager who has direct control of the business of the organization. The recruiting ground from which most of the successful co-operatives have secured their general managers is the "trade". He is engaged on salary. The general experience has been that such men have rendered to the co-operative just and efficient a service as they gave to their previous employers.

Managerial ability commands a good salary. Efficient managers do not grow on bramble bushes. The good ones are scarce. In order to secure their services it is necessary to pay them at least as much as they can secure elsewhere. A thoroughly efficient general manager will save many times his salary to the producers. A poor one is sure to lose them many times over what the services of a good one would cost. The rule is to get the best man available and to pay, within reason, what is necessary to secure his services.

With a large organization, handling millions of dollars worth of business yearly, it is necessary to departmentalize the business office. Of first importance is an information department to keep in touch with market conditions, especially when the commodity handled enters extensively into the export trade. Under the dumping method the farmer is handicapped by a totally inadequate knowledge of market conditions and one of the reasons for organizing for marketing is to remove that handicap. Efficient merchandising requires the fullest knowledge not only of market conditions but also of the state of production in the organization's territory elsewhere. Only with the fullest knowledge possible can "Feeding the market" be intelligently accomplished.

Many co-operatives also maintain a traffic department. Its duty is to rout the product to market in the shortest possible way and prevent cross shipping, a great source of loss at present, and to negotiate with transportation companies with regard to freight rates, the supply of cars and other matters connected with transportation. Other departments may be necessary according to the nature and extent of the business.

Each department is headed by a man specially trained for the work he has to do, department heads are directly responsible to the general manager through whom all matters which require the attention of the directors is focussed. Although efficiency is the first consideration in manning the business office, high salaries are not generally required except in the case of the general manager who, as the key man in the business organization, should be of such calibre that he can command what, to the average farmer, looks like a handsome remuneration.

In the organization of their business offices the co-operatives have simply adopted the methods used by the successful private enterprises that were engaged in handling their produce.

DISTRIBUTION ON SUPPLIES.

In the preparation of many products for market large amounts of various kinds are needed. For example with apples handled co-operatively, building material and equipment for warehouses, containers or materials to make them, wrapping paper *etc.* are required in large amounts. Members also require supplies such as spraying materials and fertilizer, which enter directly into the production of the crops marketed through the co-operative.

Provision can be made for collectively purchasing these supplies. It is not advisable, to mix this kind of business up with the marketing end. It is of an entirely different nature, coming in fact, under the head of consumers' co-operation. The best way to handle it seems to be to form

a separate subsidiary company, under the same board of directors as the parent association but with separate business management. The subsidiary should be financed separately and made to stand on its own feet so that in no case will money have to be drawn from the pool funds to bolster up the distributing end of the business.

The plan that has been adopted by the California Fruit Growers Exchange, previously referred to as one of the strongest and most successful commodity co-operatives on the continent may be cited as an example. It has formed such a subsidiary which has full charge of the distribution of supplies. It owns a timber limit which can furnish all the box shooks required on a perpetual basis. It buys building material for local associations, handles all supplies needed in the preparation of the product for market and acts as a central wholesale buyer for local associations for fertilizer, spraying material, orchard machinery *etc.* Farm supplies are distributed by the local to the members at current retail prices and at the end of each year the profits are distributed in the form of a patronage dividend, thus avoiding price cutting and the antagonism of local business interests which price cutting always engenders.

A SCHEME OF LONG TERM CREDIT.

BY RAO BAHADUR A. VEDACHALAYAR.

One method of providing long term or mortgage credits would be by having the Government furnish the money and administer the system of loans directly. The Government could use part of its regular revenue for this purpose or could secure funds through the sale of its bonds. It will then have to send an appraiser to value the land of the applicant for loan and then it has to decide as to what amount it should advance upon the mortgage security. This is however an unsatisfactory arrangement.

(1) The financial burdens of the Province are already heavy and will be so for many years to come.

(2) The introduction of Government into business which can be conducted successfully by private capital leads to complications. Undue pressure would be brought to bear upon the Government in the granting of loans.

(3) There would probably be too much "red tape" in the administration. With the Government's desire to safeguard the system, it will be clogged with a multiplicity of details so that a man who needed a loan at a particular time could not get it until some weeks or months after the need had been satisfied.

A GOVERNMENT LOAN BOARD.

Another method is that the Government could provide the funds for loaning and leave the administration of the system in the hands of a properly constituted Board. This arrangement may enable the farmers to get their loans at the lowest possible rate of interest obtainable in the money market. But even here, this Board being appointed by the Government would partake of the nature of a political institution. In handling such important business as these long term loans, there should be an institution with as much stability of personnel and policy as possible and this might be difficult of attainment through a Managing Board consisting of persons appointed by the Government.

LAND MORTGAGE BANKS.

A method free from these objectionable features is the organisation of a land mortgage bank to act in conjunction with rural credit societies. This bank should have a capital stock subscribed by farmers or by rural societies and payable in instalments. When one-half or some other fixed proportion of the stock is paid in the bank, it must be ready to commence operations. The applications for long term loans are passed in the same way as other loans by the Panchayetdars of the credit societies and their approval is sent to the land mortgage bank. The bank sends an expert appraiser where necessary to satisfy itself that the valuation made by the Panchayetdars of the credit society is safe and conservative. The appraiser gets information regarding the applicant's farming methods, and certifies that the combination of the personal and material assets of the member are sufficient for the sanction of the loan by the bank. The Directors of the mortgage bank dispose of such applications. The applicant will have to furnish a clear title to the land and execute a first mortgage in favour of the land bank.

As soon as the land mortgage bank had issued loans out of its paid-up share capital, it could then mass these mortgages and upon that security could issue a series of debentures which could be sold to investors (farmers or others) and the funds obtained from the sale of these debentures could be used to make further loans on first mortgages on other farm lands. As soon as additional loans had been made, another set of debentures could be issued in the same way as the first. These debentures with or without a Government guarantee could be sold on a 7 per cent or 8 per cent basis and the bank could give the farmers their loans at 8 or 9 per cent, the one per cent being sufficient for all expenses of the bank. They should be issued in such a way that they could be called in and redeemed as the farmers' payments are made and the time in each case should be so fixed as to correspond very closely with each other, thus avoiding as much

as possible any temporary financing to utilise the bank's periodically accruing income.

During the continuance of the present disturbed condition of the money market, when interest rates are very high, there will not be any great development of the mortgage loan business but this period can be tided over by the Government setting free the required accommodation until the mortgage bank is able to tap private capital. Unless the rate of interest on the long term loan is reduced, the poor farmers will not undertake on any large scale to secure the advantages from the use of mortgage credit.

These loans should be made for periods of 10 to 20 years on the amortization principle requiring the borrower to pay the interest and a small percentage of the loan every year but provision should be made that the borrower might pay off all or any part of the principal on any interest date after five years or a fixed period to be specified. In certain cases it would be desirable to so arrange the loan that the borrower would not need to pay anything for the first two years, with a view to allow him to get started and after that his payment of principal and interest would begin. The longer the period over which the loan extends, the smaller would be the annual payment on the principal. The stipulation that he can pay off the loan as fast as he is able, makes a satisfactory arrangement for the later years when he has become more prosperous.

A FEW POINTS OF OBSERVATION.

(1) Long term financing should be secured at least for a period of 25 years. If this is done, the farmer can embark on the best method of training which he is capable of and can turn his ability as well as his land and capital to the best account.

(2) There should be fixed a minimum and a maximum amount for such long term loans given to an individual. The rural credit is intended to aid the actual farmer, not the dealer or the speculator who may use any large credit if made available for speculation in land or for buying up large blocks of land.

(3) The bank should start with a fairly good amount of stock to secure financial strength in doing a large volume of business and to secure the confidence of the landholders. These should be subscribed by the farmers. Each rural credit society should subscribe for the stock of the bank to establish a closeness of tie between these two organisations which would be for their mutual welfare.

(4) The dividends to the shares should be fixed by law as it is not the primary purpose of the bank to make profits for the stockholders but

to serve the interest of agriculture by furnishing long term loans to farmers at the lowest possible rate of interest.

(5) Simple provision should be made for the reserve fund before the profits are divided.

(6) The bank should not be allowed to issue bonds beyond 20 times or a fixed multiple of the sum of its paid-up capital and reserve.

(7) Suitable Directors should be obtained to run the business. They should be men of large vision, of adequate business ability, and sympathetic interest in agriculture and all its problems. This system of land bank relies upon private capital and individual initiative and enterprise. It avoids any participation of the Government permanently in the conduct of business which can be carried on by private capital for the public welfare. It leaves to the Government its proper sphere of regulation and supervision. The land mortgage bank with the bonds when guaranteed by Government will be able to sell these bonds at as low a rate as possible as that at which Government could borrow upon its own bonds.

A SINGLE INSTITUTION FOR THE TWO KINDS OF CREDITS.

If a single institution would deal with short and long term credit

(1) Overhead expenses will be cut down.

(2) There is a close relation between these two aspects of credit. It is impossible to conceive of a man being able to use properly his long term loan with the assurance of repaying his annual instalments, unless he has made suitable provision for working capital from year to year and on the other hand he cannot use to the greatest advantage his short term loans without having financial arrangements made for a much longer period. Hence it seems to be desirable that the existing central banks may be allowed to run the business of a mortgage bank with well defined liability apportioned between the two branches of long term and short term credit. As a beginning, a mortgage bank business can be started in each district and the Provincial Bank can render the necessary aid in selling the bonds for a small commission by endorsing such bonds.

(3) The scheme is put before co-operators for their consideration and criticism. This is almost identical with the debenture system already proposed by the Department with this difference that the debenture system extends over the whole Presidency and its work will get centralised in one institution. The system now advocated gives scope for the work being commenced in smaller areas where facilities are available.

CO-OPERATION IN INDIA.*

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Before passing the Co-operative Credit Societies Act of 1904, the Government of India made a lengthy and thorough examination of the feasibility of introducing the co-operative movement. The difficulties of rural finance had repeatedly called for and had secured the closest attention of Government. Government had on many occasions attempted to meet the evil by various measures. Famine relief schemes, irrigation works, acts for the relief of agriculturists, acts for advancing capital to them and saving them from expropriation—all these testify to the solicitude of the State. The Land Improvement Loans Act and the Agriculturists Loans Acts enabled the cultivators to find funds from Government at reasonable rates of interest on the security of their lands or tenant rights. These loans, known as 'Takavi,' were distributed and collected by the agency of the Revenue Department—"a process from which harassment and extortion are not easily separable." Schemes were also projected and discussed for the formation of agriculture banks, i.e. mortgage banks which would deal directly with the individual cultivator. Sir William Wedderburn provided a scheme for an agricultural bank in 1882-83; but it was not considered suitable; and its essential elements, as Government thought, were embodied in the Land Improvements Act of 1883 and the Agriculturists Loans Act of 1884. From the point of view of the cultivator indeed "there was little difference between borrowing from Government and borrowing from an agricultural bank on the Egyptian model. In both cases the borrower has no interest in the welfare of the lending body or in that of his fellow-borrowers; he has no participation in the profits and no control over the management."

In 1892, Mr. (now Sir) F. Nicholson was placed by the Madras Government on special duty for inquiry into the possibilities of introducing a system of agricultural or other land-banks. His first report published in 1896 dwelt on the hopelessly involved condition of the Madras peasants and the absence of mutual trust among them and expressed sound advice in the two words—"Find Raiffeisen." His second report following a second deputation to start a few banks on the lines of Raiffeisen was reviewed by the Madras Government in 1899 and came under the notice of the Government of India in 1900. About the same time Mr. Dupernex of the U. P. Civil Service was placed on special duty for the same purpose in his

* A paper read before the form anniversary of the Secretariat Co-operative Society under the Presidency of Diwan Bahadur Mr. L. D. Swamikannu Pillai I. S. O.

province and in the Punjab "action was taken by District Officers on their own initiative and societies were formed by Messrs. MacLagan and Captain Crossthwaite which gave distinct promise of success." A committee was appointed by the Government of India to consider the whole question; and it was of opinion that societies on Raiffeisen lines might prove suitable (i.e. honesty a basis of credit, limited area, unlimited liability, no shares nor dividends etc). The Report of the Famine Commission appeared soon afterwards (May, 1901) and it recommended the formation of mutual credit associations.

The whole question was then referred to a committee which sat at Simla in June and July 1901 and drafted a bill and model rules. These were circulated for opinion and after much discussion the Co-operative Credit Societies Act of 1904 was passed. The Act was based to a large extent on the English Friendly Societies' Act and as the very able resolution of Sir Denzil Ibbetson explaining its scope to the public put it, had two cardinal features, simplicity and elasticity. The aim was "to lay down merely the general outlines and to leave the details to be filled in gradually on lines which the experience of failure or success and the natural development of institutions may indicate as best suited to each part of the country." As Mr. Strickland says, the Act directed attention to the provision of credit both in town and country, leaving a loophole only for the more advanced types of societies. A Registrar was appointed in each province with the duties of registration, audit and liquidation; no provision was made for an official staff of subordinates as local enthusiasts were expected to be forthcoming after the experimental stage should have been passed. Experiments were to be freely allowed and more particularly for the furtherance of agricultural rather than industrial credit. Societies were classified as urban and rural and while the former were left a free choice, the latter had to accept unlimited liability. The subject of central banks and the higher parts of the co-operative structure were not however dealt with at this stage, and no indication was given in the Act as to the means of providing resources for enabling societies to meet their liabilities to depositors.

The Act was worked fairly successfully. In no province did it fail to strike root and the progress made in the first few years of the movement was remarkable. In two directions the need for improved legislation was keenly felt (1) the example of the primary credit societies had led to the creation of numerous co-operative societies for distribution and for sale and for other purposes than credit; and for these special legislative regulation and protection were needed. (2) The need for a freer supply of capital and for an improved system of supervision had led to the formation of

various central agencies known later as Unions, Central Banks and Central Banking Unions to finance and control the original credit societies; and these also had to be protected by legislation.

The Government of India reviewed the whole situation and passed in 1912 entirely fresh legislation in the shape of the Co-operative Societies Act (No II of 1912). This act recognised and protected Co-operative Associations for other purposes than credit. "The old distinctions between rural and urban societies was swept away and a more scientific distinction based on the liability of members was adopted in its place. The registration of Unions, Central Banking Unions and Central Banks was for the first time expressly legalised. A number of minor improvements with regard to registration, audit and similar administrative details were at the same time introduced; but the act remained silent on the subject of the permission of liquid resources to meet liabilities."

The Act retained the old principles of simplicity and elasticity, while on the other hand many sections follow closely the sections of the Indian Companies Act. The Government of India has thrown upon Local Governments and Registrars the responsibility for insisting on the necessary rigidity adapted to suit local conditions. Commenting on this Mr. Calvert says—"It will not be seriously argued that a strictness which 70 or 80 years of experience in Europe has shown to be necessary can be lightly dispensed with in India, and it is a fundamental error to assume that the simplicity and elasticity which characterise the Indian Act give Local Governments and Registrars a free hand either in the determination or in the application of the principles of co-operation. The laws of Co-operation in Europe represent many years' culture and growth; India has merely imported a selection of plants; it has not introduced a new genus. There are those who would protest against too much strictness and too much rigidity. These overlook the strictness and rigidity of the Agriculturists Loan and Land Improvement Acts, of the Indian Companies Act, and of the various Banks and Insurance Societies Acts, all dealing with transactions analogous to those of Co-operative Societies. Nothing could be more detrimental to the progress of Co-operation than the idea that it is compatible with sloppiness. The problem to be grappled with is largely that of rural finance; and sloppy finance is intolerable. Fortunately for India, Sir Edward MacLagan's Committee of 1914 have throughout their report continuously insisted on this important aspect of the movement". (Calvert—The Law and Principles of Co-operation in India-p. 6.)

The immediate effect of the Act of 1912 was to infuse a fresh energy into the co-operative movement. The number of Societies in British India increased from even 8000 in 1912 to even 14,880 in 1914. New types of

societies for the sale of produce, cattle insurance, milk supply, yarn, silk and manure purchase were all started. As the sums handled by the societies were becoming very large and as financing the stages higher than of that the primary society was becoming complicated, while the principles of inspection and audit remained indefinite, Government appointed the MacLagan Committee with special reference to the examination of the constitution and working of central and provincial banks, the financial connection between the various parts of the co-operative organisation, audit inspection etc. and the methods of utilising the reserves etc.

The report of the Committee submitted in 1915 recommended the creation of an apical or Provincial Bank in each province with perhaps an all-India co-operative bank at the head. It made many recommendations for the Central Banks for maintaining a standard of fluid resource. It struck a serious note of warning and pointed out two real dangers, (1) perversion of the co-operative movement to other objects (2) lack of a true spirit of co-operation which is much the more real of the two. It regretted that in many societies there was found a lack of true co-operation and there were only seen cheap money-lending and the inviting of deposit from the public for pseudo-co-operative institutions. It could desire greater control by the Registrar especially in higher branches.

The annual return of co-operative societies for 1920-21 shared a total of 47,000 in all India of which 4,000 were in from Indian States. The number of societies now may be about 50,000 in British India alone, of which about 90 per cent are primary agricultural societies, 7 per cent non-agricultural, and 3 per cent are Central Banks, Unions, and other secondary institutions. Less than 1,000 of the primary agricultural societies are for other purposes than credit. But an increasing number of credit societies carry on the functions of purchase and sale as a subsidiary branch of business.

Mr. Strickland remarks that no surprise should be felt at this predominance of the credit society. "Credit is the simplest example of co-operative methods to introduce among illiterate peasants, and until the burden of debt which crushes the life and thought of the Indian countryside is lightened, it is useless to look either for individual enterprise or mutual aid among the sufferers. The attention of co-operators has therefore wisely been given to the struggle against usury and improvidence, each the cause and effect of the other."

"Until the peasant is freed from debt, his case is hopeless; he cannot be freed by cheap loans from the State or a commercial or a philanthropic institution; for he has lost all habits of punctuality and foresight. The only social influence which he acknowledges is that of the village

brotherhood, inchoate as it has now become; and credit without control is too perilous for him; official control is enervating and petty staff frequently corrupt; and the brotherhood of the village and the selected honest and intelligent members of the community must be the authority to grant, refuse and supervise the dangerous boon of cheaper money with which salvation from the usurer is to be won."

One question of importance may be asked now. Though the co-operative movement has taken a firm root in the land there has been very little attempt, as Dr. Radhakamal Mukerji points out, to utilise the existing village social structure. To this extent the movement is not organic, a growth from within. Government have indeed carried Sir F. Nicholson's remedy-Find Raiffeisen-too far. Owing to some reason or another, co-operative credit has been unduly emphasized, while agricultural co-operation, co-operative purchase and co-operative sale have been left in the background. Even Raiffeisen himself organised agencies for supply. "The supply of cheap credit is not enough for the peasant. The peasant might lose all in marketing the produce, what he has gained from cheap and easy credit. Again the materials of agriculture might be in the hands of ignorant and dishonest middlemen. Thus the benefits of co-operative finance are counteracted when manure, seeds and machinery have to be purchased dearly. Indeed co-operative purchase and co-operative sale societies are as essential as co-operative credit societies."

Even now other societies than credit ones are classed in Government publications under the colourless heading—Other forms of co-operation. As it is, co-operation has only touched the fringe of the economic life of our villagers; and credit has been unduly emphasized as a factor of production. "The problem before the Indian co-operator in future would be to give its due importance to every branch of co-operative activity and to co-ordinate the different forms of co-operation in subordination to the co-operative ideal in view. His aim should be to utilise the existing social structure of the Indian village for this purpose: otherwise the movement will not touch the hearts of the people. And he will not fail to profit by the lessons derived from the growth and progress of the co-operative movement in all its phases in the West."

The village community is still largely an association of consumers and is itself directing village production. On account of the combination, production is carried on in the interests of the consumers-representing the highest co-operative ideal. Especially in the West, distributive societies are found to possess much greater vitality than other forms of co-operation. A large distributive trade leads to the establishment of productive departments. The amount of production carried on in connection with the

store, forms the characteristic feature of the British store movement. Dr. K. Mukerji would plead for the rehabilitation of the Indian village community in the organisation of the village store. There will be little difficulty in adjusting the resources of the store to the village requirements. All the villagers will contribute each a small sum as subscription; sale at market prices with cash payments and distribution of profits among the villagers in proportion to the amounts of their purchases should be insisted on. As sales become large, the village store will give employment to village artisans as well as to the cultivators. If there should be room, the central co-operative distributive society will conduct institutions like schools for agricultural and technical education, circulating libraries, reading rooms *etc.* The store will not only satisfy the physical hunger of the community, it will also keep in view its intellectual and spiritual food.

Another topic of great interest is the controversy about the officialisation of the movement. Mr. Stickland is at great pains to prove that the credit movement is not working with official money; about 50 per cent of its capital consists of small shares contributed by the members and the surplus accumulated from the interest on their borrowings; about 10 per cent consists of deposits from the members themselves, and the remainder is commercial credit. The societies are not managed by Government or by officials. They are in the hands of their members subject to an audit prescribed by law and carried out by non-officials under decreasing official supervision. The official visits the society, teaches, praises and chides; but unless the management is so negligent or perverted that liquidation is the only remedy, the official has virtually no legal power of enforcing his advice. At the same time while the services of honorary workers and volunteers is of the highest value to the co-operative cause, few will deny the importance of a highly organised central force of full-time officials devoting all their time and energy to propaganda and inspection. Prof. Coyajee would plead for a better organisation of the present co-operative service as of the highest importance to the future of co-operation and of Indian agriculture. India requires a well equipped Co-operative Service at least as much as an Indian Industrial service or an Indian Chemical Service. The MacLagan Committee has devoted a considerable portion of its report to the organisation of the higher official machinery of Co-operation in India. The recruiting of the co-operative service should be most carefully conducted and aspirants to it should be regularly trained and go through an examination of which the courses of study should include at least the theory and practice of co-operation, accounting, and English banking theory and practice. The pick of our universities and colleges should go into the service which should be more properly graded and more systematically graduated than at present.

Co-operation is regarded by a great many men not only as a great economic phenomenon, but as having an important political aspect as well. They would desire the giving of seats on the village panchayats to members of the local rural society, the further grant of a seat to a member of one of the local societies on the Taluk Board and the still further grant of a similar franchise to agricultural interests on the District Board. They would not despair of seeing in no very remote future members for co-operative societies in legislative councils also. "Any increased weight given to the co-operative interest will be the truest way of giving at once greater security to the government and the best political education to India." An objection may be raised that to constitute co-operative societies into electorates would be to divide them and destroy their unity by splitting them on party questions. But it is easily answered. If adequate representation on institutional lines is given to the main interests, Agriculture, Industries and Commerce, the formation of parties might be prevented and all groups might work whole-heartedly for the country, and it is the duty of co-operative bodies to insist on the introduction of such institutional representation.

The utility of co-operation as an instrument of industrial expansion is a large question which has got to be faced and worked through. The Industrial Commission's Report emphasized the need of industrial co-operation with reference to small and cottage industries and recommended that urban banks of the Schulze-Delitsyche type must be given a trial for the benefit of urban artisans. Had Sir Horace Plunkett, who has done so much for Ireland, served on the Industrial Commission as was originally intended, the possibilities of industrial co-operation would have been given a much larger place in the report. We go farther and may say that factory industry in India will never be placed on a proper basis until co-operation has well developed on the urban side. Housing societies among the working classes should acquire for the labourer the possibility of living in a decent cottage; his morale would be raised by belonging to a co-operative society and he would be able to bargain with his employer on terms of greater equality and independence. The Factory Acts also will be better enforced when the labourers will have a co-operative organisation of primary societies, unions and federations to give voice to their grievances. "The organisation of labour on co-operative lines will serve many of the functions of trade union organisations without importing the excesses of the latter movement and will thus benefit at once capital and labour."

The question of financing the rapidly expanding movement is very important. Some would go so far as to say that Indian agriculture and

co-operation have a special claim to be helped out of the surpluses created by agriculture, *e.g.* the opium surplus; and that the credits which the country accumulates abroad should be used to bring co-operation to the door of every agriculturist. Another source of assistance is from the Imperial Bank; and we may go far and say that even the Paper Currency reserve, or at least the fiduciary portion of it might be utilised for co-operation on the security of the paper of co-operative societies. The main difficulty is that the co-operative banks take money for comparatively short periods and invest practically the whole of their capital in loans for comparatively long terms under conditions which preclude them from calling up or realising these loans if they themselves are hard pressed. Co-operative Banking is new in the country and is in some ways entirely different from joint-stock banking. The problem has been solved in many European countries by the State's arranging for the discount of co-operative paper with the ordinary State bank or with a specially constituted Co-operative State Bank.

The brief history of the co-operative movement in our country might be said to fall into well-marked stages. First there was the experimental stage; then from the passing of the Act of 1912 there was the epoch of consolidation when the policy of *make* was consistently followed in province after province and a great work of purification was carried out in which a number of weaker societies were weeded out—a process which has considerably strengthened the co-operative movement. The epoch through which we are passing is the epoch of consolidation, especially of the higher machinery of finance and control which would result in a series of apex banks. There have also grown up suitable organs of expression of co-operative opinion, like bulletins and journals and a growing volume of co-operative literature and district and provincial conference; and we are going to enter the period of co-operative expansion and preparing the ground for it.

One last word before closing and that is about what the MacLagan Committee reported about the true nature and functions of employees' societies. The object of these should be rather to encourage saving and thrift than to make loans on easy terms. The difficulties which beset such societies are (1) the transfer of members from place to place in a big department and (2) to the fact that even on the Committee the members are unable to meet on a level of equality being unable to forget their relative positions outside it. Occasionally high-placed members are able to secure excessive loans for themselves or for their friends; and their recusancy in the matter of repayment will seriously embarrass a committee largely composed of their subordinates. Such societies can better discharge all their functions if they required all members as a condition of membership to insure themselves in the Post Office Insurance Fund.

CO-OPERATION IN SOUTH ARCOT.*

R. SRINIVASA AIYANGAR, M. L. C.

The Administration Report of the Department for 1921-22 just published, shows that on the 30th June 1922 there were 856 non-agricultural and 6,289 agricultural societies with 124,762, and 333,342 members respectively, 32 Unions and 1015 agricultural societies having been registered in the Co-operative year. The total capital employed in the movement was Rs.292.72 lakhs and of this amount, the major portion, viz, 206.14 lakhs was derived from deposits by individuals, the bulk of the deposits coming from non-members. This affords striking evidence of the public in the soundness of the movement.

DISTRICT PROGRESS.

It may not be inappropiate to refer to the state of things in this District. On the 30th. of June 1922, there were, excluding the Central Bank, 8 Unions, 315 agricultural societies and 45 non-agricultural societies serving 563 villages. In 1922-23, there was considerable increase all-round and on the 30th June last, there were 16 Unions, 405 agricultural societies and 74 non-agricultural societies serving about 700 villages with 16,012 members for agricultural societies and 6,777 members for non-agricultural societies. This is but 1 p. c., of the total population of the District according to the last census emphasising the necessity of closer attention in the direction of expanding the activity of the Department.

SCOPE OF WORK.

I think there is an enormous field for further work. In our rural societies the value of the thrift aspect of the movement has not yet been realised and sustained propaganda seems quite necessary to popularise savings bank deposits in rural societies. The number of societies for purchase, and purchase and sale is not quite encouraging. The Development of Co-operative trade activities deserves our attention, and the difficulties in the way of joint sales-attributable to the unwillingness of members to undertake the risk involved in the transaction must be gradually overcome. Unless the Co-operative sale of surplus produce is successfully organised, the ryot may not be in a position to reap the full benefits which Co-operation can secure for him.

DISTRICT PROBLEMS.

The working of the Kallakurichy Taluq agricultural and industrial society which has a branch factory in Sankarapuram ought to stimulate

* Welcome address delivered at the South Arcot District Co-operative Conference held on 30th Sep. at Tindivanam.

people to organise more societies for converting the raw produce of members into a form fit to be readily marketed. As it is, its work is confined to decorticating groundnut, hulling paddy and crushing sugarcane and manufacturing jaggery. The society has also undertaken to help Co-operation and Co-operative Societies with finance for facilitating joint sale of their agricultural produce and act as agents for disposing of the stock. In view of the obvious fact that sugarcane is largely grown in this District, the benefit whereof was mainly enjoyed by Messers Parry & Co., steps should be taken to form Co-operative Societies of landowners for purchasing ploughing machines, plant for cane crushing and stocking good seeds and fertilisers. The landowners enjoy very little of the yield of the land, as the lease amount paid to them is but a fourth or fifth of the actual yield. For want of pecuniary help and other appliances, the ryot is obliged even at considerable loss to lease out his land with the result that his resources which otherwise should have been normal became sub-normal. Can we with equanimity contemplate such a situation? Are we to allow this drain to go on without let or hindrance? Does it not behove us to stop this periodical drain and thereby confer a great and lasting boon on the poor peasant population? The same remarks apply to landowners who raise groundnut which has become the staple produce of this District. If only a few villagers would combine and start Societies on Co-operative basis, the benefits will be enormous as it will also eliminate the middle man who taking advantage of the impecunious condition of the producer exploits it to fatten himself.

A word about the Tindivanam Agricultural and Industrial Society which is languishing for want of support seems necessary. Owing to the dullness of the groundnut market, the decorticators were idle and serious reduction of the area under cotton in the neighbourhood was the main difficulty in finding work for the cotton gins. It is fervently hoped that existing rural societies will be more loyal to this Industrial society and many more societies will spring up and send their members' produce to the factory. It is sad to contemplate that the best intentions of the promoters of the society have so far not been realised. And I fear that unless financial aid is given by Government under the State-aid Industries Act recently placed on the statute book by the Local Legislature to this society which is passing through a crisis, it will have to go into liquidation to the utter disappointment of all concerned. May I make an earnest appeal on your behalf to Government to save the society from such calamity? In this Presidency building societies are not making headway. You may be aware that in this District the Sivananthapuram Building Society located near Cuddalore O. T. has to some extent relieved the congestion in the crowded areas of the Cuddalore Municipality. There is on

reason why on its model a number of societies ought not to be started to relieve congestion. As it is, short term loans seem to stand in the way of the formation of such societies and the necessity of long term loans to give a fillip to such enterprise cannot be disputed.

That there are very many weaving centres in this District cannot be denied. The civic spirit of Co-operation does not, however, appear to have permeated them. Some, as the weaver societies, are too weak financially to resist the opposition proceeding from the capitalist yarn dealers and merchants and to find a suitable market for their goods. It will be possible to obtain the good results by the formation of strong central societies in important weaving centres comprising industrious shareholders who would put up substantial share capital as well as local primary societies for weavers. Intensive propaganda work in this direction is necessary. It may not be generally known that for some months past a match factory has been working in Nellikuppam. The matches are really good and compare favorably with foreign matches which have seized the market. I understand that arrangements are being made to form a society on a Co-operative basis.

DUTY OF GOVERNMENT.

Having dealt so far with the condition of the District and the direction to which we ought to turn our activity, let me indicate the duty of Government and make a few suggestions for the promotion of the constructive side of the movement. Under the diarchical system of Government which is being condemned as a failure, Agriculture, Industry and Co-operation have become transferred subjects in charge of a Minister. The present Minister for Development, Sir K. V. Reddy Naidu, Kt., has an ambitious programme before him to make the Province industrially great. The question of finance is our greatest enemy. Annual deficits which have become the fashion of the day on account of imprudent handling of the finance ought to be relentlessly checked to set free a large sum of money for industrial development. It is true that in the budget for 1923-1924, Rs. 4,75,000 has been ear-marked for loans to Co-operative Societies, in connection with the acquisition of house sites for Adi Dravidas and Rs. 4,00,300 for building societies. This provision, I consider to be inadequate, and it is a pity that a greater allotment has not been made.

SUGGESTIONS.

As short term loans have been found to place a serious handicap on societies, there is not unnaturally a feeling in favour of long term loans. Without State aid it may not be possible to attain the object in view. I understand that a scheme for Government loans at 6½ per cent per annum

for periods extending to 20 years is under consideration, and if money on these terms is provided, building societies can be organised without difficulty and worked successfully in most of the larger and more congested towns in the Presidency. In 1913 a Land Mortgage Bank was started in the Punjab and it is reported to be working satisfactorily. The capacity of the debtors to repay can be increased only by long term loans and it is only by this method that the ryots can be redeemed from the heavy load of debts which oppresses them at every turn. I think that the Land Mortgage Bank system permitting long term loans has much in its favour. The loans granted under the Agricultural Loans Act and Land Improvements Act are of long duration, and it is really difficult to understand why the principles underlying those Acts should not be extended to societies as well. Exempting the banks and societies from payment of taxes under the Local and Municipal Act will be a step in the right direction. In Bombay, societies remitting amounts by money order get a rebate of 75 per cent of the commission. This Province, however, does not enjoy that privilege and the attitude of the Government of India in declining to extend that concession to this Presidency is quite unjustifiable and unreasonable. The differentiation between one Province and another seems arbitrary. I trust this conference will take up this question and press the Government of India to be consistent in their treatment and attitude.

While the Madras Central Bank is audited by a certified auditor and accountant, the other banks and societies are audited by departmental agency. In view of the extensive character of the mofussil banks and the large amount of money handled by them, it is desirable to have their accounts audited by a certified auditor who untrammelled by departmentalism and dry routine will view things in their true perspective from an independent stand point, and bring to light omissions and irregularities unlike the Inspector who whatever may be his predilections will feel obliged to whitewash them. Accounts of Nidhis and Benefit societies registered under the Indian Companies Act are under the said Act to be audited by a certified auditor. Local Boards and Municipalities have a close and searching audit by trained experts. In that state of things, there is very little justification for continuing the audit of mofussil Central Banks by departmental agency.

While the Local Boards, Municipalities and Abkari renters deposit sums in the central banks and popularize them for which we are grateful, it is really disappointing to find civil courts not bestirring themselves in this direction. Sometime ago a Government Order was issued permitting parties to put court deposits in these banks if they agreed to such a course

but so far nothing tangible appears to have been done. It is needless to state that a judicial officer is a citizen first and a judge next. There is no ban on officials helping the movement with their sympathy. It is hoped that judicial officers will shake off their indifference and contribute to the well-being of these banks by advising the suitors to agree to the amounts standing in their credit or paid as security in compliance with order of courts being put in the banks pending settlement of dispute and payment thereof to the party ultimately found entitled thereto. Instances of large amount of court deposits lying idle in Government treasury as a dead investment are quite common. In this District to the credit of an institution over Rs. 50,000 has been lying in Government treasury without carrying interest owing to a long and protracted litigation. The institution is the sufferer for it, and every year it has been losing not less than Rs. 3250 by way of interest calculated at $6\frac{1}{2}$ per cent which an investment in a central bank would have brought to it. In Insolvency matters the Official Receiver remits the money to the treasury and much time elapses before dividends are distributed. Diversion of such amounts into a central bank will be profitable to the unfortunate creditors besides leaving something for the insolvent in suitable cases. I strongly feel that the time has come for changing the existing system, and this can be done by the High Court requiring the subordinate courts to show in their returns the total sums so lodged in the Central Banks in compliance with the order of Government and embodying the total in its administration report.

It is true that in every District there are supervising unions. Their place in the Co-operative structure is rather nebulous as they are responsible to none in the matter of recommending loans and collections. They remain merely a passive body with no residual powers of enforcing their will. If such a state of things were to continue, the movement, I fear, cannot flourish along right lines but will always have to be spoon-fed by official intervention. What then is the remedy? Converting them into guaranteeing Unions as in Bombay which will interlock between themselves and the affiliated societies the liabilities that are now exclusively those of the societies, gradual elimination of official intervention and autonomous control of societies will, I think, afford a proper solution.

CO-OPERATION IN CHENGLEPUT.*

A. RAJABADAR MUDALIAR AVL.,

(Retd. Dy. Collector and Vice-President of the Conjeeveram Central Bank)

You have entrusted to the Executive Committee important responsibilities in the administration of this Bank, the chief of which are to raise loans for the purpose of financing societies and to grant loans to societies according to their needs. You will all undoubtedly agree that if we of the Executive Committee should discharge these duties in a satisfactory and business-like manner, the most essential factor for success in our work is that we should be able to command credit i.e. that those who help us with loans and deposits should feel that they are dealing with persons who can be trusted to be regular and punctual in repaying the loans and deposits according to the stipulated terms, and that it is most important that this credit must be zealously watched and maintained. And you will agree too, that the Bank will be helpless to maintain such credit without your equally zealous and watchful help. In other words you who have charge of societies and unions have to be as careful and keen to send your dues to the Central Bank on the stipulated dates as we are expected to be with regard to our financiers. You will thus realize, Gentlemen, to what serious plight you would drive us in the working of the Bank by withholding your dues from reaching us at the proper time. You would thereby weaken our position to help you and if the defaults are numerous and large—which God forbid—you can imagine the danger to which you will subject the Bank. My first appeal to you therefore is to note the gravity of the danger arising from the defaults of the societies and the importance of the need on your part to see that for the strength, reputation and welfare of this family as a whole, you, individual members of it do your level best in future to send your dues to the Bank with strict regard to punctuality. Before leaving this point, I may perhaps give you an idea of our position at the end of Aug. 23. with regard to this matter.

According to the progress report of the Central Bank for August, 23, the overdues for principal on the 30th June '23 amounted to Rs. 95,156, and the demand for the two months of July and August '23 was Rs. 62,679. The total amount due up to the end of August '23 was accordingly Rs. 1,57,835 for which, you will be sorry to be told, only Rs. 28,791 was collected, leaving overdues amounting to as much as Rs. 1,29,044 at the end of the last month. A table which distributes this appalling balance against the 16 Unions shows that the heaviest overdues are in Maduran-

* Speech delivered on 22nd September, before the General Body of the Central Bank, Conjeeveram.

takam, Nelvoy and Tiruppur Unions which have respectively Rs. 21,332, Rs. 12,509, and Rs. 12,499 remaining unpaid. The overdues outstanding for over 1 year amount to Rs. 28,281, the same Unions above named keeping the largest old arrears.

Though there are overdues in all Unions it is gratifying to note that the Sriperumbudur Union keep the smallest arrear of Rs. 2,300 which is all under three months. The next Union keeping almost the whole of its outstandings under 3 months is Kilacheri. The total arrears under 3 months old amount to Rs. 56,388, and those above 3 months to Rs. 72,656.

This is our present position. I need hardly point out that our start for the new year is far-very far indeed from what we should all desire. The improvement appears to be all in your own hands. Your will and determination are all that seem necessary. If every Union would resolve to make it its imperative and indispensable duty every month or oftener, where necessary, to look into this important work of its societies to ascertain whether each society has remitted its dues to the Central Bank on the due dates, and to take prompt steps with the aid of the Supervisor or a Governing Body member to examine the causes, for any defaults noticed, and adopt suitable measures to expedite the payment of overdues to the Bank at the earliest possible date and if, as a still more effective and additional step, the Union would take note early each month of what societies have to remit their dues to the Central Bank in the next month and warn such Societies in time of the remittances and the due dates, and satisfy itself by obtaining reports from the societies or otherwise that the remittances will go on the due dates, or that steps have been taken to ensure the remittance going accordingly or, when owing to circumstances such as failure of crop and like causes, any Society has been compelled to seek for extension of time that such Society has sent its application for the necessary extension, I am sure a very material improvement will have been made in this matter in the near future. As prevention is better than cure, the additional step last indicated seems to my mind to be a most useful one. The point I wish to urge is that instead of leaving societies to look after themselves and looking into their affairs after they default, it would seem advisable under the present circumstances of the working of societies in general to warn them in sufficient and suitable time of their obligations to the Central Bank and thus help them to avoid a default. This method will largely minimise the need for the use of the undesirable whip which seems to be so largely resorted to now towards the end of each Co-operative year. Our aim must be to discard the whip altogether which seems quite possible by an organized and systematic effort on the part of Unions to prevent. I am personally not aware of the causes

which operate against Societies remitting their dues to the Central Bank on the due dates. One cause however which I have often heard from experienced Co-operators as operating in a large number of cases is the highly objectionable habit of societies relending their collections to their members while their debts to the Central Bank remain still undischarged. The gross impropriety and unfairness of this act are so obvious that no further comment is necessary. Any Union devoting ordinary attention to the working of its societies ought to be aware of the existence of the objectionable practice in any of its societies and must take effective steps to stop it with a strong hand.

Another cause of the default in remitting dues to the Central Bank is said to be the indiscriminate grant of loans by societies to their members, without previously satisfying themselves that the borrowers can be trusted to keep to their obligations. This again is a matter which a Union can effectively check if there is the will and determination to do so. Every application for loan has to be recommended by the Union which has therefore the means of preventing the grant of loans to members who are likely to default.

Gentlemen, I beg you will not understand me as posing as one competent to give an advice to experienced Co-operators in this matter but have felt it my duty to tell my brothers what thoughts occurred to me as likely to improve our financial relationship and our achievements. This is my excuse for my speaking to you on this point.

Another matter on which I have a few words to submit and about which the executive Committee has felt troubled frequently is the receipt of applications from societies which have defaulted payment of their dues to the Central Bank asking for further loans before they have explained to the Bank through the prescribed channel the circumstances of their default and obtained sanction to defer payment of the overdues. Brothers, what would you expect the Executive Committee to do in such cases? Would you consider its action justifiable if it gives further loans to such societies? I take it that with one voice you would all declare that you would not. I do not deny that there may be justifying exceptional reasons for such applications, but if so, is it not the first duty of a defaulting society to explain the causes of default and get the time for repayment extended before asking for any further loan? I make a special appeal on this point to such of my brothers here as are members of Unions to insist on a Society to carry out its previous obligation and to refuse to recommend further loans to a society which fails to do so.

One other matter on which I wish to say a word is the importance of sincerely cordial relations between society members and members who

are individual shareholders of this Bank. The need for my referring to this subject has arisen from my noticing often a feeling among some of the society members that their interests in the working of the Bank are necessarily different from those of individual shareholders. It is perfectly true that most individual shareholders when taking shares in the Bank were mainly influenced by the consideration that it would give them a fair dividend on the share capital consistent with the safety of their money, and in order to attract them to join you, you have yourself held out to them the promise in your by-law No. 29 that they will be entitled to a minimum dividend at $7\frac{1}{2}$ per cent even when the profits are not enough to pay dividend at that rate to the society members. It should not follow from this that your interests and theirs should be necessarily opposed. All of us have combined in a common work and for common ends viz. the amelioration of the conditions of the poor and the labouring, classes of our people and the promotion of feelings of brotherhood and mutual help among them. Need you doubt that individual shareholders would possess the same instinct for the material and moral advancement of our people as the society members? If an individual shareholder happens to object any time to a proposal which while it may help societies with easier terms of loans is honestly believed by him as likely to seriously injure the strength of the Bank, he could not be considered to possess interests inimical to societies. On the other hand he should be considered as acting in the best interests of societies themselves, remembering that the Central Bank is the main strength and backbone of societies that any one who tries to keep it healthy and strong does a friendly service to them. Our main concern here being to attract outside capital to flow in freely, it is obviously essential to show that our Bank is flourishing and that our profits are good. Any attempt made towards such and consistently of course with the welfare of societies should not be misconstrued. As I have sometimes noticed misunderstandings in this respect, I have felt it desirable to explain what the correct feelings should be and hope there is nothing in what I have said to which any brother here would object. By the will of Providence our lots have been cast together in a common field of work and we must all meet with sincere feelings of mutual and loving help to achieve our common end.

Before concluding I should say a word to express our indebtedness to those members who have helped us in carrying on the work of this Bank and to two gentlemen in particular (1) Mr. V. Venkatachariar, our worthy President than whom we could not have made a happier choice for that office and (2) Rao Sahib Mr. M. K. Venkatachariar, our able Asst.

Registrar who has been our friend, philosopher and guide in the true sense of these words.

Our President's kind offices of self-sacrifice to carry on the work of the Bank are of inestimable value as must be evident to all who have a knowledge of the demand on his time of his professional work. The exemplary harmony which characterised the work of our Executive Committee is due largely to his tact, level-headedness and a high sense of fairness.

Though Rao Sahib Mr. M. K. Venkatachariar is constitutionally unconnected with the working of our Bank, he has yet been its life and soul and I state the bare truth and my honest conviction when I say that but for his continued watch of our affairs and constant help by advice and otherwise, we should not be where we are. Our grateful thanks are due to him in a large measure and I am sure he will not consider any return from us as more valuable than a whole-hearted endeavour on the part of all of us and particularly the members of Panchayats of societies and Unions to help the societies generally to work better and to remit their dues to the Central Bank punctually. Our constitution is such that unless each member society performs its own functions properly, the Bank cannot hope to have a healthy and prosperous growth, and unless the Bank is healthy and strong, societies cannot flourish. This is the ideal of Co-operation. 'Each for all and all for each'. May Providence Who has brought us all together for a common work help us all to live up to that high ideal.

THE CENTRAL BANK AND LOCAL UNIONS IN THE TRICHINOPOLY DISTRICT.*

R. V. SINIVASAYENGAR.

We, the representatives of the various Co-operative Unions of the District have met here to-day to discuss vital questions affecting the societies. Our first move is in the direction of the District Bank; our District Bank was until June, 1920 or so dominated entirely by individuals as members at whose mercy the societies were placed. The dawn of 1921-'22 saw the District Bank yielding itself to admit societies. Though two years have now elapsed, the District Bank is in the same state as it was in July 1921. Even now individualism dominates our societies and it is now high time that we, as representatives of the societies, discuss and place our considered opinion before the District

* A speech delivered at the Conference of Supervising Union on 9th September, 1923.

Bank and bring pressure upon them to have our proposals accepted. If the District Bank even then rejects our proposals, I fear we will be driven to the necessity of concerting measures to have a Bank of our own.

2. I feel it quite unnecessary to point out where the Central Bank's by-laws require modifications as I see around me gentlemen of vast experience in the Co-operative field. However, with your kind permission I shall place before you a few points which require your immediate attention. A cursory glance of the District Bank by-laws reveals the sad fact that the societies do not receive the treatment at the hands of the District Bank as they richly deserve. They are considered inferior to the individual shareholders; they are not allowed the amount of share capital as allotted to individual members which is the main stay of the whole problem. The unequal representation in the Board of Management as well as in the Executive Committee are the necessary evil consequences attendant upon the above question. The enhancement of interest on our reserve fund investments, interest on the daily balances on current accounts as well as on loans, and of the lowering of the rate of interest on loans are all questions where the by-laws require to be suitably amended.

3. *Overdraft System.* A word, Sir, about the overdraft system. I do not understand why the Bank should require societies to furnish collateral securities in the shape of lands of individual members besides the usual pronote. The District Bank no doubt furnishes collateral security to the Imperial Bank by endorsing societies' pronotes in their favour. But is such an endorsement permissible on conditional bonds of individual members? But our District Bank does not require any such endorsement, but simply wants our members' bonds to be kept in their custody and yet I am to understand how that serves them as collateral security.

4. I should not lose this opportunity to discuss some more points besides the above which is the most important business for which we have first now met here. There are now 10 unions in the District and each is quite an independant unit by itself and has been working unobtrusively for many years and each union does not know what others are doing. We must have a common ground where problems affecting the District would be discussed and then solved. I do not by this propose to have a new organisation for we have our sad experience of the District Council of Supervision (now extinct). If any Union wishes to undertake any novel activity in its area, the matter may be sent round to other unions for their opinion and then be given effect to. Conferences of representatives of the unions must be held at least twice a year to consider problems of common interest.

5. I am not sanguine that our present system of supervision is efficient enough. The periodical inspection of societies by the Supervisors is the only system now prevailing. How far the system is effective is the question. The successive administration reports show the marked increase in the matter of overdues year after year. In certain parts of the district the value of immovable properties which are mostly secured by co-operative loans has gone down to an appreciable extent. It is now our duty to investigate into their causes. Besides our supervisors' inspection, some of us—members of the Governing body—who can have leisure should also visit societies, enquire members first hand, and give the societies the benefit of our advice. This will no doubt be more impressive on the members.

6. Another point worthy of your consideration is the introduction of a system of uniform account keeping in all societies in the District. By this we can have a large demand of account books and forms which can be printed and got at very cheap prices.

7. Before I close I should like to say a few words about the supervision fund of the old District Council, now lying in the District Bank. This is the contribution of various unions and all the then non-union societies which have since come under unions at the sacrifice of their finance. Now it is my firm conviction that the District Bank should not be allowed to utilise even a portion of it, for any purpose without the permission of the unions.

THE PLACE OF AN AGRICULTURAL DEMONSTRATOR IN RURAL DEVELOPMENT.

BY K. T. ALWA.

The essentials of a rural worker are that he should know rural conditions, the needs of rural population, the knowledge of rural profession and above all have a liking for rural surroundings. A man possessing all these essentials combined with sympathy for rural population and a desire for rural service is an ideal worker for the development of rural conditions.

2. It is difficult to find such an ideal man unless he is trained for it. One might ask, is there a place where such a training is given? Certainly, the Agricultural College at Coimbatore gives such a training and sends out a band of social workers by the name of demonstrators. These demonstrators for three years learn in the College the theory and practice of agriculture, the foremost of the rural professions and other allied subjects connected with rural life. These are taken to rural areas in different parts of the Presidency and made to enquire about rural needs and

learn them under the mature guidance of professors versed in rural development. The Agricultural College is situated in a rural area and students, by living in such an institution for three years develop a liking for rural surroundings. By constant contact with rural population and by hearing their woeful stories, these students develop a sympathetic attitude towards rural population and a desire for their uplift.

3. Every village has its own internal organisation and long standing rich families command much influence whether for good or for bad. Unless these influential people move, it is not very easy for an outsider to effect rural development. If a demonstrator goes to a poor uneducated ryot and talks to him about fish manure and bone-meal and explains to him the need of using these manures within the country and how their export impoverishes the country, he will think that the demonstrator is a commission agent of some manure firm and has come to him to make profit. He will patiently hear the demonstrator and in the end will ask him what commission he gets for his trouble in coming to him and explaining these things to him. The well-intentioned advice of the demonstrator will be looked upon with suspicion. The position of a demonstrator is still worse when he goes to a village and asks the ryots to change their mode of cultivation. They think that their method of cultivation is the best and it has been handed down to them by their forefathers and they know about their lands much better than an outsider. Their outlook does not help them to think that the demonstrator suggests these improvements on account of his wider view of the world and contact with intelligent ryots who adopt these methods with advantage in other parts of the country. Very often the work of a demonstrator is to convey a good method which he has observed in a particular locality, to another locality where it is not known. The ryot of a particular locality on account of his narrow surroundings does not know what better class of ryots do in other parts. For instance, the economic transplanting of paddy is the common practice among the delta ryots of Godavari and Kistna, but it is not known in many parts of the neighbouring district of Nellore. If a demonstrator who has seen this system in the delta, goes to a Nellore ryot and asks him to adopt this method he flatly refuses to do so saying that this method is not suited for his lands and the demonstrator does not know anything about his lands.

4. The demonstrator's work is slow and imperceptible not because he does not know his work but because people are slow in taking advantage of his knowledge. He requires a great deal of co-operation from the educated section of the village population. It is a pity that education and rural life are diametrically opposed to each other. Educated people are

constantly leaving their villages and migrating to towns thinking that villages are only fit for uneducated people to live in. To the few that remain in villages rural development, especially agriculture, has no attraction. They aim at bigger things such as membership to Taluk Board, District Board and Legislative Council and professions such as commerce and banking which allure with bigger profits. It is the fashion of the day among the educated people to sit in towns and big cities and talk about the development of the country without caring for the development of the rural areas. What can a poor demonstrator do in a village without the co-operation of the educated men? He has no status in a village, no power and he is an outsider in the eyes of the villagers. He looks to a better time when cities and towns became so costly, unhealthy and unpaying to our educated men that they are forced to leave these places and go back to their villages and take up the profession of their forefathers with better brains. Then the demonstrator will be able to do better work and his services will be better appreciated.

5. It should not however be understood that at present the educated people are not co-operating with the demonstrators, but the little that the demonstrators were able to do is due to a certain extent to the initial support given by the few educated people in the villages. The point is that the demonstrators are capable of doing and would have done much better work if the enlightened local opinion had co-operated with a greater degree. The present attitude of the educated man towards a demonstrator should change. Instead of asking a demonstrator what have you done for the ryot and then criticising his work, the educated man should ask him what shall I do for you and how shall we improve rural conditions and then co-operate with the demonstrator in the uphill work of rural development.

6. There are several factors which work adversely to an agricultural improvement when it is first introduced into a village: the important are, bad season, prejudice of the ryot for new innovations and half-hearted trials. If the first trial fails on account of any of these adverse conditions, an illiterate ryot will not attribute the failure to these adverse conditions, but to the unsuitability of the improvement and will blame the demonstrator and make his further work impossible. He will talk about the failure to everybody in the village and create a prejudice against the demonstrator and the department. But to an educated man, the demonstrator can explain the adverse conditions and induce him to give a fresh trial and make the improvement a success. The educated man will be a great help to the demonstrator in the further spread of the improvement in the village.

7. The work of the demonstrator in rural development does not consist only in agricultural advancement, but he will be of great help to rural population in other branches of development such as education, co-operation and sanitation. He knows what sort of education is necessary for farmers' children, where a rural co-operative society is needed and for what purpose and what makes rural surroundings insanitary. He will tell the village school-masters not to teach the village boys about Oat, Camel and Ostrich, but to teach them about paddy, cattle and poultry. He will tell the Co-operative Inspector what amount of money a ryot wants to grow a particular crop and when that money should be given to him. He will explain to the village people how malaria is caused and will show them the breeding of mosquitoes in the village pond.

In conclusion it may be said that demonstrators will take a prominent part in the rural development of the country provided enlightened local opinion co-operates with them. They are the real friends and guides of the rural population, but alas! they are few and far apart.

SHORT TERM LOANS.

Agricultural credit societies can fully meet the short term requirements of members only if disciplined to make prompt repayments of the loans issued to them by Central Banks. The Central Banks receive only short term deposits for a year or two, and to lend these for periods of five to seven years is certainly risky finance. As the Central Provinces Committee on Co-operation remark in their report, "many well known banks have found themselves temporarily embarrassed for funds with which to pay their depositors through ignoring the cardinal rule that short term deposits must be represented by short term investments; and in some cases such temporary embarrassments have so sapped their credit that, although ultimately solvent, such loss of credit has led to their collapse. In the case of co-operative banks without expert management the danger would seem to be as great if not greater than in the case of commercial banks with expert guidance and long experience behind them, and the necessity for hard and fast rules on these lines appears to us obvious." But certainly Central Banks can play a useful part as agencies for the distribution of short term credits, if societies and unions scrutinise with scrupulous care the loan applications, supervise the disbursement, and enforce prompt repayments.

In the Madras Presidency the amount of loans for periods not exceeding one year have fallen from 61.31 to 46.09 per cent and those for productive purposes have decreased from 71.50 to 66.05 per cent. The Registrar explains that this has been made up by the issue of more

loans for paying off prior debts. But the important question of strengthening the primary societies for the efficient distribution of short term credits has yet to be solved. The Assistant Registrar of Chittor in his latest report after showing that the number of loans issued during the last year did not even come to one for every two members has made the following interesting comment on the condition of societies which deserves a perusal. "In spite of any amount of lecturing from the Registrar downwards, the disinclination to freely take short term loans for urgent current requirements still continues. The reason is that the ordinary villager finds it difficult to reconcile himself to punctuality. The idea of having to repay short term loans out of the next harvest is repugnant to him. The Panchayat hardly exerts itself in the direction of making short term loans more popular for the simple reason that they are not willing to do the requisite additional work. Improvement can only be attained in due course". The Anantapur district report refers to the apathy of societies to increase their transactions and meet the full needs of members. "No loans were granted to members in about 108 societies during the year. These are more or less moribund. After distributing the first loan from the District Bank the societies begin to sleep. To counteract this tendency I have been giving only small loans to new societies, and that too only for short periods." Overfeeding by the issue of long term loans for short term purposes, indifference of the Panchayets, adjustment of long term loans by the Central Bank by the method of reissuing them as short term loans, reloaning of collections, dishonesty of office bearers, and the "unfortunate impression in the societies that the duty of collection is that of departmental officials" are the various factors analysed by the Ganjam Assistant Registrar in regard to the condition of agricultural credit societies in his area. In the North Arcot district the percentage of short term loans during the last year went down by 27.45 per cent. and those for productive purposes by 17.83 per cent. The Assistant Registrar remarks on this state of things "that the societies much refrained from applying for short term loans". When considering the overdues, he attributes their increase as arising only from short term loans. Again he says "There are reasons to believe that societies have not made proper use of short term loans or they have over-borrowed in such loans. It is obvious that short term loans of big sums much beyond the capacity of repayment of the members concerned has been obtained by them and that such loans have in many cases been misapplied for long term purposes". Again "a more careful disbursement of short term loans to members, and a more vigilant supervision by the union in respect of short term loans in societies would have to a great extent minimised the arrears even in spite of bad season."

We have quoted above largely from district administration reports to indicate exactly what defects in the credit societies are hampering the increase in short term loans. It is possible to meet the requirements of all the members if the normal credit for each member is fixed at the general body meeting, and a forecast of monthly or quarterly requirements is sent in advance to the Central Bank. The purposes for which short term loans are given should be so specific that they can by no means permit of elastic interpretation. A loan can neither become a short term one of its period. The Committee on Co-operation, Central Provinces, have specified the purposes of short term loans and divided them under eight heads:—

1. The purchase of seed and farming implements of trifling value,
2. The purchase of manure and fodder,
3. The hire of labour for cultivating purposes,
4. The hire of bullocks for cultivating purposes,
5. The hire of farming implements,
6. The cost of preparation for and transport of the crop to the market,
7. The payment of rent of revenue on a date between the sowing and marketing of the crop,
8. Irrigation charges.

Some such detailed specification should be made in the by-laws of unlimited societies clearly distinguishing short term purpose from long term ones. The Local Unions should see that the purpose for which the loan is asked, and the period of its repayment are correlated to each other. Apart from this, they have also to see that the loans are properly distributed by the societies and the members use them in a proper manner.

The Committee on Co-operation have recommended a very useful method for the proper checking of a society's accounts in regard to short term loans. They recommend that a separate balance sheet should be maintained for short term loans indicating the amount advanced but not yet due, and the amount not paid on the due dates classified into those for which extensions have been sanctioned, or refused. According to them loan applications and ledgers for the two kinds of loans should be separately kept. The Central Banks also should maintain a special account in regard to short term loans showing the amount of deposits held to balance the same. The Committee propose that the primary societies should execute distinct pronotes preferably of different colours in favour of the Central Bank and the short term pronotes should be accompanied by separate documents definitely stating that the repayments of the short term loans secured by the pronotes are to be made from the proceeds of the sale

of the crops. "Separate accounts will not only be advantageous in understanding the condition of a society in regard to crop loans but also evoke the confidence of the Commercial Banks in the co-operative central banks. The object of the whole scheme is to institute proper safeguards that money lent by commercial banks will not be invested in undertakings which will prevent repayment within the period of the Bank's lending. The method of meeting the full crop requirements of all the members can be practically worked out in the case of efficient societies with the proper supervision of unions.

It should be noted that the issue of crop loans should in no way stand in the way of granting credit for long term purposes. One of the causes for the misuse of short term loans arises from the fact that a member's full requirements are not met by a society. Central Banks dependent as they are on short term deposits can at best only give short term loans. In fact the co-operative movement cannot easily undertake the financing for long term purposes. But there is immense scope for the Central Banks to specialise in short term loans, with the aid of efficient supervision of societies, proper disbursement of loans, separate accounts, and punctual collections, which alone will bring the whole-hearted support of the commercial banks.

Even when the Commercial Banks do not like to rely on the security of the co-operative paper of unlimited liability societies, the Burma report for the year ending 1922 suggests the method of storing grain in societies as a sure and security for loans. The holder of the warehouse receipt will have the right to sell the grain in case of non-payment but this system necessitates a system of godowns in societies in which Burma has made the first beginning.

The members store the produce for sale at high prices and during the interval maintain themselves by pledging their stored goods for the loans granted by the society. The South Arcot District Administration report makes a reference to this method of finance in the Melsevalambadi village in the Gingee Taluq. "The members took a loan of Rs. 1,000 from the financing Bank, each took advances proportionate to the grain measured out by him and put into a common granary and executed the necessary risk note. The grain store will be opened and sold when the market conditions are very favourable and a crop for the new year is assured. "This example is worthy of being followed in all the villages and necessary propagandist work is being undertaken."

Some scheme should be devised by each Central Bank adapted to its area for developing the system of short term loans. The question of surpluses in Central Banks will never arise if only the societies have been educated to make forecasts of loan requirements, Unions earnest enough to scrutinise loan purposes and supervise disbursements, and supervisors able enough to induce prompt repayments by members.

Co-operator.

CO-OPERATIVE REVIEWS.

The Co-operative Movement in India—A Review

BY S. DORASAMY AYAR.

The Co-operative Movement in India. Panchanandas Mukherji, M. A., F. R. Econ. S., Professor of Economics and Political Science, Presidency College, Calcutta, With a foreword by Mr. J. T. Donavon, I. C. S., Third Edition pp. XVI+468+LXXX. Messrs. Thacker Spink and Co., Calcutta 1923. Price not stated.

This book has been one of the most successful of the Indian publications on the subject and the appearance of the third edition is itself a sufficient testimony for its popularity and usefulness. This success is due to the profound scholarship of the author, as evidenced by the innumerable quotations in his book drawn from numerous books, periodicals, reports and speeches, to his practical experience of organisation and management of societies, and above all, to his "faith in Co-operation as the great lever of our national progress".

In the Introduction the author has elucidated the Co-operative principle and has concisely stated its manifold applications. Then 9 chapters covering about a third of the book are devoted to Co-operative credit. The European systems are lucidly explained and their special features vividly described. If a brief description of the misery of the peasants and working classes in Germany had been given before describing the Raiffeisen and Schulze banks, the reader could easily grasp how Co-operation solved the problem. Rural indebtedness in India and the growth of the Co-operative Movement are then described with historical details. A general review of the progress from 1906 to 1920, embodying the views of many well-wishers, is made. The organisation and working of rural credit societies are described and questions of maintaining a proper distinction between short term and long term loans and of the investment of reserve funds are discussed. Obstacles in the way of rural Co-operation are summarised and suggestions to overcome them are made. Unfortunately Registrar's reports for 1914—15 alone are quoted. The author's enumeration of the moral, educative, sanitary, social, economic and administrative effects of the movement in a clear and concise way with numerous examples will surely induce other Co-operators to make a careful study of their own societies. Chapter VII is a mere reprint of Prof. Coyajee's illuminating article on non-Co-operative Agricultural banks *vs.* Co-operative Credit Institutions and it will be more appropriate after Chapter IV. The author does not seem to have interested himself in the development of Co-operative grain banks or *Dharmagolas* for there is no mention whatever of their development after 1914—15. As regards non-agricultural Credit Societies, Urban Banks are accorded only a passing notice while salary earners' societies are described in detail. Their development in Calcutta is vividly described, but the story of their development in Bombay and Behar is told in a few lines and as regards other provinces the author simply says that such societies are increasing every year. The work done by societies for poor castes in Bombay and Madras is noticed, the latest Bombay statistics referred to are probably those of 1915-16.

However interesting and instructive the chapters dealing with Co-operative Credit may be to students of economics and to general readers seeking a knowledge of the movement, experienced Co-operators may find some of the chapters to be a bit dull and uninteresting. To compensate for this we have a brilliant chapter on Co-operation and Agriculture in which the author has dealt with the various forms of non-credit agricultural Co-operation in sufficient detail explaining the methods adopted in Europe and describing what has been done in our country. It is suggested that the supply of agricultural requisites may be combined with the supply of domestic requirements and these two combined with credit societies as is done in some European countries. The Madras system of indent is also recommended. The system prevailing in Behar whereby Central Banks supply improved seeds, manures and implements to primary societies is described and the propriety of the Central Banks combining Credit with supply or distribution is also discussed. The Scheme of Co-operative Consolidation of holdings worked out in the Punjab is recommended for trial in other provinces. Co-operative irrigation societies of Bengal deserve careful study. The systems of Co-operative farming practised in Europe are explained and a few Co-operative farming societies working in Northern India are described at some length and its principles are clearly enunciated. The work done in Bombay is carefully reviewed and that done in Bengal and Madras is also mentioned. The features of Co-operative commission shops of the Punjab are clearly set forth. The author concludes that the possibilities of Co-operative sale organisations are great in every province. The causes of failure are carefully analysed and these are chiefly lack of efficient management, want of loyalty, opposition of those whose interests are affected, lack of interest, attempting to operate with too few members, starting on too large a scale, speculation, operating on too small a margin, and lack of education. The problem of milk supply is discussed. A clear and concise account of co-operative dairies of Denmark is given and a number of Indian Societies are described. The statistics referred to are not of recent date. The description of the Lucknow dairy is a mere reprint from the Committee Report. A very successful dairy in Nagpur is described but the footnote giving recent statistics has been rendered practically useless by a printer's devil. Cattle-breeding societies of Switzerland are described and from the account of the work done in India it would appear that they have not been a success. The description of Co-operative Cattle insurance societies in Burma and other provinces is very interesting and instructive. The author's account of Fishermen's societies is far from being considered as up-to-date, Madras statistics of 1914-15 being given. The author concludes the very long chapter (nearly 100 pages) on Co-operation and Agriculture by supporting Mr. Otto Rothfeld's proposal to form general organisations for the development of Co-operation in agriculture similar to the agricultural syndicates of France.

In the next chapter the development of consumers' Co-operative stores in Great Britain and other countries is described and their essential principles are clearly explained. As regards India the author admits that "one cannot be very sanguine about the prospects of the Consumers' movement even amongst

the urban workers or the educated middle class." However, it is "not a story of wholesale failures and disappointments." The notable successes are the Triplicane Stores and some College Co-operative stores. The author strongly advocates the formation of College stores as they are sure to be beneficial not only to the students but the whole movement for "the knowledge which the student will gain of the practical working of Co-operative societies will stand them in good stead in educating the members of rural societies."

The conditions under which cottage industries in India are generally carried on are carefully analysed and the author has shown how they may be bettered by Co-operation. He advocates the division of a province into industrial blocks and founding an industrial central bank or union in each of them for organising, financing and supervising industrial Co-operative societies. Such unions seem to have worked well. The author has not given any example of the application of Co-operation to capitalistic industries but hopes that "the recommendations of the Industrial Commission, if followed out, will open fresh fields for the introduction of the principle of Co-operative production." After describing labour societies of Italy and in our country the author has emphasized the importance of labour societies in quickly and efficiently carrying through schemes of rural development and solving the problems of unemployment, sanitation, water supply, means of communication etc.

The housing problem is thoroughly discussed in the next chapter. The different models of co-operative housing societies are described with examples drawn from existing societies. This chapter must be studied by interested Co-operators. Among the miscellaneous types of societies dealt with in the next chapter, Anti-malaria societies of Bengal, Arbitration societies of the Punjab and the Co-operative printing press of Madras deserve special mention.

The functions of guaranteeing unions are described in the next chapter and the views of Mr. Wolff with which the author agrees are quoted. The next two chapters deal with the higher Co-operative financing agencies. The controversy regarding the true sphere of central banks is dealt with and numerous quotations from the views expressed by eminent Co-operators are given. The various provincial banks are described with their financial details. The author finds that the need for an All-India Co-operative Bank is already being felt but he is conscious of the fact that its establishment must have to await further development of some of the provincial banks and the establishment of apex banks in some provinces.

In order to show the importance of consolidation and federation of Co-operative Societies for advisory, propagandist and trading purposes the author has described in detail the propagandist and advisory unions and Co-operative wholesales working in Europe and the movement for furthering international Co-operation. This offers very interesting reading. The author has then briefly described the attempts made in some of our provinces to establish similar institutions.

One of the greatest stumbling blocks to the healthy growth of the movement is the illiteracy of the masses. This has to be removed by the expansion of primary education. Besides this, Co-operative education is also necessary for securing sound efficiency of management of societies and for the proper appreciation of Co-operative principles by members. The work that is done in the European countries to spread Co-operative education is described and the author pleads for an all-India Co-operative College or University financed by all Co-operative institutions and the Government. Before this ideal is realised, he advocates founding a chair of Co-operation in every University and making Co-operation a compulsory subject of study from the primary school up to the University stage.

The next chapter deals with Co-operation and public aid. The privileges of Co-operative societies are enumerated. As regards financial aid from the Government the author thinks that financial assistance for propaganda work is the best form. Regarding the future relations of the Government towards the movement the author points out that the joint efforts of both officials and non-officials are and will be necessary for a good long time for the continuous and permanent success of the Co-operative movement in India.

In the last chapter the Co-operative Societies Act of 1912 has been very satisfactorily annotated. The important changes in the new act are enumerated. The annotations are clear and concise. The value of this chapter would have been considerably enhanced if the author had given a collection of the rules framed by the local Governments.

There are five appendices all very useful, containing (1) recent (1920-21) statistics, (2) subjects in which instruction is offered by the Co-operative College, Manchester, (3) the Government of India circular of March 1912, (4) the Government of India Resolution of June 1914 and (5) the abstract report of the Imperial Committee on Co-operation, 1915. There is also a select bibliography.

From the above sketch of the subjects dealt with by the author, it would appear that it is more or less encyclopedic. However, one or two omissions may be pointed out. A 1923 edition of a book on Co-operative movement is certainly expected to deal with Co-operative life assurance and Provident Fund schemes and with the question of obtaining funds for long terms, by debentures &c, for agricultural improvements, housing purposes etc. One other point needs mention. Any book on such a rapidly progressing movement as the Co-operative movement must be up-to-date if it should be interesting and useful to the reader. By mentioning this we do not underrate the importance of the book under review. We are fully conscious of the fact that the revision of such a voluminous work on such a subject will take a long time and that therefore it will not enable the author to be up-to-date. The internal evidence shows that the author began his revision work early in 1922. We would suggest to the author the publication of a supplemental volume every year dealing with the growth of the movement in the previous year. By doing this he will be doing a great service to the movement and earn the gratitude of her numerous readers.

The Mangalore Guano Factory Owners' Co-operative Wholesale Society, Ltd., No. 2715, Mangalore, S. Kanara.

This society is an organisation of fishermen of Mangalore Taluk owning Guano Factories. They are spread all over the coast of the taluk. There are at present 59 members in the society who own guano factories. These factories can produce more than 2,500 tons of guano per season besides oil. The society works under the direct supervision of the Mangalore Local Co-operative Union. It was started on work in the year 1917. Fish guano is one of the important manures used by the agriculturists as it produces very good crops. It is the intention of the society to supply direct to the agriculturists and planters good quality of guano at reasonable prices. Every attempt will be made to satisfy the purchasers with good stuff. By buying from this society the commission which should ordinarily be paid to the middlemen merchants can be saved as the suppliers are producers themselves. The purchasers will also help the poor fishermen in their industry. Orders can be sent to the President, The Mangalore Guano Factory Owners' Co-operative Wholesale Society Ltd., Co-operative Buildings, Kodialbail Post, South Kanara.

[Ullal Mangesha Rao, President, The Mangalore Local Co-operative Union, Ltd.]

Plans for co-operative marketing.

This is a pamphlet recently issued by the College of Agriculture, University of Kentucky. The Dean of the College occupies the place of the Registrar of Co-operative Societies in India and every co-operative marketing society when incorporated should file the articles of incorporation in his office and that of the Secretary of State. The pamphlet supplies the necessary information to the farmer of starting a marketing society. It gives the articles of incorporation, the method of filing them, the by-laws, and the membership contract forms. It explains the method of formulating by-laws and starting an association under the Co-operative Marketing Act of Kentucky. Tobacco growers' marketing societies are pre-eminent in Kentucky and the pamphlet bases its main conclusions on their working. The need for an association should first exist and then only it should be started. The pamphlet refers to two kinds of associations, one with capital stock and the other without it. The former kind maintains warehouses and from the returns of each year redeems the preference shares and transfers them to the trading members. The latter takes a small membership fee and after meeting the expenses of advertising and selling, returns the profit to the farmer. These societies have auxiliary organisations on the basis of shares which store the produce and issue warehouse receipts. When a large capital is required, the former kind of association is formed. In the case of small enterprises, the association is only a commission shop undertaking to sell the produce. The by-laws permit the expulsion of any member by the Board of Directors, if they consider that it is essential to the interests of the Association to do so. Membership certificate shall not be transferable and no member shall be permitted to withdraw from membership during any period in which he is under contract to deliver any produce to the

Association unless he ceases to be eligible for membership. The contract of members to give the produce can be cancelled by either party with ten days' notice. There are two forms of contract, one, the agency contract by which the farmer uses the Association as his agent to market his produce, and the other, the Purchase and Sale contract by which the farmer sells the whole produce to the Association. In both the systems the price to be paid to the farmer is the sale price deducting the expenses. But the latter system gives the basis to the society for raising credit as it owns the produce. The pamphlet is a popular publication intended to acquaint the farmer of marketing methods and facilities.

The Third American Co-operative Congress.

The report of the proceedings of the 3rd Congress of the Co-operative League held in October 1922 bristles with a volume of information on the several aspects of the co-operative movement on America. The Co-operative League, the Central organisation for the whole of U. S. A. is mobilising the labour forces to found a new order opposed to the virulent competition of the unassailable trusts and combines in that country. The Congress has concentrated its attention in shaping a co-operative law for adoption by the states and forming District Leagues for intensive training and propaganda in co-operation. We have published two articles last month from the report on Store Management and Housing. The report gives the papers presented to the sub-committees which throw light on the diverse expressions of co-operation in several fields of venture, some activity. The report on co-operative education refers to a co-operative school at Brooklyn, New York, where "the students choose their own teachers, decide on their curriculum, determine their tuition fees, elect their administrative body, manage their own business affairs, choose their holidays and distribute their surplus among themselves." The report of the Committee on Agricultural Co-operation gives the complete history of the co-operative marketing in U.S.A. Reports have been submitted on Labour Banks and credit unions. Other reports deal with co-operative bakeries, restaurants, laundries, and milk supply.

The report is a valuable document full of up-to-date interesting materials on the development of co-operation in U.S.A.

Report of the Committee on Agricultural Credit. 1923.

The Committee appointed by the Ministry of Agriculture, Britain, to enquire into credit facilities have reported on the need for State aid in regard to long term and short term loans.

A large number of farmers bought lands from 1917 to '21 as a result of the Corn Production Act of 1917 which guaranteed minimum prices for corn. This guarantee was withdrawn in 1921 and hence these farmers have a right to get cheap credit from the State as they have invested loaned capital in the hope of reaping good returns from the land. The Committee find that these farmers have obtained loans for purchase of lands at increased rates of interest and they are

hampered by lack of capital as they have sunk all their resources in the purchase of their farms. Up to now the Lands Improvement Company gave loans to a period of 15 to 40 years at $4\frac{1}{2}$ per cent interest to farmers on the issue of a cash certificate by the Agricultural Department as to the material benefits which would accrue as a result of the new investment. The Company is not in a position to fully satisfy the needs of the farmers. Under the new scheme proposed by the Committee, any approved society may float debentures on State guarantee for a period of 40 years, the proceeds of which are to be utilised as long term loans to farmers on the mortgage of their property. The society should lend at a margin of $\frac{1}{2}$ per cent to 75 per cent of the value of the land at $4\frac{1}{2}$ per cent interest. The loan is repayable in half-yearly instalments and not to exceed the life time of the debentures. $\frac{1}{4}$ per cent of the profit is to be invested as reserve fund and retained by the State against any possible call on the State guarantee. The remaining $\frac{1}{4}$ is intended to meet the expenses of the society. The Treasury should fix the capital stock of the societies and the dividend payable on it and also approve their constitution. The idea underlying the whole scheme is that in course of time a large number of companies may be formed to issue debentures and distribute long term loans without any State guarantee.

In regard to short term credit the Committee have made a survey of the present banking facilities and suggested the need for co-operative credit societies. The Banks give overdraft to the farmers for a part of the year. "In country districts overdrafts, unspecified as regards purpose and reduced or extended at the convenience of the farmer concerned, are more common than definite loans for particular requirements, and are a form of credit primarily suited to rural conditions. The normal rate of interest in such cases is 1 per cent above the Bank rate, though a minimum of 5 per cent was almost invariably fixed". Auctioneers of live stock advance money to farmers on condition that they sell their cattle and sheep to them. Also seeds are advanced by merchants on condition that the grains are sold to them at the harvest. Vegetable and fruit growers get advances from dealers who take the risks of crop failures. "By obtaining credit in the form of advances upon his crops the farmer is ensured an average profit; the merchant is able to spread his risks over an extensive area". These are the existing facilities for short term credits to farmers. But as the farmers pay exorbitantly under present conditions, the Committee propose co-operative credit societies for the issue of loans for recurring agricultural expenses and minor improvements which require loans from 2 to 3 years. The State is to pay an equal amount of the share capital subscribed by the society at the lowest rate of interest. The society is not allowed to raise other loans without the previous approval of the Ministry of Agriculture. The Committee also propose that some of the proceeds of the State from the sale of savings certificates which are bought by rural farmers out of their small savings should be utilised as loans to these societies.

A separate minute to the report has been added by Mr. Conacher who suggests that, as the main question is the difficulty in the payment of wages to labourers, a special fund should be created to which employees and labourers

should contribute, and the State should advance an amount not less than the total contributions of both the two and repayable between 5 to 10 years. Any employer may draw from this fund provided it does not exceed $\frac{1}{4}$ of the wages paid by him, and he consents to give a living wage to the labourer. Another method suggested by Mr. Conacher is the formation of co-operative trading societies for supplying fertilisers and feeding stuffs on credit.

The British Co-operative Congress.

The 55th British Co-operative Congress was held from May 21st to 23rd under the presidency of Mr. Robert Stewart, the Chairman of the Scottish Co-operative Wholesale Society. We have received a copy of the reports submitted to the Congress which give a detailed account of Co-operation and its various problems in Great Britain. The report of the Central Education Committee gives an account of the progress of co-operative education during the last year. This Committee works under eight sections which are federations of the Education Committee of local societies. 863 classes were conducted during the year of which mostly 463 classes were those of junior grade. The subjects of study in other classes were mostly book-keeping, commercial arithmetic, co-operation; economics of co-operation: 28 classes were held for junior employees. Apart from these classes the committee issues prizes and scholarships, holds summer and week end schools and publishes a large amount of co-operative literature.

The President of the Congress showed the progress of co-operative distribution by co-operative statistics, and also touched on the problems of the hour as taxation and co-operation, strengthening the Co-operative Party, League of Nations and Housing.

After the close of the presidential address, greetings from the churches, International Co-operative Alliance, Trade Unions and Teachers were read before the Congress. The first resolution discussed was about the starting of a Co-operative Daily and it was passed after a good deal of discussion. The subject will come again before the next Congress. Resolutions were also passed urging on the Government the policy of establishing amicable relationships with Russia, approving the efforts of the International Co-operative Alliance to promote international trade, and deciding the celebration of the Co-operators' Day. Two of the most important resolutions passed on the first day refer to co-operative education. They are quoted below *in extenso*.

"That this Congress reaffirms its belief in the pressing need for the more efficient education and training of Junior employees, and urges societies, despite the difficulties associated with trading activities at the present time, and, indeed urges them all the more because of these difficulties, to take up this duty. Congress, further, commends the educational work on behalf of junior employees in the Manchester area, and implores other societies or groups of societies to take immediate action on similar lines.

"That this Congress, in view of the unfortunate results which follow the fluctuation of educational grants, when these grants are based on trading

surpluses, and believing that education and propaganda are of greater rather than less importance in times of difficulty, earnestly urges societies to base their educational grants upon a membership basis at the earliest possible moment."

Various resolutions on the uniformity of balance sheets, the importance of adjusting trade disputes within the movement itself through Trade Boards, the appreciation of the work of the Parliamentary Co-operative Party, the need for more educational facilities and for an Anti-Trust-Act, the safeguarding of surpluses from being taxed, condemnation of the occupation of portions of Germany by armed troops, more grants for housing societies and pushing the sale of co-operative goods, were passed during the succeeding days. About 4000 delegates attended the Conference and the whole proceedings were marked by a liveliness and an earnest attempt to solve the trouble between the consumer and the producer which have assumed large proportions at present in Great Britain.

CORRESPONDENCE.

Dismemberment of Cuddapah District.

The Board of Directors of the Cuddapah Co-operative Town Bank, Ltd., Cuddapah, have passed the following resolutions:—

The Board of Directors of the Cuddapah Co-operative Town Bank, Limited, strongly protest against the proposed dismemberment of the Cuddapah District, as such a course would have a disastrous effect on the Town Bank, inasmuch as

1. the property value in Cuddapah Town would appreciably go down, and thus considerably diminish the security offered to the Bank in the case of mortgages, and

2. the collection of the existing loans granted to officials who form the majority of borrowers, would be a difficult, if not an impossible task, because of the transfer of such officials,

3. the withdrawal of fixed and other deposits by important non-officials and officials, necessitated by a compulsory change in residence, might lead to a considerable diminution of importance of the Town Bank, if not to actual winding up of the bank, and thus affect the whole Co-operative movement in the Madras Presidency.

The Poor Boys' Society.

Mr. Venkateswaralu, 1st Assistant, Board Middle School, proposes the formation of a poor boys' Society at Avanigadda. The model by-laws he has framed are mentioned below:—

1. The object of this Society is :
 - (a) To gather funds from members and others, to be utilised :
 - (1) For scholarships,
 - (2) Prizes,

(3) Purchase of books.

(4) Clothing.

(5) Boarding.

(b) To act as an agent for the joint purchase of all the books and stationery articles required for the use of the school.

(c) To encourage thrift, self-help, co-operation, among children.

Liability.

2. The liability of the Society is limited to the share-capital subscribed by the members. The value of each share may be Rs. 10, payable on allotment. The shares are not refundable but are transferable. The share-capital collected will be invested in the purchase of shares in the Central Bank, Kistna. A dividend of 9% will be received by the purchase of such shares. A dividend of 3% will be given to the members upon the share-capital, while the remaining 5% will be added to the funds of the society.

3. An entrance fee of Re. 1 per share will be collected from every member. The boys of the school being minors cannot be admitted as members of the Society. As it is for their benefit, if permitted, their parents or guardians will be admitted as members or the boys will be admitted without any liability with an entrance fee of As. 4, whichever is better.

4. Any person who is over 18 years of age or any Co-operative Society registered under Act II of 1912 who is competent to contract, residing within the limits of the Division shall be eligible for admission as a member. No person or Society can claim admission as a matter of right.

Funds of the Society.

(1) Entrance fees.

(2) Difference in the dividend of share-capital as pointed above.

(3) Profits in the joint purchase.

(4) Common good fund in the Co-operative Societies affiliated to this Society.

(5) Donation from the public.

(6) Interest on the investment of the reserve fund.

(7) Interest on general fund from Post Office.

(8) Miscellaneous receipts on ceremonial occasions such as, Marriages, Thread-marriages, Bharasala, etc.

6. All collections below Rs. 50 will be deposited in the Postal Savings Bank. The amount annually allotted for expenditure will also be deposited in the Savings Bank. When the collections become more than Rs. 50, the amount will be deposited in the Kistna Central Bank as a fixed deposit repayable in one year or 6 months.

7. It shall be competent to the Board of Directors to borrow funds otherwise than by way of deposits either from members or non-members or from any Society registered under the Co-operative Society's Act provided that the interest

payable to the Kistna Central Bank shall, however, be 8%. The amount borrowed will be repaid from donations collected within a reasonable period. The total borrowings of the society shall not exceed 3 times the paid up share-capital.

Management.

8. Subject to the resolutions as the General Body may from time to time pass, the Executive Management of affairs of the society shall vest in the Board of Directors who will consist of a certain number annually elected.

9. The Headmaster of the School at the end of each year will prepare a list of poor boys with the consultation of the Assistant Masters and send it to the Board of Directors with the marks obtained in the annual examination. If the father's income is less than Rs. 400, annually the boy's name will be entered. The Board of Directors will select the names of the boys out of the list received with reference to the marks statement for the following purposes

(1) Full scholarship. (2) Half scholarship. (3) Prizes. (4) Purchase of books, and clothing. (5) Boarding help.

No boy will be given help in more than one purpose.

General Body.

10. The general body will meet at least once a year and fix the number of prizes for each item shown above, and also fix the total amount to be spent. The budget requires the sanction of the supervising union. Any addition or reappropriation from the original budgets requires the sanction of the general body and the Union.

Profits.

11. The donations collected will never be calculated as the profits of the Society, but a certain percentage of the annual donation will be spent by the Committee and the remaining will be deposited in the Central Bank as a Reserve Fund. The other funds shown above will form the profits of the Society.

Joint purchase.

12. Every year a list of books and other articles of stationery required for the use of boys will be made out with reference to the strength of the school and they will be sold with a small profit which is being already enjoyed by local booksellers on a large-scale. The articles will be purchased by advancing from the Society. It is left to the discretion of the general body subject to the approval of the Union to nominate the custodian and the seller of the articles and the one to supervise it with the security to be taken from the three or from anyone of them. The society will act only as an agent but will take no risk.

13. A supervision fund of 2% of the profits will be charged from the Society.

14. No loans will be granted to any member under any circumstance.

Superivising Unions.

Mr. P. Muthia of T. Palur writes the following on the relation of Unions and Rural Credit Societies :—

In the vast and extensive field of Co-operation, attainment of the ultimate goal is no ordinary thing, but which, nevertheless, requires gradual and patient work on the part of all sincere co-operators working in right earnest. It is proposed to deal in this article within a short compass with a few outstanding features that must govern the movement as a whole.

Ordinarily each supervising Union has got 30 societies or so under its vigilance and there is one supervisor under it, to whom the supervision of all the affiliated societies are entrusted. This Supervisor, on camping at the societies' headquarters, generally halts a day (on most of the occasions less than a day) and marches off to another society taking down the receipts and charges. So his duties are strictly confined to the mechanical inspection of the account books maintained in the Society, and he is not in close touch with the affairs of the society. Nor does he take the trouble of verifying the various entries of the books and registers with the real state of affairs, for which he is not to blame, because the current practice is such that he cannot not be expected to do things in a better manner unless instructed then and there, so far as the inspection of the societies is concerned. The Union Governing Body Members in whom extensive powers are vested, do not actually put their shoulders to the wheel in the matter of seeing to the efficient administration of the societies, for which they as a corporate Body are responsible. It need hardly be stated, therefore, that the facts set out above contribute very much to the rotten condition in which many of the societies are found now-a-days.

So much with reference to the practice now obtaining in these parts in the matter of supervision. Below are given a few prominent principles on inspection for the guidance of unions and their staff.

An experienced Supervisor who shoulders the onerous supervision work of a primary Society, on camping at the headquarters of a Society, must convene a General Meeting in a spacious public place and see that the account books relating to the Society are brought there, and he should impress the following points on the members of the society.

First, the meaning of Co-operation and the vast and inexhaustible advantages that can be derived by its Universal adoption.

Principles of unlimited liability (most of the primary Societies being unlimited) should be clearly elucidated with a view to make them realise that no loss could possibly be incurred provided the society is run on business-like lines by an efficient and tactful Panchayat. In villages every member should exercise at least some control over his brother members in all their activities and thereby every one must get himself familiarised with his other brother members.

Then, coming to the point, the societies should be persuaded to sanction loans to only such of the members as are personally known to be well reputed

for their credit (though they may happen to be poor) and to useful purposes such as buying agricultural implements, paying of land revenue, discharging of prior debts and other reasonable purposes. Instalments for repayment should be so fixed as to facilitate easy payment by the members. In most of the Societies, the fixing of instalments for repayment leaves much to be desired inasmuch as the members are asked in most of the cases to pay up their dues at a time when their agricultural produce does not find a ready and favourable market. So the Panchayets should deeply ponder over beforehand as to when grains owned by the members would fetch a reasonable and fair price in the market and fix the instalments accordingly, in which case the members would not find it difficult to pay up their dues in time, thereby not prejudicing the fair name of the institution of which they are members.

The Panchayat should try to the best of their ability to see that local deposits are forthcoming from the constituents of the society, thus inculcating principles of thrift and economy in their minds. Though this would seem rather hard at the initial stage to the members, they would find it in course of time to be a boon as it were, having been trained for some time to save and deposit. This deposit on their part besides bringing some reasonable interest to themselves would go a long way in helping the members of their society (who are their neighbours) when they are sorely in need of pecuniary accommodation.

The Central Banks at the district headquarters are the chief financing agencies to these primary Societies, which in their turn finance the members of their respective Societies, these societies, taking shares in the Central financing Banks. If the loans outstanding against the members of these societies are regularly and punctually paid by them, the societies would be able to pay up their dues to the Central Banks, which again can be in a position to render monetary assistance to the societies when such assistance is sought for. So it need scarcely be said that mutual understanding and harmonious working form the basis of Co-operation.

Having thus explained the practical working of the movement the Supervisor should take up the various account books of the Society for inspection and should have an informal discussion with the members with reference to the entries in the books, taking the explanation from the chief functionaries for the discrepancies, if any, which he may come in contact with. Attending to all these in a Society would, as a matter of course, entail a few days' halt there, which would be quite warranted by the splendid achievement that must inevitably result from such a leisurely and detailed supervision.

It is, therefore hoped, that all the supervising Unions would conduct the supervision of their respective affiliated societies in consonance with the observations referred to above, and thus see that the inestimable advantages that may accrue from the efficient working of societies may be fairly and equitably distributed to all the members, irrespective of their rank and station in social life.

EXTRACTS.

Agricultural Demonstration in Manitoba.

The Manitoba better farming train is an extension of the University course which for 6 weeks for every summer, visits all the agricultural centres on the line, so bringing the results of the latest scientific knowledge as it applies to the farm and the home.

Before the mother can have leisure to learn, they must be freed of their babies and small children and they at once make for the nursery cars, where qualified nurses under a hospital trained head keep the babies happy and amused. There are sand piles for the little ones, and a slide for the romping boys and girls, and little carts for those who can be induced to sleep.

As the babies are left in the nursery, the boys and girls of school age troop off to the boys' and girls' section where University Professors are not above giving them information; they will probably take it in the first place, from the livestock car, which is usually drawn up alongside the platform so that everybody can see the dairy cows, the slaughter cattle, the houses, sheep and pigs. Here the Professor will briefly point out to the boys and girls the "points" in a beast. He will probably have alongside the perfect beast a very ordinary farm beast. He will show how much more profitable the better beast is than his low-bred cousin; and he will show, too, that they both need the same care and food.

When the boys and girls have seen what they can, they will find their way back to their own car, where pictures enliven an instructive lecture. One of the most popular of the Saskatchewan train was about wild birds, by Kellogg, the Ornithologist. Pictures of the bird appeared on the screen while the gramophone reproduced the note—a delightful way of learning natural history.

In the meantime the rest of the community were flocking to the car which caters for their own special interest. There was the poultry car, with birds, and feeds, houses, appliances, incubators; eggs in the process of testing—everything about which poultry farmer could seek information from the expert in charge; there was a field husbandry car, forestry car, agricultural engineering car, under a professor who taught you how to lengthen the life of your machine, and to make it a far more efficient worker. There was the dairy car where you learnt all there was to know about milk and butter, and incidentally saw with your own eyes cartoons in separate piles how much better it pays you to keep a good dairy cow than any old thing.

The crowd moves about these demonstration cars, asking questions, seeking particular bits of information, having difficult points explained. Then there are the lecture car, where lectures on particular subjects follow one another, as the audience disperses and re-forms. The particular difficulties of the neighbourhood, or of the season are dealt with. Last year in Canada it was top-soil shifting; also how to deal with a grasshopper pest. The latest results of the University and laboratory are therefore brought right to the farmer himself.

The women have their turn at the poultry and at the dairy cars. None the less they have one and all to themselves. This is the Home Economics car, in

charge of several smart young women trained to a high pitch of skill. They talk simply and convincingly on food values, showing simple dishes made of milk, which would induce any child to take his quota of this necessary food. They show fruit and vegetables canned and dried, and show how they are done. Then the health nurses give hints on the care of the child, pointing out the dangers of certain barely considered practices, such as the use of the common drinking vessel in school, the danger of the roller towel, the damage done by unsuitable seats at school. The mothers go away determined to put an end to these evils, and the women's club organisations enable them to do so.

It costs something, to drag along the line a full train, equipped with a professional staff like that shown in our picture, and carry invaluable stock, as well as every kind of exhibit known to the farmer and to the housewife; with nurseries, lecture car to the students and sleeping and messing accommodation for the staff. Yet when they count heads of those who visit it, they find it works at only 30 cents per person. The train knows how to get a move on; and often two centres are visited on one day. The actual cost is borne by the Provincial Government, generously subsidised from the Dominion treasury.

The Koerant Gazette, Transval, May, 16th 1923.

Credit Trading.

Credit is not merchandise, and every time an article is bought on credit, that part of the price which is paid for the credit is waste, therefore a loss to the buyer.

No co-operative educational work is complete unless an effort is made to teach the membership the individual and collective value of thrift to a co-operative movement. Much good work may be done along these lines in a direct way by the store management. Most customers are open to suggestion from those who guide their buying. Clerks should not persuade careless buyers to buy more. They should chiefly try to get customers to buy more intelligently by suggesting the quality and the quantity.

A fixed rate of profit on the various lines of merchandise will do much to keep our members from becoming bargain hunters. When the store makes a good buy in price, they should add only the regular rate of profit, and make plain to the members that their business is conducted on fixed principles instead of speculative basis.

The store which buys on long credits, neglects discounts and is slow in paying, will experience much difficulty in trying to get its members to buy on a cash basis.

No account-charging devices should be in the room. Every symbol of cash that can be possibly used must be given prominence.

Avoid comparison of prices. It is the cheap salesman's line and also advertises the other fellow's goods as well as your own.

Overselling invites a request for credit and makes a refusal necessary. Give no special favours in prices or gifts. Such practice causes people to think that

they are favoured customers and that they will soon ask favours which are contrary to the policies of the store. Show no preference.

Goods should not be offered to members as special values unless they are of special value.

Only continuous, fair and honest treatment will attract the type of people who are sincerely interested in co-operative work.

You will please the cash buyer by having the goods which he asked for. Do not, without reason, attempt to persuade him to buy something else.

The encouragement of carelessness or extravagant buying weakens the co-operative fibre of the society. Discounts for cash are sometimes used. If all take advantage of the discount it ceases to be of any special benefit. If only a part of the members take advantage of it, it is apt to create friction among members. Combination orders of groceries will sometimes clear up old stock, a part of which will waste in the housewife's cabinet instead of on the grocery shelves. But it is still a waste, and the store has only succeeded in making a better record while the loss to the membership has not been lessened. Stores can form selling plans of their own that will educate and at the same time give the members better values.

The most successful plan of avoiding credit trading is a very bold one. Pay in advance. We find that a simple trading book is the best. A small book with light cover on which is printed the name of the society, the denomination of the book, blank line for name of member and another for signature of manager. Inside the back cover is a detachable card which is a duplicate for the front cover of the book. When the member buys a book of whatever denomination he wishes, the manager fills in blank spaces on cover and detachable card. He detaches the card, files it for store record and gives the member the book. This completes the transaction as far as purchasing the book is concerned. Two methods of computing the purchases of these books have been tried. One is the addition method in which the articles purchased by the members are entered and totalled. Additional purchases are entered under this total and added, giving a new total. This is continued until the total amount of purchases equals the face value of the book. The book is then purchased, or the corner clipped by the clerk and returned to the member. The member files these books as a record of his purchases from the store. The other is the subtraction method in which the amount of the book is set at the head of the dollar column of the first page. Purchases are totalled as made, and subtracted from the face value of the book until the book is drawn out. We have found out but little advantage of one of these methods over the other. The manager files the detachable card in consecutive order. This is continued until the end of the quarter, when the cards are totalled; a record made of the total and the card is filed for checking with the members' books, if any complaint is made. We have also tried the duplicate cash slip plan and the cash register coupons. Neither of these has given as much satisfaction as the plain trading book, paid for in advance.

(Paper read at the North American Co-operative Congress)

NOTES AND NEWS.

The Irish Economist. We are sad to note that the *Irish Economist*, the premier co-operative quarterly, should stop publication for want of funds. Emotion deeply stirred specially at the demise of a beloved associate, stimulates the memory and brings before one's eyes, the good old days of battles fought in defence of the helpless Irish peasant by the early pioneers of the I.A.O.S. during the last thirty years, and the inspired appeals in the *Irish Economist* for a happier and fuller life in rural Ireland. The Irish Agricultural Organisation society evolved the defenceless Irishman ever at the mercy of the middleman into a disciplined and organised group through the selfless efforts of its organisers and its staff. The *Irish Economist* published by the Reference Library of the I.A.O.S. pioneered co-operative journalism. But alas! after eight years of existence when it showed the possibilities of associated human effort for economic pursuits and inspired many a reader in distant lands to organise mankind for a better economic world, when it supplied the only medium for researches in co-operative efforts and popularised the thoughts and experiments of earnest co-operators, that it should cease publication for want of financial support, only strengthens the usual experience all over the world of the difficulty of building up cultural and social work on the basis of business institutions! How true to life that institutions organised for business hardly realise their correlation to educational work undertaken on their behalf! The anxious reader need wait no more for "Matters of Moment", its trenchant style, and its appeal to Irishmen to combine for economic and honest marketing. To quote the words of Mr. Paul Grogan in the last number of the "Economist" "To what extent we helped to direct the minds of the rising generations into thoughts of organisation and discipline, of combination for the general good, of service to the people, may never be known, but I take leave to think that to the co-operative movement in a large measure is due the reawakening of a national spirit which manifested itself more in working for the country than in shouting". It deeply touches one's heart to read, "Here is a movement with a turn over of £10,272,220 which will not keep alive the body that organised it and holds it together". We make no apology to quote the following extract which vividly exposes the tragedy of the situation, "The body that had fought all their battles great and small was gone; the

adviser to whom they could go with sure hope of sympathy and assistance in all their difficulties was no more; their guide, philosopher and friend had passed away. Everything had been forgotten, the money and time spent in organising the societies, in the majority of cases never recouped, no matter how large their subscriptions; the subsequent service often freely given when they could not afford to pay for it; the hopeless difficulties from which they had been extricated, the bankrupt societies that had been put on the way to solvency, the money which had been saved for them; the privileges which had been obtained, all, all forgotten and the mentor dead". We only hope that the State will come to the rescue of so self-sacrificing an institution as the I.A.O.S., provide sufficient funds for its work, and thus revive its manifold activities, which physically though may cease, cannot be effaced from men's minds as one of those noble institutions to make life full and happy to the untutored peasant.

Annual Budget of Local Unions.

We have received a question from one of the Local Unions in the presidency whether the changes made by the Assistant Registrar in its budget after its approval by the general body are to be acted upon during the same year or the next. On principle the budget of a Local Union cannot be altered by any outside agency, specially when the representatives composing it have approved of the same. But under present conditions when Unions are formed more with a view of creating a supervising machinery, and do not grow out of the self-volition of societies to focus the co-operative forces in a central unit, it is absolutely essential that there should be some regulating authority till they realise their sacred task of leading and organising the movement in their areas. The District Councils have not yet come into being to influence and guide the Local Unions in their work. Rightly the Central Banks have been excluded from the work of guiding Local Unions as their own interests will unconsciously force them to utilise these agencies only for financial purposes of disbursement of loans and their collection. In the interval there should be some supervising authority to see that the executive faithfully carries out its trust of supervising the societies in the area. And this supervision should not take the form of dictation and at most not cross the bounds of persuasion. Hence the by-law gives the power of initiating the budget to the Local Union, and final approval to the Assistant Registrar. In other words, if an Assistant Registrar is dissatisfied with the budget items of a Local Union, the best he can do is only to move that body to reconsider their budget in the light of the fresh proposals he has recommended. And these should be approved by the General Body before any action is taken on them.

As the Assistant Registrar's power is only that of veto, frictions can be minimised only by his presence and advice at the General Body meeting when the budget is passed.

General Body Versus Board of Directors in Urban Banks.

The question very often arises in urban banks of mofussil districts, whether the General Body has a right to question the administrative action of the Board of Directors in regard to the sanction of loans. It is an elementary maxim of administration that no work by executive agencies is possible unless the General Body restricts its supervision to declaration of general policies and does not dictate working details in the day to day administration of the bank. By-law 38 of limited societies is very clear on the point that "loans shall be given only to members but no member can claim a loan as matter of right". If a member is dissatisfied with the sanctioning of a loan by the Directors, he is entitled to complain against the Directors in the annual General Body meeting and reinstate other members who command the confidence of the majority. It is only in this manner, "that the ultimate authority in all matters relating to the administration of the society can be exercised by the General Body". Executive work will come to a standstill if in details of daily work the Management is hampered by the members who have elected them with full confidence.

The dictum above laid down by no means prevents the overhauling of a society in the interval between two elections if the by-laws of a society have been flagrantly violated by the Management. The accounts and administration of a co-operative society are secured by a special Act and a special department with a view to bring it under the watchful eye of the public. Such infringements can be enquired into "on a creditor's own motion, on the request of the collector, on the application of a majority of the committee, or of not less than one-third of the members". (Sc. 35 Co-operative Societies Act.)

Refusal of Suretyships

Another question is asked, whether the Directors have the right to reject a surety whose liability does not thereby exceed the limit sanctioned in the by-law. In other words, have the Directors no discretion to accept or refuse suretyships, beyond administering the by-law? The principle of suretyship is based on the fact that a co-operative society should develop mutual trust and responsibility among the members. A surety takes a little of the burden of the Panchayet in sanctioning the loans, supervising their disbursement, enforcing their proper use, and inducing their prompt repayments. Suretyship emphasises the need of association for mutual help. But a surety's responsibility for supervision will be a theoretic one if it is not enforced by personal sacrifice on his part to repay the loan, if the brother member for whom he pleads does not keep up to his obligations. So then the basis of suretyship is mutual supervision to enforce which, material responsibility is secondarily added. If loans are sanctioned, not by judging the repaying capacity of the applicant but because his surety is a man of

property, the purpose of suretyship fails. The loan becomes transformed into a joint loan on the basis of property. We quote below two authoritative views on suretyship for the benefit of our readers. Sir Frederick Nicholson says:—Personal security promotes fraternity, provides control and supervision over the borrower, guarantees the honesty and capacity of the latter, who, if not honest and capable, would fail to find sureties, and ensures punctual payments by the borrower himself, who would on no account leave in the lurch a surety of his own class and calling. Raiffisin directed his societies to be very careful not to accept, either as principal or surety an idler, a drunkard or a spendthrift, and since the societies are purely local, it is easy to avoid such persons; hence there is not only great security to the society but a direct inducement to the idle, extravagant or vicious to reform in order to become members of these useful societies".

Mr. Hemingway says:—The main business of the surety is to keep an eye on the principal debtor, to remind him of his debt to the society and see that he pays it when he is in a position to do so. **If we imagine a rich man worth several thousand rupees and a poor man worth some fifty rupees respectively standing surety for a debt of thirty rupees due by a field labourer, which of the two sureties will be the most anxious that the debtor should not default?** Surely and obviously it will be the poor man. The loss of Rs. 30 to the rich man would be nothing, while to the poor man the loss would be disastrous; and hence the poor man will be far readier than the rich man to take the utmost pains to see that no default occurs."

Difficulties of an urban bank Director. While the moral basis of suretyship can be enforced in rural societies where the Panchayat understands the character and the economic status of each member, it is not so easy to be practised in large urban banks whose membership is daily increasing. As the Committee on Co-operation remark, "The members are often scattered and nomadic with the result that mutual supervision tends to be less strict and difficulties occur in realising loans. The circumstances of many societies compel them to follow purely business methods and overlook to some extent the moral sanction that should govern their work". Under such circumstances the Directorate of a Town Bank is surely entitled to reject an application if it is not satisfied with a proposed surety. They have very few means of understanding the character and the repaying capacity of members spread out in the town, and by the very nature of their work are forced to be cautious, and to insist on proper sureties on whom they can rely.

Various methods have been adopted in Europe for the proper checking and supervision of the transactions of large urban banks. The General Committee is elected by the general body from among members of all the divisions in a town. This committee supervises the work of the executive committee whose members are separately elected by the General Body. Sometimes local committees are formed in the town to recommend loan applications from each division. In Italy in the Luzzatti banks "the direction of credit operations devolves on volunteer committees elected at

the annual meeting, and consisting variously of from fifteen to forty members, taking their duty in turn, whose special office it is to consider and approve, or else reject applications for loans or advances, and requests for credits to be opened in the shape of current accounts. This committee prepare themselves for their active work of recommending or disallowing loans by drawing up independently of any actual application, a register kept always in readiness, as their constant guide but always strictly secret which shows to what extent each member of the association may be trusted with credit."

Some arrangement should be devised for the supervision of large urban banks in this presidency. Some links should be forged to connect the members with the Bank directorate. Supervision committees over the Directorate for purposes of supervision and the assessment of members' credits have been tried in other provinces and may be instituted here as well.

Storage Societies. The recent Agricultural and Co-operative Conference, Burma, held at Mandalay during the last week of August has passed a resolution for developing the sale side of credit societies and formation of storage societies. The Burma Co-operative Department, owing to the fact that the Imperial Bank is not willing to give over-drafts on the security of the pronotes of village societies and endorsed by the Central Banks, has hit on this method of persuading societies to store their members' produce on whose security Joint Stock Banks may be induced to lend. With a view to discipline the members to store their grains when the market is low, they have passed a resolution that in credit societies repayments of Principal and Interest may be accepted in kind when payment in cash is difficult, provided the society is not responsible for either loss or destruction of members' produce before or after the sale. Another resolution passed by the Conference refers to the value of raising loans from outside on this system. Credit societies which undertake the sale of members' produce can be financed for this purpose by insisting that members should repay instalments of principal in kind. Godown societies should be formed, the godown and contents to be covered by fire insurance, and means should be found for getting money on the security of the grains in the godown from Joint Stock Banks or other resources. Storage of members' produce by credit societies entails a very responsible task and we are happy to note that the Department in Burma have taken up on hand of training efficient societies on this venture. The panchayat should be capable enough to estimate rightly the value of the produce and to secure them well. Apart from this condition, the General Body should be wise enough to elect only those who are capable of undertaking this aspect of work.

While Burma has made a large stride in the matter of joint sale by permitting societies to erect godowns, we are happy to note that Madras is taking the initial step in the matter by permitting loans on the pledge of crops. The Assistant Registrar of Co-operative Societies, Chingleput, has issued a circular that in the case of trustworthy societies whose supervision is ensured by their Unions, the concession of granting loans to

members on the security of their produce will be intended by the Department. The new scheme does not throw any responsibility on the society to start its own godowns but only to see to their proper custody. The privilege granted facilitates short term loans for current agricultural expenses to the fullest extent and we trust that the Central Banks will have no objection to issue credit to the fullest requirement to such approved societies.

We are also glad to note the Assistant Registrar of South Arcot has taken up the work of starting grain banks whose objects will be not only to lend money on the security of the grain deposited, but also grain to be returned with interest in kind. The scheme of grain Banks is as old as the movement itself in the presidency and we only wish that Local Unions should take up the work of educating the members in the area to store their produce so that they may be able to reap the largest profit possible.

The Twelfth Madras Provincial Co-operative Conference.

The Twelfth Madras Provincial Co-operative Conference is to be held in the coming December. The Conference has a special importance to co-operators owing to the fact that it meets just at the beginning of the Second Legislative Council under the New Era of Reforms. We know that the questions which will come up for consideration at the Conference will demand the best talents, capacities and wisdom of Co-operators throughout the Presidency. The whole conference sitting as a single committee to formulate the subjects leads to too little work and too much speaking and it may be necessary that from this year forwards the Conference will have to meet in sub-Committees if we want uniform attention to be paid to all the aspects of the co-operative movement in this Presidency. We hope the co-operators will send early the subjects to be considered with a short note on them which will be placed before the different sub-committees. In this connection we would like to make an appeal to our Andhra brother co-operators. Since the starting of the Andhra Sahakara Sammlanam at Masulipatam, the duty of the Provincial Union has been to strengthen the sister organisations and persuade Andhra societies to affiliate themselves to it. The societies in Andhra Districts are naturally refused membership in the Provincial Union so that the latter may not hinder their affiliation with the Andhra Sahakar Sammlanam. But membership in the Provincial Union has nothing to do with the Provincial Co-operative Conference. The Conference is of all co-operators in the Madras Presidency whether they belong to Malabar, South Canara or the Andhra Districts. In fact the resolutions of the Conference will not be considered as the views of non-official co-operators unless the whole Presidency takes part in it. Now that the Provincial Union and the Conference have become different organisations it is absolutely essential that some rules will have to be framed this time for the conduct of Provincial Conferences in future. We also request our District co-operators to arrange early before December for the District Conferences, so that the resolutions passed by them may be considered at the Provincial Conference.

NOTIFICATIONS.

Office of the Registrar of Co-operative Societies, Madras,

Dated 12th September 1923.

R. M. HOOD ESQ., I. C. S., AG. REGISTRAR.

CIRCULAR.

A new rule VIII B has been added to the rules framed by the Local Government under section 43 of the Co-operative Societies Act II of 1912 and published at page 955 of Part I of the Fort St. George Gazette dated September 4th, 1923. Copies of the rule and of the Government order thereunder are appended. It will be observed that the existing orders relating to Central and Provincial Banks are unaltered.

2. All limited liability societies affected by this new order are requested to maintain in the form appended hereto a register showing from day to day the extent of fluid resources maintained.

3. The auditing inspector will visit each society affected by this order at least once in each quarter and submit to the Assistant Registrar forthwith a report,

(a) certifying that on the dates specified the fluid resources were up to the required standard,

(b) giving an extract of the Fluid Resource Register in the same form for all those days, since his last inspection, on which the required standard was not maintained,

(c) Stating the reasons given for deficiency in the Fluid resource maintained.

4. The Assistant will submit to the Registrar a quarterly review of the working of the new rule. This report should reach the Registrar by the 10th day of the month succeeding the quarter reviewed.

Enclosure I to R. O. 5935/21 dated 12-9-23.

Government of Madras, Development Department.

Copy of G. O. No. Press 1237 Dated 29-8-23.

Read the following

From the Registrar of Co-operative Societies, Madras No. A. 5935/21 dated 26-7-23.

ORDER :—

In notification No. 102, dated 10th April 1923, published at page 438 of Part I of the Fort St. George Gazette dated 17th April 1923, the Government published amendments to rules under section 43 of the Co-operative Societies Act 1912. The period of two months allowed in the notification having expired and no objections or suggestions having been received, the Government are pleased to confirm the draft amendments. The appended notification will be published in the Fort St. George Gazette.

2. In respect of limited liability societies other than Provincial and Central Banks, the Government have decided that only such of them as accept deposits and loans exceeding a total of Rs. 20,000 need maintain fluid resources in the proportion laid down below :—

- (1) 25 per cent of fixed deposits falling due in the next thirty days.
- (2) 25 per cent of savings deposits ;
- (3) 25 per cent of current deposits.

The fluid resource referred to above may be maintained in any or all of the three forms mentioned below:—

- (1) cash balance,
- (2) Government of India Promissory notes ;
- (3) Overdraft with a Central Bank.

3. The Registrar of Co-operative Societies is empowered to relax the standards prescribed in paragraph 2 *supra* in respect of any society or any class of society for a period not exceeding two years at a time.

4. The Registrar's proposal that the standard prescribed for savings deposits should be reduced from 25 per cent to 20 per cent does not meet with the approval of Government.

(By Order of the Government, Ministry of Development.)

Notification.

In exercise of the powers conferred by section 43 of the Co-operative Societies Act, 1912, the following amendments and additions will be made to the rules framed under the Act and published at pages 1039-1042 of Part I of the Fort St. George Gazette dated the 9th November 1915, as subsequently amended:—

(i) Add the following as clause (b) to the interpretation clauses in the preamble to the rules:—

(b) The expression "society" means a "registered society" as defined in the Act.

(ii) Renumber the existing clause (b) as clause (a) with the words "save as otherwise provided" prefixed.

(iii) Insert the following as rule VIII B:—

"All societies with limited liability which accept deposits and loans shall provide for fluid resource in respect of deposits and loans received from individuals and institutions other than co-operative societies in such manner and according to such standards as may from time to time be prescribed by the Government. The Government may, however, empower the Registrar by general or special order to relax the standard prescribed for a particular society or for a particular class of societies for a specified period."

Enclosure II.

Fluid resource statement for the month of

Year, month and date.	25 per cent of the fixed deposits falling due in the next 30 days.	25 per cent of the savings deposits.	25 per cent of the current deposits.	Total fluid resource required Cols. 2+3+4.	Cash Balance.	
					on hand	with Bankers.
1	2	3	4	5	6	
Undrawn Cash Credit with the Central Bank.	80 per cent of the demand promissory notes.	Total of fluid resource available Cols. 6+7+8.	Amount of Deficiency (Col. 5 minus Col. 9.)	Amount of (Excess Col. 9 minus Col. 5.)		
7	8	9	10	11		

REGISTERED—No. M. 1284



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

Vol. XV.]

SEPTEMBER 1923

[No. 3.

PRINCIPAL CONTENTS.

(For detailed contents see inside.)

CO-OPERATIVE FARMING

SAADUT ULLAH KHAN.

PRINCIPLES OF CO-OPERATIVE MARKETING

—RAO BHADUR A. VEDACHALAYAR.

STORE MANAGEMENT

—RICHARD HENSCHKE.

THE MILWANKEE PLAN OF HOUSING

—DANIEL HOAN.

THE PRODUCERS' SOCIETIES, BOMBAY.

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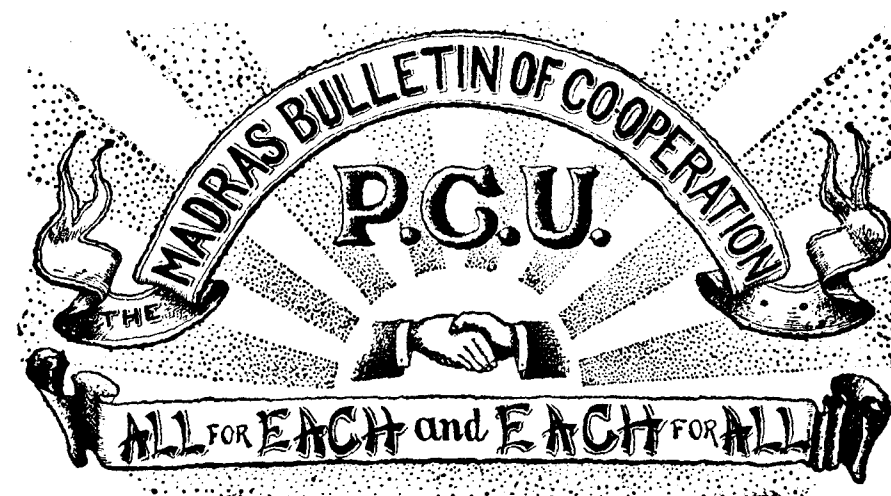
Madras Provincial Co-operative Union, Ltd.,
Royapettah, MADRAS.

Subscription per annum for individuals and non-affiliated Societies
Rs. 4, and affiliated and contributor Societies free.

N.B.—Complaints of non-receipt of parts will not be attended to if
not received within a fortnight after the due dates.

CONTENTS.

	PAGE No.
CO-OPERATIVE FARMING SOCIETIES—MR. SAADUT ULLAH KHAN, DEPUTY DIRECTOR OF AGRICULTURE, MADURA. ...	81
CO-OPERATIVE SOCIETIES AND TRAINED MAISTRIES—SAADUT ULLAH KHAN, DEPUTY DIRECTOR OF AGRICULTURE, MADURA. ...	83
PRINCIPLES OF CO-OPERATIVE MARKETING—RAO BAHADUR A. VEDACHALAYAR. ...	84
THE PRODUCERS' SOCIETIES IN THE BOMBAY CITY. ...	88—93
THE KHAMGAR SAHAKARI FOUNDRY LTD. BOMBAY 88—THE SWARNAKAR SAHAKARI ANDYOGIK MANDALI DADAR 90—THE TWASTA KASAR INDUSTRIAL PRODUCERS SOCIETY LTD. GIRGAUM 92—GIRDHARILAL KALICHARAN CO-OPERATIVE CHITRASALA. 92 ...	
THE CO-OPERATIVE COMMISSION SHOP, BARAMATI. ...	93
CO-OPERATIVE ANTI-MALARIAL SOCIETIES, BENGAL. ...	98
STORE MANAGEMENT—RICHARD HENSCHKE (UTICA, NEW YORK. ...	101
THE MILWAUKEE PLAN OF HOUSING—DANIEL HOAN, (MILWAUKEE, Wis., U.S.A.) ...	106
AGRICULTURAL REVIEWS....	109-113
PUNJAB FAVOURS INTENSIVE AGRICULTURAL DEMONSTRATION 109—CENTRAL BANKS ADVANCE AGRICULTURAL IMPROVEMENTS IN BIHAR 109—BENGAL FAVOURS AGRICULTURAL ASSOCIATIONS ON THE CO-OPERATIVE BASIS 110—BURMA'S SCHEME OF HOUSING RURAL LABOUR 110—SHORT COURSES ON AGRICULTURE BY THE FLORIDA UNIVERSITY 111—INDIAN TRADE DURING THE LAST YEAR. 112 ...	
CO-OPERATIVE NOTES. ...	113-119
TRAVANCORE WORKS A CO-OPERATIVE MEDICAL SCHOOL AND DISPENSARY 113—SMALL-HOLDING SOCIETIES, ENGLAND 114—AN EMPLOYEE'S POSITION IN THE ENGLISH WHOLESALE 115—NEW SOUTH WALES AND CREDIT BILL 115—THE CONSUMERS' MOVEMENT IN THE U.S.A. 116—AMERICA TEACHES BY ITS ADVENTUROUS FAILURES 116—GOVERNMENT SHOULD ISSUE NOTES ON THE SECURITY OF MORTGAGE BONDS 117—U.S. GOVERNMENT AND COTTON PRICES 118—AN IRISHMAN'S SCHEME OF CONTROL OF BANK CREDIT. 118 ...	
DR. WILLIAM AND THE CO OPERATOR 1828—1830. ...	119
NOTES AND NEWS. ...	121-128
MISUSE OF CASH BALANCES 121—DEPOSIT OF CASH BALANCES IN CENTRAL BANKS 122—NON-PRODUCTION OF RECORDS 123—RURAL RECONSTRUCTION 123—CO-OPERATIVE FARMING 124—CO-OPERATIVE LAND PURCHASE SOCIETIES 126—GRANTS FOR SPECIAL AGRICULTURAL PROPAGANDA 127—SPECIAL INSPECTORS IN MYSORE. 127	



VOL. XV].

SEPTEMBER 1923

[No. 3

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.

CO-OPERATIVE FARMING SOCIETIES.

SAADUT ULLAH KHAN (DEPUTY DIRECTOR OF AGRICULTURE, MADURA.)

The most successful examples of the above kind of farming are to be found in Italy, Roumania and Serbia where co-operative farming is in vogue to some extent.

There are however in these countries two forms of co-operative farming, which must be sharply distinguished. In both forms, a society is founded for the purpose of either buying or renting land. In the one case all the land is farmed in common by the members under the guidance and supervision of a committee or an elected official and sharing the produce equally or in proportion to labour done by each. In the other

case the land is divided into small holdings and farmed by different members with their families. In the latter case some operations have to be undertaken collectively *e.g.*, grazing *etc.*

Great care should be taken in the beginning in forming the society to suit the conditions prevailing in the Madras Presidency. Initiative in organising these societies should come from the Co-operative Department while the Agricultural Department should assist them in such work. The following is a very brief account of how a society of this nature can be started.

The members must pay an entrance fee to the society and subscribe for at least two shares of the value of Rs. 5 each which may be paid up by monthly instalments. These members should be paid wages for their work, either by time or piece work. Wages as a rule may be paid weekly in order to enable the members to purchase their requirements on shandy days.

Finally, when the business year results in a net profit, then it should be divided as follows ;

30 per cent to the reserve fund.

30 per cent to the Provident fund.

40 per cent to the members in proportion to the number of shares they own in the society.

I have given very briefly how the society can be started and the more detailed rules and regulations can be made when it is decided to start a co-operative society for the landless labourers to settle them on land. There is great scope for such societies in the Madras Presidency where there are so many landless labourers and depressed classes who are very often obliged to leave for foreign countries in order to seek employment there. There is sufficient Government land and other waste land in the Madras Presidency which can be used for this purpose.

I may however add here that great efforts ought to be taken to infuse the spirit of co-operation among the members so that one day they may be able to stand on their own legs without any help from the Government. The members should believe in *mutual help and self-help*. The societies are bound to increase in number, when the members and people realise the real benefits they can get by becoming members of such societies. At present there are many people who join the societies only to secure loans (which is not at all the real spirit of co-operation). There is every probability of the success of co-operative—farming in the Madras Presidency as the members can get the following benefits by becoming the members of this organization :—

Special attention should be paid to modern business principles and methods

Start with the marketing of one commodity or one class of commodities. It is difficult to find a manager who can successfully market the farm produce. The marketing associations must establish their own standards of farm produce and make these known in the market ; payment to members should be worked out on this quality basis. The manager must have business capacity rather than a knowledge of production. He should know something of the markets and market conditions of the commodity he is selling. He should know how to keep proper accounts.

One man, one vote, insures the democratic control of the association and prevents the business being run in the interests of a few. Where the interests of the few and the many conflict, those of the majority of the members and not of those who have invested larger sums in the association, should rule.

It is unwise to engage in business without sufficient capital to successfully carry it on. Two outstanding facts demand capital. The members' capital to a certain extent insures their loyalty. Activities of a member detrimental to the business jeopardises the capital, and the member is made to realise that the success of the whole concern is of more importance than occasional profits of individual members.

The association should be in a position to pay at least part cash to its members when they deliver their goods. The middlemen whose place is taken by the association, provide themselves with capital for the purpose. Anyway the goods must pay for the capitalisation while on the road to market. Where the members have to wait for an indefinite period for complete returns from sales, their private business is seriously interfered with and dissatisfaction results. With capital this difficulty is overcome. Capital supplied by each member may be varied in accordance with the amount of business the member is likely to do with the association ; capital may be raised in two ways, first, by using the cash of the members and second by using their credits. When a share is allotted, at least 5 per cent of the share should be paid up. Future calls for payment on shares may be made from time to time and the profits, which should go to the members, may be allotted to their shares. The shares do not become the absolute property of the members until fully paid up. The unpaid portion of the shares may be used as collateral security for raising capital.

The reserve fund should not exceed the amount of the capital at the disposal of the association.

The net surplus funds will be distributed to the members who created them and in the same proportion in which they contributed to it.

Where but one commodity is marketed, this is accomplished by dividing the surplus in proportion to the amount of business done by each member: where a number of commodities are marketed, the profits in one line may be greater than in another. The profits also vary at the different seasons of the year. In such cases the returns are pooled for each commodity for each shipment by day, week, or season. All products handled by the association and grown for sale by members should be delivered to the association. The Association should have some guarantee that it will have the necessary amount of goods to carry on the business. The loss entailed by the defection of members shall be borne by the offending members. Some agreement like the one mentioned below should be received from the members to ensure a steady supply of goods.

I, as a member of the—hereby agree to deliver to the said Association all—products grown by me for sale and further agree to pay the said Association as liquidated damages at—for—not so delivered without the written consent of the manager.

6. Audit.

Large business concerns carry on a continual audit at all times. Directors should cause an audit to be made each month. It is money well invested to acquire the service of an expert accountant to make an audit at least once a year.

THE PRODUCERS' SOCIETIES IN THE BOMBAY CITY.

THE KHAMGAR SAHAKARI FOUNDRY LTD. BOMBAY.

This foundry started work in the city of Bombay in June 1922 and was registered on 5-1-22. The workmen who were employed in the G. I. P. workshop struck work and sought the assistance of the trade union leaders, Messrs Dalvi and Ginwalla, for getting some employment. These leaders came in contact with the Co-operative Department and the idea of starting an independent foundry to be managed by these unemployed workmen on co-operative lines was suggested to them. Mr. L. S. Potnis, the Assistant Registrar of the division, held several meetings of the actual workers, convinced them as regards the possible advantages of starting a co-operative foundry under their own management and organised the society, taking hold of an existing need. The venture is a new one in the whole of India and it will only be a matter for hearty congratulation and admiration if the foundry owned and managed by workmen becomes a well-established fact. The workmen driven first by necessity to combine should be able to maintain their loyalty steadily in the face of competition from outside firms who can pay them higher wages. They should be

able to get orders for goods from outside and the goods manufactured should by no means be inferior in quality or higher in price than those in the market. They should be able to receive wages promptly and at market rates. And the work is of such a character that the daily recurring expenses for running the foundry can be made up only by quick sales. More than all the installation expenses will be too heavy to be borne by workmen without the aid of private philanthropists. The foundry started had many, if not all the conditions, conducive to their success.

The borrowing power of the foundry is fixed at Rs. 50,000 to be raised in the proportion of eight times the paid up share capital plus the reserve fund. The paid up share capital on 30-9-23 amounted to Rs. 3,383 and the audit order notes that large amounts of share capital were overdue from members. For the first four or five months the members were engaged in installing the foundry and manufacturing the necessary accessories for running it. The wages paid during these months could not be realised by any sales; And this item for the six months ending June 1922 amounted to Rs. 1,760. Rs. 2,400 were spent on the purchase of the engine, Rs. 741 in constructing the furnace, and Rs. 981 for the purchase of the earth. In the beginning a sum of Rs. 330 was paid as rent for the building but recently it has been reduced to Rs. 250. So the rental when the foundry was in building amounted to Rs. 900. Other foundation expenses including the value of moulding boxes and weights made for the use of the foundry amounted to Rs. 4,298-0-9. So in all a total expense of Rs. 11,875-6-0 has been incurred in the establishment of this foundry.

It is noteworthy that at the start the G.I.P. workmen's Union gave a loan of Rs 5,122, Mr. R. B. Lotwalla, Rs 5,000, and Mr. F. J. Ginwalla, Rs 3,875 to the foundry which amount has been invested in its working. Iron is purchased on credit. For the ten months ending with December 1922 a salary of Rs 2,434-15-9 remained unpaid. The number of members were 91 in the beginning and articles to the total value of Rs. 11,662 were manufactured and sold as per orders received. Only workers or sympathisers are admitted as members of the foundry. So though the total number of members amounts to 91, the number of actual workers varies from 20 to 30. Raw materials worth Rs. 5,230 were purchased during the period and the gross profit amounted to Rs. 6,431. Deducting the payments made and to be made as rent, salaries, establishment charges, etc., the foundry has suffered a loss of Rs. 4,250 during the last year. It is hoped that this will be made up in the coming years with the growth of a proper market for the manufactured goods.

The foundry has been able to pull on, only through the untiring supervision and persistence of Mr. Ginwalla to organise an industry by

the workmen and for the workmen. As the Assistant Manager put it very tersely to the writer of this article "Sir, workmen want wages; and if we delay payment, they naturally forsake their own factory. We should not test their loyalty to the point of breaking. And wages depend on getting orders. The quality of our goods is by no means bad. And our manager roves all day long to book some orders. And if orders decrease and we get deferred payments, we find it immensely difficult to pay and maintain the workmen. We may go without payment. But the workmen, Sir, must be paid. And so members have dwindled. The share capital cannot be collected easily from many. Only a few people have persisted, and God willing we can get back the workmen who left us, and more if only we get sufficient orders". The Foundry has yet got no order from any Government Department directly. One order was received through a middleman. The millowners are sympathetic and it is only through their orders the concern is going on. If the orders increase, and bills are collected in time, the financial difficulties can be tided over. The main success of the foundry so far should be attributed to the appointment of capable and trusted managers who are determined to make it a flourishing concern.

The Swarnakar Sahakari Andyogik Mandali, Dadar.

This is an association of goldsmiths in the city of Bombay who make silver and gold ornaments and who undertake their sale. It was registered by the Government under the Co-operative Societies Act on March 27th 1922. Want of capital prevented these people from getting the maximum possible profit from their trade as they had to sell to local merchants at any price they fixed, and buy gold and silver in small quantities at heavy prices. Here again there was a sore-felt need for combination among workmen to raise capital for their trade. An honest and capable manager is the next requisite for the success of the concern. He should be willing to pay proper wages to members of his community; he should take pains to buy raw materials cheap and also sell them at a profit. It is no wonder that the cost of management for 9 months ending 31st December 1922 amounted to Rs.2,172-5-0., for the success of the concern depends on the manager.

The society being a communal one, there is a closer bond which binds the members together. The management is under the influential men of the community and there is a committee of control to supervise the work of the managing committee. The shop being at a good market place, does not suffer from want of a good location to attract customers. The society buys gold and silver wholesale and distributes them to the workmen and sells in retail the ornaments made thereof to members as well as

98,181 lumps were sold. The commission realised by the shop from jaggery sales amounted Rs. 5,062. Whenever the shop sells the members' sugarcanes to the factory for its manufacture, the latter pays a commission of one per cent and on this score the shop realised during the year about Rs. 142.

Storing.

When in the year 1918-19 the merchants boycotted the shop, the latter undertook outright purchase and sale but the system was not continued as they began again to purchase at the shop. But recently during the last two years with a view to encourage small capitalists and agriculturists to store jaggery during seasons of low prices, the shop has provided them certain financial facilities and undertaken to store their goods till they wanted to sell them. The shop is only a warehouse agent, and the storers should bear the gains or losses arising from future sales. The shop gives an advance of the full purchase price of the-jaggery when it is bought by the storing member from the producer, on condition that he pays one-fourth of the amount as cash deposit, and stores the jaggery in its godown at a monthly rent of three pies per lump. An interest of 9 per cent is charged on the advance by the shop. The shop at once credits the farmer's account with the full amount due to him. After the close of the season when the new jaggery ceases to come in, the demand for gul stored is naturally keen, resulting in a rise in prices. The persons storing the gul then ask the shop to sell it, and after realisation of the amount by sale, the shop's advance and expenses are deducted, and the surplus paid to them. The expense includes the charges of sewing and wrapping the lumps. The storer has to pay a commission of 8 annas per cent both at the time of purchase and sale. But a producer member is exempted from this charge and this is done with a view to encourage the farmers in marketing their produce themselves.

As a result of this new system of storage, members rarely sell their produce to outside shops and hence the cash commission of one per cent on such outside sales has decreased during the last year from Rs. 1,250 to Rs. 523. During the last April and May, 62 per cent of the total amount of lumps received at the godown were stored for future sales, while only the remaining 38 per cent were put on the market for immediate auction by the shop. While there has been a tendency among small investors to store at the godowns, it cannot be said that producer members are taking full advantage of this system. It requires a certain amount of self-confidence and courage to speculate and sell at the right moment which can be expected from farmers only after a great deal of education and training.

It is regrettable to note that owing to the fall in prices to about Rs.20 per Ataki (5 to 6 lumps) the Storers could not even sell at a rate sufficient to cover the advances during the last year. But none the less, trade in jaggery has been increasing as a result of larger production.

During the year the societies have sold jaggery through the shop to the value of Rs. 4 lakhs and odd which gives an increase in sales by Rs.19,172 over the previous year. Sales of non-members' jaggery amounted to Rs. 14,573 as against 15,225 of the previous year.

Oil cakes and other manures.

While acting as the commission agent for auction sales, and a warehouse agent for godown storage, the shop also undertakes direct sales in manures as castor, safflower, ground-nut, karanja, which are consumed every year in large quantities by the members as manure for sugarcane. These oil cakes are partly purchased by the shop in advance at its risk when the rates are favourable, and the profit made by their sale at the market rate is kept separately as oil cake surplus and not included in the shop's annual profits. The shop further receives large quantities of cakes from mofussil merchants who send them to the shop for sale on commission and undertake all the risk in transit. To encourage them to send the cakes, the shop gives them an advance of 50 to 60 per cent of the value of the stock against the security of the cake, and charges an interest at 9 per cent on such advances in addition to a godown rent at one and one-fourth anna per kandy per month and a commission of one per cent on the realised amount. The shop also charges a commission at 2 per cent to the members, who are supplied with oil cakes on the requests received from the societies. The sums due for oil cakes supplied to members are realised generally every fortnight by chalans and debited through the Bank's branch to the respective societies. As in the case of jaggery chalans, the secretaries of the societies and the members are informed of the accounts of individual members.

Safflower and castor form the major part of the sales. During the last year the shop sold 11,215 kandies of oil cakes to the value of Rs 2'86 lakhs which was an increase by Rs 49,482 over the sales of the previous year. The commission realised, amounted to Rs 5,000 and odd while the margin between the buying and selling price gave a surplus of Rs 4,507. This surplus is kept as a separate account which, added to that of the previous year, amounted to Rs 18,289-11-5.

The shop sells sulphate of ammonia to members by direct purchase and sale and it made a profit of Rs 677 on 425 bags sold during the last year.

Grain marketing.

The shop undertook recently the sale of grains of members. A commission of one per cent is charged on such sales. To hold up stock members are given facilities of getting 50 per cent of the total value of the stock at 9 per cent interest. Owing to the existence of a weekly bazar where members can sell their produce, this business is not as much popular as it should be. 15 ploughs and two crushers were sold during the year and the trade in implements is only a minor branch of the shop's work.

Profits.

The shop operates over an area of 12 miles. 373 members of 23 societies have purchased their requirements and sold their stuff through the shop during the last year. The establishment consists of one manager, two assistants (one at Nira and one at Baramati), 5 clerks and two servants and the total expense on this account for the last year amounted to Rs. 6,000 odd. Till recently the shop was paying a rental of Rs. 450 per month but the shop has purchased its premises for Rs. 35,000 last April. The godowns are insured from 25 to 35,000 rupees annually for five or six months when the stock of members is stored at the shop. The insurance charges paid during the last year amounted to Rs. 145. The total charges amounted to Rs. 131,45. The gross profits amounted to Rs. 20,090, and a net profit of Rs. 6,945 were realised during the year.

After the payment of one month's salary as bonus to the staff and a reservation of a small amount as depreciation fund for the godown and furniture, the profits are divided equally between the shop and the Bank. Last year a sum of Rs3,000 was realised as net profit by each institution. This, it should be borne in mind, excludes the surplus on oil cakes which are separately invested.

Conclusion.

Purchase and sale side to a Central Bank has many advantages. In the first place a member's full requirements for his current agricultural expenses can be met by the Bank as it has a control over his produce and can easily find out whenever he sells outside. Repayments of loans are made easy as the Bank can credit the loan accounts of a society with the sale amounts of its goods realised by the shop. The doubts often felt by the depositing public about the practicability of enforcing unlimited liability can be set right when they find that the members' produce is stored against the loans issued by the Bank.

To the farmer the system is immeasurably useful as each society has a current account with the Bank and is granted cash credit for the loans sanctioned during the year. He is trained in banking methods of with-

drawing by cheques and depositing his savings in the Bank. The system of advances on the produce stored, and payments for immediate sales release him from the clutches of the Sowcar. He is disciplined to understand and practise short term loan transactions like a private merchant. More than all, the farmer increases the productivity of the land by using better manures sold by the Bank.

CO-OPERATIVE ANTI-MALARIAL SOCIETIES, BENGAL.

Co-operative Anti-Malarial Societies in Bengal have made two distinct contributions to Indian social development. The one is the development of the social conscience in the villages. Common danger from without leads to co-operation within. Family and individual interests to maintain a healthy home have necessitated their broadening for a larger purpose of conserving the life of the whole village. Consequently mutual help and social obligations have grown which have lifted rural life to the next step of social advance, *i. e.*, living for the village community. Connected with this evolution of a social conscience is the development of a sanitary conscience to preserve the village free from the sources of infectious diseases, without which sanitary improvements of the Department can hardly make any progress. Another contribution of these societies to social progress is the utilisation of the medical graduates for philanthropic service as missionaries of a newer and healthier life and thanks to the services of Dr. G. C. Chatterjea, the Secretary of the Central Co-operative Anti-Malarial Society Ltd., who by his personal example has been able to gather round him young men for this noble and self-sacrificing endeavour.

Mr. Chatterjea is one of those individuals who mould social progress by sheer tenacity and singleness of purpose. It is this self-absorption in work, that has led him on to study the various anti-malarial measures in America, Algiers, Malaya and other countries and practise them in his own Province as adapted to local conditions. The ravages of malaria in Bengal, have shown, if nothing else, the need for the co-ordination of work among the engineering, the agricultural and the sanitary departments. The first may construct an embankment or a railway without considering how it affects the agriculture of the nearby lands, and the sanitation of the locality. The East Indian Railway embankments in Lower Bengal have prevented drainage of water and created stagnant pools in places which have been excavated for the supply of earth for raising the railway levels. And these have become the breeding centres of malarial mosquitoes. So also in the case of canal embankments in a

date, and that the service is all that is to be desired, there is still an important element to be considered and that is the prices at which the goods are sold. There are many who say that this matter should be the first consideration, but often we find that a store charging a little more for its goods and giving service, *etc.*, succeeds while the other store selling for less and not giving service fails. It is surely a fact that there are more people who appreciate cleanliness, service and pleasant surroundings than there are bargain hunters. The difficulty lies in the fact that bargain hunters make more noise than satisfied customers. This does not mean that because you have a clean store and good service we should charge all the traffic will bear, but it does give an advantage.

Prices generally are governed by four things: buying price, cost of doing business, market conditions and competition. The first are within and the other two are beyond your control. To sell to the right price you must in the first place buy at the right price, and the resourcefulness and the sagacity of a good manager will largely be reflected in the prices at which he is able to sell his goods and still show a fair return.

The cost of doing business consists of selling expense, delivery expense, buying and managing expense, fixed charges and up-keep expense, miscellaneous expense and losses from bad debts. These are serious items in fixing selling price.

While we cannot govern market conditions, we can, to a certain extent, by constant watching and careful studying anticipate the market and govern our purchases. We must be careful not to allow this to grow into speculation.

The disturbing element in fixing our selling price so that it will yield profit over and above the cost of doing business is competition. Competition will very often force us to go contrary to our own judgment and make us sell at prices barely enough to cover expenses or even less. Yet, competition is not dangerous, unless it is combined competition with the avowed object of doing business. No doubt, some co-operatives, especially at the beginning have to fight this sort of competition, and the only effective weapons against these are publicity, education and loyalty. If our members are loyal and fully acquainted with the facts, this competition will soon cease. It is extremely costly and hurts each of our competitors as much as it hurts us.

Mark-up.

Mark-up is the difference between our buying and selling price. Profit is what is left after the goods and the selling and the delivery expenses have been paid. Markup is sometimes called gross profit, and in that case profits are called net profits. Some-time ago the Co-operative League

published a very instructive table showing the difference between mark-up and profits and how this difference affects our selling price. It would be well for every society to keep one of these tables handy for reference. Mark-ups vary according to the character of the goods, and depend on the quickness of turnover and the keeping quality of the goods.

Delivery.

In medium sized or larger cities where the membership is scattered over a wide area and as yet not wide enough to warrant establishing branches conveniently located, a delivery system might be the means of keeping up the membership, enlarging and keeping its interest in the society alive. It should however be a delivery system, not a haphazard delivery. Routes should be established and schedules made up. It might take a little while to our customers to get used to having their orders in the store on time for delivery, but if you make it a point to live up to your schedule and not to make any exceptions, our customers will soon be satisfied. If we should lose a few orders, the diminished cost of delivery will more than make up for this.

To do this justly, it must be taken into consideration that it is less costly to do up orders for delivery, than to wait on customers; that the total fixed charges as given in the table of cost of doing business remain practically the same whether we have a delivery system or not; the same applies to the cost of selling expense and the total buying and management expense; miscellaneous expense and losses from bad debts must be charged to delivery expense in just proportion. From these figures we should get a clear picture of whether it is good business for a society to have the delivery system or not.

Selling.

The next important duty of the management is selling the merchandise the society owns to its members and non-members. It is absolutely necessary that a Co-operative store be just as efficient and modern in its methods as any private enterprise, for only a very few Co-operators are loyal enough to patronise their own store, unless they are sold continuously. This does not mean that we should load up our members with goods they do not need or they do not wish to purchase, but it means that they should be made to purchase goods the co-operative store has for sale at the co-operative store, and nowhere else.

The modern store has many ways to accomplish this, such as the general appearance of the store, effective lighting, displaying goods to their best advantage, attractive counter and window displays, cheerful and intelligent service of sales, and delivery people, and, last but not least, the appeal to the pocket book, through reasonable prices.

If a co-operative society conducts a grocery store, the manager and the committee should visit every near by chain store. We may consider them our enemies, but must not hesitate to learn and adopt some of their efficient and modern methods. That, more than anything else, will help us in drawing the teeth out of their competition. Let us for a moment picture one of these stores. In the first place their front is always newly painted, or at least looks that way. It says to the passer-by.—“Here we are. You can't overlook us.” Their store windows are bright and clean, not only occasionally but all the time. The goods in the windows are marked by large and readable price tags. Large posters and signs call attention to their special bargains. When we enter the store, we will find the shelves well filled, sold merchandise being replaced at the earliest opportunity. This may be a small matter, but it is important as no one wants to buy what is left. It applies not only to shelves but also to the boxes, barrels and other receptacles as well. It pays to keep receptacles well filled at all times, to change goods from larger to smaller ones.

The general appearance of a private shop is cheerful and clean. There are no boxes, crates and barrels standing around unless they are used for displaying merchandise. The lighting is so arranged that it will show the goods to best advantage. There are no dark corners for dirt and rubbish to accumulate. A closer study will show us that the goods are so arranged on the shelves that the most saleable articles are nearest to the clerks and sales counter. The bulk goods are done up in quantities most often called for and ready to be handed over to the customers. The counters are partly used for displaying merchandise that is especially attractive in appearance or price, such as fancy soaps, sauces or candies, etc.

The human element, the person behind the counter, should also be a large factor. Cleanliness and neat appearance count for a great deal. They should be taken for granted in a co-operative store but that is not enough. A good clerk should have a complete knowledge of the stock and the goods themselves. It should be the duty of the manager to get all information he possibly can and pass it on to the other employees. A good clerk should know the names of steady customers. A cheerful “Good Morning, Mrs. Jones” sounds better and is more helpful than the stereotyped formula “What can I do for you”? Servility to the customers should not be tolerated; frankness, politeness and cheerfulness should be insisted on.

Store Employees.

The relation between a co-operative society and its employees is unique. In most cases the employees are, and in all cases should be, members of the society and as such are part owners of the business, which employs them. They should have therefore the interest of the business fully at heart and it is safe to say that, on the whole, the employees of a co-operative store will do more for their society than the employees of privately owned store for their employer. In return, the society has a greater obligation towards its employees. They should be treated as equals, by the manager, by the directors and by the members. They should have reasonable hours of labour, not longer than the majority of the members are willing to offer on their calling. Their pay should be as good as, if not better than, in a private business of a similar nature. They should be given full opportunity to develop their own particular abilities. They should have a full knowledge of Co-operation, its development and history and, if they have proved their loyalty and interest, they should be given responsibility and be advanced when possible. *(Paper read before the 3rd American Co-operative Congress.)*

THE MILWAUKEE PLAN OF HOUSING.

By DANIEL HOAN, (MILWAUKEE, WIS., U. S. A.)

The most far-seeing and significant enterprise in co-operative housing that has been undertaken with the financial assistance of a municipality and district is the joint plan of action recommended and carried into effect by the Housing Commission of Milwaukee. In the spring of 1919, the Mayor, the Health Commissioner and the Building Inspector urged the passage of a bill to empower the Municipalities, the counties of Wisconsin and individuals to purchase stock in co-operative housing enterprises. Much opposition developed in the beginning. The plan was called paternalistic, socialistic and foreign. Gradually the opposition was overcome and it became possible by 1920 to incorporate the Garden Homes' Company. The aims of this enterprise are:—

The elimination of speculation in land values.

The economic and adequate planning of streets, sewage water, lighting, tree planting and recreation spaces.

The elimination of waste and of private profit in home construction.

The collective ownership of homes by the workers without the handicap of labour immobility.

rented to selected farmers chosen by agricultural Associations and the Junior Agricultural Assistants will become itinerant instructors with regular centres of work." Another question referred to in the report is the need for homesteads in Burma. The farmer and the labourers live in "cramped villages surrounded by muddy roads" in Lower Burma. "The attainment of a farming community where most farmers would have the homestead in a convenient place with a labourer's cottage or two nearby involves large changes, the banking of money instead of hoarding at home or investing it in jewellery, vast expenditure on wells, permanent buildings, and fencing and security of tenure for tenants: but it would check the ravages of disease among people and cattle, result in a vast increase in outturn, encourage the circulation of money, and finally make still stronger that spirit of self-reliance and steady independence through which the Burma of the future will become increasingly happy and prosperous."

This problem of housing in farms, it seems, was considered by the Agricultural Conference at Mandalay in 1921 and its solution requires not a little of effort on the part of the people and the Department.

Short courses on Agriculture for the Masses by the Florida University.

The report for the year ending June 30th 1921 of the agricultural extension division of Florida University indicates how far practical agricultural improvements can be undertaken by Universities and thus a real connection established between academic knowledge and practical life. The system of county agents supplied by the University is analogous to that of Demonstrators in India, but their work produces better results, as they obtain the active co-operation of the agriculturists. Each county agent plans his own work suited to the condition of his district and the State's programme of work is also forwarded to him which he incorporates into his own. The specialists of the U.S. Department of Agriculture work in all the districts of the State and they and the College of Agriculture Experiment Station supply the necessary subject matter for the propaganda work of the several agents. During the year under report their main work has been to popularise ideas of controlling diseases of insect pests in citrus groves. They help the farmer in marketing his goods and their methods of work are various. They conduct schools for giving short courses to boys and girls as well as adult farmers and many of these lectures are addressed by University Professors. The courses vary for the farmers raising different crops. All fairs are used by the agents as centres of agricultural propaganda. They also conduct organisation schools where local leaders are trained for starting community councils to take up agricultural improvements. Boys' clubs are started by them for training them in raising crops as corn, sweet potatoes and breeding bees, pigs, etc. They are also trained to judge livestock. And such a kind of early education makes them stick to the farms and thus enriches their potentialities for the future prosperity of themselves and the State. The supervision of boys' work is under a different set of agents and a chief agent and the amount spent by the

University on the work was about 8,000 dollars. The county agents were 33 in number and they work under 3 District Agents whose work is supervised by a Leader appointed by the State. The amount spent by the University alone on county agents' work was about a lakh of dollars, excluding county contributions for them.

Another type of work also aided by specialists of the Department of Agriculture is the Home Demonstration work conducted through agents under the direction of a State Agent. These agents work through womens' associations and girls' clubs and they train them in home industries as dairying, poultry, food conservation, pot-making and so on. About 60,000 dollars were spent during the year on this aspect of the work. The extension Division issues a series of easy lessons on several topics to be used by the respective agents for their propaganda purposes. The Division also conducts extension work for Negroes on the lines above mentioned through special officers.

(Reference—Annual Reports for 1921 and lectures for boys' agricultural clubs.)

Indian trade during the last year : more imports and less exports.

The report on the trade of India published by the Commercial Intelligence Department for the year ending 31st March 1922 throws a flood of light on how the Indian market is affected by various world conditions. The European demand for India's seeds has not risen to the pre-war level owing to political conditions in Europe and instability of exchange. Low prices have led to more imports which India had to pay by an unusual export of gold during the first half of 1921-22. There have been greater imports of twists and yarns of 31 counts and over which are particularly good for hand loom weaving which had a fillip as a result of the campaign for the use of home-woven goods. The value of imported cotton piece goods decreased from Rs. 84 crores to Rs. 43 crores owing to fall in prices and energetic picketing on behalf of the boycott campaign. The mill production increased by 151 mill yards, another result of the Swadeshi campaign. The report is very interesting in its diagnosis of the world's production and markets and their relation to Indian imports. The bumper sugarcane crop in Cuba restricted the Java trade in sugar in American markets which naturally found a market in India. Imports of beet sugar from Belgium and Netherlands have increased from 1,766 tons to 13,700 tons and American refined sugar also began to find their way in the Indian market. The reason for the growth of foreign markets in sugar imports to India is chiefly the fall in prices and these imports naturally led to a decline in the area of sugar cane under cultivation in India from 2,576,000 acres to 2,395,000 acres. Machinery occupied the second rank fourth. The latter came in large proportions from the Continent. England and U. S. A. have supplied the largest amount of machinery. There has been a fall in the import of liquors from 5½ net gallons to 4½ net gallons, a result again attributed to picketing. Egypt and Aden are still our foremost suppliers of salt

but the import into Bengal fell from 566,000 tons to 411,000 tons and that of Burma rose from 54,000 to 61,000 tons. The total quantity imported decreased from 621,000 to 472,400 tons and production in India also decreased from 1,449,000 to 1,377,000 tons. During the year owing to shortage of wheat crop in India 440,000 tons of wheat were imported from Australia and the Pacific coast of U. S. A.

The report makes interesting references to the growth of new markets in cotton which are sure to effect adversely our exports in raw cotton. Japan is now increasing her cotton area in Korea and America's cotton imports into Japan are steadily growing. The cotton exports from India in regard to higher counts of 16 and above have decreased as a result of the growth of spinning industry at Shanghai in China. And in exports of lower counts India has to face the local product of China which enjoys the advantage of 'locally grown cotton, less expensive labour and proximity of the market.' But during the year under report production in India has risen from 666 to 692 million pounds, a result again due to the Khadder movement. In regard to decline in the export of jute and gunny bags, the report analyses the causes as the disorganised state of Europe, absence of bulk production in importing countries which would create the demand for these bags, and lack of bank credits in America for merchants to buy them. The export of rice has increased from 1,060 to 1,366 tons, the demand being chiefly from Germany. The tea trade has recovered during the year. The trade in the oilseeds has not grown to the pre-war level and linseed and rape seed exports were less than those of the previous years. Sesamum, groundnut and castor seeds have been exported in larger quantities. India has now to compete against the West African palm kernels, Argentine linseeds, and the Chinese sesamum. In regard to hides and skins, the export position has improved from 31,000 tons of the previous year to 48,000 tons during the year under report. The report is valuable as showing the trend of the world's markets and thus guiding the lines of agricultural production in India, if it is to compete with them.

CO-OPERATIVE NOTES.

Travancore works a medical school and dispensary on the Co-operative basis.

The Central Travancore Ayurvedic Co-operative Society Ltd. was registered in March 1921 and started work in the succeeding April. The objects of the Society are:—

1. To establish and maintain institutions like Ayurveda School, Pharmacy, Dispensary, Drugs Store and a garden to grow rare herbs and also to encourage study of Sanskrit as far as may be necessary.
2. To diffuse knowledge of Ayurveda among people and to popularise the same with a view to improve public health.
3. To start branch dispensaries.
4. To run charitable dispensaries to the poor.

5. And to popularise knowledge of co-operation.

The Society is conducting an Ayurveda Patasala or School, Pharmacy and Dispensary. In the first year the school started with one class, the next with two and this year there are three classes. The Ayurveda Department has approved of the School and admitted the students to the public examinations. The question of giving a grant-in-aid to the school is under consideration. The pupils pay a small fee which is hardly sufficient to meet the regular expenses if all the teachers and instructors demand regular and full remunerations. The President of the Society, an old and experienced physician, devotes his time and leisure to its progress.

The first year the Society had a share capital of Rs. 321. This sum was utilised in the pharmacy. The medicines prepared therefrom realised the sum of Rs. 305 by sales in the succeeding year. The balance of stock was Rs. 126. Share collections continue to be used in the way. The second year the Pharmacy brought in a net profit of Rs. 101. (*Contributed by the Registrar of Co-operative Societies.*)

Small holding Societies farm, purchase, and sell produce co-operatively.

(*International Review of Agricultural Economics, April—June, 1923.*)

Co-operative Allotment Societies in Great Britain received an impetus during the war period owing to several reasons. Agricultural requisites had to be obtained in bulk owing to difficulties of transport. Food production had to be quickened. Absentee landlords were willing to let large acres of lands and not in bits. The easy marketing through a central organisation was easy if all societies collected and despatched their produce. The food production Department used them as collecting centres of rural produce. The farming expenses were reduced to a minimum if societies owned implements and erected the fencing for the whole farm. Large grants were given from the Development Fund and under the Allotment Act to the Agricultural Organisation Society for organising the co-operative societies.

The societies were of two kinds either for purchase and sale or for joint farming by outright purchase or lease. Lands were hired on rent or bought either from landlords or railway companies or country councils who had right under the Small Holding and Allotment Act to purchase lands for letting them on rent to small cultivators. For negotiating for purchase or lease a society was in a better position and the land was sublet to the members. At the end of the year 1920 there were 1,113 societies with 116,022 members and 45,010 tenants holding 18,229 acres from public authorities and other landlords.

The societies also formed during the war as centres for agricultural instruction which was conducted by the Foods Production Department. Further the clearance and improvements of waste lands could not have been possible by individuals and it is the co-operative form of organisation that did all the spade work, allotted the plots and made easy the work of cultivation.

And then what about merchants who conduct their trade without any aid from Banks? Are they to be controlled in regard to the purchase price they pay to the farmer? Again how is the retail price to be fixed? And after having fixed it, how are the retailers to be controlled from enhancing or diminishing it? And with this State control of prices will not world prices have any effect on the internal market? If supposing price is fixed very high and large imports of agricultural products naturally arise out of this situation, can the internal farmer be forced to sell at a higher rate and thus have his goods unsold while the foreign markets reap the profits? The whole scheme is a bold venture and further enlightenment on these points is necessary if the scheme is to get public approval.

DR. WILLIAM KING AND THE CO-OPERATOR 1828-1830.

This is a publication issued by the Manchester Co-operative Union and priced sh. 5. The book has brought to light the origins of the co-operative movement in England. Economists and co-operators used to trace the beginnings of co-operation from the Rochdale pioneers. But the present publication takes us to 1827 when co-operative ideas stirred workmen's minds and made them form benefit societies. The introduction to the book is written by T. W. Mercer who shows by a wealth of details the part played by Mr. William King in shaping the co-operative movement in the twenties of the last century. Dr. William King was a medical man, very sympathetic and philanthropic to poor clients. He was one of the pioneers of the mechanics institutes and at Brighton he delivered lectures on mathematics and natural philosophy to the workmen. He first started the Brighton Co-operative Benevolent Fund Association after a great deal of propaganda. On May 1st 1828 he started the *Co-operator*, a monthly magazine which has evoked the labour consciousness to a sense of community co-operation. There is a great difference between the consumers' movement as started by the Rochdale pioneers and by Dr. William King. The ideals for which he worked were tersely summed up in his own words in his magazine. "The objects of such a society are first the mutual protection of the members against poverty; secondly, the attainment of a greater share of the comforts of life; thirdly, the attainment of independence by means of common capital."

"The means of obtaining these objects,—These means consist, first, in a weekly subscription, of not less than sixpence, to the common capital; secondly, in employing those subscriptions in a different way than what is usually done namely, not in investment, but in trade; thirdly, when they have accumulated sufficiently, in manufacturing for the society; and lastly when the capital has still further accumulated, in the purchase of land and living upon it in 'community.' Dr. King took only those who understood the principles of building up the community for the whole living and he insisted that the profits should be the indivisible capital of the Society. But the Rochdale system allowed the profits to be distributed to members.

The book has reprinted the whole of the 'Co-operator' from May 1st 1828 to August 1st 1830. The articles are small impressive essays which exhibit Dr. King as a practical idealist. Ever placing the ideal of true Christian principles before the readers, he devotes as much space in suggesting methods of working benefit societies in practice. Organisation and management of co-operative societies are as much scrupulously dealt with as the value of co-operation for the economic salvation of the workmen. The conditions of industries, as Strafford potteries and carpet weavers of Kidderminster are effectively described to bring home to the workmen the miseries of disunion. The working of Benefit societies is placed before the reader to convince him of the material results of co-operation. The competitive system in society and the age of machinery are clearly dissected and their evils brought home. The value of co-operation is canvassed from all points of view, how it is advantageous for the upper classes, the Government and the workmen. Christianity is applied to life and each article brings home one aspect of Co-operation to the reader. A summary is given at the end of the article and information supplied of the existing number of societies. But the early enthusiasm waned and even Dr. King came to a lot of abuse and many of the societies started became extinct, but it could not be denied that the Rochdale pioneers derived their inspiration from Dr. William King. Dr. King stopped publication of his *Co-operator* in 1830. Henry Pitman took up the editing of the *Co-operator* in 1860 and continued till 1871. Private letters of Dr. King which have also been culled in this book teem with ideas which breathe the spirit of the Reformer. As an instance we quote below the extract of a letter written a year before his death by Dr. William King to Henry Pitman.

"It is very gratifying to me to know that co-operation has been so largely and so successfully taken up. I was a solitary pioneer in the beginning, and earned the then ill-favoured but, now enviable, title of a visionary. My visions consisted in the faith that some day the moral principle of Christ would admit of being carried out practically, as they are in a true co-operative society. The honest every day virtue recommended throughout the Gospel, are the foundation of family life and co-operation. People must be industrious, honest, and saving. I look forward to co-operative schools of industrious training, and co-operative colonisation in due time".

"Dr. King and the *Co-operator*. 1828-1830" is a publication which has dug up a treasure of the past through a great deal of research and we gladly recommend it to students, economists and co-operators who want to get a glimpse of the missionary spirit of the early Reformers in England.

NOTES AND NEWS.

Misuse of Cash Balances

The question is often raised by co-operators what steps can be taken to bring to book an office-bearer of a society who persistently refuses to produce the cash balance when demanded by the auditor. It should be noted that the question refers only to final audit but not to off-hand inspection of societies by inspectors. Section 17-2 of the Act definitely lays down "that the audit shall include valuation of the assets and liabilities of the society." This gives a clear power to the auditor to demand the cash balance with a view to the valuation of the assets and liabilities. The auditor has to check the list of the material assets of the society. Also, there is the inherent right of the auditor to call for cash balances from the office-bearer of the society. Any how the Act does not make provision for the enforcement of this right. We understand that the Department is considering the question with a view to rectify this omission.

The penal interest levied from an office-bearer for keeping cash balances above the required minimum, does not seem to deter him from its misuse for private purposes. The root cause is insufficient understanding and absence of the co-operative spirit to faithfully serve the society. Day by day rules are being framed and circulars issued to check the vagaries of Panchayetdars and office-bearers in bad societies. Day by day the latter find methods of evading them. A belief has gained ground in a few societies that cash balance belongs to them and as such to question their use is improper. The General Body does not possess that vigilance and alertness which will keep the Panchayet upright in its work. Reloaning is as a rule prohibited by the Central Bank owing to the societies not keeping to the fixed dates of repayment, and the misuse of collections by the Panchayetdars. The delay caused in the sanction of loans naturally tempts many a society to use their collections for reloaning. The way out of this *impasse* lies with the Central Banks who should map out the good societies and grant them cash credit. There will then be the inducement to deposit cash balances with the Central Bank. These societies should be asked to fix the normal credit for each member for the coming year in their General Body meetings, and the Panchayets should

send a forecast of short term requirements on this basis to the District Banks. Also, the Panchayets should be educated to understand that to keep cash unused means loss of interest to the society. Where societies know that they are committing a wrong, but yet persist in misusing the cash balance, the remedy lies in changing the personnel of the Panchayets and giving a chance to improve. Where, even then, there is no hope of preventing abuses, the earlier such societies are ended, the better it is for the movement.

Deposit of Cash Is it necessary that limited societies which never
Balances in Central Banks borrow from the Central Banks should invest their cash balances and surplus funds in them? The question arises only in the case of a few societies as those of Government servants which are intended more to cultivate the habit of thrift than distribute cheap money among the members. The system of repayments by monthly instalments naturally brings into such societies large cash balances which must be deposited somewhere. Societies of this kind can easily raise their working capital through share collections and members' deposits. Hence they may not be dependent on Central Banks for their capital. But this by no means should give them a privilege to open current accounts in outside banks and deposit their surpluses as well in them. A Central Bank is only a federation of societies, though of a mixed constitution at present, and its function is not only to lend money but also be a clearing house of the deposits of affluent societies to the needy ones. By-law No. 11 of Central Banks specifically requires them that "deposits from co-operative societies shall be received in preference to all other kinds of deposits". Such a limitation on their power is made with a view to make them balancing mediums of the deposits and borrowings of the societies in their area. The present constitution of the Central Banks, the delay in the sanction of loan applications, and the restrictions on reloaning should not blind a society to the fact that its interests are bound up with the strength of these banks. Central Banks also should see that in the case of societies which are prompt in repayments, cash credits are granted for their requirements, and overdrafts allowed to those which are able to tap local deposits. Perhaps a small commission may be fixed for unused overdrafts but this help must be given by Central Banks to societies which are able to conduct their transactions without applying for loans to them. When such facilities are given by them we do not think that employees' co-operative societies would like to invest their cash balances or surpluses outside the movement.

Grants for special agricultural propaganda.

The Development Ministry, Madras have sanctioned in the current year's budget Rs 8,000 for special agricultural propaganda and exhibitions during festival and other occasions. Their main object in making this special grant is "to bring agricultural improvements to the notice of the ryots and awaken an interest in and a knowledge of the work of the Department among the non-agricultural class". The Co-operative Societies, specially Local Unions, should try to benefit by the District work of the Agricultural Department. Though the special grant may not fully satisfy the ryots it is up to co-operators to show that their organisations will not be wanting in freshness and agility to take to new methods of agricultural improvements. Complaints are often heard that the credit staff of the Department and non-official organisations do not bestow any attention in seeing that the loans are used for productive purposes and advantage taken of the agricultural demonstrators. The Progress reports of the Director of Agriculture indicate the policy of the Department to open demonstration farms in private lands and deliver lectures with the aid of magic lantern slides on useful agricultural topics. Will co-operative societies respond by giving the lands of their members for demonstration purposes, arranging for lectures and utilising their loans in productive improvements?

Special Inspectors in Mysore.

The Mysore Government have issued a G. O. based on the recommendations of the Retrenchment Committee concerning the reorganisation of the Co-operative Department. The posts of Assistant Registrars are increased from 2 to 4, while those of 3 Inspectors for Special Societies and the Personal Assistant to the Registrar are abolished. Under the new scheme the number of Inspectors is reduced from 42 to 33. There will be no separate class of auditors and the Inspectors will be given the work of audit and inspection in about 40 societies on the average. The area of inspection for an Inspector will be defined either more or less, according as the societies themselves undertake the work of annual inspection.

Under the new scheme we hope there will be no set-back to agricultural and industrial co-operation in Mysore. The reason given for the abolition of agricultural and industrial inspectors is that there is a duality of responsibility in regard to organisation of special societies as both the Assistant Registrar and Special Inspectors control their work. This duality may be easily removed by making the Special Inspectors solely responsible

for the work and putting them under the Registrar or the Assistant Registrars. In fact organisation of special societies demands capacities which can hardly be expected of an average co-operator of rural credit societies. A keen insight into life to understand what industries languish among the poor for want of capital and marketing facilities, a capacity to infuse enthusiasm and bring together men for economic pursuits, an eye for small things to pick up details and scrutinise accounts are required from an organiser of special types, and the Government will not be strengthenthing the movement by removing one of the important planks in the development of Co-operation in Mysore.

Another reason mentioned for the abolition of special posts is that "the initiative for the promotion of agricultural and industrial Co-operation has to be taken ordinarily by the officers of the respective technical departments". The starting surveys required in organising agricultural and industrial societies are more pertaining to the supply of capital, the quality of the human material to supervise and control the concern and the need for marketing facilities rather than to the technique of the profession. And if the technical departments have got a staff to organise agriculture and industries on the co-operative basis, to find markets for purchase of agricultural requirements and sale of produce it is easily understandable why the initiative should come from them. In cases where the success of co-operative societies depends in training the members in skilled work, the co-operation of other Development departments is absolutely essential. But this by no means should blind us to the fact that there are matters connected with agriculture and industries not necessarily within the knowledge of the expert and when our Development departments do not embrace activities of organising rural life and promoting Co-operation for purchase and sale, it is all the more deplorable to find that these posts of special organisers are abolished.

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167, West 12th Street,
N. York, U. S. A.
1 Dollar per annum.

**THE PRODUCER ::
: MONTHLY**

118, Corporation Street,
MANCHESTER,
4sh. 6d. per annum.

**THE CANADIAN
CO-OPERATOR
MONTHLY :**

PUBLISHED
BY
**THE CO-OPERATIVE UNION OF
CANADA**

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Second Edition.
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1921

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REGISTERED—No. M. 1284



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Vol. XV.]

OCTOBER 1923

[No. 4.]

PRINCIPAL CONTENTS.

(For Detailed Contents see inside.)

ORGANISATION FOR CO-OPERATIVE MARKETING.

Mr. R. D. COLQUETTE.

A SCHEME OF LONG TERM CREDIT.

—RAO BAHADUR A. VEDACHALAYAR.

CO-OPERATION IN INDIA.

Mr. C. S. SRINIVASACHARI.

THE PLACE OF AN AGRICULTURAL DEMON-
—STRATOR IN RURAL DEVELOPMENT.

—Mr. K. T. ALWA.

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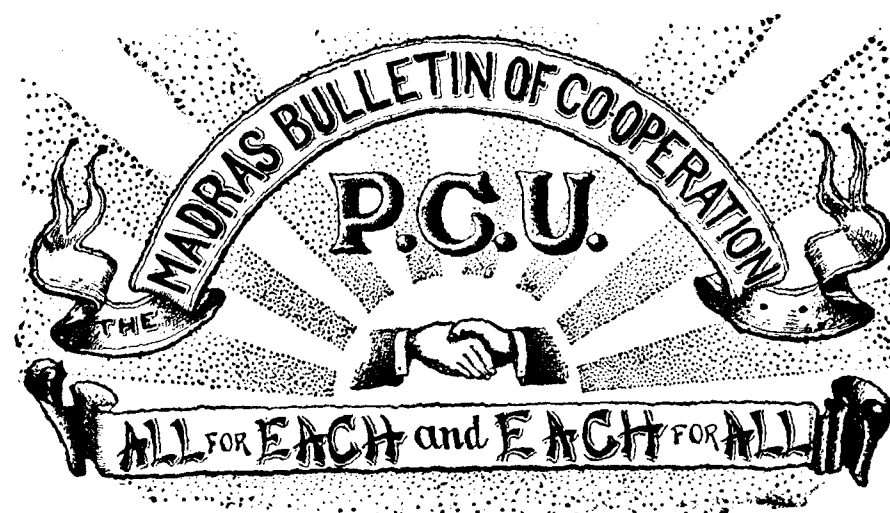
Madras Provincial Co-operative Union, Ltd.,
Royapettah, MADRAS.

Subscription per annum for individuals and non-affiliated Societies
Rs. 4, and affiliated and contributor Societies free.

N.B.—Complaints of non-receipt of parts will not be attended to if
not received within a fortnight after the due dates.

CONTENTS.

	PAGE No.
ORGANISATION FOR CO-OPERATIVE MARKETING—MR. R. D. COLQUETTE, B.S.A., PROFESSOR OF MARKETING ECONOMICS, AGRICULTURAL COLLEGE OF ONTARIO ...	129
A. SCHEME OF LONG TERM CREDIT—RAO BAHADUR A. VEDACHALAYAR ...	147
CO-OPERATION IN INDIA—MR. C. S. SRINIVASACHARI, M.A., M.R.A.S., ASSISTANT PROFESSOR OF HISTORY, PACHAIYAPPA'S COLLEGE, MADRAS ...	151
CO-OPERATION IN SOUTH ARCOT—MR. R. SRINIVASAYENGAR, M.L.C. ...	159
CO-OPERATION IN CHENGLEPUT—A. RAJABADRA MUDULIAR AVL., RETIRED DEPUTY COLLECTOR AND VICE-PRESIDENT OF THE CONJEEVERAM CENTRAL BANK ...	164
THE CENTRAL BANK AND LOCAL UNIONS IN THE TRICHINOPOLY DISTRICT—MR. R. V. SRINIVASAYENGAR.	160
THE PLACE OF AN AGRICULTURAL DEMONSTRATOR IN RURAL DEVELOPMENT—MR. K. T. ALWA ...	178
SHORT TERM LOANS—CO-OPERATOR ...	173
CO-OPERATIVE REVIEWS ...	177-185
THE CO-OPERATIVE MOVEMENT IN INDIA—A REVIEW BY MR. S. DORASAMY AYAR 177—THE MANGALORE GUANO FAC- TORY OWNERS' CO-OPERATIVE WHOLESALE SOCIETY, LTD., NO. 2715, MANGALORE, S. KANARA 181—PLANS FOR CO- OPERATIVE MARKETING 181—THE THIRD AMERICAN CO-OPERATIVE CONGRESS 182—REPORT OF THE COMMITTEE ON AGRICULTURAL CREDIT 182—THE BRITISH CO-OPERA- TIVE CONGRESS 184 ...	
CORRESPONDENCE ...	185-189
DISMEMBERMENT OF CUDDAPAH DISTRICT 185—THE POOR BOYS' SOCIETY 185—SUPERVISING UNVIONS 188.	
EXTRACTS ...	190-192
AGRICULTURAL DEMONSTRATION IN MANITOBA 190—CREDIT TRADING. 191 ...	
NOTES AND NEWS ...	193-198
THE IRISH ECONOMIST 193—ANNUAL BUDGET OF LOCAL UNIONS 194—GENERAL BODY <i>Versus</i> BOARD OF DIREC- TORS IN URBAN BANKS 195—REFUSAL OF SURETYSHIPS 195—DIFFICULTIES OF AN URBAN BANK DIRECTORATE 196— STORAGE SOCIETIES 197—THE TWELFTH MADRAS PRO- VINCIAL CO-OPERATIVE CONFERENCE 198 ...	
NOTIFICATIONS ...	199



VOL. XV.]

OCTOBER 1923.

[No. 4.

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ORGANISATION FOR CO-OPERATIVE MARKETING.

(BY R. D. COLQUETTE, B.S.A.,)

Professor of Marketing Economics Agricultural College of Ontario.

In its progress toward the consumer a farm product passes through two stages. In the first stage it is assembled, graded and forwarded to the large wholesalers or distributors. Somewhere in this stage it may pass through a manufacturing process. In the second stage it is dispersed, being divided and sub-divided into smaller and smaller lots until it reaches the final consumer, generally in very small quantities over the retailer's counter.

No intelligent understanding of co-operative trading can be reached until the distinction between these two stages is clearly in mind. The

processes of one are the reverse of the processes of the other. They occupy two distinct economic fields between which the wholesale market serves as a boundary.

In these two fields two distinct types of co-operative organization function. The first stage can be covered by a co-operative marketing association; the second by a co-operative distributing association.

The best examples we have of co-operative marketing associations are in Denmark and California. They cover completely the stage in which the product is assembled, graded and forwarded, have assumed the function of storing excess seasonal production and carrying it over to the season of minimum production and have engaged in processing in some cases, and as for example, the bacon associations of Denmark and the dried fruit associations of California. The best example we have of co-operative distribution is the Rochdale store movement of Great Britain. It covers completely the field of distribution and also engages extensively in manufacturing with a few incursions into the field of agricultural production.

CO-OPERATIVE BUYING AND CO-OPERATIVE SELLING.

There is a fundamental difference between these two types of co-operative association. The co-operative marketing association does not buy the product which it handles. It acts purely as a selling agency for the commodity which its members produce. On the contrary the co-operative distributing association buys the commodities which it handles in large quantities and resells them to its members in the smaller quantities required by each. One is an association of agricultural producers for the collective selling of the products of their labor. The other is an association of consumers for the collective purchasing of their supplies.

Neither type of organization makes any profit for itself, unless money placed to reserve may be construed as profit. Each operates at cost. The co-operative marketing association pays in advance a part of the price when the goods are delivered to it. After the goods are sold and the cost of handling deducted the balance is distributed amongst its members as the *balance of the price*, for their product. The co-operative distributing association buys its commodities outright, resells them to its members at a safe margin over cost, deducts actual costs of handling and distributes the balance amongst its members in the form of a *patronage dividend*.

SALES MADE TO WHOLESALE DISTRIBUTORS.

In order to secure the greatest possible consumption of a staple product it is necessary to have it exposed for sale at the largest possible number of retail establishments. It would be impossible for an organization of

producers to establish and maintain direct business relations with the many thousands of retailers throughout the country, even if the commodity handled did not enter extensively into the export trade. By dealing with the wholesale trade the organization is assured that its product will be made available to each of the retailers, great and small, wherever the product is consumed. Compared with the number of retailers the number of wholesalers is comparatively small. It is possible to deal direct with the largest of them. The smaller ones can be reached through brokers.

There is a lot of loose talk about selling direct from producer to consumer. With the great bulk of farm products the middleman function must be preformed. The co-operative marketing organization does not eliminate middleman functions. It simply assumes some of them. It acts as its own middleman in carrying the product forward to the wholesale market. Past that market it does not go. If it did it would have to build up distributing machinery, which is the function not of producers' but of consumers' cooperation.

THE PRODUCERS' INTEREST IN THE CONSUMER.

Though the co-operative marketing organization turns its products over to the established wholesale distributors, its interest in them does not cease there. Producers are vitally interested in the demand of the consumer for their goods. Their organization should, therefore, do everything possible to ensure that their product is held in favor by the great body of consumers. A great deal can be done to popularize certain farm products with consumers and thereby maintain and extend the consumer's demand for them. Strict grading according to quality, the use of handy packages, the adoption of brand or trade names, educational advertising to familiarize the consumers with the merits of the product carrying such brands or trade names, and advice to retailers on how to make attractive displays of the product are some of the chief means adopted by the co-operative to stimulate the demand for their products. But when the retailer wishes to obtain stock to supply the demand thus created, he must always go to the wholesaler with whom the co-operative must work in closest harmony.

ORGANIZATION A COMMODITY BASIS.

Having examined the limits of the field within which co-operative marketing organisation can economically function, the next step is to outline briefly the kind of organisation that can most efficiently perform the services required of it within that field.

To ensure that greatest possibility of success the organisation must be on a commodity basis. Each agricultural commodity follows its own

channels to market and has its own distinct set of marketing problems. Grain marketing has one set of problems, fruit another, livestock another and so on throughout the whole range of farm products. Maximum efficiency can only be secured when an organization confines its activities to the solution of the problems clustering around the marketing of a single commodity or a closely related group of commodities following the same channels to market and having similar marketing problems.

It is chiefly because farmers have not realized that their industries, such as fruit growing, dairying, grain growing, *etc.* are not local in their marketing aspects that the country is strewn with the wrecks of local co-operative effort. If there is one thing which has been conclusively demonstrated by experience in co-operative marketing it is that maximum efficiency cannot be attained by isolated local associations each handling a small volume, with no specialization as to the products handled, with relatively high handling costs and with little possibility of efficient management. The basis of competition is simply changed from individuals to local groups. Such operations as the packing of fruit, the making of cheese and to a large extent butter, the collecting of eggs, *etc.*, are purely local in character and offer a large field for co-operative enterprise. It is necessary, however, to distinguish clearly between these local activities and the actual selling of the product. No comprehensive marketing policy can be developed without centralization by federation or otherwise.

There is of course, a limit to the area which a co-operative marketing agency can serve. With most products, however, it is not hard to determine what territory should be covered. The three prairie provinces, for example, form a distinct production area for hard red spring wheat. A co-operative organization for handling wheat should cover that area with, perhaps, provincial associations federated into a single agency for purely selling purposes. In the interior of British Columbia there is a distinct tree fruit area and an association has been formed to cover it. For marketing cheese the province of Ontario is a logical area to be covered by a single organisation. Quebec is another. Should the two provinces each thoroughly organize a federation of the two for selling cheese, leaving all local matters in the hands of provincial organizations, it would be within the realm of possibility.

MEMBERSHIP CONFINED TO PRODUCERS.

Membership in a co-operative marketing organization is confined strictly to the producers of the commodity handled by it. They bind themselves together to collectively sell that product instead of dumping it on the market in competition with each other. Their primary

economic interest is in the sale of their product and no one who is not a producer of that particular commodity can become a member of their marketing organization or have any voice in the control of its policies. Voting power cannot be secured by buying stock. If stock is sold to non-members it is of a special class, something like municipal debentures, which carries no voting privileges. The one-member, one-vote system is generally adopted.

The organization confines its activities exclusively to handling the products of its own members. It does not purchase the product of non-members. If it did so it would become a speculator and a co-operative marketing association never speculated. It acts simply as the selling agency for the goods produced by its own members.

As an organization may cover a considerable, and sometimes a very large area, local matters may be administered by local associations which by federating, form the central selling agency. They may have full control over the financing and management of local plants such as creameries, cheese factories fruit packing and warehouse elevators. In such cases they finance and control the central selling agency, through which they co-ordinate their efforts in all matters that are not purely local, but which concern them all.

Some very successful co-operatives are strongly centralized in their form of organization, with central ownership and control even of local plants. In fact the most rapid development in recent years has been with organizations of this type. In some cases local ownership and management under supervision from the central office is the policy adopted. These general matters of policy have to be decided in each case according to the nature of the industry, the degree to which local organization has been carried and such other conditions as may have a bearing on the general situation.

DIRECTORS ELECTED BY DISTRICTS.

Representation in the board of directors is by districts so that the control of the association cannot get into the hands of men representing only a section of the territory covered. Each director must be responsible directly to the members which he represents. Representation should be as nearly as possible in proportion to the membership so that each member has its proportionate voice in the control of the association's policies.

The board of directors appoints its own officers and also an executive which must meet regularly in order to give the business of the association that constant and detailed direction which is necessary to success in business. The executive should consist of the most able of the directors, irrespective of what districts they represent. It is directly responsible to

the board to which it should report frequently for approval of its actions and for instructions.

Whether constituted as a centralized organization or as a federation of local organizations the co-operative marketing association has full control over all matters concerning the sale of the product. It establishes grades, provides for rigid inspection service, furnishes all facilities for merchandising the product and, if a brand or trade mark is used, owns and controls it, stipulating the conditions under which local units may apply it to their output.

VOLUME MUST BE ASSURED.

It is essential to the success of a co-operative that it handle sufficient volume to warrant the engagement of thoroughly efficient management. Volume of business is also necessary to keep down handling costs per unit. It is held by some that the organization should, from the start, be the biggest single factor in the marketing of the product from the territory which it covers. It is generally the practice when conducting the initial membership campaign therefore to set a minimum objective and unless it is attained to refrain from commencing operations. The minimum varies from 40 to 80 per cent of the product of the territory definitely contracted for marketing through the association.

FINANCING A CO-OPERATIVE MARKETING ASSOCIATION.

A pure co-operative marketing association has no intervening body of shareholders, drawing profit as such, between the producers and the sale of their product. The chief interest of the producers is not in the return of the money they have invested in the association but in the efficiency with which it markets their products. If outsiders, marketing no product through the association, were to own stock in it and through the ownership of such stock had a voice in its control their interests would inevitably conflict with those of the producing members. The mere stockholder would be interested primarily on a high return on his investment while with the producing member this is a secondary consideration, a higher price for his product being more important to him than dividends on his stock subscription.

The capital of a co-operative is, therefore, provided by its members. Furthermore the stock subscribed by each member is proportional to the amount of product which he markets through his association. For example the member who markets \$2,000 worth annually on the average is required to subscribe for twice as much stock as the one whose average annual marketings total only \$1,000. The co-operative principle is that

each member must finance his association to the extent to which its facilities are utilized in marketing his product.

On the same principle the stock holdings of members are periodically readjusted to keep them proportional to output. Readjustments should be based on the average annual output of the members since the last readjustment. If a member's output has increased sufficiently to call for an additional share or more of stock he is required to subscribe for them. If it has decreased sufficiently his holdings are reduced and the excess paid back to him in cash. New members should be required to purchase stock on the same basis as the original members.

Stock subscriptions may be paid in cash or partly in cash and the balance in deferred payments. For deferred payments it is preferable that notes bearing the regular rate of interest be taken. Such notes may be so drawn that they are negotiable at the banks in case the association requires the money before they mature.

Provision can be made for deducting a percentage of each member's returns from the sale of his product to create a fund for the cancellation of the notes. The notes are then cancelled successively as rapidly as funds accumulate for the purpose.

The call system, by which an initial payment is made on the stock, the balance to be called in as required by the association, is an unsatisfactory and dangerous method of financing a co-operative marketing organization. There is too much uncertainty about it. It is imperative that the organisation be adequately financed from the start and that each member know from the beginning just what his obligations are in contributing his share.

OPERATING CAPITAL NECESSARY.

The capital of a co-operative may be used exclusively as working capital and not invested in permanent assets except in necessary office furniture. A fund of working capital may be likened to storage reservoir, fed on one side from handling charges which fluctuate according to the rate at which the product is moving and from which, on the other side, a comparatively constant stream is withdrawn to cover current expenses.

Capital is also used as a basis of credit when borrowing money from banks. It must be kept clearly that a co-operative marketing organization merchandising its product according to the consumptive demand requires financial credits from the banks in large amounts. Under the competitive system of marketing farm products a considerable proportion of the banking business consists in furnishing such credits. Co-operative marketing increases rather than diminishes the amounts of such credits required,

Cash advances have to be made to members as the product is delivered, some time before returns come in from the sale of the product by the co-operative. Seasonal surpluses have to be stored against the period of lessened production. Money must be borrowed for these purposes and it is of the greatest importance to the co-operative and its members that the rate of interest on such borrowings be as low as possible. A fraction of one per cent on money borrowed might easily amount to more than the entire dividend on capital stock and every cent saved thereby appears as an increase in the prices received by the members for their product. The rate that can be secured is influenced considerably by the soundness of the co-operative's finances. The smaller the risk the more favourable the rate. Hence the importance of having sufficient capital and of providing that which is readily available, either paid up or with deferred payments covered by negotiable notes.

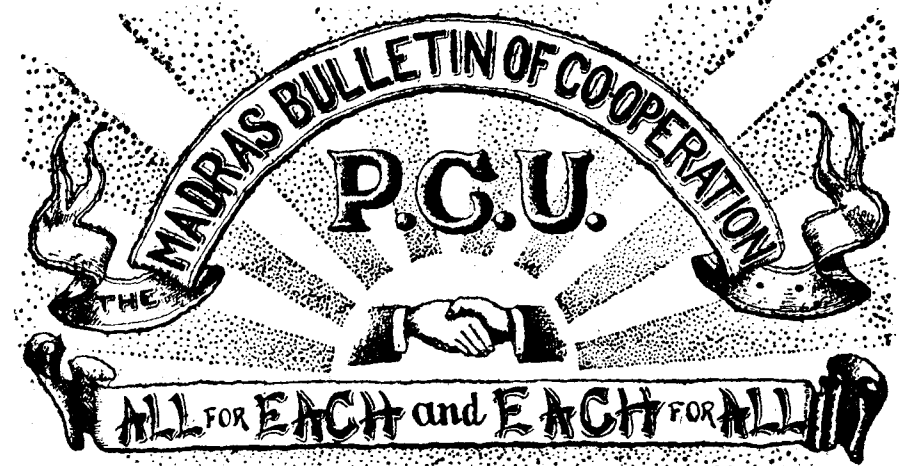
A co-operative may also require capital for permanent investments, such as warehouses and equipment. One way of providing these facilities without using up the association's working capital is to form a subsidiary rehousing corporation, controlled by the parent association and financed by the sale of non-voting securities, backed by the credit of the association. This will be more fully explained when dealing with the formation of non-capital co-operatives.

NON-CAPITAL CO-OPERATIVE MARKETING ASSOCIATIONS.

A non-capital form of co-operative, first developed in California, is being widely adopted. It is of additional interest now in Canada because it has been used in British Columbia in the reorganization of the fruit industry there for co-operative selling.

When a producer joins a non-capital co-operative, usually he is required to pay an initial membership fee generally \$10. This is the only cash contribution that he is required to make. The funds accumulated from membership fees should in all cases be sufficient to cover organization expenses. If in addition they provide some operating capital, so much the better.

For the provision of permanent facilities such as warehouses, packing plants, cold storage space and equipment, a subsidiary corporation is organized. The subsidiary is controlled absolutely by the parent association, the one board of directors officiating for each. Stock is issued in the subsidiary and sold, preferably to members though they are not required to take it, and also if necessary to outside financial interests. It carries no voting powers, being somewhat similar to municipal debentures or industrial bonds.



VOL. XV.] NOVEMBER & DECEMBER 1923. [Nos. 5 & 6.

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.

TO MARKET WHEAT CO-OPERATIVELY.

Provinces in Western Canada put on Campaign for 'Pool'

BY W. WALDRON,

*Act. Co-operation and Markets Commissioner,
Province of Saskatchewan, Canada.*

One of the biggest campaigns in the history of the co-operative movement is being carried on at the present time in Western Canada. For years the wheat raisers have been dissatisfied with their marketing facilities and the climax was reached a few weeks ago when, supported by the farmers' organizations, campaigns were opened in the two provinces of Alberta and Saskatchewan, with a view to establishing 'pools', having fifty per cent of the wheat acreage in each Province as a minimum. The Government estimate of the wheat acreages of the two provinces concerned gives Saskatchewan 12,332,000 acres and Alberta 5,822,700 acres. At the

time of writing, the farmers of Alberta have almost reached their objective, but it is quite likely they will operate a Pool for this year's crop in any case. In Saskatchewan towards the 50 per cent minimum, some 4,120,000 acres have been signed up, but as the date set for the close of the campaign was September 12th, a directors' meeting was called to decide upon the next step. Many growers expressed the desire that a pool should be operated on the present acreage which would represent some eighty million bushels of wheat. At a meeting held on Saturday last, however, the following resolution was adopted.

"Whereas, according to a report submitted to the board by the secretary, it is shown that contracts covering the necessary acreage required have not been received at headquarters at this date;

"And whereas, the board is of the opinion that the requisite acreage has not been secured as required by the contract;

"And whereas, the board is firmly of the opinion that a sufficient number of growers, if given an opportunity, are willing to sign contracts to provide the required acreage;

"And whereas, this board is determined to put the pool in operation as soon as practicable after the required acreage has been obtained,

"Therefore, be it resolved, that a waiver be drafted, to provide the time limit set forth in paragraph one of the contract be waived and no time limit be stated.

"And be it further resolved, that paragraph two of the said contract be waived by providing that the directors be empowered to proclaim by advertisement when the necessary minimum acreage has been secured."

Steps are now being taken to reach the 30,000 contract signers in order that their opinion may be obtained.

Unfortunately this campaign was commenced just a few weeks prior to harvest time, the busiest season in the whole year for the western grain grower. Taking this into consideration the fact that such splendid results have been obtained in such a short space of time indicates a pool for next year's crop and one that will represent probably something over the 50 per cent minimum.

The Five Year Contract.

Based on the experience of other producers' co-operative selling organizations, it was considered necessary in order to secure the required stability for purposes of finance and management generally that the contract between grower and association should be for five years. This proved a stumbling block in obtaining some of the signatures, but it is being realized that the 'contract way' is the safe way. The campaign has been replete

with incidents of interest. For instance a few days before the final date for contracts to be signed, the country was flooded with a special issue of one of the Daily Papers warning the grain grower to move cautiously and pointing out all that might happen to him in the way of calamity as well as belittling the opportunities claimed for co-operative wheat marketing. The cost of issuing such a publication must have been enormous and the wise grain grower is asking himself, 'Who paid for it? Someone who was vitally interested in his welfare or theirs'.

In conclusion it is quite evident, whether immediate action is taken or not, that the tremendous amount of work involved in the present campaign will reap its reward next year if not this and finally we shall have in this Province, in fact in the whole of the West, a wheat marketing organisation owned by the farmers themselves and second to none in wheat producing countries. That's the objective.

RURAL CO-OPERATION—PRINCIPLES AND PRACTICE.

RAO BAHADUR A. VEDACHALAYAR.

1. Rural credit society—a machinery for rural developments.

Credit Societies started in rural areas in this Presidency in such large numbers were not intended to serve merely as agencies for distribution of agricultural credit or for the removal of indebtedness. These institutions were intended to serve as associations of agriculturists and men of allied profession resident in a locality to secure the economic uplift of every member joining them. Credit facilities ought to be made available for any scheme of amelioration which these associations might choose for the improvement of all or any group of members.

Theoretically the rural parts which have credit societies have been fitted with a mechanism with the help of which the rural population can be advanced by leaps and bounds in prosperity. But as a matter of fact the villages in which Co-operative Societies are at work have not been very helpful in the amelioration of the population. It is desirable that a close scrutiny should be made as to why the intended object has not been achieved. What are the defects in the present working of co-operative societies? How far can such defects be remedied?

2. The Society hangs loose from the village.

A patent fact which a mere onlooker can observe is that in villages where Co-operative Societies are working, not even 2 per cent of the population have come into the Co-operative organisations. If such institutions are really beneficial to the rural population, the indifferent

attitude of 98 per cent can only be explained by attributing to them a certain amount of ignorance and indifference to their own advancement. The instinct for self-advancement acts equally on all mankind, the literate as well as the illiterate. The apathy of the rural population towards co-operative organisations cannot be ascribed to any inherent defect in them. So its cause has to be searched in the manner of the working of co-operative organisations in rural parts. There may not be the same cause operating in all parts of the country and co-operators and others interested in the movement will have to make a close study of each tract of country and find out the cause or causes operating so as to make the 98 per cent of the rural population join hands with the existing co-operative organisations. A careful examination made in some parts of the country (Districts of Salem, Vellore and Trichinopoly) where I had to work for a sufficiently long period reveals certain defects in the working of co-operative organisations. These are detailed below.

3. The Exclusion of the middle class.

Normally in co-operative credit societies in rural parts, the maximum borrowing power of an individual member is fixed between Rs. 200 to 500 and the reason assigned is that the credit society is intended for poorer men and not for the richer landlords who want credit accommodation on a large scale.

This is a mistaken impression. The so-called richer men are really men of very moderate means and cannot carry on their profession without credit facilities. Their inclusion in Co-operative organisations is advantageous in more ways than one. In the first place, men of property qualifications who take up unlimited liability will make the society get better credit facilities from financing banks and they will pay close attention to the working of the society if not from philanthropic motives, at least from motives of protecting themselves against the risk of unlimited liability. The nervousness to admit such men into co-operative organisations is brought about partly by the Departmental staff who are enamoured of the numerical strength of such institutions. They should realise the value of co-operative institutions of bigger size admitting in them men of different economic status. It is usually argued that they are averse to helping poorer men and that they may absorb for themselves all the credit facilities available. This argument is not based on facts. Their advent into the movement will give greater scope for credit organisations securing a large amount of credit, in fact more credit than what will be required by them. Their sympathy with the depressed classes of their own village will prevent their interfering with the credit accommodation to be given to poorer men. Moreover these middle class men alone can handle short term

credit with ease and they will thus be able to educate the poorer men to follow their footsteps in handling this form of credit. No uniform definite credit limit can be fixed as the maximum for an individual or for a co-operative society. It should be regulated with reference to each locality and the economic status of members joining each institution.

4. Admission of the poorer classes.

Poor men, especially farm labourers and tenants at will are not allowed to join credit organisations freely, on the ground that they have no assets to boast of in the shape of immoveable property and that if poor men are given credit accommodation, the men with property will have to undertake the risk. This point deserves a close examination. People are under the impression that the safest method of giving credit is to lend on the security of immoveable property. But they fail to see that in a credit organisation, the loan should be given for a productive purpose or on the security of productive land. Credit accommodation for a productive purpose has the advantage of being cleared when the produce is reaped. Similarly a productive land is a better security than an unproductive land. Credit accommodation on the security of labour is equally safe as when labour gets its wages, the credit debt will be cleared. The most important point to be noted in giving credit accommodation in co-operative organisations is the character of the individual to whom a loan is given. If his character in the past justifies one to believe that he would feel his responsibility and meet his obligations when his income accrues, he can be given credit accommodation suitable to the purpose in view whether he be owner of land or whether he is a mere labourer. On the other hand, the man with landed property should not be given credit facilities if he has no aptitude or willingness to be a genuine producer, and if his character in the past does not make one to expect him to keep up to his obligations.

It may be pertinently asked what will be the result of giving credit accommodation to poor men if death carries off some of them. It is certain that when a certain mishap occurs, and these occur rarely, such poor men will have mutual friends to stand as surety and their heirs are more keen on discharging their ancestors' debts than their own. At the worst, the loss arising from such venture would be trifling and can be borne by co-operative organisations out of their annual profits.

Thus, it will be seen that a co-operative village organisation should be thrown open to every human being with good character and should try to uplift every one of them. One device of helping poorer men is to form a separate society for them alone. This is attended with considerable difficulties in practical working, widens the gulf between the poor and

the comparatively better placed in the same locality. It is good feeling between the two that is required for the peaceful and prosperous conduct of rural occupations. Secondly, such poor men are on account of illiteracy unable to manage such institutions except at heavy cost which they can ill-afford to bear. These institutions could not command as much credit as they want owing to the fact that financing institutions are naturally slow to prefer institutions of poor men to others. Again, the village arrangement is such that these poor men have to work with the rest so that all might carry on their professions satisfactorily. The introduction of any disturbing element in the village will be detrimental to the interests of all. Besides, in any scheme of amelioration proposed for the village population, a strong co-operative organisation with good financial position would be more advantageous than when smaller institutions exist in those villages.

5. Financial nervousness.

Besides the two causes mentioned above, there is a third cause for the fewness of the ryot population being in the existing societies. This cause is the illiberality with which credit accommodation is made available in such institutions. The agriculturists and men belonging to allied profession, do want credit accommodation throughout the year and in small dribblets and this must be made available to all co-operators without any delay and without any formality. The procedure to be adopted to make credit facilities available at all times must be simplified. This must be secured by fixing the required cash credit for each society and the society must be empowered to draw up to the limit directly fixed by the central bank. This system has not yet been introduced in all institutions out of nervousness on the part of financing banks and departmental officials whose advice to the unions evolves the same nervousness in them.

The ideal to be aimed at is the issue of credit facilities to all members and all times provided the co-operators are men of character and have adequate repaying power. Unless this is done, co-operators will have no faith in the credit institution and naturally not concentrate their activities in the institution itself. When a co-operative institution fails to give adequate credit accommodation at the time when it is wanted, the members resort to moneylenders and the traders for the required accommodation and the very objects for which such credit institutions exist are defeated. The financing banks, the supervising staff and the inspecting staff should be educated to give up the nervousness in affording adequate credit accommodation to the members of co-operative institutions.

CROP LOANS ON PRODUCE SECURITY.

BY M. K. VENKATACHARIAR

Assistant Registrar of Co-operative Societies, Madras and Chingleput.

Though co-operative societies have been working in our district for a long time, it has been the practice to grant loans on personal surety or on the mortgage of immovable property. Loans are not granted on the pledge of the produce of members or finished products held on by them in their own custody for sale at a more favourable market.

Ryots and artisans are now largely saved from heavy losses by loans from co-operative societies in their obtaining the loans at cheap rates when they need and also in repaying them at their convenience. But a little thought bestowed on it will make it clear that the loss, which a ryot or artisan suffers in selling his produce or finished product at an unfavourable market, is several times greater than that from which he is now saved by the above said loans. As a matter of fact, members are forced to sell their produce and finished products at low rates to meet the urgent demands of domestic, agricultural or other professional expenses, kists and sometimes even to repay the instalments due to co-operative societies themselves. It is therefore necessary to introduce as early as possible in every society the practice of granting loans on the security of produce and finished products set apart for sale.

2. Section 29 of Act II of 1912 has prescribed that special sanction of the Registrar should be obtained by societies working on unlimited liability basis for granting loans to members on the pledge of movable property. This restriction is so imposed chiefly for the following reasons.

(1) *Firstly*, the difficulty of estimating the actual value of the movables offered for security ;

Secondly, the difficulty of securing the pledged property ;

Thirdly, the apprehension whether the Panchayat will be careful in the discharge of their duties of estimating values and securing the property.

Fourthly, the apprehension as to whether the General Body will continue to elect year after year efficient and cautious Panchayatdars.

3. The Registrar has however approved that this concession under section 29 (1) of the Act will be granted to such of the societies which afford satisfactory proof of the existence of the undermentioned conditions in any society.

That the members are honest and that they would not exaggerate the value of the movables offered by them for security.

(2) that the Panchayatdars of the society are trustworthy and cautious persons.

(3) that the General Body will elect only such competent men as Panchayatdars;

(4) that proper arrangements are made for the safe custody of the movables pledged;

(5) that the supervising Union to which the society is affiliated will undertake efficient and close supervision of the society in this aspect.

4. Any society seeking such a concession should pass a resolution in its general body proposing the amendment of by-law 44 as noted in the end and apply for its registration.

5. Societies to which the concession has been sanctioned by the Registrar may apply for loans to the Central Bank through their Unions in the form prescribed for it. The Central Bank has agreed to sanction two kinds of loans for such societies for this purpose.

Firstly, Crop loan, that is Loans on pledge of crops. A society may apply for a loan summing up the total needs of its members. The amount thus sanctioned need not be drawn in a lump. It may be taken in instalments whenever there is a demand from members for loans on the security of produce and finished products. A week's previous notice to the bank may be enough. The total of the amounts so drawn in instalments should not exceed the total amount of the loans sanctioned for this purpose. As soon as the produce of a member pledged is sold, the entire amount of the loan should be recovered from the sale proceeds. Moneys repaid on account of crop loan advances should on no account be utilised for any other purpose or credited to his other dues.

The maximum period for the repayment of such loans shall be fixed as the latest date when the produce or finished product pledged will ordinarily be sold. In other words the crop loan taken from the Central Bank should be completely discharged before the expiry of the period.

Secondly, 'Crop Cash Credit'. Out of the total amount that may thus be sanctioned as crop advance a portion not more than a fifth may be granted as a cash credit loan. This sum may be drawn upon at any time by a cheque on the Central Bank without previous notice. Such cash credit can be sanctioned only to societies classified as "Good".

The advantage of this cash credit loan over the ordinary loan is that the society becomes eligible to redraw sums up to the amounts repaid already. The maximum period permissible for cash credit will close with the crop loan.

6. It is under contemplation to try this system of granting loans on the pledge of produce and finished products from this year in the case of deserving societies. Such societies should be elected and recommended

by Unions. The society so recommended should submit proposals for amending by-laws in the above-said manner.

7. Necessary bond forms for use for the grant of loans to members on the pledge of produce and finished products may be had from the Unions concerned.

Add the following as clause (6) to model by-law 44.

"Loans may be granted to members on the security of their produce or finished products of an amount not exceeding 75 per cent of their market value on the date of the grant of the loan. The borrowing member may, instead of taking payment of such a loan in one lump, draw it in instalments according to his convenience. Interest will be calculated for the instalments so taken only from the date of the disbursement of each such instalment. The Panchayatdars should take immediate possession of the movables so pledged. Wherever possible, the movables pledged should be removed from the premises of the borrower to a place specially provided by the panchayatdars for their safe custody. Where it is not possible to do so, the borrowing member may be entrusted with the property by the panchayat subject to all risks and damages of the member himself, at the same time, securing the property with the lock and seal of the society. The panchayat or others authorised in that behalf shall have power either individually or in groups of inspecting and checking the articles so left for safe custody with the borrower himself. The lock and seal of the society shall however ordinarily be opened in the presence of the borrower, or some one on his behalf. The Panchayat may obtain, at the very time when the property is handed over or subsequently, the consent of the borrower to dispose of outright the produce. In such cases the panchayat may arrange for their joint sale under by-law 54. There is also no objection for the member who has pledged the produce arranging himself for the sale of the produce. But unless the loan has been discharged before the disposal of the produce, the sale should be effected only through the panchayat members."

"Such loans on produce need not be limited to the individual member's maximum borrowing power or the borrowing limit per share as fixed in the by-laws. In other words, a member may be allowed to take a loan not exceeding 75 per cent of the above said movables pledged by him, even though the loan may exceed the borrowing limits fixed for a share or a member."

THE LLANO CO-OPERATIVE COLONY

NEWLLANO, LOUISIANA

Llano-the Open Door to the Co-operative Commonwealth

Founded on three great principles of sociology—equality of opportunity, equality of income, and equality of ownership—the Llano Colony has proven that men and women can live together in harmony and prosper. Imagine a miniature co-operative commonwealth, and you have Llano Colony. Imagine a community where all the land, the farms, tools, and

industries are all owned by the collectivity; where each works for all; where each receives the same compensation for a day's work; where no member will accept anything which any other member cannot have on the same terms if he desires it—in short, imagine a place where the golden rule is the only law imposed upon the community—and you are picturing the Llano Co-operative Colony.

After eight years of work, Llano Colony is rated in the commercial world as worth over \$385,000. But Llano's least asset is its commercial rating. The fullness of life, the joy of living, the satisfaction of working, the security for the future, the healthy environment, the opportunity for education, the affection of your fellowmen—these are prized more, much more than what the commercial world calls success.

Llano's farms and gardens provide much of the living for the colonists, the farm producing sweet potatoes, sugar cane, peanuts, corn, beans, peas, etc., while the gardens provide greens and garden truck for the table during much of the year.

Administration, Resources and Employment

The system of government is exceedingly simple. Stock is sold in the corporation at one dollar a share, and only stock-holders are employed by the Colony. An agreement of employment is entered into between the Colony as an organization and each individual. Each member is employed at what he best can do, or that which needs most to be done. A board of directors is selected each year by members, which board in turn selects a general manager. He chooses foremen for the various industries, each being carefully chosen for his ability to do the work and to direct his men. Each manager is given a free hand to run his department, always with the supervision of the manager and board of directors, in order that his actions may not be contrary to the collective welfare.

New industries are started from time to time as necessity demands. The object of Llano's industries is to provide the Colony with what it needs, rather than to make a profit by selling the products; to make its own food, clothing, and shelter; to provide as far as possible every convenience and comfort is the final object—to get as near as possible to the source of wealth.

Production for use is our slogan.

The Colony will raise sheep for wool; cotton can be raised and the colonists can weave their own cloth and make their own clothing.

The Colony's timber lands are now furnishing hardwood and pine for its buildings, its brick plant makes the necessary brick and can make tiling, hollow tile, etc., for its own homes.

The ideal is to have the work done as much as possible by machinery, eliminating heavy drudgery. Tractors are used on the farm and for land-clearing.

The Colony now owns about 6000 acres of land, some of it of very fair character, varying from bottom land to rolling land and timberland. It will purchase a total of 20,000 acres. Colonists know that the movement is destined to grow to large proportions. Several small communities probably will be settled on the land.

The Colony also owns 353 acres about 75 miles south of its main holdings at Stables. Most of this tract is a highly-developed rice farm, and in 1922—the year it was purchased—it produced 400,000 pounds of rice. The Colony also owns in the Isle of Pines (Cuba) 1000 acres of citrus lands, free of debt, but entirely unimproved. This is contemplated as a fruit-producing colony, but definite plans for developing it have not been made.

Higher Education and an Agreeable Social Life

When the day's work is done at 5:00, each colonist has an equal opportunity to improve himself along many lines, such as music, vocal training, languages, science, agriculture, orchestra work, dancing, and other diversions. Many of these classes are well attended; all the colonists realize the fact that to keep progressive they must advance in knowledge. A radical in politics and a conservative in everything else is out of place in this community. Evening classes in a variety of subjects offer free education to all who wish it.

Llano's school system is as progressive as the co-operative colony. The children are not driven to learn. The subjects are arranged so as to draw out of the child the best that is in him. With this in view, diversified industrial trades are placed at his disposal. He may thus gain an insight into a world of labor and can choose that which most nearly fits in with his natural abilities.

The Colony does not pay wages. Men, women, and children are made equal allowance, as their needs for food and meals are similar. Needs of colonists other than for food are handled as individual cases. The general plan is "from each according to his ability; to each according to his needs."

Hospital and doctor are provided when sickness comes, and there are no charges for such social services. Funerals are conducted along the same lines.

There is no need for insurance in the Colony, for the dependants receive their support just the same, even if the father be removed from them.

Social life is made by those who live together. The great objection to living on farms is the isolation which accompanies it. Here in Llano, the farmers and the industrial workers live close to the center where dances, entertainments, shows, and all manner of good times can be had for the making.

No rent is charged for the houses, and any building can be used for meetings without cost.

Men work in whatever industry they are best fitted for. Sometimes they are moved around to different work as is deemed necessary, but the fact is conceded that each worker works best at something that he likes to do and has fitted himself for. But when it is remembered that each is working for the whole, and the whole is working for the individual, no one refuses to do what is allotted to him.

Women find employment in various industries suited to their strength, and especially in the hotel and laundry. The sewing department employs some; others work in store and office; some work in the industries. The purpose is to give women employment outside of the home and to eliminate as much of the drudgery as possible.

There are no parasites at Llano. Even the incapacitated and the aged can sometimes help. They assemble crates, wrap papers, attend machines, etc.

On special occasions such as harvesting, or planting, all the school children are glad to go to the fields and help. It is the common store—and all will help to save the harvest. Men, women, and children will forsake their regular work to help where they can.

This is because they are actuated by an ideal. They believe in co-operation with each other. Some co-operators think co-operation means that others have to co-operate with them, that their lot may be bettered. Llano co-operators realize that each must sacrifice personal interests and amalgamate with the collectivity. This is the very ideal which has made Llano a signal success in the co-operative field, when other like communities have disintegrated.

If you are interested in such a community, and such an ideal, and would like to learn how to get into practical application and demonstration of that ideal, write for free literature, which goes more into detail of Colony life and is illustrated by pictures, showing the colonists at work.

INDUSTRIAL DEMOCRACY:—A PLAN FOR ITS ACHIEVEMENT.

BY GLENN E. PLUMB AND WILLIAM G. ROYLANCE.

(New York: B. W. Ruebsch, Inc. \$2.00)

The programme for a democratized industrial system proposed in this work is the theory of industrial reorganization, known as the Plumb Plan. It was originally worked out by Mr. Plumb as a solution of the problems of transportation, which, to his mind, illustrated more concretely and sharply than any other single industry, the principles and relations brought out by modern industrialism. The Plan was later amplified by Mr. Plumb to embrace general industry.

Glenn Plumb was for years engaged as counsel for, and manager of important public utilities—and later acted as counsel for the Railroad Brotherhoods. His book shows the deep social consciousness that grew out of his life-long study of the relations of the individual to industry to the state, and the legal expression of that relationship.

Mr. Plumb towards the end of his life came to the conclusion that the modern technique of production had advanced far out of rational relations to that of the distribution of wealth; so far indeed, that it is evident that capitalism as a controlling factor in production, is at its culmination; and, like a self-limiting form of disease, is passing into the mythology of economics. The profit motive, the heart and soul of the capitalistic system, is now seen as having been a necessary stage in industrial and even social evolution. It forced into operation the principles of organization, technique, discipline; it developed economics and inspired initiative; it developed under democracy a higher type of social energy than monarchic forms of social order had ever produced. But growing by what it fed upon, at length grown gross and stupid through excess; forgetting its origins; self-centred as to other factors of production, it conceives itself to be the sole end and purpose of organized society. It appropriates the instruments, agencies and powers of the state as its natural servitors. It should be obvious, Mr. Plumb declared, that the state as it exists to-day must be reorganized or it will perish. Reorganization is possible by two methods only: constructive or destructive. The marvellous structure of productive industry developed by combined Labor and Capital (the valid part of which is for the most part undistributed wages) need not be destroyed, but it must be rebuilt, if there is to be industrial peace. It is not the use but the abuse of capital power that should be abolished. This is possible only through a constructive reorganization that will preserve the good while discarding the evils of the system.

Modern capitalism is the offspring of steam and political power. Constructive reorganization must come through political action. Under the theory of reorganization presented in INDUSTRIAL DEMOCRACY, initiative, incentive, fidelity of all human factors will be fostered and secured; valid capital assured of its just and permanent rewards. Service motive will replace the profit motive in the contributors of both labor and capital. Once economic rights are assured to the individual, industrial solidarity becomes social solidarity, with all that it implies.

Mr. Plumb's development of his constructive programme proceeded from his study of industrial history. The Plumb Plan assumes that in any particular industry there are three factors: the contributor of Labor, the contributor of Capital, and the contributor of Market—the consuming public. Whatever may be the employment of an individual in which he is a producer, he is a consumer as to all other industries, so that all who labour are producers and all are consumers. In a balanced system of industry production and consumption must be equal. Otherwise, both consumption and production are restricted: depression, stagnation, paralysis ensue and “hard times” prevail. To abolish these recurrent periods of idleness, waste and social distress, broken only by periods of frenzied industry and feverish speculation, INDUSTRIAL DEMOCRACY proposes to institutionalize automatic processes, to stabilize industry, multiply production and enlarge consumption by standardizing the equilibrium between consumption and production that is necessary to a just and enlightened social order. It proposes a method for distribution of the products of industry that automatically awards to Labor, Capital, and the general Public the constantly increasing benefits of peace instead of war in industrial relations, by apportioning to each the full equivalent of its contribution to a joint product. In the operation of a railroad, to illustrate briefly, the control of policy is to be lodged in a Board consisting of directors chosen in equal numbers by the Labor, by the Investors, and the public interests. An agreed base of wages and rate for service is adopted at the start. Should profits accrue from operation during the year, they are divided into two equal funds, one of these goes to Labor and Management in equal parts; the other to investors and the public in equal parts, as the dividend (that which is divided) of each. There can be no collusion between any two or more of these interests as to division of profits, since all others would suffer.

The public interest will be served by reduction of rates to absorb undue profits, or by improvements in facilities or service. It will be the interest of management to secure efficiency and reduce expenses, and the interest of labor will tend to reduce waste and promote service. As

between Management and Labor their mutual interest in a common fund guarantees co-operation. Capital secures a fixed return. The voting strength of Capital is no greater than that of Labor which receives for its service a wage income equal to the dividend on the stock of a shareholder in the enterprise, that is, wages are reckoned as income on investment of labor at the same rate as the income on share capital.

The treatment of economic facts in this work is rigidly scientific, although free from technical difficulties, and covers the field of general industry from agriculture to international trade. The chapter on credit develops new interpretations and should contribute effectively to revision of present relations between credit and industry.

THE IRISH STATESMAN—A REVIEW.

MR. K. V. RAJAGOPALAN, M. A., M. L.

The Irish Statesman—with which is incorporated the Irish Homestead
Vol. I No. I September 15, 1923—Price 3d. Annual Subscription 12 sh.

Co-operators in every part of the world will welcome this new venture in weekly journalism and wish it every success. The *Irish Homestead*, under the Editorship of A.E. has had a long and highly successful career in propagating the principles of co-operation in relation to agricultural activities in Ireland. As Sir Horace Plunkett writes in the first number before us, it is in the application of the co-operative principle to agriculture that we have Ireland's chief practical contribution to world-thought. And, if the world outside knows anything at all about the progress and methods of co-operative agricultural and dairying enterprise in Ireland, the knowledge has come to it mainly from the *Irish Homestead*. Under A. E.'s sagacious and practical-wise editorship inspired as it has always been by the deeper varieties of life, the *Irish Homestead* had easily established a great reputation not only in Ireland but in the larger world outside Ireland.

The story of the founding of the new paper is told us in the leading article in the present number by Sir Horace Plunkett. It owes its existence to the proverbial patriotism and generosity of Irish-Americans. Its *raison d'être* is to be found in the anxiety that the new responsibilities of self-government conferred by the Anglo-Irish treaty should be adequately and wisely discharged. An opportunity for frank discussion of urgent political, social and economic problems has been sought to be afforded by the founding of this weekly organ. It is intended to be informative, independent and non-partisan in character. The Anglo-Irish treaty is to be loyally accepted and it is the aim of the founders to promote the funda-

mental principles of justice and liberty, to keep in mind the needs of the Irish people, and ever to preserve a just balance between the several interests in the country. Insistence will be placed on the achievements of all ends by strictly constitutional means. For the captaincy of so high-souled an enterprise only one editorship was possible. The difficulty felt at first in inducing A. E. to accept the responsibility was overcome by the syndicate of the new weekly by its acquisition of the *Homestead*. The New *Irish Statesman*, like the old *Irish Homestead*, will of course stand for the same principles of agricultural co-operation. Only it will not be a mere co-operative bulletin but embrace the largest aspects of national life with a correspondingly conceivable wider appeal to Irishmen outside Ireland.

We turn now to the exceedingly interesting 'confession of faith' which the editor makes for the benefit of his readers in the first pages of the journal. It is not exaggeration to characterise this confession, as one of the finest personal things in English literature. Its deep knowledge, its moving sincerity, its luminously large views are apparent in every line, and in every phrase. Touched to greatness as it is by a profound mastery of English and the writing art, we have no doubt that this confession embodying as it does of very wholesome political philosophy will be read for long years to come with profit and genuine pleasure. Its profound practical application to present conditions in this country makes it of absorbing interest to an Indian reader. Indeed, extracts from the confession have already made themselves native in Indian Newspapers and started acrimonious controversies. The emphasis which A. E. lays on the 'Arts of Peace' is greatly needed, as after the storm and stress of an unprecedented conflict "the Arts of Peace," are now visible if at all under a thick obscuration of darkness. "What is really important in a country is the quality of life in it and this far transcends its nominal political status or the nature of its political institutions" is the wise remark extorted from A. E. by the senseless conflict of the republican and free-stater. That such conflict is totally out of place where ballot-box affords a final solution is also pointed out by A. E. The theory that a political group worsted at the elections can justifiably resort to the arbitrament of arms against the majority is forcibly repelled in the following words. "If the idea of force becomes dominant in the minds of men, if ages and precedents are set up, if the principle is admitted, where is it to end? At what cause? For what human ideals might not battles be fought? There would be no end to it. By such conflicts our emotions are squandered so that we become bankrupt of pity for the poor, our sensibilities deadened through oversensitisation, so that beauty, the reflection of the divine mind in humanity or nature, thrills us not at all, and the outcome of conflict is a cynical and soulless materialism." On the other hand, A. E. says our object should be "to

create such conditions of security and prosperity that the true forces of human happiness may be expanded".

To descend for a moment from the lofty plane of this high argument we wish to draw prominent attention to A. E.'s plea for organisation in Ireland for combined purchase, manufacture and marketing of agricultural products, to afford "decency of existence" to the innumerable small farmers in the Free State. This plea is of tenfold force in relation to India. A. E. believes that rural co-operative associations can be made centres not only of economic but of intellectual and cultural life and attests his belief in the following passage rising to poetic heights at the close. "The aim of such associations should be, as they become more prosperous, to use the profits for the building of village halls, which can be utilised for choirs, dramatic societies, libraries, lectures, games, and recreation,.....culturally to make it possible for those living in the villages or country-side to have access to the best of contemporary or ancient thought, literature, music or drama, so that not only the things by which the body lives may be procured, but the things by which the mind and character are strengthened and from which they derive their own happiness". This aspect and these possibilities of the co-operative movement have hardly been envisaged, far less realised, in this country. But these possibilities must be very fully explored, for on their adequate realisation, the livability of life in any country mainly depends.

The spirit in which A. E. essays this high enterprise, the conditions laid down by him as fundamental may also be glanced at. Nothing of personal bitterness is to be permitted. All living in Ireland, south or north, Catholic or Protestant, are to be regarded as one people. 'Determined friendliness',—the phrase is likely to become immortal—is to be the policy towards the northern and Protestant minority. The building up of a civilisation with a social order in accordance with national character is to be the main end in view. The future is always more interesting than the past and A. E. hopes that his journal may help to create "alluring images of the future society and the moulds into which it will be cast". Above all, the *Irish Statesman* will not be a party paper in any sense of the word. When differences in policy emerge, articles by intelligent advocates of the conflicting policies will be secured. For 'intelligence' is more important, A. E. is careful to point out, than 'policy'.

A journal, started under such favourable auspices as the present with the editorial guidance of one, who combines in far greater measure than any one else in the contemporary world the spirit of poetry and high idealism, with the spirit of practical common sense and intelligent devotion

to the problems of the present day, bids fair to become one of the best things in the thoughtful journalism of the world. Co-operators in Madras welcome *The Irish Statesman* with a prosperous good morrow. They have no doubt of the success of the old 'Irish Homestead' in the present incarnation.

CO-OPERATION IN MYSORE.

BY MR. MIR HAMZA HUSEIN, (FIRST MEMBER OF COUNCIL)*

Co-operation in India.

The movement in India is not essentially of popular growth in the sense that it is not due to any demand or desire on the part of the people for a new order of society. The teachings which led to the establishment of the co-operative movement in the West led also to the spread of socialism. In fact the creed of Robert Owen was mixed up with socialism. In some continental countries co-operation is allied to socialism. In India we need entertain no such fear. There is no such class here as that of capitalists and no divergence therefore between capital and labour. Thanks to the caste system, it prevents the cleavage of society into what is called in the West the capitalists and labourites. Any caste, however numerous, will contain within its fold both these classes of persons who will necessarily come into social contact with one another. So far as the Mahommedans are concerned, the doctrine of social equality is so much ingrained in them on account of their religious teachings that there is no possibility of an exclusive class of landed proprietors or capitalists springing up.

The co-operative movement in India owes its origin, as you know, to the Co-operative Credit Societies Act, 1904, which was inspired first by the report of Sir Frederick Nicholson and subsequently by the Committee that was appointed by Lord Curzon under the presidency of Sir Edward Law. The Act of 1904 has since been replaced by Act of 1915 which authorises the establishment of non-credit societies and of Central and Provincial Banks. Though the movement in the present form is an exotic which was planted on the soil of India, it has taken firm root and has spread itself to all parts of India. There were at the end of the year 1921-22, 47,879 co-operative societies including Central Banks and Unions, with a membership of 2,983,534 and a working capital of Rs. 28,98,32,000 and they advanced loans to the extent of Rs. 16,11,49,710. This remarkable growth in the space of about 18 years is due partly to the exertions of the Co-operative Department which was created under the Act in almost all provinces of British India and chiefly to the fact that co-operation both as an idea and as a system of business was not unknown to India. "There was an indigenous system of banking available to persons of small means called the Nidhi which corresponds in some respects to Provident Funds and Friendly Societies of European countries. There is besides the co-operative partnership system which is practised even to this day by the Marwadis and Labbe merchants under which an employee after some years of successful working becomes a

* Presidential Address delivered on 15th Oct. at the Mysore Co-operative Conference.

partner of the business with his employers. But the most important of all Indian co-operative institutions is the joint family system under which labour, capital and skill combine to manage a family business working under the accepted co-operative formula 'each for all and all for each.' Professor Marshall in his great work on Economics says: "The accumulation of capital is governed by a variety of causes, by custom, by habits of self-control and forecasting and realising the future and above all by the power of family affection." It is this power of family affection which has given the Hindu society the power to resist the hordes of foreign invasions and keep the village community intact. Wherever the joint family system is in vogue, the family, whether it be of an agriculturist or of a merchant or trader, flourishes and its prosperity declines the moment the family becomes divided. But the present tendency of the Hindu society is plainly individualistic. As soon as a member of a joint Hindu family begins to earn, he separates himself and sets up an independent establishment of his own and this tendency has been greatly encouraged by our Civil Courts who go so far as to treat an unambiguous and unequivocal intention to separate, as equivalent to an actual partition. However a co-operative society seems to be the only remedy against the evils of this individualistic system.

Co-operation in Mysore.

Our State was the first in the field of co-operation in India. Whilst other provinces were still cogitating, the late Sir Seshadri Iyer conceived the idea of Agricultural Banks and started them in the year 1904. I shall deal with this subject later on, but I may state here that with the passing of the Act of 1904 we gave up our special institution and fell into line with British India. We passed a legislation, the Co-operative Societies Regulation of 1905, which though somewhat different from the Indian Act of 1904, is mainly based on that model, and since the passing of the amended Regulation of 1918, our system is in complete accord with that obtaining in British India.

The progress that we have made in the field of co-operation cannot but be regarded as satisfactory. This is also the opinion of the Committee that sat under the presidency of the Hon'ble Lalubhai Samaldas to examine the spread and working of the co-operative system in Mysore. There are in all now 1,539 societies with a total number of membership of 1,01,091 and a working capital of Rs. 86,95,108. The progress of the movement was slow and cautious during the first five years of its existence, there being 111 societies at the end of the year 1910-11. During the subsequent quinquennium, the number rose to 800 and since then its progress has been steady. Having regard to the population and its area, our State though not the first or the second, occupies a leading place among the provinces in British India as is shown by the percentages noted below:—

Punjab ...	... 45'0
Central Provinces ...	... 35'7
Bombay ...	... 17'7
Madras ...	... 17'5
Bengal ...	... 14'4
Mysore. ...	... 26'3

Agricultural Credit Societies.

Our societies may be divided into credit societies and non-credit societies and the former into agricultural and non-agricultural. Our societies as in British India are mostly of the agricultural credit type, there being as many as 1170 belonging to that class. Though the societies afford cheap capital to the agriculturist, they are wanting in the true spirit of co-operation since they are based on the share system and the shareholders, as you all know, are generally anxious to have a good dividend on the shares. Provision has been made to restrict this tendency, by providing that profits beyond a certain limit ought not to be distributed without the permission of the Registrar, but instances are not wanting where dividends have been distributed without any such permission. It is hoped that the Registrar will not hesitate to cancel the registration of such recalcitrant societies.

There is great scope for the expansion of the system. There are 16,000 villages in the State. It is too much to expect that every village should have a society of its own, but giving one co-operative society for 3 villages, we must at least have 5,000 societies in the State of the kind under consideration. There is no doubt that the paucity of workers in villages hampers the work of development but with the expansion of primary and middle school education, there should be no difficulty in reaching this goal in the course of a few years. There is great need for societies of cotton growers, paddy growers, ragi growers, potatoe growers, etc., who can purchase the produce from the raiyats and sell it to the best advantage allowing the seller to share in the profits. There are a few societies of this kind, but their number is insignificant. Formation of such societies will greatly increase the prosperity and well-being of the raiyat.

I have not been able to find from published reports how many of our societies are in a moribund condition and how many of them have been allowed by the department to remain in a state of suspended animation. My impression is that there are a good many societies which are not in working condition. The Registrar, I hope, will take steps to wind them up after giving them a chance to revive; for it is far better to have a small number of societies in an efficient condition than a large number of them in an indifferent condition.

Non-Agricultural Credit Societies.

It has been found difficult to draw a line between an agricultural credit society and a non-agricultural credit society, because the membership of these societies is a mixed one consisting of both the agriculturists and non-agriculturists. Taking such societies as have for their members a majority of non-agriculturists, the Mysore Committee on co-operation compute the number of such societies at 263 with a membership of 4,296 and a share capital of Rs. 18,44,000. With regard to these societies, the Committee observe:—

"We may say generally of these societies that they form a strong and satisfactory side of the co-operative movement in the State. The members are as a rule literate and there is no difficulty in securing a proper managing committee. The funds raised by them being mostly local, considerable watch is kept by the

members generally on the acts of the managing committee and any serious irregularity or neglect on their part is immediately noted and steps taken to set matters right. These societies are exceptionally strong on the financial side. Scarcely any of them ever stand in need of financial assistance from the central institutions. They have secured public confidence and they are able to raise all the money they want by local deposits."

It is these societies that can solve many an economic and industrial problem of the State, as they are backed up by the intelligentsia of the country. Having adequate capital at their command and an enlightened management alive to the needs of the times, these societies can very well follow the example of the wholesale societies of England and add a productive branch to their activities. These societies can, in addition to their ordinary business of credit, start a small industrial workshop, say, for the hulling of rice, for the manufacture of jaggery, ghee and oils, etc. It has been proposed that the reserve fund of these societies may be added on to the working capital and utilised in lending it to borrowers. But a better course would be to divert it for the purposes stated above. It is the productive side of our co-operation that requires development and we want more societies for the conversion of our produce into finished products.

Non-Credit Societies.

There are very few societies formed for the purpose of supplying purely the agricultural needs of the raiyats. Out of 146 societies, there are only 72 societies which are formed to supply manure, seeds to the raiyats, but the amount of work they do is almost insignificant. We have adopted of late a combined system of credit and supply under which the ordinary credit society purchases manure, seeds, etc., and supplies them to the raiyats. The Agricultural and Co-operative Departments are working hand in hand and as a result of their combined efforts we have already started 46 societies of these type and in course of time we are sure that other agricultural co-operative societies will follow suit and enlarge the sphere of usefulness. Under this head also come the societies like the weavers' societies of craftsmen and artisans. There are in all 69 societies of this description of which 43 are weavers' societies. Of the latter the Bangalore Weavers' Society is the most important. It has a membership of 236 with a share capital of Rs. 12,742. The society did business to the extent of Rs. 1,39,571 during the year 1921-22 and was able to declare a dividend of 10 per cent. But the drawback in the constitution of the society is that it permits the sale of goods manufactured with the materials supplied by it to outsiders and this may land it in difficulties. The Mysore Co-operative Committee recommended the establishment of a central sale society to which all the primary weavers' societies should be affiliated. The suggestion is commendable and may be adopted. In fact the present weavers' society can be easily converted into an organization of this kind.

The Census report shows that there are 34 castes in the Mysore State most of which are those of artisans and craftsmen and other manual labourers who live mostly in towns and big villages. There is plenty of scope for the formation of

societies amongst them. For example, there should be a milkmen or gollars' society in almost every town for the supply of milk, a fuel society for the supply of fuel, a blacksmiths' society, a jewellers' society and so on. There is abundant material for this purpose and a rich harvest will be reaped if a little co-operative spirit is infused into the men.

Sericultural Societies.

Next to agriculture, sericulture is the most important industry in the State, but it is a matter for regret that there are only 6 co-operative societies for the supply of disease-free eggs and implements for rearing cocoons, etc., working in the State. There is no object gained in having an exclusive society for the purpose. Just as in the case of agriculture a combined credit and supply society has been found to be useful, sericultural societies of the kind will be more popular and will relieve the raiyat of the necessity of going to the sowcar to raise money for his ordinary needs.

Grain Banks.

The necessity of grain banks to enable the raiyat to tide over a season of distress is apparent, but there is no agreement as to the type of the society to be started. Mr. Zahiruddin Mecci, who takes a keen interest in the formation of such banks, has elaborated a scheme under which each village is expected to form a bank of its own, each family in the village contributing a certain quantity of grain in the harvest season which will be loaned to the raiyats in the time of need. The Mysore Co-operative Committee has examined this scheme as also the scheme of our late Registrar, Mr. Shama Rao, and has recommended that the grain banks should be placed on a co-operative basis. This is the only possible alternative, but unless there is some provision made for the disposal of the surplus stored grain after the necessary reserve is formed, the society will be a charitable institution only and will not be able to attract grain deposits from well-to-do members who may not feel the necessity in time of distress to borrow grain from the bank. The matter may be discussed in this Conference and measures may be devised to place the scheme on a practical footing.

Talking of grain banks, I may refer to the necessity of consolidation of scattered holdings and it seems to me that having regard to the habits of raiyats, co-operative farming will not be a success as it has been in Denmark. But I would like to see a co-operative farm being worked up. Government have been releasing a large extent of Amrut Mahal lands for cultivation. An estate can easily be carved out and worked on co-operative principles. It is for the intelligentsia of the country to take up the scheme and work it to success.

Co-operative Stores.

There are 80 stores in the State and many of them are run by credit societies. They are engaged in the supply of household provisions and cloths. They are to be found mostly in the towns and are patronised mostly by the officials class who find in a store a useful credit house for the purchase of their daily necessities of life. The constitution of these societies is based on the

Rochdale system, with this difference that the sales are not made invariably on a cash basis and price charged is not the market price. The Mysore Co-operative Committee who examined the question in great detail are in favour of allowing the present practice to continue. I would however like to draw the attention of this Conference to the co-operative formula "credit for consumption is the road to poverty—credit for production is the road to well being."

House-Building Societies.

In England, house-building societies are not generally brought under the co-operative movement. There is a separate Act called the House-Building Societies Act, 1894, under which house-building societies are registered. There is however a movement of very recent growth called the Tenants' Copartnership System under which a society buys a piece of land, constructs a number of houses and lets them out to its members. There are very few societies of this description in England, but they have sprung up very rapidly and promise great extension and usefulness in future. We have 7 building societies of which only 4 are active. These societies, with the exception of the Non-gazetted Officers' Association Co-operative Society are credit societies formed for advancing money for constructing houses for the supply of materials for the same purpose, and in one case only for buying of houses also. The Non-gazetted Officers' Association Co-operative Society is the only association that has acquired a piece of land, laid it out and constructed houses. The Mysore Co-operative Committee are strongly in favour of the Tenants' Co-partnership System, but advocate at the same time financial aid to the societies from state funds. Government have already sanctioned an advance of a sum of Rs. 10,000 for the Non-gazetted Officers' Association Co-operative Society and the general question of making a fixed allotment every year will of course be examined. But these societies, though they have been serving a useful purpose in enabling the members to secure houses of their own, cannot go far to relief congestion in towns and cities or to solve the problem of housing the poor. These are matters that come within the purview of State or municipal socialism and need not be discussed here.

Central Banks and Unions.

In the financing of primary societies the central banks play an important part. In some provinces in British India there is an intermediate body called the Union, a federation of co-operative societies which undertake the duties of supervision of the primary societies, the investigation of their applications for loans, combined in some instances with a guarantee for the loans advanced to societies. Of the Unions which were started in Mysore, some did not start work, while others which started work did not prosper and three of them have, under the orders of Government, been converted into District Banks. Our State being a small one and there being a Government department for the investigation of loans, the necessity for the existence of an intermediary is not apparent and the Mysore Co-operative Committee have rightly recommended, I think, the cancellation of the few existing Unions.

The financing of the primary societies is done now chiefly by the central banks. The Central Co-operative Bank and the Provincial Co-operative Bank are doing good work and are in a prosperous condition, the Central Bank having declared very recently a dividend of 10½ per cent. The Provincial Bank passed through a period of great stress very recently, but I am glad to state that with the assistance of the department it has tided over the crisis. There is some difference in the constitution of the two banks. The management in the Provincial Bank is largely in the hands of affiliated societies, whereas, in the Central Co-operative Bank it is in the hands of individual members. There is also the difference that the Provincial Bank lends money to primary societies only, but the Central Bank lends money both to primary societies and to individuals. It is the latter aspect of the Central Bank's activities that has come in for adverse comment at the hands of the Mysore Co-operative Committee, as in actual working the bank has been advancing a large proportion of its loans to individuals. The Committee recommends the amalgamation of the two banks with a constitution similar to that of the Provincial Bank or in the alternative, alteration of the constitution of the Central Bank. The recommendation of the Committee will, I hope, receive full and adequate attention at the hands of the Central Bank.

Agricultural Banks and Land Mortgage Banks.

I have stated that Mysore was the first in the field of co-operation in India as it started agricultural banks in the year 1894. The constitution of these banks was on the approved Raiffisen type, but they were all financed by the State. There were in all 61 banks started and a sum of Rs. 17,30,341 was advanced to them by the State. The coffee banks of Chickmagalur and Saklespur appropriated between them Rs. 9,75,915 and a sum of Rs. 4,59,211 has in all been recovered from them. The rest of the 59 banks received a sum of Rs. 7,53,426 and a sum of Rs. 7,31,418 has been recovered from them. It will thus be seen that the loss caused to the Government from these latter banks is insignificant. It is the failure of the coffee banks that has brought the whole system into disrepute. Had the department not been discouraged by the failure of the coffee banks and worked up the remaining banks, the small sum of Rs. 22,000 which the Government have lost upon the latter would have been easily recovered and the great majority of them would have been doing useful work as the two surviving banks of Palhalli, Seringapatam Taluk and Hongenahalli, Malur Taluk, have been doing in spite of adverse circumstances. Various reasons have been assigned for the failure of the agricultural banks. The Committee think that the failure was due to inefficient management, lack of proper supervision and above all to the cheap capital that was available to them for borrowing. But I have already shown that there was no failure as regards non-coffee banks and in respect of the coffee banks the failure was due, I think, to the fact that the Government advanced money directly to these banks, the accepted principle being that the Government, if it furnishes any financial aid at all, should do so through an intermediate body who will supervise properly the

application of the money and stand guarantee to it for its security. The department, I think, should try to revive the system and start new banks on that model with money borrowed from the central banks. There is absolutely no reason why a system which has succeeded so well in the barren tracts of Germany and has been successfully adopted by other countries should be a failure in our State.

Government have been giving from time immemorial financial aid to the raiyat in the shape of takavi loans and now the system has received statutory recognition under Regulation No. IV of 1891 which is based upon the British Indian Act of 1884. It is now acknowledged that the measure is a failure in as much as it has failed to achieve the object in view, *viz.*, relief of the indebtedness of the raiyat and so a demand is being made for the establishment of separate land mortgage banks. Opinion is divided as to whether such banks should be on a co-operative basis or not. It has been frequently urged that an agricultural bank of the Egyptian type should be started. But the Egyptian bank is not considered to be an unqualified success. This is what a professor of Economy in Egypt says about this bank :—

"The idea suggesting the foundation of the agricultural bank was of the happiest The peasantry have largely drawn upon its resources—now grown to twelve crores of rupees; at the present time they stand at fifteen crores. To what uses has this enormous capital been put by them? Only too often to one that was quite unproductive: to pay the expense of some merry making, to buy some young fellow off his military service. Even where the loan has not been squandered in this fashion, it has often enough been wasted upon the purchase of land that did not pay the interest and sinking fund of the loan. During the last two years the bank has been able to recover its loans only partially and with great difficulty."

The Government of India had the system examined and they are of opinion that it is unsuited to India. Henry Wolff, the famous writer on Co-operation, says that "the tale of the Agricultural Bank of Egypt is manifestly, as an example for India, a tale of failure." He of course advocates a bank based upon co-operative credit system. An Indian writer on Economics observes as follows :—

"The importance of co-operative credit societies cannot be gainsaid. They supply a badly felt want of the cultivator by providing him with credit where he has none. Agricultural operations are facilitated and higher profits are ensured. Credit societies very largely perform the same function as agricultural banks, and they are eminently useful to cultivators who have only small pieces of land to mortgage. They enable them to capitalise their honesty and, on the principle of self-help and mutual aid, to improve their condition. This is an aspect of the agrarian and the general economic question which should not be lost sight of."

The Mysore Co-operative Committee have after full consideration recommended the formation of two State-aided banks, one for areca nut growers and the other for coffee planters. There can be no objection to the Government granting

financial aid to the proposed banks provided property security is forthcoming, but in the Malnad even the best property has no market value. Our experience of agricultural banks has shown that when the property is brought to sale, it fails to fetch an adequate price owing to the paucity of bidders. It will have to be purchased in the long run by the Government or allowed to remain in the possession of the defaulter himself with liberty to him to enjoy the produce without any liability for the payment of his debt.

Cottage Industries.

There is another branch of the co-operative movement to which it is necessary to call the attention of the Co-operative Department as well as the Industrial Department, *viz.*, the neglect of cottage industry. It is stated in the report on co-operation that only one co-operative society of this kind is working in Bangalore. This is very disappointing after the enormous efforts made by the Government to resuscitate cottage industries. It is not necessary for me to go into the history of those efforts, but as President of a Co-operative Conference, it appears to me that the Government attempts failed because they were not based upon co-operative basis. The Department of Industries and the Co-operative Department should join hands and try to develop cottage industries. Societies for nakki-making, lace making and for embroidery can be formed, raw material can be given to the workers and the finished products purchased. This will be a great boon to ghosha women and will go a long way to relieve their distress.

Audit and Supervision.

I have so far briefly dealt with the different types of co-operative societies that are now in existence in the State and shown the direction in which further development is possible. As regards audit and supervision, there is no suggestion anywhere that the departmental control and vigilance should be relaxed. It would be better if the central banks themselves take up the supervision of the primary societies and propagandist work. But in the present state of their finances I do not think they will be prepared to replace the department. Government have recently reorganized the department and increased the number of Assistant Registrars. The suits filed by the Co-operative societies are being disposed to with greater promptitude than before, but the progress in the execution of the decrees still continues to be slow. Government have issued instructions in the matter to their revenue officers, but a very heavy burden has been thrown upon the Revenue Department, there being as many as 3,899 decrees pending execution with them at the end of the year 1922-23. You have to consider whether it is not advisable to adopt the British Indian system of sending decrees for execution of Civil Courts, but if you decide that the present system should continue, you will have to consider whether it is not advisable to give a bonus to the Shekdar on decree amount recovered so as to serve as an inducement for prompt execution. Personally, I would prefer the employment of a Shekdar for a particular area, say, a Sub-Division, at the cost of the societies in that area. That will relieve him of

the Government work and enable him to devote his full time and attention to the execution of co-operative decrees.

State aid to Co-operative Societies.

"State aid is said to be dangerous to co-operation" and that is the reason why the Government of India have abstained from giving financial aid to the societies except in the beginning of the movement. But the practice in European countries is different. "Some societies aided by the State in France have had a long and successful career." We in Mysore have followed the example of British India, but I think the depressed class societies will not be able to stand on their legs unless Government gives them financial aid in the beginning. Government will in time of emergency come to the aid of a central bank as the Government of India did during the time of the great war. But it is its present duty, I think, to arrange for a fluid reserve for the apex bank. The Central Co-operative Bank does not seem to require any such aid, but if its amalgamation with the Provincial Bank takes place as recommended by the Co-operative Committee, the question will assume importance and will perhaps be brought before the Government.

Satisfactory as the progress of the co-operative movement has been in the State it has not yet added to national wealth or the prosperity of the State as a whole, for the foreign money lender and merchant are still flourishing in the State. In spite of the large number of agricultural credit societies established in the State, the Marwadi has been throwing his tentacles into the remotest parts of the State and the Labbe merchant is thriving as an exporter of grain. The foreign trade continues to be in the hands of outsiders and few Mysoreans have succeeded in establishing a foreign agency or depot. Unless the Mysorean is more enterprising and prepared to take greater risks, he will remain in the background in the commercial world. We must look to the co-operative movement alone to produce men of this kind and when such men are forthcoming, the prosperity of the country is assured.

The rapid progress which the movement has made in the State is due entirely to the interest which His Highness the Maharaja and His Highness the Yuvaraja have taken in the movement. It behoves the members to work honestly and zealously to promote the welfare of the societies to which they belong. They should avoid the main defects of societies, *viz.*, irregularity and unpunctuality in payment and should not allow the affairs of the society to drift into the hands of the Secretary. Says Professor Marshall: "The true co-operator combines a keen business intellect with a spirit full of an earnest faith and some co-operative societies have been served excellently by men of great genius both mentally and morally—men who for the sake of the co-operative faith that is in them have worked with great ability and energy and with perfect uprightness, being all the time content with lower pay than they could have got as business managers on their account or for private firms. Men of this stamp are more common among the officers of the co-operative societies than in other occupations and though they are not very common even there, yet it may be hoped that the

diffusion of a better knowledge of the true principles of co-operation and the increase of general education are every day fitting a large number of co-operators for the complex problems of business management." It is hoped that our co-operative societies will produce men of this type who will carry the movement to higher stages of development.

THE TENTH MYSORE PROVINCIAL CO-OPERATIVE CONFERENCE—MYSORE.

The Tenth Mysore Provincial Co-operative Conference was held at 9 A.M. on the 15th October 1923 and continued its sittings on the 15th, 17th and 18th October 1923. Over 400 delegates from the several co-operative societies, some of whom from the remotest Malnad parts of the State and 300 visitors, were present. The Dewan, Members of Council, the Deputy Commissioner, Mysore District, and all the leading citizens of the Mysore City were present on the first day; the Registrar of Co-operative Societies, the Assistant Registrars of all the four Divisions in the State, and the Inspectors of co-operative societies were present throughout the sittings of the Conference.

The Registrar of Co-operative Societies presented on behalf of the members an Address to Mr. A. R. Banerji, Dewan of Mysore, requesting him to open the Conference. The Dewan in opening the Conference made a short felicitous speech in which he touched on the various aspects of the Co-operative Movement and exhorted the co-operators to push on their work towards the uplift of the poor ryots. He also read a gracious Message sent by His Highness the Yuvaraja of Mysore regretting his inability to be present at the function and conveying his deep-felt sympathy and support towards the Co-operative Movement.

Mr. Mir Humza Hussain, B.A. B.L., First Member of Council, then delivered his able Presidential Address, (published elsewhere) in the course of which he gave very valuable suggestions to the delegates for consideration at the Conference.

The papers sent by Rajakaryaprasakta Rao Bahadur Mr. M. Shama Rao, M.A., Retd. Inspector-General of Education, on House-Building co-operative societies and Mr. P. G. D'Souza B. A. B. L., Director of Industries and Commerce, on the development of Industrial Co-operation were read at the Conference.

The Dewan then distributed the ten Shields instituted by His Highness the Maharaja and the Yuvaraja of Mysore to the ten best co-operative societies for the year 1922-23.

After the garlanding of the Dewan and the president and other gentlemen that were present, the Conference was adjourned on the 15th October 1923.

The Conference continued its sittings on the 16th October from 8 A. M. to 11 A. M., and from 3 to 6 P. M., and on the 17th and 18th October from 8 A. M. to 12 noon.

Before proceeding with the discussion of the subjects on the 16th a resolution to the effect that the members assembled at the Conference expressed their deep sorrow at the loss sustained to the State by the demise of Sirdar Sir M. Kanteral Urs, K. C. I. E., C. S. I., Ex-Dewan of Mysore and convey their condolences to His Highness the Yuvaraja and the members of the Royal Family, was passed, all the members standing.

The Aminbhavi Amateur Co-operative Dramatic Troupe of Dharwar who had come to this Conference at the special request of the Registrar of Co-operative Societies enacted their Co-operative Dramas on the 15th night at the Town Hall and on the 17th evening at the Laksimi Theatre. These dramas were not only instructive and edifying and full of mirth but also brought home to the co-operators vividly the moral, material and social advantages which people that joined co-operative societies derived from their connection.

RESOLUTIONS.

1. That suits be instituted in the Court of the Registrar and Assistant Registrars and that decrees be executed by the Revenue Authorities as hitherto and that there is no necessity to give bonuses to Sheikdars.

This Conference prays that the cost of special Sheikdars that may be appointed for the execution of decrees be met out of the revenue realised from Court Fees.

That the law be so amended as to give power to Assistant Registrars to issue orders of attachment before judgment, the said orders being executed by the Amildars.

2. That a Central Co-operative Depot be started at Bangalore to begin with for the supply of yarn, dye-stuffs and other materials required by weavers and that weavers' societies be formed at important weaving centres and affiliated to the Depot for the distribution of the articles.

3. That Co-operative Grain Banks be established in villages or special areas on the following lines:—

(1) The Bank should be open to members who take up shares, payment being made in kind.

(2) That a reserve store be formed of grain according to the need of the members and of the villagers generally.

(3) That no transaction can be permitted until this reserve store is formed.

(4) That after the formation of this reserve, the grain be disposed of in the best possible manner and the profits divided amongst the members.

4. That the rate of penal interest be fixed at not more than one per cent over and above the rate of interest fixed in the bonds and that interest should not be added to principal and fresh interest levied thereon.

Central Banks.

5. The question of having a separate Bank, i. e., an apex bank for financing the Co-operative Movement in the State was discussed at considerable length. The majority of the members suggested that the existing Provincial and Central Banks should be amalgamated together and developed into a strong apex bank obtaining, if necessary, financial aid from Government and if this were not possible an independent apex bank should be started. After a keen debate on this question in the course of which various defects in the existing financing institutions was clearly brought to the notice of the members of the Conference, it was unanimously agreed that this question be deferred consideration till the next Conference by which time all co-operators will have an opportunity of knowing the valuable recommendations of the Mysore Co-operative Committee on this important question.

6. That with a view to minimise the delay involved in the investigation of loan applications from unlimited societies, a correct property list be prepared for each society showing therein a correct account of total assets and liabilities of each member of the society, that this list be revised every year and that the Registrar after proper scrutiny do fix a limit for each year up to which a society could borrow from the Central Financing Institution.

7. That Building co-operative societies be formed at Bangalore and Mysore and other important areas for acquiring sites and constructing houses for the use of members on the hire purchase system.

8. That existing credit societies do set apart a portion of their funds for the purchase and supply of improved seed, agricultural implements and manure and spraying materials through the Agricultural Department.

9. That existing credit societies in Sericultural centres do set apart a portion of their funds for the supply of disease free eggs and other implements to sericulturists of the locality through the Department of Sericulture.

That wherever possible societies consisting purely of sericulturists be formed for purchase, sale and credit and also for imparting elementary instructions in the method of sericulture and that for two years at least these societies be given the services of an Inspector practically conversant with sericulture.

10. Resolved that in the existing societies, the membership should be freely thrown open to depressed classes living at the place and that in localities where enthusiastic literate men are available, separate societies may be started.

11. That a beginning be made in the starting of Co-operative Farming societies and that this step be combined with the means for the elevation of the depressed classes; that suitable blocks in the surrendered areas of Amrutmahal Kavals, etc., be started for this purpose and that the Registrar of Co-operative Societies be requested to draw up a suitable scheme for this purpose.

CO-OPERATION ABROAD AND IN SOUTH ARCOT.*

BY THE HON. MR. C. P. RAMASAWAMY AYAR.

Chairman of the Reception Committee and friends.—It is to me a source of very great pleasure indeed that I am permitted to be amongst you this evening and to participate in the gathering to-day and in the proceedings of this Conference. It is my firm conviction that the co-operative movement although fostered, encouraged and helped in every way by the Government, is and must essentially be a mass movement and be non-official. It might therefore sound very inappropriate that a member of the Bureaucratic section of the Government should be called upon to participate and to preside over this Conference. But I might say that though translated into Bureacracy, I may yet be recognised as a non-official *per se* essentially. And indeed even in that position I think my justification for existence is and ought to be that I am only a link between the official and the non-official world. It is in that sense and only from that point of view that I hastened early in May to accept the invitation extended to me by my friend.

My first task would be to apologise to those present here for the continual adjournments which have been occasioned by my having been requested to take part in the proceedings of this Conference. I made my promise in May but my time has not been my own and therefore here we are to-day at the end of September and I must reiterate my apology especially in view of the sentence though simple yet having a little reproach, contained in the speech of the Chairman of the Reception Committee.

The next point that I desire to dwell upon for a moment is my choice of the subject and my fitness for my being here amongst you, co-operators, great enthusiastic co-operators in my official capacity, a member in charge of law and order and not like my friend, Sir K. Venkata Reddi. My apology is twofold. From the inception of this movement I have been a careful and strenuous student of the development of this movement and during my visit to Europe I took the opportunity to study this movement particularly in Denmark and Ireland, the two places where this movement has flourished exceedingly well. I think as a humble co-operator I am entitled to be amongst you and to suggest certain lines of thought and if by so doing I am able to stimulate you in thinking further on the problems that will be placed before you, I shall consider myself partly rewarded in the task I have undertaken.

There is one more prefatory remark which I desire to make. I have been recently very busy and have not therefore been able to put into print my thoughts and suggestions such as they are on the subject. I shall therefore deliver an extempore speech and request you to make allowance for the many shortcomings which such speech generally brings in its train.

Friends, the first remark that I desire to make, and it is of a general nature, is upon what may be called the basic ideal of co-operation. Co-opera-

* Presidential Address delivered at the South Arcot District Co-operative Conference by the Hon. Mr. C. P. Ramaswamy Ayyar on 30th Sept. 1923.

tion in the technical sense in which the members of this Conference understand it is not merely operating together as for instance in industrial ventures and undertakings. It cannot therefore be confused with conjoint labour in the widest sense. Otherwise a ploughman and his cattle who produce conjointly labour in a particular sense, would be examples of the co-operative movement. What is the meaning of this co-operative movement, and what does it seek to do? I go back to the definition of the earliest and notable writers, *viz.*, that co-operation is an equitable division of profits for the worker, capitalist and the consumer concerned in the undertaking. Co-operation is therefore neither unregulated work nor is it philanthropy. Its object is to prevent interested parties controlling the entire undertaking. It is necessary especially when the joint stock idea is so prevalent and when capitalism is rampant, to remember that the co-operative movement is a kind of recovery against capitalism. The real principle, for instance, between joint stock enterprise and co-operation is that the former to a certain extent lacked humanity and interest in social progress and often degenerated into mere money-making while in the latter the shareholder supplies the capital and reaps the profit and has the sole control over the operation. The workers in joint stock enterprises have no sympathy with the undertaking as a whole. Here is a point which we in India have essentially to bear in mind. Later on I shall tell you what I consider to be some of the difficulties attendant upon the inauguration of joint stock enterprises in this country. Social difficulties and social handicaps largely stand in our way in regard to the co-operative movement. The workers' interest is to do the work in order to retain their employment but they do not derive any improvement from the enhanced profit which are contributed by their work. There is essentially an antagonism created between the one category and the other. One's gain is too often the other's loss. On further analysing I can say that an average worker cannot take risks attendant upon capitalist concerns by putting his money and are not therefore able to take advantage of the speculations which are involved in every capitalistic joint stock enterprise. It is therefore not advisable that the employee should put his money in the undertaking of which he is a part, because if he loses in the business not only does he lose his labour but too often his money as well. In Europe bearing in mind all these things people have started the wise system of profit sharing and those of you, co-operators, who are interested in pursuing this topic further will do well to go through a little book by Mr. Neuren Willams, an Egyptian thinker, on these problems. It seems to me that the co-operative movement owes its vitality and its strength to being free from many of the drawbacks and handicaps in joint stock enterprises. I shall point out one or two factors which are sometimes lost sight of. There has been a talk about the fitness or the unfitness of the world in general and of India in particular with regard to joint stock enterprises and capitalistic movements. I do not propose to trespass into the larger aspects of the matter but let us as commonsense men confronted with a system of holding property, confronted with the possibility that there can be by virtue of the working of social laws, no aggregation of capital, see exactly what can be done and what

has been our experience. We find that after a generation or two the joint stock enterprise loses its essential character and becomes so sub-divided that it does not have the same strength and the virility with which it started. It seems to me that the only solution appropriate to the habits of India is the co-operative movement. It seems to me also that instead of starting ventures based upon western ideals however appropriate they may be from their own standpoint of life, we may look to the co-operative movement as the germ of our industrial and similar undertakings in order that our country may take its proper place amongst the productive countries in the world.

To those like you who are students of the movement and to whom the history of the co-operative movement must be fairly familiar, I do not propose to tread on familiar grounds of what has been done in the past and elsewhere. But in view of the condition of India it may be well for me to point out certain lines of progress that have been attempted elsewhere. I find from a recent report of what has been done in the United Kingdom that the growth of the co-operative movement in Great Britain where joint stock enterprises also have full force, has been so enormous that it includes within its sphere over 3½ millions of people to-day in a population 45 to 46 millions and the retail stores in the United Kingdom sold goods in the year after the war to the extent of 89 million pounds and manufactured—and this is the point to bear in mind—goods to the extent of 26 million pounds. I wish here to consider what were the most hopeful ideals which animated the English co-operators which might serve as examples to us. Let us take for instance the society at Glasgow which is a great venture in this line where three-fourths of its workers are all its shareholders. Take again the expansion of the co-operative movement in Italy of which you might have heard. There are large number of organisations co-operatively undertaking labour on lines that if adopted in India will be a great improvement. I will give you a few instances. In Italy there is a large co-operative undertaking to maintain river banks and reclaiming marshy lands. It is absolutely an historical fact that it is by the organised endeavour and effort of co-operative societies that the large and useless tract round Rome has been reclaimed from a marsh into a healthy land, with the result that the people have made their existence cheerful and healthy. This is not done by any large capital nor by maintaining large factories or workshops but by co-operative organisations. It is therefore in agriculture, in the reclaiming of Marshy land, in cultivating land which one man cannot by himself cultivate and it is only on these lines that there is a tremendous future and great possibilities.

Of course we cannot dispense with factories. Whatever may be said you cannot of course run the whole country on the basis of cottage industries. It seems to me that merely to advocate that the regeneration of India can be achieved by the development of cottage industries will be only a distant ideal but not one quite suited to the present day civilisations. We must run these factories on lines which produce results similar to those produced in other countries. But let us not copy that bitterness between capital and labour which obtains in Europe and

America. In this connection it may be well to take a leaf from other books bearing in mind what has been done in Europe and in America in these directions. Mr. William George, an acute thinker, analyses the various methods by which people can arrive at social progress and says that Western institutions are far too competitive and he points out that even in factory life the present state of things cannot continue long. He points out that the object of the consumer in every walk of life is to earn and have a larger proportion of profit.

Very great success has been attained in Europe in co-operative stores and in which we have also made some progress in this country. Goods are purchased and sold at a reasonable price distributing the profit to co-operators at the end of the year. Again there are the building societies in England which demand our attention and thought. I looked into some statistics which are very instructive indeed. I shall give you one or two instances. The Garden City of Letchworth is one of which many of you may be aware. A big estate which was beyond the capacity of a single man to improve was purchased in 1903 at a price of Rs. 40 per acre and houses were built on the land. The society which undertook this work started with a capital of £ 4,000 and has at present £ 900,000. The whole of this has been achieved by co-operative enterprise.

Coming to your district, in the course of the last three or four years in my professional capacity I had to appear in many cases arising from different transactions. What did I find? I found that your ground nut which was sent to foreign countries was valued at £ 25 to £ 26 by the experts there, while they were selling at £ 70 with the result that there was a crash. What is this due to? It is due to the circumstance that there was no public opinion which was created and there was none to regrade the quality of the produce and to maintain that quality at a standard minimum while in countries like Holland and Denmark they have formed societies for the purpose of providing experts on the spot to supervise and maintain the required minimum. For example, I might mention the case of eggs and butter largely sent to England by Denmark. There is absolutely no complaint made in the quality of goods supplied because the quality is vigorously tested by men in whom the buyers had enough trust. Thus it will be seen that the maintenance of a uniform quality means the reputation of the country which supplies articles. It is on these lines that the far-seeing co-operators have laboured in other countries.

It might have appeared to you that I was needlessly roaming and referring to matters in Denmark, England, Italy and other places without referring to topics at home. But I might mention that it is well for us to remember that the movement owes its origin to those countries. The progress of the movement elsewhere and the difficulties and hardships which the people in other countries had to combat ought to be a lesson for us. Now, coming to India as I said already, the handicaps to our industrial and agricultural progress are manifold. Some of them are the owning of small holdings and the tendency of sub-division at each generation, and the different habits and customs of the people. Again

we have lost touch with the old panchayat system though I see attempts being made to resuscitate it.

There are three or four directions in which more progress can be made than has been attempted till now. What has the co-operative movement done for the purpose of facilitating the marketing of produce? If people combined together and sold their produce, better prices might be procured, proper seasons might be watched and produce collected at the proper times. It has always been a matter of surprise to me how the people in other countries like China, Holland *etc.*, have been able to send day in and day out plantains which are well preserved in England and fetch decent prices. Similarly the surplus produce of India may be collected and sent to foreign countries to be disposed of with advantage. But it does not appear to be easy because of the difficulties in the way of collection, and the growing up of produce in large and collective areas. Again facilities for transport are also absent. Trucks may for instance be owned by a certain number of societies and these utilised for the transport of produce quickly and easily.

Let me for a moment turn to problems nearer home. The co-operative movement in this Presidency was initiated by one of the most far-sighted and beneficent administrators, Sir Frederick Nicholson. The movement had the inestimable advantage in having Sir P. Rajagopalachariyar, a man with an irresistible driving force and an infinite enthusiasm, as Registrar at the beginning. Then you had Mr. Ramachandra Rao with boundless enthusiasm to run the movement. What has been the result achieved by these. For a few years the work was mainly educative. We have now 4,61,000 members in 7145 societies with a working capital of 601 lakhs and a paid up capital of 771 lakhs.

This is a progress of which no one need be ashamed. What is more remarkable is that the system has been carefully fostered and nursed. Besides the local unions for supervising work, there are honorary workers known as Honorary Assistant Registrars who are doing valuable and splendid work. All this is achieved at a total cost to Government of less than six lakhs of rupees. I think it is a matter we have every reason to congratulate ourselves. You are fortunate to have at the head Sir K. Venkata Reddi with whom I have been privileged to work; a man with a tremendous enthusiasm for the development of the co-operative movement and whose aim and object is to make this movement a success it deserves to be.

The difficulty that has been felt in regard to the co-operative movement is however one which has been very frankly recognised by the Assistant Registrar whose report I had the privilege to go through yesterday. He says that in districts like this which gives abundant facilities not only for agricultural co-operation but industrial non-credit co-operation, the reasons for failure are the still lingering mutual distrust and the competition of the petty trader advancing money on the crops; both speak badly of the credit of the people.

This district has got some special features. The Kallakurichi Industrial and Agricultural Society has been organised for affording facilities for the marketing

of produce. It is stated that even 50 per cent of those who are in real necessity to borrow have not joined it but are still resorting to local money lenders. It may be that this is due to the ignorance of the people of the working of co-operative institutions owing to the indifference of the panchayatdars and want of time-accommodation. The remedy lies in propaganda and missionary work by people with zeal and enthusiasm. I find in this very town that the condition of the agricultural society is a matter which gives some anxiety because the future is so doubtful and there are many disintegrating factors. It seems to me that on the whole the progress which has been made though desultory is one with which we cannot and ought not to rest content. It has to a large extent concentrated its attention only on the manipulation of credit, *i. e.*, relieving the indebtedness of the ryots, taking away the possibility of oppression by the sowcar and the money lender. The credit aspect of the movement is not the end and aim of the movement. The non-credit aspect is the most fruitful and most likely to benefit the people and to lead to the progress and growth of the country. It is to you therefore who are at the helm of affairs to think over this and see that adequate encouragement and missionary enterprise are devoted to the inauguration of growth of the societies on non-credit lines.

I find in the remarks of the Chairman of the Reception Committee certain ideas thrown out about long term loans. It seems to me that it is too soon for us to go on thinking of land mortgage banks existing in Austria, Belgium, Holland or United States. You must remember the difficulties of long term borrowing and long term lending. It necessarily means that the State should be in a position to liberate a very large amount to come to the rescue of societies in the case of long term loans because you are not sure of the return of amounts on the due dates. It seems to me that we need not think too much on these lines just at present.

In another portion of the Chairman's report the idea was expressed that the audit may be entrusted to certified auditors instead of leaving them as at present to Governmental agency. If certified auditors are available in such large numbers as are required for the audit of these institutions, none would rejoice more than myself. But I have heard it said that much of the present success of this movement is due only to Governmental audit. Let us all the same try to bring into existence a body of well trained and organised auditors under a certain definite organisation to take up the audit of co-operative institutions.

I have made some desultory remarks and I do not propose to detain you long. Let me congratulate those who are responsible for this Conference and the obvious success which has attended their efforts. This district has besides agricultural industries, certain peculiar industries which lend themselves particularly to the utilisation of the co-operative principle, when we realise that it is one which is at the bottom of the future industrial welfare of this country. Shall we not each one of us put our hands to the wheel and shall we not strenuously strive to lay the foundations for the future welfare of this land for which we are all yearning and dreaming.

THE FOURTH SOUTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE.

The Fourth South Arcot District Co-operative Conference was held on 30th Sep. under the presidency of the Hon. Mr. C. P. Ramaswamyayar. The conference is a novel departure in many ways. The Agricultural and Industrial Exhibition which owes its success to the untiring efforts of Mr. T. V. Kuppuswamyayya formed an agreeable instruction and useful diversion to the villagers. The Agricultural Department co-operated wholeheartedly for the success of the demonstration. Magic Lantern Lectures on agricultural pests and value of new improvements were delivered during two nights. The Hall was decorated with Tamil Proverbs and mottoes exhibiting the potentialities of co-operation in nation-building. Representatives of all the unions were present on the occasion, also the influential public of the District. The extempore address of Mr. C. P. Ramaswamyayar appealing to Co-operators to develop the marketing side of the movement is published elsewhere. Of the questions discussed at the Conference, the noteworthy are those relating to the formation of Grain and Land Mortgage Banks. The Registrar of Co-operative Societies was also present on the occasion and opened the Exhibition. A paper on dyeing and the need for regenerating Indian industries was also read at the Conference.

RESOLUTIONS.

1. *Grain Banks*:—This Conference recommends that steps be taken to organise grain banks in different centres of the District so as to enable agriculturists to keep a stock of grain without strain to individual ryots and so as to be available in times of scarcity.

2. *Land Mortgage Banks*:—This Conference recommends that in order to relieve agricultural indebtedness, steps be taken to start immediately one or two land mortgage banks in selected centres of the District. The question of finance and the problem of debenture scheme should not stand in the way of such societies being started. The available resources of the District Bank should be sufficient to help one or two societies to begin with.

3. This Conference reiterates resolution No. 2 of the Conference of last year regarding the issue of Agricultural and Land Improvement loans through Co-operative Societies.

4. This Conference recommends the introduction of a course of study in Elementary principles of co-operation in schools, Elementary, Secondary and specially in Training schools.

5. This conference recommends that steps be taken to amend the Indian Trust Act so as to enable trust funds being invested in Central Banks.

6. This Conference recommends that Government Provident funds for Teachers be invested in Co-operative Central Banks instead of in the Post office Savings Banks.

7. This Conference is of opinion that the annual Administration Report of the Assistant Registrar be published in the District Gazette.

8. This Conference recommends that in view of the fact that the Madras Central Urban Bank has reduced the lending rate of interest to 7 per cent, the interest charged to societies in the District Bank may immediately be reduced to 8 per cent in respect of all loans which may be issued from 1st October 1923.

9. This Conference reiterates resolution No. 11 of the last year's conference that the minimum limit fixed in respect of remittances between co-operative societies through Government Treasuries be reduced from Rs. 150 to Rs. 50.

10. This Conference reiterates resolution No. 12 of last conference that Labour Co-operative Societies be formed for taking contracts, for road making, building construction etc., so as to secure the labourers the profits of such contracts.

11. This Conference requests the Department of Co-operation to register the informal District Federation of Unions now working in this District under the Co-operative Societies' Act.

12. This Conference urges on all local unions to affiliate themselves to the Madras Provincial Co-operative Union and hold themselves responsible to collect the annual contribution from societies in their areas.

13. This Conference recommends that in view of the present condition of the Tindivanam Industrial and Agricultural Co-operative Society, the Government be requested to give a special subsidy.

14. This Conference is of opinion that the principle of exempting co-operative societies from public taxation should be rendered applicable to all taxes which Local Boards and Municipalities have been authorised to impose within their respective areas under the new Local Boards Acts and District Municipalities Act.

15. This Conference recommends that it is necessary to consult *Local Unions* before any new society is registered by the Department, with a view to see that their future supervision is guaranteed.

16. This Conference is of opinion that the time has come for the organisation work of credit societies being handed over to certain efficient unions in the District.

17. This Conference requests the Provincial Co-operative Union to formulate a scheme of recruitment and selection of Honorary Assistant Registrars and place it for information before the ensuing Provincial Conference.

18. This Conference is of opinion that the concession of rebate of 75 per cent on the Money Order Commission allowed to co-operative societies in some of the other Provinces in India should be extended to this province as well.

19. This Conference recommends that the District Municipalities Act be so amended as to exempt buildings constructed in a compact block by a building co-operative society from the operations of section 83 of the District Municipalities Act.

SATTUR—SRIVILLIPUTTUR TALUQ FOURTH CO-OPERATIVE CONFERENCE.

The Conference was held under the presidency of M. R. Ry. Rao Bahadur N. Gopalasamy Aiyengar Avergal M. L. C. Registrar-General of village panchayats and Inspector of Local Boards, Madras. M. R. Ry. V. T. Krishnamachariar Avergal, Collector of Ramnad District, M. R. Ry. K. Ramunni Menon, Revenue Sub-Divisional Officer, Sivakasi, M. R. Ry. S. P. Perumal Pillai Avl. Assistant Registrar of Co-operative Societies, Tinnevely, M. R. Ry C. S. Sundaram Ayer Avl., District Educational Officer, Ramnad, the Thasildars of Sattur and Srivilliputtur, the Sub-Magistrate of Srivilliputtur; Agricultural Demonstrator, and Inspectors of co-operative societies in both Taluqs were present. The proceedings commenced at 12 noon with prayer, songs in Sanskrit and Tamil in melodious tune by the school boys of the Hindu High School. The welcome address was read by Mr. A. Srinivasachari, the Secretary of the Banking Union, and the President delivered his address in Tamil. (*Vide Tamil Bulletin Sep 1923*). Special reports were read by the President of an Adidravida society and the Secretary of the Tiruttangal Co-operative Supervising Union Ltd.

RESOLUTIONS.

1. As it has been found by experience that the economic condition of the agriculturists can in no way be improved by co-operative credit societies alone, this Conference urges on all villages where the latter exist, the need for the formation of separate organisations for the spread of implements, manure, and seeds.

2. As the present system of five year loans to societies is not helpful to them, this Conference requests the Department to put into practice the existing rule of ten year loans by persuading the Central Banks to do so.

3. This Conference requests the Department to register immediately three societies for irrigation purposes through the Arjuna river, printing work, and arbitration, whose applications for registration have been long pending with the Department.

4. This Conference requests the Registrar-General of Panchayats and the Collector to organise Village Panchayats and Village Panchayat Courts in those villages now served by co-operative societies, as such institutions will be very useful in furthering co-operation and improving rural life.

5. This Conference urges the need for the formation of Forest Panchayats, requests the Department to register such societies which have applied for registration, and the District Collector to combine the institutions of Village and Forest Panchayats.

6. This Conference is of opinion that ten Honorary Assistant Registrars be nominated for each union area in these two Taluqs.

7. This Conference is of opinion that Local Unions should educate the representatives of village Panchayats by arranging for their Conference once a month.

8. This Conference resolves that the Department should give previous intimation of the programme of work of Hon. Assistant Registrars to societies and unions concerned.

9. This Conference is of opinion that enquiry under Sec. 35. about any society should be conducted in consultation with the Local Union.

10. This Conference is of opinion that arbitration societies on the model of those in Punjab be organised in these two Taluqs.

11. This Conference is of opinion that the inspection of societies be handed over to those local Unions approved by the Central Bank and the Department do confine themselves only to annual audit.

12. This Conference requests the Assistant Registrar to send copies of inspection reports of societies by Hon. Assistant Registrars and Inspectors to Local Unions.

13. This Conference requests the Madras Provincial Co-operative Union to formulate a scheme of Land Banks as early as possible.

THE SIXTH GUNTUR DISTRICT CO-OPERATIVE CONFERENCE, HELD IN MAY 1923. RESOLUTIONS.

1. This Conference is of opinion that there is need for a separate Provincial Bank for the Andhra Districts and regrets that the request to convert immediately the Krishna Bank into a Provincial Bank has not yet been given effect to.

2. This Conference expresses its grateful thanks to the President and members of the Guntur District Board for depositing the amount of Railway cess etc. about Rs. 2½ lakhs in the Guntur District Bank and requests them to continue the practice and thus help the growth of the movement.

3. This Conference requests the Government that Co-operative Societies should be exempted from payment of taxes under the Local Boards and Municipal Acts.

4. This Conference requests the Postal Authorities to permit the inclusion of pies in the money orders sent by co-operative societies as in the case of Revenue, Local Municipal money orders.

5. This Conference requests the Government to refund the money order commission paid by Co-operative Societies to the extent of 75 per cent as in the Bombay Presidency.

6. This Conference requests the Government to lower the amount of remittance through sub-treasuries to Rs. 25.

7. This Conference urges on the societies in the District to affiliate themselves to the Andhra Sahakara Sammelanam.

8. This Conference requests the District Bank to collect the interest once a year from societies instead of once in six months.

RESOLUTIONS OF THE GUNTUR DISTRICT BUSSINESS CONFERENCE.

1. Recruits for the Supervisor's post should in addition to the usual training be trained for a month in the District Bank.

2. Supervisors should submit copies of reports of inspection to the District Bank.

3. This Conference recommends that the selection of Honorary Assistant Registrars should be made from among those recommended by the District Conferences, the Management of Unions and District Banks and experienced co-operators.

4. In by-laws 7, 10, & 18, the words 'with the permission of the Registrar' may be removed.

5. That the Department should get the approval of the District Bank and the Local Unions before registering new societies.

6. That interest on Reserve Fund should be raised from 6½ to 7 per cent by the District Bank as in the case of Deposits.

7. That the constitution of the District Bank be revised on the model of the by-laws given in the Manual.

THE SEVENTH AGRICULTURAL AND CO-OPERATIVE CONFERENCE, BURMA.

The Seventh Agricultural and Co-operative Conference, Burma, was held at Mandalay 21-24 August, 1923, under the presidency of Mr. U Po Tha, C.I.E., O.B.E., the first new official chairman elected for the office. His Excellency Sir Harcourt Butler, G.C.I.E., K.C.S.I., I.C.S., Governor of Burma, opened the proceedings by a short and pointed speech. Two main policies he laid down in his speech, which deserve attention from all co-operators. "The first is, that the movement, though necessarily guided at present by officials, can succeed only if it is kept in essentials non-official. The second, that the movement can succeed only if it is kept non-political."

The Hon. J. A. Maung Gyi, Minister in charge of the Agricultural and Co-operative Departments, made a very informing speech on the progress of Co-operation in Burma, extracts from which are quoted below.

The Hon. Mr. J. A. Maung Gyi's Speech.

It the movement once fairly started ceases to spread by its manifest usefulness, it fails in its comprehensive aims. The increase of membership therefore is an important matter for this Conference to consider. We need to find some sure means of extending the benefits of co-operation to people who are fit to be members and have not yet joined. The way in which Co-operative Societies in Western countries maintain increase of their memberships is by offering improved

services or undertaking new forms of business, and this is the way which co-operative societies in Burma must follow in order to grow in strength by the enthusiastic support of the members. Of the new services which co-operation can offer to cultivators in Burma, those which seem to be most promising are improved facilities for depositing cash in credit societies with convenient arrangement for withdrawal and co-operative storage and sale of agricultural produce and preparation of agricultural produce for the market by means of milling rice, ginning cotton, pressing oil, and the like.

The safe custody of people's money with facilities for withdrawing it whenever it is wanted is a convenience which every one will appreciate. It will at the same time help to supply the society with abundant working capital. And as the society will accept anybody's money and not only money from members, the custody of money by the societies will encourage savings outside their own membership, and bring idle money into active circulation. The societies have experienced chairmen and committees and secretaries who can keep accounts and all the societies are audited by trained auditors. The Co-operative Societies are therefore able to offer safe custody for money such as has never before been known in Burma.

Provided that the members understand the objects of the societies and really want the benefits the societies can produce, there is nothing better than the co-operative societies for storage and sale and co-operative rice mills, cotton ginneries, etc. but unless the members understand what is meant by Co-operation and practise it, those concerned are doomed to failure in competition with private firms and Joint Stock Companies possessing large capital and expert Managers. A co-operative rice mill which aims at giving 30 per cent dividends on shares is almost certain to come to grief; but if it gives all its profits to the suppliers of paddy in proportion to the value of their paddy supplies, the members will support their societies through thick and thin, and as it is a combination of men to provide themselves with a service which they are in need of and not to secure large dividends, it can thrive in spite of losses which would ruin a capitalistic concern, and by the support of its numerous members (who are also the suppliers of its raw material) it can defy competition. Some progress has been made in Burma in this direction. The Mahlaing Cotton Ginnery which enables cotton growers to obtain prices for their cotton sold in form of lint which they have not been able to obtain before, has not only secured the keen support of its members but is attracting new members in spite of heavy losses in working during the last two years, and in spite of paying no dividends.

As His Excellency remarked in his introductory speech, it is of the utmost importance that the Co-operative Movement should be kept essentially non-official; it is essential that chairmen and committees of rural societies and unions should be competent and that the co-operative education of the ordinary members should improve. It is with the greatest satisfaction that I notice the satisfactory position with regard to the recovery of loans of societies in Burma. It means that chairmen and committees have been competent and industrious, for a satis-

factory position with regard to the recovery of loans depends on the care and discretion of the committees when they issue the loans.

After the introductory speech of the Chairman, Mr. U Pb Tha, His Excellency opened the Exhibition. Awards were then awarded for the best exhibits and the first day's proceedings closed with this function. The Conference then elected 12 Sub-Committees to consider the problems relating to different co-operative activities and these were placed before the open Conference and passed. As the resolutions are very informing as well as instructive, we give them below under several heads.

RESOLUTIONS.

1. Rural Societies

1. Co-operative societies should do savings bank business and the following procedure should be adopted:

(i) Societies approved by the Union may accept savings bank deposits at not more than 15 per cent per annum.

(ii) No individual deposit shall exceed Rs. 100 provided that with the consent of the Union, individual deposits may be allowed up to Rs. 200.

(iii) Deposits exceeding Rs. 200 should be accepted only as fixed deposits for payment at harvest.

(iv) Women may serve as members of the Managing Committee for savings bank business.

(v) Withdrawals not exceeding Rs. 20 shall be allowed at any time except on Sundays and public holidays.

(vi) For withdrawals exceeding Rs. 20 seven days' notice shall be given and for those exceeding Rs. 50 fifteen days.

(vii) Only one-half of the deposits may be lent out to the members. One-quarter of the deposits shall be kept with the Treasurer, and the remaining one-quarter shall be deposited either in a District Central Co-operative Bank or in the Post Office Savings Bank.

2. Raffeisen societies be encouraged to adopt Luzzatti byelaws. The value of a share should be decided by the societies concerned; but it shall not be permissible to fix the share instalments at less than Rs. 5 or Rs. 10. After a member has withdrawn his share, if he does not continue the share instalment, he should not get the annual dividends.

3. It is desirable to form co-operative credit societies among agricultural coolies.

4. Enquiry under section 35, Co-operative Societies Act, should be instituted immediately if a society is expelled from the union, and enquiry should not be initiated solely on account of its being classed 'D' at audits for two years successively.

5. In cases where societies consistently show a loss on the year's working remedial measures should be suggested by the union in consultation with the

District Agricultural and Co-operative Association for adoption by the societies concerned.

6. Repayments of principal and interest should be accepted "in kind" when payment in cash is difficult, provided that the society is not responsible for either loss or destruction of members' produce before or after sale.

7. Members should save out of their crops and deposit the amount saved in their society for ten years and the society should lend out to members the produce so received at prevailing rates of interest.

8. For the expeditious recovery of doubtful debts, the General Meeting should be summoned when the Committee consider the debt to be doubtful or when the debt is found to be doubtful at audit, and the General Meeting should pass resolution that if the Committee fail to carry out the decision of the General Meeting, it should be liable for any loss.

9. Union Chairmen and Committee-men should know their duties themselves and in addition should visit individual societies and teach the elders there their duties and see that they carry out resolution 17.

10. The members of the society should be present at the Committee Meetings convened in accordance with resolutions 9 and 17 in order that members may understand the byelaws and take an interest in the working of the societies.

11. The members should apply co-operative principles not only to credit but also to production and sale.

12. Promissory notes in counterfoil forms should be taken for loans issued to members.

13. The Local Government should be moved to include Co-operation as a compulsory subject in the curriculum of the schools examined by Government so as to spread the knowledge of Co-operation. District Associations without making a separate department of it should improve their arrangements for adult instruction.

14. The words "or when unable to attend to the business of the society through old age" should be inserted after "death or insanity" in byelaw 8 of the Luzzatti model byelaws.

15. Members of new societies formed by splitting an old society should be allowed to count their period of membership for repayment of shares and division of profits from the date of joining the original societies and this should be provided for in the byelaws.

16. Large dividends or shares being contrary to co-operative principles, it is desirable that the existing limit as provided in the byelaws should still be insisted upon, regard being given to the financial stability of the societies.

17. Committee Meetings in societies should be held at least once in every month at a fixed day and time.

18. It must be left to the discretion of the Societies and Unions concerned to decide whether it is necessary for societies to take registered deeds of mortgaged property as collateral security for all loans over Rs. 150

19. If societies have insufficient funds for loans for cultivation expenses (a) as it is not fitting for societies to borrow from capitalists, by the method of *sabape, pepe, etc.* this method should be rejected; (b) in order to facilitate the getting of deposits the rate of interest on loans should be raised from Rs. 1-4 to Rs. 1-12 in consultation with the Union concerned. (c) Societies should arrange to borrow from Joint Stock Banks through Co-operative Central Banks by offering their crops before harvest as special security in consultation with the Union.

2. Unions.

(N. B. Unions in Burma are guaranteeing unions. The liability of a society affiliated to a union is to guarantee the due payment of claims against all other societies in the union at any time up to, but not in excess of, the maximum amount of loans from non-members held by it during the year immediately preceding that time, or half of its working capital, whichever amount be great. In return for this guarantee all the other societies guarantee its borrowings.)

1. Union Committees should personally inspect the books and register of assets of affiliated societies at least once a year and should make a written statement of the value of the assets.

2. Union Secretaries should accompany members of the Union Committee of tours of inspection of affiliated societies and assist them to check the accounts.

3. The Union Secretary be not debarred from acting as Secretary to any of the affiliated societies.

4. Union Secretaries should give instruction to secretaries of affiliated societies under the guidance of Union for the correction of faults pointed out at the audit and for the improvement of the clerical work of the society.

5. A Union should submit either to the District Association or Union Group Boards which consist of union representatives, in an area an annual report on the working of their affiliated societies.

6. Union should obtain the consent of the District Association if it wishes to dispense with the services of a Supervisor.

7. In order to prove the efficiency of Society Secretaries the Union Secretary should be made to attend the training classes held every six months and he in turn should go round and train the secretaries of the affiliated societies.

8. Small Unions in the neighbourhood of one another are advised to combine to form larger Unions.

9. In cases where the societies of a Union have been called upon to make good for a defaulting society under the terms of the Union Guarantee, it is desirable that civil regular suits should be instituted against the members of the defaulting society before they become time-barred by limitation. It is further desirable that the Co-operative Societies Act should be amended so as to make the orders of a liquidator transferrable as the decree of a civil court.

10. (a) In preparing annual forecasts the Union should show separately the amounts guaranteed in respect of (i) Bank loans, and (ii) Local deposits, in the case of each society.

(b) The Union guarantee shall be held to apply to the case of local deposits only where receipts for such deposits are endorsed by the Union in the same manner as the Union endorses applications for loans from the Central Banks. Further, the byelaws of primary societies should be amended so as to allow societies to accept loans and deposit only up to the maximum limit fixed by the Union.

3. District Central Banks.

1. It is desirable that permission should be given for Municipalities, District Councils, and other Local Bodies to deposit their funds in Co-operative banks, and Government should be approached to amend Acts and Rules where necessary in order to permit such deposits.
2. Central Banks should have separate forms of pro-notes for "crop loans" issued to societies.
3. It is premature to allow Central Banks to fix maximum borrowing limits in respect of local deposits in addition to their already fixing the Cash Credit they will grant to societies.
4. At times when money is tight, if Banks are compelled to offer higher rates of interest in order to attract deposits, the rate of interest on loans to societies should not be increased.
6. It is neither necessary nor desirable that Banks should refuse cash credits to societies which have no competent Secretary.
8. If primary agricultural societies open Savings Banks, the District Central Co-operative Bank concerned should be asked to arrange for adequate fluid resource and cash credits for such societies in order to enable them to meet withdrawals.
9. District Banks may be employed by the Provincial Bank as agents for the receipt and Payment of money from and to constituent societies for the Provincial Bank, if the signatures of the Chairmen and Committee-men on pro-notes are verified by a Government official.
10. It is premature for District Central Banks to provide their own fluid resource by direct dealing with Joint Stock Banks without the help of Provincial Bank.
11. (a) It is desirable to have small Central Banks working in the area of a Township in Districts where there are no District Banks: (b) such Banks should do the same kind of banking business as District Central Banks now do and (c) in order to save the payment of audit fees such Banks should be audited by Government officers.

4. Union Group Boards and District Associations.

1. Government should give financial aid to District Associations for the payment of the Secretary's salary, expenses for holding Art Handicraft Exhibitions, and other contingent expenses.
2. It is desirable to appoint a Supervisor wherever there are four or five Unions within a small area.

3. Union Boards should engage as Supervisors only men who have qualified at the Council Examination, and such Supervisors as now hold the appointment of Supervisor and have not passed the Council Examination should not be made permanent until they have done so. (There is a Provincial Co-operative Council in Burma under the chairmanship of the Registrar which comprises District associations, conducts society audit with a paid staff, and regulates the movement in the province.)

4. The Union may be represented in the Union Group Board general meetings by any two duly authorised members of the societies affiliated to the Union. The Union Group Board may be represented in the District Association General Meetings by any two duly authorised members of the societies affiliated to the Union Group Board, and necessary amendments in the byelaws should be made to this effect.

5. Each District should have an Honorary Organiser receiving travelling allowance from Government.

6. It is not desirable that Union Group Boards should open permanent schools for giving instruction in co-operation, but it is desirable that classes for instruction should be arranged by Union Group Boards quarterly or half-yearly, at which supervisors shall act as instructors.

7. When disputes between societies are reported to the District Association, any person empowered by the Committee of Management may make necessary enquiries in the absence of the Chairman of the Association.

8. The designation of inspectors should remain unchanged. Their activities should be in accordance with the bye-laws of the Union as directed by the members. The following activities are approved:—

- (a) To improve their own knowledge in Co-operation.
- (b) To instruct the Secretaries of Societies and Unions in their ordinary duties and give them a practical knowledge of how to follow audits.
- (c) To make all co-operators know the ten main points and to instruct them in the rule and bye-laws of their respective societies and Unions and to promote general knowledge of co-operation.
- (d) To visit each Union and Society once every six months and halt at each place at least two nights and give the co-operators training by question and answer at least twice at every visit.
- (e) To report to the Union the improvement that has resulted since the last visit and to send the District Association a summary report of the general condition of societies visited.

9. District Associations taking the responsibility of organisation of the audit of societies should estimate the number of (i) salaried auditors and (ii) licensed auditors required and allot the work among them.

10. District Associations should control the appointment and rates of pay or fees for salaried Auditors and licensed Auditors; their bye-laws should be amended to this effect.

(N. B. District Associations consist of representatives of unions and special type societies, District Co-operative and agricultural officers and Honorary Organisers. They are intended to supervise unions, call for District Conferences and act as the district body for voicing the opinions of co-operators and regulate the movement.)

11. Auditors and Supervisors should hold half-yearly conferences, the agenda to include the various difficulties met in the course of their work and the uplift of the area they are working in.

12. It is desirable to form a co-operative Auditors Association on the lines of Chartered Accountants.

13. Applications for remission of land revenue when the crops are damaged by floods should be made through the Union Chairman concerned.

14. At least three co-operators should accompany the officers who come to inspect for remission.

5. Urban Societies and Town Banks.

1. Shares in Urban Credit Societies with unlimited liability should not be withdrawable on any account.

2. The formation of Urban Supervising Unions is desirable and they should be formed with bye-laws framed by the Urban Societies concerned with the help of the Urban Federation.

4. Salaried Managers should be appointed according to the financial strength of the societies; there should be no Committee of Management in Societies where there are paid Managers and the bye-laws of Urban Societies and Town Banks should be amended to this effect.

6. (i) To improve the management of Urban Federation, every Urban Society should join it, and audit fees should promptly be paid.

(ii) The Bank Committee should depute one of its members to visit every Urban Society at least once a year and persuade them to join the Federation.

8. Urban Societies and Town Banks should admit neighbouring rural societies as members and lend money to them.

9. In order to facilitate the remittance of money by Remittance Transfer Receipt, Remittance Receipt Transfer forms should be printed both in English and Burmese, and societies should be permitted to make remittance through all Government Treasuries and Sub-Treasuries.

6. Industries.

1. Government should be asked to establish an experimental sugar refinery.

2. Industrial Co-operative Societies should be formed wherever possible, on the lines and with the equipment suited to local needs. Each District should have a wholesale society like the Hita Society at Mandalay. A State Aid to Industries Bill should be introduced in the Legislature.

3. Industrial schools for instruction in the vernacular should be established in every District if possible, Government to bear the expense and a local Committee to decide on the subjects.

4. Government should send every year scholars abroad, to Europe if necessary to study the textile industry.

5. Annual Agricultural and Industrial Exhibitions at District Conferences are best arranged by the District Associations or Union Group Boards in consultation with the District Council. Officials and non-officials alike should be asked to assist by sending exhibits and by giving advice. Costs should be met by the District Association or Union Group Board and the District Council or where there are none of these bodies the Deputy Commissioner should be requested to assist in finding funds and voluntary subscriptions should also be collected.

7. Co-operative Stores, Sale Societies, Supply Unions.

1. (a) The defects generally found in co-operative stores are (i) disloyalty (ii) keen competition from local non-co-operative shops, (iii) lack of capital, (iv) inefficient management and bad book-keeping.

(b) These defects can be remedied by (i) instruction from the society elders as to the advantage of co-operative stores, (ii) credit purchase from wholesale dealers, (iii) increase in share capital held by members, (iv) appointment of a qualified manager on a salary commensurate with the society's resources and turnover, and attendance of one of the salaried staff at co-operative training courses in accountancy.

2. In order to encourage the formation of supply Unions on the Madras model the purchase equipments of members should be ascertained at the time of making the society forecast; this forecast should be submitted to the Union; the Union will purchase wholesale through the District Association and deliver to the Society.

3. The formation of Central Wholesale Societies like the Pakokku Wholesale Society should be encouraged in every District that has a Central Bank.

4. Credit Societies which undertake the sale of members' produce can be financed for this purpose by insisting that members should repay instalments of principal in kind: godown societies should be formed, the godown and contents to be covered by fire insurance, and means should be found for getting money on the security of the grain in the godown from Joint Stock Banks or other sources.

5. In order to extend the activities of the Kyaukse Wholesale and Hita Co-operative Society, (i) Co-operative Societies throughout Burma should be asked to take at least one share in each of these two Societies (ii) Societies should be encouraged to purchase rice milled by the Kyaukse Co-operative Wholesale Society for the *wunsa* of members.

In order to extend the activities of the Pakokku Wholesale Society, (i) a paid qualified manager should be appointed, (ii) co-operative wholesale of members' produce and purchase and distribution of members' requirements should be done on a more extensive scale, (iii) purchase and supply of improved agricultural implements and pure strain seeds recommended by the Agricultural Department should be undertaken, (iv) such implements and seeds should be stocked.

6. In order to encourage the formation of Wholesale Societies for the receipt and sale of produce, effect should be given to resolution 2, and an Honorary Organiser for propaganda work for the formation of such societies should be appointed.

8. Miscellaneous.

1. In order to spread commercial education in Burma the following recommendations to Societies and to Government :—

(a) Inclusion of Accountancy and Book-keeping in the curriculum of High Schools;

(b) Opening of co-operative training schools in each District where there is a District Association.

(c) Teaching of co-operative accountancy and book-keeping in normal schools as an optional subject.

(d) Encouragement of the formation of private commercial training institutions and the opening in Burma of a branch class of the Sydenham College of Bombay.

2. To improve postal facilities in rural areas the following measures are recommended.

(a) Introduction of bi-weekly delivery at every village within the 10 mile radius of Post Offices already established.

(b) Appointment of additional postal peons in consideration of the increase in postal rates which have now been doubled.

3. In order to make stamped paper more readily available in rural areas, the issue of licenses to sell it in the name of the Union.

4. The present rules regarding registration are adequate but all Township Officers should be appointed Sub-Registrars.

5. In order to spread primary education, co operators should serve on school boards, if Government is agreeable and the Co-operative Societies Act, Rules, and Bye-laws permit, societies should make money contributions towards primary schools.

6. In order to gain enthusiastic local supporters and leaders for co-operative enterprises the existing societies should try to improve their management so as to become model societies and that steps should be taken for spreading the knowledge of co-operation.

7. Government should be asked to cause vernacular translations (for publication sale to the public) to be made of literature on industrial, technical and scientific subjects.

8. The Department of Public Health should be asked to assist Unions to keep in stock medicines in common use such as quinine, cholera, pain-killer etc.

9. To spread knowledge of co-operation among the young, Government should be asked to provide freely for the founding of co-operative training

schools, and officers of the Co-operative Department should encourage the formation of co-operative societies of suitable type among school boys, and give lectures on co-operative subjects.

10. The appointment of Honorary Organisers direct by the Registrar should be discontinued, in future only such men as are recommended by the District Association be appointed and that sufficient travelling allowance to given to them.

9. Storage Societies and Co-operative Mills.

1. Receipts for paddy issued by Paddy Storage Societies should be considered instruments under the Negotiable Instrument Act.

2. Storage Societies should raise necessary capital to erect godowns from

(i) Share subscriptions.

(ii) Reserve Funds of Credit Societies

(iii) Loans from the Land Mortgage Bank when it comes into existence.

3. Storage Societies should purchase members' produce. Capital for this purpose may be obtained by loans either from the Bank or from other sources on the security of promissory notes signed by the members.

4. Organisations for erecting granaries should include members, non-members, and Societies.

5. The principal defect in the working of Co-operative Mills is lack of funds. The remedy is that every effort should be made to get more shares, deposits, and loans on mortgage of plant and machinery. If the above remedies fail, Government should be approached for financial help. All those Co-operative Mills which do little business with members should endeavour to do more of their business with their members.

10. Cattle.

1. Stock breeding should be promoted as follows :—

(a) the formation of co-operative cattle breeding societies.

(b) The type of such societies should vary with the breed of animal.

(c) The societies should approach the Veterinary Department for advice with a view to obtaining good strains for stud purposes.

(d) Government or District Councils should grant loans to cattle breeders in the same manner as the Land Improvement Act.

(e) Suitable grazing grounds for cattle should be provided.

2. Societies should allow loans not exceeding fifty rupees to any member for purchasing two calves.

3. In order to encourage the formation of Cattle Insurance Societies by rural credit societies, Honorary Organisers should be sent to Meiktila, Kyaukse, Sagaing, Mandalay and Shwebo Districts, and to other districts if necessary.

4. Government should be asked to appoint one veterinary assistant in each Circle Board area and one Veterinary Inspector in each District.

11. Salary Earners' Societies.

(1) It is not desirable to make a rule securing continued payment of society's loans out of the borrower's salary when the borrower becomes insolvent, because it might absolve his sureties from their liabilities.

(2) Salary Earners' Societies should not have shares of fixed value but should have monthly subscriptions without numbered shares at different rates to fix according to pay.

(3) It is not desirable to limit the membership or the total amount of shares of subscriptions.

Societies should fix their working year to end on the 30th June.

(5) It is expedient to provide for payment for annual audit by a rule to be inserted in the bye-laws of all salary Earners Societies.

(6) Salary Earners Societies should be exempted from the operation of the proviso (ii) Section 22 of the Co-operative Societies Act II of 1912.

(7) In order to avoid delay in the submission of annual returns by the Salary Earners Societies a rule should be inserted in the bye-laws of each society to enable the Registrar to inflict such punishment as he may consider necessary.

12. Agriculture.

1. Homestead farms should be encouraged and District Officers should be approached to permit *bona fide* applicants to live on their own land throughout the year.

2. Seed farms whether owned by societies or private individuals should be encouraged. Improved seed should be stored in godowns kept separately for the purpose. Only seed applied every year from the Government Agricultural Farms should be used. The improved seed should, on issue from the seed farm, be certified as such in writing by the owner of the farm.

3. Agricultural Associations should be formed in each Township.

4. Suitable portions of grazing grounds, fuel reserve or forest reserves should be thrown open for seed farms.

7. To lessen the damage done in paddy areas the growing of short lived paddy or other pulses or peas should be encouraged. Allotments should be made from the Rice Control Profits for the construction or repair of bunds in flooded areas.

7. To revive the Silk Industry Government loans at low rate of interest should be issued to silk rearers; nurseries be opened in suitable places for demonstration; the Forest Department should be asked to plant mulberry trees; a portion of Forest Reserves should be thrown open to silk rearers for growing mulberry trees.

8. The cultivation of Karachi gram should be encouraged in preference to the ordinary gram.

10. Jowar, Saccoline and maize are recommended as fodder crops suitable for Burma.

11. Castor cultivation should be encouraged in order to obtain cake as manure.

12. The export of bones should be prohibited by legislation and Government should establish model bone crushing mills.

13. The disposal of bat guano should be controlled by the Agricultural Department and that export of fish manure should be prohibited.

14. The cultivation of Pusa 28 tobacco should be encouraged, an expert should be brought out and kept at an experimental farm.

15. In order to encourage the cultivation of sugar cane, Government should be asked to exempt or reduce the tax on sugar cane land.

16. It is desirable to encourage the dairy industry in Burma.

17. For draught cattle the Burma breed should be kept pure by having stud bulls at suitable places and for milk purposes the introduction of Indian Cattle as well as crossing them with Burmese cattle is desirable.

18. Government should be asked to start experimental stock breeding farms.

19. A portion of the Agricultural loans in each District should be placed at the disposal of the Agricultural Department to give out as loans to *bona fide* cultivators, but the recovery of loans should be made by District Officers.

20. Societies should be formed in canal tracts with the irrigation inspector as Secretary to assist the Irrigation Officers in their distribution of waters.

21. The slaughter of cows should be prohibited on economic grounds.

THE SOUTH KANARA CO-OPERATIVE BUSINESS CONFERENCE.

IX SESSION, HELD AT MANGALORE ON THE 21ST AND 23RD OCTOBER 1923.

(The Registrar was also present on the occasion)

I. **Interest rates.**—In view of the rate of interest on loans from the Central Bank from $8\frac{1}{2}$ per cent to 8 per cent. the Conference is of opinion that the rate of interest on loans in primary societies also should be reduced from 10. 15/16 per cent to 10 per cent. The penal rate of interest in primary societies may be retained at 15 10/16 per cent. In the matter of rates of interest on deposits the Conference is of opinion that the existing rates need not be disturbed but that each society may be left to reduce the rates if local conditions would permit it; but the Conference would invite the attention of societies in general to the desirability of making serious and earnest efforts to reduce the rates on deposits, as soon as possible, since it is necessary to have a sufficiently large margin always between deposit rates and loan rates.

II. **Bank Agencies.**—The Conference appreciates the advantages that have accrued to societies as well as other constituents from the agencies which the Central Bank has already established at different centres in the district, by

arrangement with local primary societies. The Conference is of opinion that a similar agency may be established at Byndoor also. No other additional centres suggest themselves for the present.

III. Short-term and Long-term Loans.—The Conference understands that the Central Bank would ordinarily have no objection to grant long-term loans to societies in proper and deserving cases. Societies should classify loans properly on short-term and long-term basis according to the purposes and fix suitable periods. There will then be no impediment to loans being granted from the Central Bank for corresponding periods.

IV. Development of remittances through drafts and bills of exchange.—The Conference understands that the system of remittances by drafts within the district has already been begun and been in working from some time. The Conference would invite attention to the desirability of developing the system so as to be available for remittances outside the district and outside over the presidency. This Conference requests the authorities of the Central Bank to ascertain the details of the system current in the Bombay Presidency and to formulate a suitable scheme and introduce it here.

V. The Forecast System.—The working of the forecast system so far was examined and discussed. It was found that the system was likely to afford some scope for book adjustments being made and for money being borrowed from the Central Bank when not really necessary at the time. It had been resolved at the last Conference that such dangers would be considerably reduced by societies being directed to prepare forecast disbursement slips in duplicate, one copy being retained in the societies as an office copy. It is now learnt that this system has not been followed by the societies in general. It is therefore suggested that the forms for forecast disbursement slips should be so revised as to make room for important details being noted in duplicate in the slip form itself, such portion of the form being torn off from the slip and retained in the Unions, the other portion of the form alone being forwarded to the Central Bank in due course. Supervisors during their inspection of societies, should make it a point to scrutinise the details and report about their accuracy.

VI. Floods and Reconstruction.—The note that had been prepared by the Registrar on the question of flood relief in the district was read before the Conference. In respect of the urban areas affected by floods it was learnt that four co-operative building societies have already been opened at Uppinangady, Panemangalore, and Buntwal, and loan applications had already been sent up. But such building societies are not in a position to afford any help in the case of persons who did not own the lands to be built upon and who had no collateral security to offer; neither could loans be given for building houses with thatched roofs. To meet such cases ordinary loans from the existing credit societies will have to be given on appropriate terms on the usual kinds of security provided for in the by-laws of the societies. To meet cases of cultivating landholders it is understood, that loans will be made available by Government Land Improvement Loans Act and the Agriculturists Loans Act, so that on the whole

it seems sufficient for co-operative societies to confine themselves only to such deserving cases as are not relieved by any loans under one or other of the system referred to above. It was agreed that the relief proposed to be granted by the different agencies mentioned above *viz.* the Government Co-operative Societies, and the Flood Relief Committees, should be correlated in such a manner as to afford relief to the largest number and at the same time to prevent over-lapping of security.

The letter received from the Secretary of the South Kanara District Flood Relief Committee, Udipi, on the subject of flood relief was read before the Conference. The Flood Relief Committee desire to know if loans will be granted at a low rate of interest to members affected by floods and recommended for such loans by the Relief Committee, the difference between the low rate of interest in question and the ordinary rate of interest on loans being made good by the Relief Committee. The Conference is of opinion that there should be no objection to the proposal being adopted in the case of persons who are already members or who can be admitted as members of co-operative societies provided that the amount necessary to make good the total difference in interest for the whole currency of the loan is placed at the disposal of the societies in advance. The Conference however, thinks that the constitution of the existing societies will not permit them to co-opt any nominees of the Relief Committee on to their Managing Committees. The nominees will be at liberty to get themselves elected to the Managing Committees of the societies according to the by-laws of the societies.

The same principles may be applied to the case of persons who are in need of loans from credit societies to pay the required share capital in co-operative building societies.

The Conference understands that the Government have been pleased to sanction loans being granted at 4 per cent under the Agriculturists Loans Act in non-urban areas affected by floods. The Conference is of opinion that the rate of interest on loans to be granted to co-operative building societies be reduced to 4 per cent. The Registrar is hereby requested to move in that behalf. The Conference is of opinion that it is necessary to grant loans from Government to building societies in areas affected by the floods not only for building dwelling houses but also for repairs to dwelling houses as well as for the building of necessary appurtenances to dwelling houses. The Registrar is requested to move Government in this behalf also.

VII. Accidental destruction or disappearance of records of societies.—The fact of the destruction of the records of the Uppinangudi society through floods was discussed. The Conference was of opinion that details of loans granted to members from primary societies should be noted in the monthly statements sent to Unions. Material particulars necessary to start societies on work again after such wholesale destruction of records would be afforded by the details thus to be noted in the monthly statements. The Conference is of opinion that it is highly impracticable to introduce the system of sending detailed copies

of any elaborate accounts from societies, or to adopt any other system to make up for the possibilities of accidental destruction of records,

VIII. Suspense Accounts in societies.—This Conference thinks it necessary that separate ledgers should be maintained in all societies for showing particulars relating to suspense accounts of all kinds.

IX. Investment of Reserves.—In view of the necessity for the investment by all primary societies of their reserve funds in the Central Bank, the Conference recommends that no loans should be granted by Central Banks to societies which are defaulters in this respect. In the case of societies which have no occasion to borrow from the Central Bank, the Conference considers that the disciplinary authority vested in the Assistant Registrar would be sufficient for the purpose and ought to be exercised in all cases of default.

X. Non-Credit work.—Inspectors gave an account of such non-credit work as had been done since the last business Conference. The results were not found to be disappointing in respect of the nature of the work done. Advances have invariably to be obtained for the articles required, though not the full amounts necessary. Small advances (on the lines of a rupee per mura or a rupee per maund) should be collected by the Unions beforehand from the societies to guard against the possibilities of any loss that may arise by the stocks remaining unsold. It seems advisable to confine the joint purchase system for the present only to the usual articles stocked for consumption during the monsoon.

XI. Pass-books, copies of the by-laws, etc.—The progress so far achieved in the maintenance and periodical revision of property statement registers, the introduction of the latest model by-laws and the sale of pass books and copies of by-laws to members was reviewed. The printing of copies of by-laws for sale may be stopped, such printing being in future confined only to the execution of particular orders received therefor. It was agreed that the use of pass books should be pushed through with much greater vigour in all societies. Societies may even follow the expedient of not having any transactions with members unless pass books are produced on each occasion. With regard to property statement registers, though there seems to be much scope still for exercising greater precision and regularity in the maintenance and periodical revision thereof, the Conference thinks that under the newly introduced system of departmental audit it will be possible for auditing officers also to devote greater attention than before to the checking of the accuracy of the entries in the property statement registers, so that the entries may be considered to be generally reliable. The attention of the auditing officers may be drawn to this matter by the Registrar and Assistant Registrar.

XII. Destruction caused by the recent floods.—Available information relating to the destruction caused by the floods was placed before the Conference. It seemed that destruction of the records had occurred only in the case of one society only, the Uppinangadi society. Individual members of societies have sustained a good deal of loss owing to the destruction of their property and other

Local Governments. “In regard to all classes of Societies made up of workmen who themselves produce goods or who work as navvies, the time appears to be now approaching when Governments must consider the grant of special facilities for tendering for contracts both from the Departments of Government and from Local Boards and Municipalities. Such special facilities are given by legislation in both France and Italy and it seems desirable that they should be granted at any rate by an executive order in this presidency also.” Definite steps have been taken and the co-operative basis rightly utilised for helping metal workers specially in silver and brass to obtain raw materials and find a market for their goods. As to the progress of weavers' societies, the Registrar points out the need for a special staff, and that Governmental economy in this matter is hardly conducive to their growth.

Another remarkable character of the report, which has been as much appreciated by the Government of Bombay in their review thereon, is its frankness of exposition. The report spares neither the officials nor the non-officials.

All come in for their share of criticism. Commenting on the retrenchment policy pursued by the legislative council, the Registrar remarks that “the prospect of inefficiency has to be faced as patiently as possible.” The abolition of the post of the Special Assistant Registrar for the purchase and sale, resulted in less supervision over weavers, societies. When analysing the overdues in the Deccan, the Registrar refers to the lack of character in Managing Committees, the struggle between Brahmins and Non-Brahmins, as the main causes. When discussing about too many arbitration cases, he frankly exposes the weaknesses of the movement without mincing matters. “Nothing else is as serious a reflection on the co-operative movement as it stands, than the fact that so many debts due from persons who have been formally admitted as members should prove irrecoverable except by process of a court or arbitrator.” References made in the previous paragraphs will amply illustrate the utmost candour with which the author of the report has reviewed the progress of the movement.

Though the report is to be valued mainly for its exposition of the general features of every aspect of co-operation, it is no less so in the wealth of descriptive details about the different types of societies. The transactions of the best agricultural societies whose capital is raised locally, their transparent effect in bringing down the Sowcars' rate of interest, their ability to take

Descriptive details.

up the redemption of all the prior debts of members, their influence in evoking the civic spirit, all find a place in the report. The Cotton Sale societies of which the one at Gadag deserves mention, has sold cotton to the value of Rs. 23.8 lakhs. Six new sales societies in Guzerat were started during the last year. The sale societies also exert an influence on the farmers in spreading improved seeds among them. Among Urban Banks, the Hubli Urban Bank is worthy of note as the largest credit concern. It had a share capital of Rs. 67,000, a working capital of Rs. 3.5 lakhs, and gave loans last year to the amount of Rs. 5.25 lakhs. The progress of the Carnatak Central Bank in assisting agricultural credit is noteworthy. It is working with two branches and "a third on the point of being opened and with the confidence in it of the whole population of the district, it is fulfilling a national task in an admirable manner." The achievements of the Provincial Bank have been already adverted to. Of the Consumers' Societies, the Peoples Medical Relief Co-operative Store Society at Parel is a noble institution which supplies medical advice and medicine cheaply to workmen.

The Housing societies in Bombay have developed on the Co-partnership system. At Dharwar 2 societies have laid out their settlements in the Garden City plan. The Ahmednagar society has constructed 23 good tenements for the working classes. The Saraswat and Catholic Housing Societies have extended their accommodation in the suburb of Santa Cruz. **The Government have allotted during the year Rs. 15 lakhs for loans to this class to societies.** Of the Producers' societies, the Co-operative Foundry started by the G.I.P. Workmen, the Copper and Brass Developing society at Satara which sold goods to the value of Rs. 21,000 and made a profit of Rs. 1,500 in spite of opposition from merchants and the Artisan Society at Konnur which manufactures wheels and other agricultural implements, and the two Labour Societies newly registered at Hukeri and Broach for road construction and buildings are new developments which bear the seeds of a future industrial democracy.

The report is also valuable for the practical-wise reflections on each phase of the movement. Writing on deposit banking in primary societies, the Registrar shows that the fixed deposit system alone is not conducive for growth of banking habits and the savings bank system should be introduced. Where profits occur to the villagers, it never strikes them that they should profitably invest them in their societies. Contrasting the vast credit needs if all the current agricultural expenses in the Presidency are to be satisfied, and the present supply through co-operative societies, the wise conclusion is

Reflections.

affirmed, "that the first task of consolidation must be to raise the working of the present societies to a level at which they can be trusted to deal honorably and efficiently with the larger sums which they really require." A side reflection which co-operators should note is offered on the relation of the District Banks to primary societies which receive few loans from them. The former never care about the latter's overdues while the annual renewal of deposits by non-members results in the "borrowing members sliding insensibly into slack and unpunctual ways which in the end bring disaster upon the society." It is satisfactory to note that the Department have changed their policy of instituting only supervising unions in future instead of guaranteeing unions. To quote the Registrar's words: "I fear it has got to be admitted that guaranteeing unions in this Presidency have not proved a success and that the facilities for borrowing given by such unions together with the illusory nature of the linked liabilities supposed to be taken by them have tended to decrease the sense of individual responsibility and lead to an increase in overdues." Neither he has lost sight of actual difficulties in finding responsible men for the efficient working of supervising unions. When describing the Consumers' movement, he refers to over-stocking as a result of calling for more share capital than what is necessary for business in the conduct of stores. When writing on liquidation, he makes the following wise remarks which we trust that all organisers will bear in mind. "It has to be remembered that unlimited liability, useful as it is against one or two debtors, is almost useless where a whole village is recalcitrant and contumacious. And this is the actual situation that so often arises, when, as has frequently happened, members are admitted and even whole societies are organised simply because loans are wanted and not because understanding of and enthusiasm for co-operative principle has been created. It is no easier to enforce execution of awards and liabilities by the sale of a whole village's lands than it is, in Burke's phrase, to indict a whole people. The only real remedy is preliminary caution in registering societies and admitting members."

The present review will not be complete without making a statement as to the operations of the co-operative societies in the Bombay presidency. The Provincial Bank had a working capital of Rs. 85 lakhs, issued loans during the year to the individuals and societies to the extent of Rs. 24 and Rs. 67 lakhs respectively, and made a profit of Rs. 1.02 lakhs. The Bank had a share capital of Rs. 7 lakhs and a reserve fund of Rs. 2.69 lakhs. It should be borne in mind that the Bombay Provincial Bank lends to

Primary societies through guaranteeing unions, and not to District Banks alone, and also operates through its own branches in some districts. The Bank held Rs. 48 lakhs at the end of the year as deposits from societies, and 27 lakhs from individuals. The number of district banks was 19 at the end of last year. Their share capital and working capital amounted to Rs. 13 and 84 lakhs respectively. Of the working capital Rs. 9 lakhs formed the deposits of societies. The working capital in district banks has increased by 50 per cent as compared to that of last year.

It is noteworthy that the report gives always a separate statement of the operations of urban banks. There were 31 urban banks in the real sense of the term, with 50704 members which issued loans to a sum of Rs. 103 lakhs during the year and had a working capital of 112 lakhs made up of loans and deposits of Rs. 70 lakhs, Rs. 17 lakhs, and Rs. 25 lakhs from members, non-members, and other societies, and a share capital of Rs. 19 lakhs and a reserve fund of Rs. 4.5 lakhs. The borrowing and lending rates of interest amount from 6 to 7, and 9 to 9½ per cent, respectively.

The agricultural credit societies unlimited, 2707 in number, with a membership of about Rs. 2 lakhs, and with a share capital and reserve fund amounting to Rs. 4 and 14 lakhs respectively, have issued loans to the extent of Rs. 115 lakhs and made a net profit of Rs. 8 lakhs. Only in the district of Ahmednagar the societies have worked at a loss and there too operate agricultural conditions which credit alone cannot solve. The overdues amounted to Rs. 31 lakhs which formed about 25 per cent of the demand under loans. Though this is a great reflection on the soundness of primary societies, the fact should not be lost sight of, that the loans were mainly short term ones whose repayment demands an amount of discipline in which the farmer has been ill-used in this country. Loans and deposits held in this class of societies by members, non-members, and Central Banks including the Provincial Bank amounted to Rs. 41,30, and 79 lakhs respectively. Of the total working capital of Rs. 170 lakhs, the owned capital of the societies including members' deposits amounted to about 30 per cent. The societies have been able to raise deposits and loans from non-members to about 17 per cent. of the working capital.

We cannot close this review without quoting here the appreciation of the Government of Bombay of the achievements of Mr. Otto Rothfeld. "For the growth of deposits the increasing use of cheques, and for banking developments generally the largest measure of credit is due to Mr. Otto Rothfeld. Even though his services are no longer available to the co-operative department, he has left his mark on the co-operative movement in Bombay, and his trenchant views, sane policies, and honest criticisms will ever guide all co-operators in this country who care to think for themselves and act.

SUPPLEMENT TO THIS ISSUE.

CO-OPERATIVE CONFERENCE,

NILGIRIS AND COIMBATORE.

Held at Tiruppurat on 15th and 16th Dec.

Presidential Address of Rao Bahadur A. Vedachalayar,

BROTHER CO-OPERATORS.

Mr. T. S. Venketaramanayya proposed to me that I should agree to preside over the Conference of Co-operators in the Coimbatore District. I felt and I told him that the cause of the movement will be benefitted by selecting as President of the Conference one who has been in close touch with the co-operative movement. He desired that I should preside over the Conference as I was connected with the movement in the District in the early stages and as I was an official of the Department for some years. He expected that I could tell them how far the movement has progressed and what future possibilities of development are available. I am not sure if I could give you help in this direction as I have not been in close touch with the movement for the last two years. I however felt it my duty to accept the engagement as such work is a part of the duty of a President of the Provincial Co-operative Union.

Progress of the movement in the District last year.

2. It is usual to review the progress of the movement in the District during the preceding year in such annual Conferences.

The progress of the co-operative movement on the credit side in this District has been steadily kept up. The District Central Bank has done excellent work. In 1922-23 there were as shareholders in the District Bank 176 individuals and 366 Societies with a paid up share capital of Rs. 1,69,197 of which Rs. 55,507 represents the paid-up share capital of the societies. The reserve fund of the bank was Rs. 29,084. The Bank carried a net profit of Rs. 36,071 and the shareholders got a dividend of 9 per cent. The working of the bank is considered satisfactory by the departmental authorities. The primary societies had to pay Rs. 5,115-4-0 towards principal and Rs. 1,507-10-0 as interest which became overdue.

Out of Rs. 14,37,795, which represents loans and deposits by the Bank a sum of Rs. 13,42,339 represents loans and deposits of individuals, societies, Joint Stock Banks, Local Boards, Public Bodies and other institutions. This is a very satisfactory feature in the working of the District Bank.

Primary Societies.

3. The Agricultural Primary Societies were 346 in number with a membership of 20,716. The sum lent to members amounted to Rs. 7,85,923: Repayments were Rs. 5,72,257. The overdue loans were Rs. 2,00,987. The paid up share capital of the societies was 1,66,795 and the reserve fund Rs. 91,127. The societies have to recover from their members a share capital of Rs. 87,107. The members' overdues to the societies amounted to 27.64 per cent under principal and 17.58 per cent interest. This failure on the part of the members to meet their obligations to the society is ascribed to the failure of crops in the societies affiliated to the Karamadai Union and to the indifference of two other unions in the District. Only 5854 loans were disbursed though there were 20,716 members. This is an indication that short term loans for agricultural industry were not utilised by 75 per cent of the members. This has to be enquired into and the preventable causes have to be removed. The use of short term loans amounted to Rs. 3,65,030, an encouraging feature. Short term loans should be judiciously given, suited to the repaying capacity of the borrower and at the time when it is wanted, and to be repaid when the crop is harvested or soon after. Where the non-payment is due to causes beyond the control of the borrower, extension of time should be freely given. The primary societies and the local unions should be educated more intensely than at present to realise their responsibilities.

Trade Activities in Agricultural Societies.

4. In Kambiliampatti Trading Union, the progress has not been much. In Chennimalai, the trade conducted is not very encouraging. It stood merely as agent to other institutions to buy ghee and cloth in the market. The Tiruppur Trading Union did some useful work as it supplied oil-cakes, cotton seeds etc., to the affiliated societies. This is ascribed to the peculiar interest taken by M.R.Ry. K. S. Ramasawmi Gounder in the work.

Kalyanapandal Estate Labourers Co-operative Stores did useful work as it undertook to supply cumbles, clothing and necessities of life to the coolies. It had a profit of Rs. 1,762.

Non-Agricultural Societies.

5. There were 35 societies with 5022 members. The paid up share capital was Rs. 1,81,584. The total working capital was Rs. 4,39,261 and the reserve fund stood at Rs. 19,581. The net profit was Rs. 23,424. The arrears uncollected at the end of the year was Rs. 56,596 under principal and Rs. 4,827 under interest. These institutions have been attracting deposits and if more money is wanted, they could pool their resources and raise credit to the extent of 8 lakhs by having a separate financing agency of their own in conjunction with stores.

Stores in Towns.

6. There were 4 institutions working in the District. The one at Coimbatore with 2 branches did its work satisfactorily, though it would have had better profits if the advent of plague had not interfered with its work. Erode Stores did encouraging work. The other two stores have not been successful.

Coimbatore Building Society has, as usual, been working satisfactorily. The other Chekkars and the Reddi Chucklers' Societies have completed their buildings and are exerting their best to pay up their instalments.

7. The work done during the year compares very favourably with other Districts. There were 14 unions for supervision purposes. The unions entertained 6 supervisors on Rs. 35 per mensem, 6 supervisors on Rs. 30, 1 on Rs. 34 and one on Rs. 25. They get fixed travelling allowance ranging from Rs. 10 to 15. Of these 12 are passed men with secondary school leaving certificate qualifications and only 2 are unpassed. The supervision fund had an opening balance of Rs. 9,656, received as contributions Rs. 13,067, and spent Rs. 10,775. There was a closing balance of Rs. 11,948. This balance includes the funds pertaining to non-union societies also. It is hoped that a suitable amount will be applied every year to institute training classes for all connected with the co-operative movement and for propaganda work.

Nilgiris.

8. There were 66 agricultural societies with a membership of 2404. A sum of Rs. 33,500 were loaned to the members during the year and there was repayment to the extent of Rs. 26,434. The overdues were Rs. 54,023. The paid up share capital was Rs. 13,905 and the reserve fund Rs. 8,293. The working capital was Rs. 2,55,313. The book profit was Rs. 4,943 and the divisible profit was Rs. 869. The working of the societies does not appear to have been satisfactory even with a management expenditure of Rs. 1,823. This seems to require close investigation.

and application of suitable remedies. The failure of potato crop last year seems to have contributed to overdues and the agriculturists do not appear to have had time to recoup their loss. They should be given adequate extensions and flow of further credit accommodation should be continued. The average credit accommodation given per member on the average last year was only Rs. 10, a very discouraging factor to the agriculturist co-operators. The societies in this district are being financed by the Coimbatore District Bank.

Scope and the functions of a District Central Bank.

9. A District Banking Union is at present a financing institution for all kinds of co-operative societies affiliated to it, but the constitution of such an institution and the methods of work followed in it clearly indicate that it is fitted to finance agricultural industry on a large scale and not financing commerce or Commercial Industry. When co-operative banking has to give credit facilities to trade or co-operative industry in a large measure, it has to be organised on a different basis. To adopt banking methods suited to the needs of agricultural industry is a difficult process and such methods are different from the methods adopted to afford banking facilities for either trade or commercial industry. At present there is one private agency organised on a large scale to afford banking facilities directly to the agriculturists and agricultural industry. The banking concerns available in the country under the Indian Companies Act are now catering for trade only and have been fitted for that purpose. Even the Madras branch of the Imperial Bank caters to a large extent for trade either directly or through banking concerns or through wholesale traders. Barring the co-operative movement, credit operation for the benefit of the agriculturists or the agricultural industry is being conducted only by traders and money lenders who however have not organised themselves specially for the benefit of agricultural industry and whose resources are limited. Organisation of banking for the benefit of agricultural industry is a difficult task as there are intrinsic and special difficulties in the conduct of agricultural industry and as the facilities available for commercial banking are not available in banking for the benefit of agriculture. The security offered in commercial banking is commodity at one place or another which is equivalent to cash with no doubt the prospect of a little variation due to trade fluctuations in prices. The security offered in agricultural banking is not so liquid and the return from agricultural industry is dependant upon various causes beyond the control of those who are connected with the agricultural industry. In spite of all such uncertainties, the agricultural industry is a steady pursuit not subject to violent fluctuations of profit or loss and has the characteristic of being conducted by men of

slender means throughout the country and without efficiency being impaired on that account. When the crop is secured, the security becomes as liquid as in trade. This difficult task was intended to be undertaken by co-operative banking as it was the only organisation which can be conducted on business lines throughout the country as no institutions of importance conducted by private individuals or companies were available to undertake this work. A District Central bank is expected to serve the purpose of affording credit facilities for the agricultural industry in the District. It is the connecting link between the agriculturist and the money market. The Imperial Bank which gets a large measure of assistance from the State is interested not only in commercial banking but also in agricultural banking and that this is so, is proved by the fact that the Madras Branch has given overdraft accommodation to Co-operative District Central Banks for an amount ranging from 35 to 40 lakhs and will be prepared to set free credit facilities to any extent, provided Co-operative District Central Banks shape their working satisfactorily as to utilise such help. The question for consideration by agricultural co-operators and those interested in agricultural welfare is to ascertain how far the District Central Banks have utilised their power of credit for the benefit of agriculture and what improvement can be effected in this direction.

Financial Power of District Banks.

10. The Co-operative financing agency can handle credit up to 8 times paid up share capital and reserve. This is a conventional limit which has been adopted as a matter of prudence. But this standard can be deviated from under proper safeguards suitably devised. Have the financing institutions utilised their credit power to the full? Have facilities been given to utilise such credit for the benefit of agriculture? Are the agriculturists satisfied with the system by which credit is dispensed to co-operators through the primary societies? A very close investigation on these lines by the District Bank authorities and by co-operators seem to be required to find ways and means to work up the credit arrangement so as to absorb the full power of credit which the societies and the District Bank are expected to command. The District Bank, Coimbatore, had a paid up share capital of Rs. 1,69,197 with a reserve fund of 29,084. The credit power of the bank was 15½ lakhs. It utilised 14½ lakhs. The primary societies (agricultural) had applied up share capital of 1,66,795 of which a sum of only Rs. 55,507 was put into the District Bank as share capital and there remained to be put in a sum of Rs. 1,11,288 which would have given an additional credit power of 8½ lakhs. The societies have not discharged their duty in this respect and have therefore not enabled the District

Central Bank to raise credit for an additional amount of 8½ lakhs for the benefit of the agriculturist and the agricultural industry.

**How far Credit accommodation should be given
by Central Banks to primary societies and for whose benefit.**

11. The District Central Bank must be worked so as to afford credit facilities to all the agriculturists, rich and poor, who are dependant upon the agricultural industry and also to all others in the village who carry on allied professions. If this ideal is to be secured, the village society should at the same time be fitted so as to give credit accommodation to all its members and whenever they may secure it. The richer men in rural parts are agriculturists and have extensive areas of valuable lands and employ a large number of labourers and are in need of credit accommodation to carry on the agricultural industry. They should be given freedom to join the rural co-operative institutions with adequate powers of labouring. The labourers must be allowed to join it and get credit accommodation as frequently as they want. The method of dispensing credit in rural societies should be suitably altered so as to benefit all persons connected with agriculture and allied rural industry at all seasons.

12. In a number of agricultural societies, there are only 20 or 30 members whereas the village residents could one and all become members as all of them are connected with agriculture and the allied professions. While there is a beneficent institution in the village, why so few alone take advantage of it should be investigated by every one connected with the movement, and the village society should alter its constitution suitably as to remove all the causes which prevent such people joining the institution: where the by-laws of the society operate as a bar to any one joining the institution, the by-laws should be altered and the District Bank and the co-operators should move in the matter till the difficulties are removed. As an example I may note that some agriculturists may not find it convenient to join such institutions as they require every year credit accommodation to the extent of Rs. 1000, 2000 or even 3000. The by-laws should be amended suitably as to bring such people in and to give them the required accommodation. Again the contributory liability being in an unlimited liability concern at present the whole of the net assets of each member, it may be possible to restrict such contributory liability to 8 times the credit accommodation the richer people may require. An agriculturist with an extensive land holding may require credit accommodation to the extent of Rs. 3000 at a time. He may be allowed to get the accommodation but he will bear the contributory liability for an amount of 24,000 or 30,000. When the unlimited liability is made operative, his assets to the extent of Rs. 30,000 will alone be made liable.

13. Where the defects relate to the system of distribution of credit prevalent in the society and the District Bank and this defect contributes to a number of people being unable to join the institution, such defects should be rectified. Credit accommodation must be considered as a very essential factor in carrying on agricultural industry as water is for the cultivation and production of a crop. To secure the crop, the agriculturist regulates the distribution of water wisely and does not withdraw it when required or overflow the land when not required.

Similarly the working of the village society and the District Bank should be regulated in such a way that credit accommodation will be made available at the proper time and in sufficient volume.

**Other functions of Village Society besides simple credit
accommodation.**

14. A village co-operative society does not exist merely for giving credit accommodation. An agriculturist has been carrying on his agriculture individually, adjusting his affairs to his environment but in his work he meets with many reverses and gets into debt. He struggles on and tries to improve his position when favourable opportunities occur. The village society has to be vigilant in finding out the difficulties which each member has to face, advise and help him to tide over such difficulties. He sometimes meets with loss by the death of cattle, or by losing his house in accidental fire or by the death of some workers in the field. The village society should at once come to his rescue and give liberal credit accommodation to tide over such difficulties and regulate the method by which such credit accommodation can be repaid. The struggle of the agriculturist single-handed will be felt keenly by him but if the society should come to his rescue promptly and regulate the affair, his restoration to a nominal state can be secured speedily.

15. Owing to bad season, absence of rainfall or excess of rainfall, there is no crop or the crop is badly damaged. The agriculturist must not only be excused his repayment of instalment but should be given adequate credit accommodation to tide over the bad season. The Central Bank should not brand such men as defaulters and refuse credit accommodation to them or to the societies which defaulted to pay their dues for such valid reasons.

16. A village organisation is expected to do all it can to secure labour for labourers when it is not ordinarily available and enable the labourers to tide over such seasons, to maintain the labourer in seasons when cultivation operations are going on and to recoup itself when the labour fructifies and harvest is secured. In this connection it may be noted

that a village society should organise college industries to provide labour in the off season. Hand-spinning appears to be a very useful village industry which can be conducted in every village with a small investment and with very limited technical skill. It is a profitable concern now as there is a growing market for it.

17. A village society has to render assistance to agriculturists in securing the purchase of land or the building of houses and chalk out the methods by which these can be done suitable to the capacity of repayment of the persons concerned. A big landholder will be glad to lease out his lands to farm labourers on very advantageous terms provided the society gives it guarantee to control such labourers. The society will be in a position to give credit accommodation so as to secure a better return from the lands leased, and to enable the farm labourers to keep up their engagements with the land owners.

18. A co-operator agriculturist should be educated how to conduct his agricultural operation in a business-like way, how to use credit accommodation in a profitable way and how, by keeping up to his engagement, he can keep his self-respect.

19. The village co-operative society in its collective aspect should become the guide, philosopher and friend of every one in the village employed in the agricultural industry and the allied professions and the District Bank should be able to set free credit accommodation to rural societies to enable it to fulfil such functions and to make adequate arrangements for the betterment of village life.

**The agency for working the co-operative societies
in an efficient state.**

20. The question for calm and careful consideration is whether the agency for working the village societies has accepted these ideals and is working up to these ideals. The agencies now available are (1) the Government departmental staff (Inspectors and Assistant Registrar) (2) the local unions and their staff of superiors. Let us take the Government agency. Before the local unions were formed, the Government staff of Inspectors was the only agency available. They had a rural responsibility to see to the good working of the rural societies and to educate the co-operators to carry out their work sufficiently and in a business-like method. The Inspectors' range widened by the advent of more societies and it was found that he was unable to carry out his duties satisfactorily. He paid more attention to accounting and credit and had very little time to spare for the education of co-operators. The Assistant Registrar who was expected to educate the co-operators in other aspects than mere account

In Bombay we receive an increasing measure of Government assistance by way of subvention for the purposes of organization, education and instruction of Co-operative Societies which ought to be primarily the function of a non-official co-operative body. There we get to-day help from Government to the extent of nearly Rs. 20,000 a year, the basis of this contribution being Re. 1 for every rupee earned by the Central Co-operative Institute, and its branches. State Aid which acts as a direct incentive to popular enthusiasm and sacrifice and brings forth an adequate supply of money contributed by individual co-operative societies towards the establishment of such an organization is fully justified, and such policy should be encouraged and adopted wherever Government wisely recognise the need for putting the movement on a thoroughly sound and popular basis.

Lastly, I have to lay special emphasis on the subject of Rural Reconstruction. There is a great need for organization on rural tracts: because "there is a great deal that organization, be it co-operative or non-co-operative, can effect in connection with rural reconstruction for social purposes."

English Co-operative Movement, though largely urban, finds every year on an average for expenditure for the promotion of social purposes a sum of money equivalent to $1\frac{1}{2}$ crores of rupees. To us in India, considering the vast amount of such work to be carried on over an extensive field and among most backward and rural parts where the people are very poor and illiterate, a very large amount of money spent in this direction will be most fruitful. This State Aid will be dedicated more for the purposes of educating the Adult section of our masses, such expenditure being justified on the ground of its being helpful to the maintenance of the small literacy that can be created only at an enormous cost to the State and for the education of sound business principles and stimulation of a sense of responsibility in self-governance. In this connection Wolff asks in his 'Peoples' Banks' "does not a work of common utility like that of popularised credit justify a little outlay at common-expense?" Then again he says in his Book on Co-operation in India, "on the other hand the need of money help for teaching purposes has become progressively more urgent and pressing. On teaching—which interferes with no rival interests—all authorities agree the State may, without fear of doing mischief, spend as much as it pleases."

There is a vast seed-bed waiting for a systematic educative effort at the hands of both Government and people. The propelling force naturally proceeded first from Government; but the ultimate responsibility of

organizing this vast field for social and moral reconstruction of nearly nine-tenths of India must be on the people themselves to carry out and, I cannot speak of this great need for organization on right lines in words better coined than those of Wolff, quoted below:—

“We can organise and must organise, but clearly not in this insensate way. If we are to do good, we want the right persons to set to work, under the direction, in the right way. We cannot allow needless strife and antagonism in interest between rural classes of inhabitants, but on the contrary, want the closest possible union. It is a short-sighted policy altogether which assumes that farmers, interests are served by crossing those of small folk. If there were necessary antagonism, evidently it would be in Pliny's words, ‘the human beings’ who would have to be allowed to carry the day over ‘wheat’. But there is none. The country wants both. And they each of them stand in need of the other. It is only ignorance brought into being by greedy short-sightedness which can detect causes of antagonism between the two. In any case, if we want to see country life, in Roosevelt's enlightened sense—rural reconstruction as we call it—made effective, we want shoals of people on the land, populous villages, well-distributed land. For such purpose we require the help of co-operation with its large host of men and women admirably fitted to help folk of the class to be ‘settled’, with same wants, the same ways, the same ideas and ideals, the same speech. We want co-operation in agriculture and co-operation in domestic life. We want social, educational and character-forming institutions. The aim that we should make for is clearly marked out. And we have the means for attaining it ready to our hand, if we will only employ them. But this is not a matter for bobwigs and khaki. Scientific institutions may render admirable help. So may mechanical industries. Agriculture, small as well as large, is dependent on both of them. But the impelling force, the leaven that is to penetrate the lump and turn it into good bread, must be from the people themselves. You may lead, inform, inspire, their organization. But the actual action in the work must come necessarily from those who are to benefit by it. It is only work so done that will stand. Government officers can help; but it is people themselves to ‘do’. It is time we gave up toying with the problem. There is really work to be done. And with Ireland, Canada and the United States pointing the way—not to mention other examples—there can be no occasion for us to doubt how we ought to proceed. Our political reconstruction began with the cry; ‘Register, Register;’. In rural reconstruction our *mot d'ordre* should be: ‘Organise, organise, organise.’”

MESSAGES AND GREETINGS.

The President then called on the Secretary to read the general messages received from co-operative federations.

INTERNATIONAL LABOUR OFFICE, GENEVA.

DEAR SIR,

In the name of the Director of the International Labour Office I have the very special pleasure of conveying our heartfelt greetings to the 12th Provincial Co-operative Conference of the Madras Presidency.

The friendly and fruitful connections which have promptly established themselves between the co-operative movement all over the world and the International Labour Organisation are a testimonial of kindred aims and inspirations.

The International Labour Organisation has been created, as you know, by Part XIII of the Treaty of Peace in order to assist in removing conditions of labour “involving such injustice, hardship and privation to large numbers of people as to produce unrest so great that the peace and harmony of the world are imperilled”. Co-operation may claim to have the same purpose and to devote its uncommonly great constructive value to the same practical problems.

It appears that to few countries, if any, has co-operation already brought or will bring greater benefits, than to India. In an article which he kindly contributed to our International Labour Review, Henry W. Wolf, who thought and wrought so much for the co-operative movement in your country in the days when the beneficial seed was planted, proclaims that under the touch of co-operation “a great transformation has been begun for the benefit of the toiling millions”, and that “a new era may be said to have set in, an era of general uplifting—material, social, moral and educational”.

Through the Madras Bulletin of Co-operation and other very valuable communications, we are kept well informed of the co-operative development attained in your Presidency, and in India. Compared with the progress achieved in their early stages by the European co-operative movements, now great and prosperous, yours has been for the outside observer extremely remarkable, in recent years surprisingly accelerated. You are in that very favourable position that, in spite of your previous success, scope for further work and extension is still practically unlimited, and you are fully aware of the fact. Moreover you have from the very outset realised that co-operation, whatever its form, its all one, whether it extends its benefits to the worker in the factory or in the workshop, to the worker in the field, or in the cottage. In the many-sidedness of your

movement lies a firm ground for hope for profitable constructive work in the future.

That is our earnest hope, and we desire that your deliberations may be guided to a right issue and to the welfare not only of the present members of your 8,000 societies, but of your Presidency and of your country at large.

I am,
Faithfully Yours,
DR. G. FAUQUET,
Chief of the Co-operative Service.

AUSTRALIAN CO-OPERATIVE UNION, SYDNEY.

TO THE CO-OPERATORS OF MADRAS.

Fraternal greetings from Co-operators in Australia! Your Secretary has kept us well informed of the fine progress being made in your great Province. We direct our helpful thoughts to your Conference, and our thoughts are charged with wishes for a happy Conference, a thoughtful Conference, and a Conference which result in still further progress for you as Co-operators. We here in Australia are about to pass, in three of our respective provinces, Acts of Parliament which incorporate much of the wisdom contained in your Co-operative and Credit Act, and we look to you for further guidance. We feel sure that your Conference will raise still higher the Co-operative flag which stands for International Brotherhood, World Peace, Equity in Commerce, a translating of the teaching of the world's great masters into the management and conduct of the world's work.

THOMAS E. SHONK.
Acting Secretary, Australian Co-operative Union.

THE MANCHESTER CO-OPERATIVE UNION.

DEAR SIR,

I have your letter dated October 3rd, and I am very glad to learn that a Conference of Co-operative Societies in the Madras Presidency is to be held at Christmastide this year. It is indeed pleasant to learn that eight thousand societies have been established in the Presidency. The establishment of so large a number is a sign that the inhabitants of the Province now understand the value of Co-operation and perceive how greatly their position can be improved by combined effort and mutual aid.

Your societies, doubtless, differ in many ways from the societies which form the Co-operative Movement in Great Britain. Your economic

and social conditions are different from ours, and the needs of your people are also different. Still, the principle of Co-operation can be applied in many ways; and although forms of organisation may differ in different countries, the principle animating and sustaining societies is the same everywhere, just as the ultimate aims of Co-operation are the same in all parts of the world.

On behalf of the British Co-operative Movement, which now represents more than four-and-a-half millions of individual co-operators, I send you hearty greetings and best wishes for a successful conference. I trust that the results of the meeting will be gratifying to its promoters, and that the Co-operative Movement in India will continue to progress rapidly.

I am,
Yours Faithfully,
A. WHITEHEAD,
General Secretary.

THE CO-OPERATIVE UNION OF CANADA.

DEAR SIR,

It is with much interest I have read in your letter of the 13th October, just to hand, that you are holding, during the ensuing Christmas Season, a conference of the co-operative societies in the Madras Presidency.

It is with much pleasure that on behalf of the organised co-operators of Canada, I extend to your delegates our most cordial greetings. I hope that your deliberations will do much to promote the economic success of the co-operative movement of India, and to contribute to the prosperity and happiness of its people, irrespective of race, class or creed.

The moral and social philosophy of the co-operative movement is the same everywhere. Its practice would be the world's greatest unifying influence. Through co-operation alone is it possible for the people of all countries to work in harmony with each other for social and international justice and equity, and the greater happiness and prosperity of the whole human family.

In conclusion I take this opportunity of congratulating you upon your wonderfully fine monthly magazine. It is a splendid addition to co-operative literature, and from which we all can benefit.

Yours Faithfully,
GEORGE KEEN,
General Secretary.

CO-OPERATIVE LEAGUE U. S. A.

*To The Annual Conference, Madras Provincial Co-operative Union,
Madras, India.*

DEAR FELLOW CO-OPERATORS :

In behalf of the Co-operative Movement in the United States we wish to extend hearty Greetings to the Co-operators of India on this occasion of their annual Conference.

The Co-operative Movement in India, as in the United States, is still too weak and undeveloped. We find, however, in your literature the note of aggressiveness coupled with true idealism which means ultimate success. Therefore admiration for your achievements and your spirit accompanies our greetings and best wishes for the continued development of co-operation among the people of India. The salvation of both countries depends upon the common people learning to administer their own affairs.

Faithfully Yours,
J. P. WARBAÛSE,
President, Executive Board,
CEDRIC LONG
Secretary, Executive Board.

The Secretary, after reading the messages, announced that members willing to serve on different sub-committees have already sent their names, and those who have not yet done so, might give their names to the secretaries of the sub-committees.

POINTS ON WHICH DISCUSSIONS CENTRED AND
RESOLUTIONS WERE FRAMED.

Sub-Committee No 1.

CONFERENCE HALL 23RD DEC. 3-30 P.M.

PRIMARY SOCIETIES, LAND MORTGAGE BANKS,
CENTRAL AND URBAN BANKS.

1. Land Mortgage Banks.
2. Responsibility for organization of credit societies.
3. Demarcation of short term and long term loans in the by-laws of societies.
4. Crop loans on the security of produce.
5. Training of Bank managers of Urban and Central Banks.
6. Reducing the number of individual shareholders in Central Banks.
7. Audit of Central Banks.

A small sub-committee was appointed to consider the following questions relating to Urban Banks and make recommendations to the first Sub-Committee at 6 p. m.

URBAN BANKS.

- a. Decentralisation methods.
- b. Cash credit to members for their trade purposes.
- c. Deposit banking.
- d. Committee for assessing credit and checking the register of members.

Sub-Committee No 2.

SERVANTS OF INDIA SOCIETY READING ROOM.

23rd December, 5-30 p. m.

1. Responsibility for supervision.
2. District Federations.
3. Transference of powers to Local Unions.
4. Scheme of training for :
 - a. Panchayatdars of rural societies.
 - b. Governing body members of unions.
 - c. Supervisors.

Sub-Committee No 3.

CONFERENCE HALL CORNER

STORES AND HOUSING.*

23rd December 3-30 p. m.

1. Appointment of special auditors for Stores and Trading Union Societies.
2. Credit sales to members.
3. Information Bureau.
4. Appointment of Lady Propagandists.
5. Half yearly distribution of dividend and bonus.
6. Annual Conference of stores Directors.
7. Training classes for stores managers.
8. Sales to non-members.
9. Central wholesale stores by the Department.
10. Accounts in stores (Page 9).
11. Stores in villages (Page 10).
12. Rural Trade centres (Page 10).

*The page numbers given in brackets refer to the notes submitted to the Conference sub-committees (160 pages) which can be had at Rs. 2 per copy from the Madras Provincial Co-operative Union Ltd.

13. Conditions for registration of the stores.
14. Housing (*Ref.* Resolutions passed at the Madras Conference.)

Sub Committee No. 4.

SERVANTS OF INDIA SOCIETY READING ROOM.

AGRICULTURAL AND INDUSTRIAL CO-OPERATION.

24th December 8 a. m.

1. Training of managers for Trading Unions.
2. Need for an advisory body in each District to express an opinion on each new venture (Page 5).
3. Storage of grains of members of societies by Trading Unions or Primary societies.
4. Local Unions and supply of agricultural requisites.
5. Irrigation societies in the Tanjore Dt.
6. Farming societies (Page 3).
7. Labour societies for contract work (Pages 9 to 11).

Sub-Committee No. 5.

CONFERENCE HALL.

24th December 8 a. m.

SPECIAL COMMITTEE ON ADMINISTRATIVE AND LEGAL
QUESTIONS RELATING TO RURAL AND URBAN
SOCIETIES AND MISCELLANEOUS RESOLUTIONS.

This committee considered the business propositions mentioned in page 20 and pages 70 to 73 of the notes submitted to sub-committee No. 1. and miscellaneous resolutions.

THE FOLLOWING WERE THE MEMBERS PRESENT AT
EACH OF THE SUB-COMMITTEES.*Sub-committee No. 1.*

1. Rao Sahib T. Srinivasa Rao (President.)
2. Mr. T. R. Srinivasa Iyengar (Secretary)
3. " T. Swaminatha Iyer, Joint Secretary, Ranipet Town Co-operative Bank.
4. " S. V. Chandramowleswara Iyer, Namakkal Union.
5. " C. M. Ranga Rao, Secretary, Namakkal Urban Bank.
6. " S. Ramaswamiachar, Auditor, Namakkal Urban Bank.
7. " T. S. Venkataramana Iyer, Secretary, Coimbatore Dt. Urban Bank.
8. " S. Doraiswami Iyer B. A., Ranipet Urban Bank.
9. Rao Sahib M. S. Seshachala Iyer, Tiruvannamalai.
10. Mr. S. Venugopal Naidu, Pattukottai.

SUB-COMMITTEE NAMES.

11. Rao Sahib A. Seturama Iyer, Nidamangalam.
12. Mr. V. C. Rangaswami Iyengar, Madras Central Urban Bank.
13. Rao Bahadur A. Vedachala Iyer, Madras.
14. Mr. N. Kuppuswami Iyer, Neykkarapatti.
15. " H. Sankara Rao, Dharmavaram Union.
16. " K Sundararajan, Tholasampatti Union.
17. " O. Viswanatha Rao, Nellore.
18. " S. K. Yegnanarayana Iyer, Teachers' Guild Co-operative Society, Madras.
19. " Nagaraja Iyer, Villupuram.
20. " S. D. Krishna Iyengar, Madura.
21. " Prasannaraghavachari, Tiruvangaranai.
22. " O. M. Venkatanatha Iyengar, Uttiramerur.
23. " M. Desikachariar, Chingleput.
24. " Hanumantha Rao, Tenali.
25. " P. S. Somasundara Iyer, Peruvalanallur Union, Trichinopoly Dt.
26. " E. V. Gopalaswami Iyer, Trichinopoly District Urban Bank.
27. " A. R. Muniswami Reddiar, Arkonam Union.

SUB-COMMITTEE ON URBAN BANKS.

1. Mr. V. Krishnaswami Iyer, Chittoor Urban Bank (President).
2. Rao Saheb M. S. Seshachala Iyer, Tiruvannamalai.
3. Mr. T. Srinivasa Mudaliar, Erode Urban Bank.
4. " S. Doraiswami Iyer, Ranipet Town Bank.
5. " Subramaniya Iyer, Villupuram.
6. Rao Saheb A. Seturama Iyer, Nidamangalam.
7. Mr. Kolandaivelu Mudaliar, Mudianoor.
8. The Secretary, Hindupur Urban Bank.
9. Mr. T. Ramakrishna Reddiar, Chittoor.

Sub-Committee No. 2.

1. Rao Bahadur A. Vedachalayar (President)
2. Mr. S. K. Yegnanarayana Iyer, Madras Teachers' Guild Co-operative Society. (Secretary).
3. " R. V. Lakshmana Rao, Uppilipalayam Co-operative Society.
4. " J. N. Jayakaran, Coimbatore Co-operative Union.
5. " K. G. Sivaswami, Madras Provincial Co-operative Union.
6. " C. Ranganatha Iyengar, Co-op. Credit Society Ltd., Gooty.
7. " C. H. Kottayya, Tenali Taluk Co-operative Union Ltd.
8. " S. V. Chalamayya, Ponnur Co-operative Union Ltd.
9. " L. M. Gulama Ahmed, Triplicane Urban Co-op. Society.
10. " Marudhachalam, Kurichi Co-operative Credit Society.

11. " G. Srirama Babu, Madras.
12. " T. R. Srinivasa Iyengar, Tanjore Co-op. Banking Union.
13. " T. S. Raju Iyer, Secretary Lalgudy Union.
14. " S. D. Krishna Iyengar, President, Othakadai Union,
Madura Dt.
15. " P. K. Anantanarayana Iyengar, President, Coimbatore,
Local Union.
16. " O. M. Venkatanatha Iyengar, Secretary, Uttiramerur Co-op.
Union.
17. " M. Desikachari, Chingleput U. F. C. M. Employees' Society.
18. " P. Ramaswami Iyer, Chingleput Urban Bank.
19. " Prasannaraghavachariar, President, C. Union, Wallajabad.
20. " S. Doraiswami Iyer, Ranipet Urban Bank.
21. " N. Subramanyam, Dt. Urban Bank, Coimbatore.
22. " A. R. Muniswamy Reddiar, Arkonam Co-operative Union.
23. " K. Seshacharlu, Punganur Union.
24. " R. Ananda Rao, Tiruthangal Co-op. Union.
25. " M. Sankarapandiya Reddiar, Koilpatti Co-op. Union.
26. " C. S. Rangaswami, Teachers' Co-op. Bank, Villupuram.
27. " A. Nagarajan, Villupuram Co-op. Union.
28. " P. S. Venkatarama Iyer, Palamcottah Urban Co-op.
Credit Society.
29. " S. Venkatachala Mudaliar, Secretary, Vachakarapatti
Co-op. Union.
30. " S. Kasinatha Iyer, Melattur Co-op. Supervising Union.
31. " P. Sama Iyer, Secretary, Co-op. Union, Polur.
32. " P. A. Venkatarama Iyer, Govg. Body Member, Co-op. Union,
Polur.
33. " M. Ramanatha Iyer, Secretary, Devikapuram Union Ltd.
34. " S. Somasundara Iyer, Secretary, Peruvalanallur Union.
35. " H. Siva Rao, Secretary, Dt. Bank, Anantapur.
36. " A. Narayana Rao, Secretary, S. P. C. Union, Nellore.
37. " M. O. Viswanatha Rao, President, S. P. C. Union, Nellore.
38. " N. Bhimasena Rao, Local Union, Kalyandrug.
39. " K. Sundararajan, Tholasampatti Co-op. Union.
40. " Kuppuswami Iyer, President, Salem Union.
41. " C. Samundi Gownder, Secretary, Nattarampalli C. Union.
42. " N. Natesan Pillai, Kalapatti Co-op. Society.
43. " V. Krishnaswami Naidu, Theethipalayam Co-op. Society.
44. " Mangalaswami Pillai, St. Michael's C. Society, Coimbatore.
45. " A. Ramaswami Naidu, Idigarai Co-op. Society.

Sub-Committee No. 3.

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|---|---------------------------------|
| 1. Mr. A. Sivarama Menon,
(Madras President) | 9. Mr. D. K. Varadachari. |
| 2. " N. Subramania Iyer,
(Coimbatore) Secretary. | 10. " S. Ananthanarayana Iyer. |
| 3. " P. Theyunni Menon,
(Malabar) | 11. " R. Raghupathi. |
| 4. " S. V. Venkatachalam. | 12. " L. M. Ghulam Ahmed. |
| 5. " P. S. Loganatha Iyer,
(Madras) | 13. " Jayaraman (S. Arcot) |
| 6. " P. S. Venkatarama Iyer | 14. " C. Venkatarama Iyer. |
| 7. " S. Kasinatha Iyer. | 15. " T. Srinivasa Mudaliar. |
| 8. " C. R. Ramaswami Iyengar
(Coimbatore) | 16. " P. Ramanathan. |
| | 17. " S. K. Yegnanarayana Iyer. |
| | 18. " T. B. Ratnachalam Iyer. |
| | 19. " S. Narayanasami Iyer. |
| | 20. " R. Suryanarayana Rao. |

Sub-Committee No. 4.

- | | |
|--|--------------------------------------|
| 1. Rao Saheb M. S. Seshachala
Iyer (President). | 10. Mr. S. Venkatachala Mudaliar. |
| 2. Rao Saheb A. Sethuram Iyer
(Secretary) | 11. " N. Subramani Iyer |
| 3. Mr. S. Narayanaswami Iyer | 12. " O. M. Venkatanatha
Iyengar. |
| 4. " S. Kasinatha Iyer | 13. " V. Jayara Iyer |
| 5. " N. Bhimasena Rao
(Kalyandrug) | 14. " A. Nagarajan |
| 6. " M. Kothandarama Iyer | 15. " C. S. Rangaswami Iyengar |
| 7. " Gangadhara Sastri | 16. " G. Venugopal Rao |
| 8. " Sankarapandiya Reddiar | 17. " T. R. Srinivasa Iyengar |
| 9. " Marthanda Chettiar | 18. Rao Saheb T. Srinivasa Rao |
| | 19. Mr. Sundararaja Iyengar |
| | 20. " T. B. Ratnachalam Iyer |

RULES IN REGARD TO SUB-COMMITTEE PROCEDURE :

The following rules framed by the Executive Committee of the Conference were followed at the sub-committee meetings.

The contributors of the notes should be first allowed to put their case and definite suggestions. A few others may be allowed to speak and the resolution should be drafted by the President, when the discussion has gone on for half an hour. The resolution should be read before the committee, and, if there are any amendments, the member should be asked to give them in the definite form of amendments. And then the resolution as finally adopted should be passed.

The presidents of the first, second and third sub-committees should submit their reports within 8 p. m., on the 23rd, December.

The fourth sub-committee should submit its resolutions at 10 o'clock on 24th December. The Special Committee on Legal and Business questions should submit its report before 10 o'clock on 24th December.

The committee on Urban Banks should be formed by the first sub-committee on 23rd December at 3 p. m., and they should be asked to bring their resolutions before it on the same day at 6 p. m. At the open conference the president of each sub-committee will be the first speaker who should place the resolutions before it.

SECOND DAY: 24th DECEMBER 1923. 12 NOON.

The proceedings commenced with Mr. G. K. Devadhar in the chair. In the course of his preliminary remarks, the President said that as the several questions had been fully thrashed out in the respective Sub-Committees on the 23rd afternoon and the 24th morning, the speakers should endeavour to make their speeches as short as possible. The President of each Sub-Committee would introduce the draft resolutions, and the several speakers were to be allowed time at the discretion of the Chair. He hoped that they would all co-operate with him and get through the work before them as rapidly as possible.

1. MESSAGES AND GREETINGS.

The following resolution was put from the chair and carried unanimously.

"This Conference records its high sense of appreciation and gratitude to the International Labour Office, the Co-operative Union of Canada, the Co-operative League of America, the Co-operative Union of Australia and the Manchester Co-operative Union for sending messages and greetings to the Twelfth Madras Provincial Co-operative Conference.

"This Conference is of opinion that such international relationships tend towards the co-operative commonwealth of Nations and pave the way for a better social order."

2. LAND MORTGAGE BANKS.

Rao Sahib T. Srinivasa Rao, the President of Sub-Committee No. 1, introduced the resolutions drafted by his Committee with a short speech.

Rao Bahadur A. Vedachala Iyer moved the following resolution:

"While recording with thanks the proposal put forward by the Government in regard to the formation of Primary Land Mortgage Banks, this Conference resolves that a Sub-Committee consisting of the following gentlemen be formed for investigating the Debenture Scheme which was under the consideration of the Department and putting forward before the Registrar a suitable scheme for the issue of debentures either for individual districts or for the Presidency as a whole ;

(2) "That as regards the proposal put forward by the Registrar the Conference feels that Debentures issued on the strength of share capital are not likely to attract purchasers unless and until the Government gives its contributions in the first instance ;

(3) "Resolved also that the above committee do draw up the constitution of such land mortgage banks, in the event of Government accepting the proposal of the Conference ;

(4) "Resolved that the following gentlemen do form the sub-committee :

1. Rao Bahadur A. Vedachala Iyer (Madras)
 2. Rao Sahib T. Srinivasa Rao (Chittoor)
 3. Mr. K. G. Sivaswami Iyer (Madras)
 4. Dr. S. Swaminathan (Madras)
 5. Mr. H. Shiva Rao (Anantapur)
 6. Mr. T. R. Srinivasa Iyengar (Tanjore)
 7. Mr. J. Krishnamoorthy Rao (Cuddappah)
 8. Dr. Pattabhisitaramayya (Masulipatam)
 9. Mr. Seshachala Iyer (Tiruvannamalai)
- Mr. K. G. Sivaswami Iyer will be the convener."

Rao Bahadur A. Vedachala Iyer explained the need for the formation of Land Mortgage Banks and the issue of debentures. The two schemes, he said, were designed to solve the difficulty experienced in regard to the issue of long term credit suitable for the redemption of rural indebtedness and for the permanent financial improvement of the village ryots. The Land Mortgage Bank was to have a capital stock subscribed by societies and individual farmers and out of the stock, long term loans for 10 to 20 years at as low rates of interest as possible were to be given. On receipt of an application for such loans, the landed property of the applicant would be valued by an expert sent by the Bank, and the loan issued after the applicant executed a mortgage of his land in favour of the Bank. The Bank would then collect all such mortgage bonds and on their security issue a series of debentures. The Central Banks might render the necessary help in the beginning by endorsing these bonds. This scheme had been tried in the Central Provinces.

The speaker then answered some legal and other objections raised against the scheme.

Referring to the communication from the Registrar that the Government were prepared to contribute to the finance of the Land Mortgage Banks an amount equal to the sale proceeds of the debentures, the speaker pointed out that if the Government gave its contribution in the first instance, it would infuse greater confidence in the depositing public.

Mr. Seshachala Iyer and Mr. Ayyakutti Iyengar seconded and supported the resolution in Tamil and Telugu respectively.

On the motion of Mr. T. Srinivasa Mudaliar Messrs. A. Sivarama Menon and P. Ramanathan were added to the committee.

Here the question of time limit during which the committee should send its report was raised and it was agreed that the committee should complete its investigation before the next year.

The resolution with the addition of two more names was then put to vote and carried unanimously.

3. ORGANISATION OF SOCIETIES.

The following resolution was moved by Mr. N. Panchapakesa Iyer (Tirukattupalli)

"This Conference is of opinion that before credit societies are registered, the Unions and Central Banks concerned be consulted."

In doing so he pointed out it was the Unions and Central Banks that were in a position to know best the rural conditions, and their knowledge should be utilized before starting new credit societies. He knew of many instances in which societies started without such consultation of the actual conditions of the village began to languish very soon after their inception.

Messrs. O. M. Venkatanatha Iyengar and Ayyakutti Iyengar seconded and supported the resolution in Tamil and Telugu respectively.

Mr. T. Srinivasa Mudaliar (Erode) proposed that the phrase "Central Banks" be deleted, since, it is enough that Unions alone are consulted and if Central Banks also are to be consulted, they may refuse to recognize the rural societies simply because it would entail additional work for them.

Mr. Raju Iyer (Lalgudi) supported the amendment.

On the motion of Mr. A. Vedachala Iyer the resolution was passed unanimously in the following modified form:

"This Conference is of opinion that before credit societies are registered, the Unions concerned should necessarily be consulted; Central Banks should, however, be consulted in regard to societies to be registered where credit accommodation to be given is a deviation from the routine standard."

4. LONG TERM LOANS.

"This Conference is of opinion that the period of five years usually fixed by Central Banks for long term loans be extended ten years."

In moving the above resolution Mr. O. Wiswanatha Rao (Nellore) remarked that the ryots were not able to repay the loan within the short period as at present allotted, and such loans were, therefore, merely another source of embarrassment to them. Some Central Banks were complaining of a plethora

of capital, which they contemplated utilising for new societies. It would be better if it were used to consolidate old ones by enabling them to give long term credit for 10 years to their members.

The resolution was seconded and supported by Mr. Ananthanarayana Iyengar (Panninadai) and Mr. Samundi Gownder (Nattrampalli) in Tamil and Mr. A. Narayana Rao in Telugu.

Mr. T. S. Venkatarama Iyer (Coimbatore) moved an amendment that the long term loans of 10 years be "in exceptional and deserving cases." He said that he knew from personal knowledge that such long term loans were not wanted in all cases.

Mr. K. S. Krishnamoorthy Iyer (Tiruppur) seconded the amendment. The amendment was put to vote and lost.

The original resolution was then put to vote and carried *nemcon*.

5. LOANS ON SECURITY OF PRODUCE.

"This Conference is of opinion that the system of advancing short term loans on the pledge of harvested agricultural produce of members of primary societies be encouraged."

In moving the resolution Mr. Venugopal Naidu (Pattukottai) pointed out that agriculturists do not ordinarily get the best value for their produce, since they had to sell it even on the thrashing floor so as to meet the Government dues, without waiting for the time when they could get the proper price. The proposal was to advance short loans to them to meet the Government demand and to sell the produce at the best place and at the highest price possible.

The resolution was duly seconded and supported by Mr. O. M. Venkatanatha Iyengar (Uttiramerur) in Tamil and Mr. N. Bhimasena Rao (Kalyandrug) in Telugu.

Mr. L. Gangadhara Sastri (Hindupur) proposed that standing crops also might be included as a pledge for advancing short term loans, but at the persuasion of several gentlemen, withdrew the proposition.

The original resolution was passed unanimously.

6. AUDIT OF CENTRAL BANKS.

The following resolution was then moved by Mr. H. Shiva Rao:

"That the Provincial Union do in consultation with Central Banks devise a suitable scheme for the concurrent non-official audit of central banks if that is possible."

Mr. T. S. Venkataramana Iyer in seconding the resolution in Tamil said that Departmental audit was not in all cases satisfactory and quoted the opinion of the MacLagan Committee in support of his contention that private audit through Chartered Accountants was always desirable.

Mr. L. Gangadhara Sastri supported the resolution in Telugu. The resolution was carried unanimously.

7. URBAN BANKS.

Mr. V. Krishnaswami Iyer (Chittoor), President of the Sub-Committee on Urban Banks, introduced the following resolution consisting of 4 clauses:

"1. Resolved that it is not desirable to split up Urban Banks as such a course will destroy the reputation of the Bank and confidence of the people and the principle of centralising finance holds good in the case of Urban Banks as well;

"2. That Urban Banks be allowed overdraft suited to the needs and capacity of each Urban Bank either from the Central Bank or the Imperial Bank;

"3. That in cases where Central Banks are not in a position to finance sufficiently, such Urban Banks may be financed by the Madras Central Urban Bank; and,

"4. That permission may be granted to such Urban Banks as are recommended by the Registrar to grant loans to non-members on the security of their deposits."

Mr. V. Krishnaswami Iyer pointed out that the resolution was intended to maintain the prestige of Urban Banks which were as important for the urban population as were rural banks for the rural population. In some places urban banks had grown unwieldy and unmanageable, but to split them on that account into many smaller ones would tend to increase establishment charges and lessen the confidence of the public.

The second and third clauses of the resolution required that Urban Banks should be allowed full latitude to resort to overdrafts from Central Banks, and if the latter are not in a position to meet the demand, the Madras Central Urban Bank should accommodate. Urban Banks were required to maintain fluid resources, and should, therefore, be granted accommodation in times of pressure. The plethora of capital that is lying idle with the Madras Central Bank might thus be drawn upon by urban banks that really need help, and that are of a certain magnitude.

The last clause of the resolution was that non-members, if they are depositors, might be given loans in proportion to their deposits.

Mr. K. Seshacharlu (Punganur) in seconding the resolution explained it in Telugu.

The resolution was put to vote clause by clause.

The first clause was passed, Mr. P. S. Venkatarama Iyer dissenting.

The second clause was passed unanimously.

In regard to the third clause, Mr. A. Vedachala Iyer pointed out that there were constitutional difficulties in the Madras Central Urban Bank directly financing urban banks.

The president here suggested that the resolution may be put in the form of a request to the Madras Central Urban Bank to alter the by-laws and thus accommodate the urban banks. After some discussion, the resolution was put in the following form.

"Resolved that in cases where central banks are not in a position to finance urban banks sufficiently, the Madras Central Urban Bank may be requested to finance them directly by changing their by-laws if necessary."

The modified resolution was put to vote and lost by an overwhelming majority and original resolution was carried.

Mr. C. S. Narayanaswami (Tiruppur) moved that the fourth clause be modified in the following form:

"Resolved to request the Registrar of Co-operative Societies to grant permission to all urban banks to issue loans to non-members."

Here discussion ensued as to whether the clause did not go against the spirit and principles of co-operation. It was urged that if any non-member wanted to get a loan from the bank, he might very well become a member.

The president then rose and said that the clause of the resolution under discussion took a step that would not commend itself to the co-operative world. There was a large body of opinion that it was wrong principle to lend any money to any non-member. He persuaded the mover in the interest of purity of the movement to drop the resolution.

The resolution was accordingly dropped.

8. THE PROVINCIAL UNION.

Mr. A. Vedachala Iyer, President of Sub-Committee No. 2, introduced the five resolutions drafted by the committee, and explained the principles on which they were based.

"Resolved that the Provincial Union do make itself more useful than it is now and that it do render necessary aid to co-operative education throughout the Province with the help of District Federations and Local Unions, and this Conference requests the Government to give adequate subsidy to enable the Provincial Union to undertake the work of co-operative education throughout the Presidency on the lines of the Bombay Co-operative Institute."

Mr. Satyamurthy M.L.C., in moving the resolution said that the real value of the co-operative movement did not consist in its economic side only, but in that it checked the moral deterioration of the millions of India in the villages, acted as a moral lever to lift them out of the darkness of ignorance and disunion in which they were immersed, and united them in a common endeavour for common

good. That was why even those, who like the speaker himself advocated non-co-operation, were ready to co-operate with any agency pledged to the principles of co-operation. Although co-operation was a transferred subject now and under the control of elected representatives of the people, still the co-operative atmosphere has not felt the fresh breath and the new ardour that were expected of it. It was also a matter for regret that the Registrar of Co-operative Societies and the Development Minister were not amidst them to take part in their deliberations. In glaring contrast to this was the state of affairs in Bombay where the Registrar was ever anxious to seek the co-operation of the people.

The resolution asked the Government to give help to the Provincial Co-operative Union to enable it to take up the important work of spreading co-operative education; but it would be far better if the people themselves took up the work in right earnest and by becoming members in increasing numbers and contributing the necessary funds to the Union, help it to independently educate the Presidency in the principles of co-operation and thereby make co-operation a popular non-official movement of the people by the people and for the people.

Mr. Ananda Rao and Mr. C. H. Cottiah seconded and supported the resolution in Tamil and Telugu respectively.

The resolution was put to vote and passed unanimously.

9. DISTRICT FEDERATIONS.

"Resolved that District Federations with suitable constitutions be formed for the purpose mainly of undertaking co-operative education in the Districts;

"2. That District Banks be requested to allot two annas on the interest earned on every Rs. 100 (to the District Federations) in addition to the usual rebate now allowed to societies, for the purpose of education;

"3. That the common good fund of societies affiliated to either Local Unions or District Federations be allowed to be used by the District Federations for co-operative education; and

"4. That the Local Unions do give a reasonable contribution towards the upkeep of the District Federation."

Mr. Jayakaran (Y. M. C. A.) in moving the resolution remarked that there could be no two opinions in regard to the urgency of the work of spreading education in the principles of the co-operative movement, and all possible help should therefore be given for carrying it out.

Mr. Raju Iyer and Mr. Gangadhara Sastri seconded and supported the resolution in Tamil and Telugu respectively.

The resolution was passed unanimously.

10. LOCAL UNIONS.

"Resolved that Local Unions be autonomous and that they shall not be interfered with (as in the matter of appointment of subordinates, in fixing their salaries and in passing their budgets) by any outside agency in any manner unless a specific request be made by them therefor."

Mr. T. Srinivasa Rao in moving the resolution remarked that Local Unions at present did not know exactly what their duties and responsibilities were. This state of affairs was entirely due to the constant interference of outside agencies. It was absolutely necessary that Local Unions should be left free to discharge their duties and profit by their experience.

Mr. Sankara Rao (Dharmavaram) and Mr. Nagaraja Iyer (Villupuram) seconded and supported the resolution.

The resolution was passed, one dissenting.

11. TRAINING OF BANK MANAGERS.

The following resolution was put from the chair and carried unanimously.

"Resolved that the Provincial Union do arrange with the co-operation of the Government for the training of managers and secretaries of Urban and Central Banks, and Stores.

12. CO-OPERATION IN SCHOOLS.

Mr. Samundi Gownder moved the following resolution:

"This Conference resolves that the Government be requested to introduce the subject of co-operation in the curricula of studies in the Higher Elementary, Secondary, and Training Schools and Colleges."

Mr. Ranganatha Iyengar (Gooty) in seconding the resolution said that the matter of getting text books on co-operation was not very difficult. When the subject of civics was sought to be introduced some time ago, the same difficulty was urged against it, but suitable text-books were really forthcoming in a short time. Even at present the subject of co-operation was optional in B. A. Honours Course of the University of Madras. He urged, therefore, that the subject be introduced in Higher Elementary, Secondary and Training Schools and Colleges.

Messrs C. S. Rangaswami Iyengar (Villupuram) and Salla Guruswami Chetty also supported the resolution in Tamil and Telugu respectively.

Mr. S. Venkataramier in further supporting the resolution said that small conversational lessons on co-operation were already in the text-books of certain schools, and that the subject of co-operation might be taught even orally just as Moral instruction classes are conducted at present.

The resolution was passed unanimously.

The Conference then rose for lunch.

3.40 p. m. On reassembling at 3.40 p. m. Mr. A. Sivarama Menon introduced in a short speech the resolutions framed by his sub-committee No. 3.

13. SPECIAL AUDITORS FOR STORES.

Mr. Jayarama Iyer moved the following resolution :

"This conference recommends to the Government that in lieu of the present ordinary Inspectors, special auditors styled as Stores and Trading Union Inspectors trained in stores work be appointed to audit the stores and Trading Unions."

Speaking in Tamil, he said, that stores and trading unions were not at present well conducted because the Secretaries and Managers were not trained. It would be better therefore if the Inspectors, who visit these unions and stores, not only audit the accounts presented to them, but dive deep into the transactions, put right wherever they had gone wrong, and give instructions for future guidance. This the present Inspectors are not able to do for want of time, and therefore, special inspectors trained for the work and with enough leisure to look to every detail of transactions are needed.

Mr. Theyunni Menon (Calicut) and Mr. Anantanarayana Iyer seconded and supported the resolution.

The President in recommending the resolution to the acceptance of the conference, remarked that the demand to have specially trained auditors for inspecting the stores and unions was a very desirable one, as the public would then have greater confidence in their transactions.

The resolution was put to vote and carried unanimously.

14. SALES TO NON-MEMBERS.

Mr. Theyunni Menon moved the following resolution :

"That this Conference recommends that all co-operative stores be allowed to sell to non-members, the profits of such sale to go towards the general profits of the society."

In doing so he pointed out that the profit arising out of sale to non-members would strengthen the societies more than if they depended only on the members.

This view raised a storm of opposition from the delegates. On the one hand some held that it was neither good business nor just to deny the profit to those who helped to make it by buying at the stores. The co-operative stores would then be no better than joint stock companies.

On the other hand it was urged by some that permitting non-members to buy at the stores was against the principles of co-operation, seeing that societies existed solely to supply the needs of the members. If anybody wanted to take advantage of the quality and the price of the articles at the stores, he might very well become a member.

The president interposed and pointed out that it was too orthodox and conservative a view that non-members should not be allowed to purchase at the stores. The practice was in vogue in other countries and in other parts of India, but to refuse to give non-members a share in the profits after allowing them to purchase at the stores was against justice and good business principles. If the

profit is not given to them in actual cash, it may be returned in the shape of shares. He, therefore, suggested that the resolution be amended as follows:

"That this Conference recommends that all co-operative stores be allowed to sell to non-members, half the profits of such sale being *pro rata* to be distributed to non-members in the shape of share."

Mr. Vedachala Iyer in supporting the amendment, remarked that at present though the by-laws prohibited non-members from buying at the stores, the difficulty was in practice got over by buying in the name of members. This practice may be put an end to in the way as suggested by the amendment.

The amended resolution was carried unanimously.

15. CREDIT SALES.

At this stage some members wanted to bring a separate resolution that the system of credit sales should be introduced. The store movement had failed in many places because it went against the traditional habits of the people of buying on credit. It was also urged that wage-earners and men with monthly salaries could not do without buying on credit.

Mr. Sivarama Menon objected to the bringing of a new resolution as it raised a very important question of procedure. If new resolutions were to be permitted, then it was doubtful if there would be time to consider all the resolutions already before them.

The president was of opinion that in such conferences any member should be at perfect liberty to bring any resolution before the whole house. The separate resolution on credit sales was, therefore, in perfect order. It might be placed as an addendum to the previous resolution.

The following resolution was thereupon placed before the conference.

"This Conference is of opinion that sales on credit to members of store societies be allowed limiting the credit to the extent not exceeding the deposits, if any, of the members, and fixing the time of repayment within 30 days and on condition that such store societies should not seek financial help outside the society."

After some discussion the following resolution was passed unanimously:

"Resolved that a committee consisting of Mr. A. Sivarama Menon, Mr. K. G. Sivaswamy, Mr. Vedachala Iyer, and Mr. Narayanaswami Iyer be formed to find out ways and means of conducting credit transactions."

16. GRANTS TO HOUSING SOCIETIES.

"This Conference is of opinion that the rules framed by the Government re : loans to co-operative building societies require modification and recommends that the following amendments be carried out:

(a) The maximum that can be borrowed by a co-operative society should be six times its paid up share capital in the case of societies on the basis of individual ownership system and twelve times in the case of societies on the co-partnership system ;

(b) The rate of interest shall not exceed 5 per cent ;

(c) No interest shall be charged till after one year of the completion of the building for which the instalments of loan are utilized ;

(d) That the period of repayment should be extended to 40 years in the case of co-partnership system and should commence only after one year from the date of completion of building ; and

(e) That the maximum borrowing power of individual members be raised to 8 times the paid up share capital."

Mr. R. Suryanarayana Rao of the Servants of India Society in moving the resolution said that according to the rules laid down by Government for grant of loans to housing societies, the maximum loan that would be granted was three times the paid up share capital in the case of individual ownership system and eight times in the case of co-partnership system. In England the basis on which money was granted to co-operative societies was the cost of the site, the cost of preparing the site, and the cost of building. It would be better if the Government adopt the same course here and grant loans equal to three-fourths the cost of the houses. But, if it be maintained, as the Government did, that the loan should bear some relation to the paid up share capital of the societies, it could be hardly of help to the poor and middle classes; it would, however, be more helpful to increase the proportion to 6 times the paid up share capital in the case of individual ownership system and 12 times in case of co-partnership system. The rate of interest at present was 6½ per cent. but it was expected that the Government would sacrifice some and fix it at 5 per cent especially in view of the fact it would be more than made up for by the increased health and prosperity of the people and the consequent saving in the Health Department. The rules made it obligatory for the society to pay all the interest up to the date of completion of building in a lump sum. This condition is very hard of compliance when it is known that during the period of construction the societies have no income. It was therefore suggested that no interest should be charged till after one year of the completion of the building, and that the period of repayment should be extended to 40 years and should commence after one year from the completion of the building. The borrowing power of individual members is now 4 times the paid up share capital, but to be of help to the poor classes, it should be raised to 8 times.

Mr. N. Subramanayam (Coimbatore) seconded the resolution in Tamil. The resolution was carried unanimously.

17. TOWN PLANNING TRUST AND MUNICIPALITIES.

Mr. A. Sivarama Menon moved the following resolution :

" This Conference requests the Government to induce the Town Planning Trust and Municipalities to lease out lands belonging to them to co-operative housing societies for a long term of years on a ground rent fixed at 4½ or 5 per cent on the cost price and the land to be rented free till the completion of the building."

In doing so he said that the resolution was a corollary to the previous one. Housing conditions in some places in Madras were absolutely insanitary, especially in such places as Cheries where the conditions go against the very root of the civilization of the people. It was a problem affecting not only the health but the morality of the people, and was far too heavy for the social service organizations that were already in the field to solve it. The Government should render the necessary help to the societies through the Municipalities and the Town Planning Trust.

Rao Bahadur T. Varadarajulu Naidu seconded the resolution.

The resolution was carried unanimously.

18. STORES AND WOMEN.

The following resolution was put from the chair and passed with acclamation :

" This Conference is of opinion that the stores movement can efficiently function only with the sympathy and co-operation of women and therefore suggests the appointment of lady propagandists."

19. SPECIAL REGISTRAR FOR PURCHASE AND SALE.

5.10 p.m. Rao Sahib M. S. Sestrichala Iyer, president of Sub-Committee No. 4 gave an account of the proceedings of his sub-committee and introduced the first resolution.

" This Conference is of opinion that there is an imperative need for a Special Assistant Registrar trained for the purpose preferably from the Agricultural Department to be put in charge of non-credit work in the Presidency."

Mr. Gangadhara Sastri in seconding the resolution in Telugu suggested that "in rural areas" be substituted for "in the Presidency".

After some discussion the resolution was modified as follows and passed unanimously :

" This Conference is of opinion that there is an imperative need for a Special Assistant Registrar trained for the purpose of non-credit work preferably from the Agricultural Department to be put in charge of non-credit agricultural work in rural areas, and another from the Industrial Department for non-credit non-agricultural work."

20. SUPPLY UNIONS.

"This Conference is of opinion that the Agricultural seeds, manure and other agricultural requisites should be supplied on the indent system by the societies through the local trading and supervising unions and necessary arrangements for finance may be made with the financing banks."

Mr. G. Venugopal Rao in moving the resolution said that Agricultural demonstrators were in the habit of merely giving lectures on the use of good manure and improved agricultural implements, but did not stop at the places for 2 or 3 days and instruct the ryots as to where to get them or himself help them by taking their indents for their requisites. It was, therefore, absolutely necessary that the societies should collect the indents and purchase the requisites wholesale and then distribute them. Thereby the ryots got the advantage of the cheapness of wholesale purchase.

Mr. Singaravelu Mudaliar seconded the resolution in Tamil.
The resolution was passed unanimously.

21. IRRIGATION SOCIETIES.

Mr. S. Narayanaswami Iyer moved the following resolution :

"Resolved that in the opinion of this Conference Irrigation societies must be organised wherever possible."

He pointed out that Irrigation societies were the most important item in the programme of rural reconstruction and the redemption of the ryots' indebtedness. Almost all the debts might be traced to the failure of rains. Irrigation societies would go a long way to remedy the evil effects of such failures.

Mr. Gangadhara Sastri seconded the resolution in Telugu.
The resolution was passed unanimously.

22. FARMING SOCIETIES.

Rao. Sahib A. Sethurama Iyer moved the next resolution :

"That this Conference is of opinion that collective co-operative farming societies should be formed wherever practicable and that Government be pleased to grant concessions as regards assignment of lands to be developed."

Mr. Venugopal Rao in seconding the resolution related the experience of South Kanara in regard to the formation of Collective Farming Societies. A number of middle class people joined together and formed a society in October 1922 and 56 acres of waste land were converted into agricultural land, but the society has not yet been registered. The reason assigned for this strange procedure was that individuals could get assignment of land but not a society. He urged upon the Government to grant necessary concessions to such societies.
The resolution was passed unanimously.

23. LABOUR UNIONS.

"Resolved that the formation of Co-operative Labour Unions should be pushed on with a view to undertaking labour contracts wherever possible."

Put from the chair and carried unanimously.

24. EXEMPTION FROM LOCAL TAXES.

"This Conference reiterates its former resolution asking Government to insert a provision exempting co-operative societies from profession and Companies' taxes in the Local Boards and Municipalities bills now before the Legislative Councils."

Put from the chair and carried unanimously.

25. REMISSION OF M. O. CHARGES.

"This Conference reiterates its former request to allow a rebate of 75 per cent of money order charges incurred by co-operative societies."

26. UPROOTING COTTON PLANTS.

Mr. N. Kuppaswami Iyer (Salem) moved the following resolution:

"This Conference requests the Madras Government to fix 15th September as the date for uprooting cotton plants under the Cotton Pests Act."

He pointed out that it was just at the time of uprooting according to the rules that the plants were in full growth and it might be easily imagined what a great loss it entailed to uproot them just then.

A question: What is its connection with the Co-operative Movement? The speaker answered that it had everything to do with the co-operative movement which aimed at the removal of every kind of disability under which the agriculturists laboured. Mr. C. R. Ramaswami Iyengar (Coimbatore) seconded the resolution.

Mr. T. Srinivasa Mudaliar (Erode) opposed the resolution saying that it was a matter for agricultural experts to decide whether the date of uprooting could be postponed. A certain interval of time was absolutely necessary between one crop and another in order to kill the germs bred in the first crop, and the effect of shortening that interval might be to infect the succeeding crop and so bring greater loss to the agriculturists.

The president said that the subject was a matter for the agricultural conference.

The resolution was therefore withdrawn.

Mr. Venugopal Naidu (Pattukottai) moved the following resolution:

"That the Government be requested to recommend the investment of Taluk, Local Board and Municipal funds in such co-operative urban banks as are approved by the Registrar to the extent of their share capital and reserve fund."

Mr. K. S. Krishnamurthy seconded the resolution.

The resolution was passed by a majority.

The following 4 resolutions were then put from the chair and passed unanimously:

28. REMISSION OF FEES CHARGED BY AGRICULTURAL AND INDUSTRIAL DEPARTMENTS.

"Resolved that the Government be requested to remit all fees charged by the Industrial and Agricultural Departments for advice given to co-operative societies."

29. CONTRACTS TO CO-OPERATIVE SOCIETIES BY LOCAL BOARDS AND P. W. D.

"Resolved that the Government be pleased to recommend to the Local Boards and Public Works Department the acceptance of tenders offered by co-operative labour unions for execution of works in preference to those of individuals."

30. EXEMPTION FROM LICENSING FEES.

"Resolved that the Government be requested to amend the Local Boards and Municipal Acts exempting the co-operative agricultural and industrial societies from the licensing fees under the said Acts whether the object of the societies be agricultural or non-agricultural."

31. HONORARY ASSISTANT REGISTRARS.

The following resolution signed by Mr. H. Siva Rao of Anantapur and 5 others was placed in the hands of the President:

"That in view of the fact that the Government seems to look with very little favour upon the scheme of the Honorary Assistant Registrars judging from the scant powers entrusted to them, this Conference is of opinion that this scheme be immediately put an end to and the funds allotted for the purpose be handed over to the Provincial Union for the appointment of Honorary Organizers."

As it was high time to have a thorough discussion of the subject and as it was not considered at any of the sub-committees, Rao Bahadur A. Vedachala Iyer, with a view to cut short the discussion, proposed an amendment satisfactory to all the delegates. The amended resolution was carried in the end and is as follows:

"Resolved that the Government be requested to select Honorary Assistant Registrars from competent men connected with Local Unions and District Federations."

ARBITRATION (DROPPED).

The following resolution was not moved at the Conference owing to want of time. Mr. O. Viswanatha Rao of Nellore proposed it, but it was not placed before the Conference:

"This Conference is of opinion that arbitration proceedings should only be started against defaulters after all reasonable methods of persuasion have been exhausted;

It is also of opinion that the present system of having the awards executed through the Revenue Officers is causing much delay, loss and inconvenience to the societies and is therefore of opinion that the Assistant Registrar may be empowered to send the awards direct for execution to the Tahsildar of the local areas"

CONCLUDING REMARKS OF THE PRESIDENT.

In the course of his concluding remarks the President said that they were able to do very substantial amount of work practically in the course of that day. He owed them an apology for his inability to address them in one of their own vernaculars. He had to say a word of praise for the enthusiasm and the intelligent interest displayed by the delegates in the co-operative movement. He had had occasion to preside over a large number of conferences all over India, and the very keen and intelligent interest shown by the people of South India was of very happy augury indeed for the future prosperity of the country. Another thing that struck him was their practical grasp of the problems. Meetings of Boards of Directors, Bank meetings and other business meetings might be said to be a real school for giving them the practical education they required. He was very glad to see that frankly and freely all the questions were discussed by them

It seemed to him, however, that there was among them some suspicion that the Department was unwilling to seek the co-operation of the people. Personally he was sure that there could be no ground for such suspicion, and the sooner they disabused their minds of it, the better. He should say that the absence of the Registrar was due to other pressing engagements he had at the same time. There were many among the Registrars who did their work not only as good and able administrators, but also in the spirit of missionaries.

Referring to the subject of Land Mortgage Banks, he remarked that he had studied the working of such Banks in Egypt and other countries and in the United Provinces, and with his knowledge of these examples, he was not disposed to take a gloomy view of the results they could obtain in Madras. In Bombay a small committee had been appointed to gather opinions regarding land mortgage banks and soon a resolution would be brought in the Council asking Government to finance Land Banks at a rate of interest not higher than 5 per cent. Regarding long term loans, he said that in Madras they were in a better position than in Bombay.

Speaking of co-operative education, he pointed out that the large number of messages and greetings from foreign co-operative federations were a proof of the growing co-operative consciousness practically all over the world. It was suggested that a Co-operators' Day might be observed all over the world. He would enthusiastically support it. It should be made a Gala Day for all those who have faith in the principles of co-operation. Such an occasion should

not be utilised for discussing the balance sheet, but should be dedicated to the more important aspects of the movement, the poetic, the moral, the educational sides. They should in company with fellow co-operators make it an occasion for preaching, having processions, and by other ways making their existence felt. They were at present too much gentlemen.

There was one charge levelled against the movement and that was that it had brought into existence in the place of the ordinary money lender a ten-eyed and twenty-handed money lender. But even those who levelled this charge were compelled to admit that the movement had kept down the rates of interest and that co-operator understood the real needs of the country. He was sure that even if they helped the villager to save Rs. 3 out of an one-hundred rupees transaction, that small amount was potent with a great power to lift him out of his present low level. But they should not be content with their achievements on the economic side, however desirable, but should direct their eyes to the ideal of bringing about an all-round improvement of the villages, social, educational, moral and even spiritual. Here was a field of work for Sankar-Acharyas and other Acharyas to devote themselves and better realise their aim of spiritual leadership. In Germany and in Denmark, some go-ahead clergymen found it necessary to speak from the pulpit on the subject of co-operation. In Kent, Roman Catholic Priests accepted co-operation as a theme fit to be included in the sermons, for the benefit of their charge. A vast amount of work was waiting to be done in the direction of starting libraries, schools, and giving proper medical help. Even with the not very considerable success that has attended the movement, it had attracted the attention of all classes of the people, as may be gathered from the speech of a non-co-operator that afternoon.

Before concluding, he would once again picture to them the glorious possibilities of the movement. Co-operators were a strong and powerful brotherhood of 20 lakhs of people pledged to high principles of self-help and neighbourliness, with a vast amount of money released to be given to productive purposes. He would ask them to show him a more real, a more abiding, a more useful and a more beneficial movement than theirs. They had in their hands the destinies of the poor millions of India in the villages and the great mission of lifting them to their proper place in the Greater India that is to be. They should go on with their work in spite of disappointment and disparagement, with steadfastness and with an eye to the future of India and humanity and having as their gospel the service of humanity, the highest form of service.

He would once again thank them for the kind and indulgent manner in which they had treated him.

With a vote of thanks to the chair proposed by Mr. A. Sivarama Menon and seconded and supported by 5 representatives of the different parts of the Presidency and carried with acclamations by the audience, the Conference concluded its Twelfth Session.

LIST OF DELEGATES.

DISTRICT BANKS.

<i>Name of Delegate.</i>	<i>Institution Represented.</i>
S. Narayanaswami Iyer	... Tanjore District Co-operative Bank, Kumbakonam
E. V. Gopalaswami Iyer	... Trichy District Urban Bank.
G. Venugopal Rao	... S. Kanara Central Bank
Aiyakutty Iyengar	... Kurnool District Urban Bank
S. D. Krishna Iyengar	... Madura Ramnad Central Bank
H. Siva Rao	... Anantapur District Bank
P. R. Sitarama Iyer	... Vellore Co-operative Central Bank
Rao Saheb T. Srinivasa Rao (T. N. Ramakrishna Reddy)	... Chittoor District Bank
B. Hanumantha Rao	... Guntur District Banking Union
R. G. Nallakuttalam Pillai	... Srivilliputhur Coop. Banking Union
V. Venkatachariar	... Chingleput District Co-operative Central Bank
Theyyanni Menon	... Malabar District Bank
N. Subramania Iyer	... Coimbatore District Urban Bank
T. Raja Rao	... Salem District Urban Bank

LOCAL UNIONS.

J. N. Jayakaran	... Coimbatore Local Union
Rangasami Thathachariar	... Kulitalai Local Union
C. Samundi Gounder	... Nattarampalli Local Union
A. Nagaraja Iyer	... Villupuram Local Union
S. K. Ramaswami Mudaliar	... Chennimalai Local Union
S. S. Sundaram Iyer	... Karur Co-op. Union
P. V. Kamakshi Naidu	... Pattukottai Labour Union
N. Bhimasena Rao	... Kalayandrug Co-operative Union
K. S. Krishnamurthi Iyer	... Tiruppur Co-operative Union
H. Shanker Rao	... Dharmapuri Co-operative Union
Venkataswami	... Dharmavaram Co-operative Union
L. Gangadhara Sastri	... Anantapur Co-operative Union
N. Panchapagesa Iyer	... Hindupur Co-operative Union
S. Raju Iyer	... Tiruvalur Co-operative Union
Balaji Singh	... Tirukattupalli Co-operative Union
P. S. Somasundaram Iyer	... Lalgudi Co-operative Union
S. V. Chandramouleeswara Iyer	... Papilly Co-operative Union
M. Ramanatha Iyer	... Peruvallanallur Co-operative Union
Mohanam	... Namakkal Co-operative Union
P. Venkat Rao	... Devikapuram Co-operative Union
	... Wandiwash Co-operative Union
	... Kaveripauk Co-operative Union
	... Tanakal Co-operative Union

S. Kasinatha Iyer	... Milattur Co-operative Union
C. H. Cottiah	... Tenali Co-operative Union
S. V. Chellamiah	... Ponnur Co-operative Union
J. Appiah	... Mangalagiri Co-operative Union
H. Venkateshwara Rao	... Alur Co-operative Union
	... Vayalpaud Co-operative Union
M. Sankarapandia Reddiar	... Kovilpatti Co-operative Union
N. Ananta Iyengar	... Mangalam Co-operative Union
K. M. Singaravelu Mudaliar	... Kalavai Co-operative Union
P. S. Nageswara Iyer	
N. Kuppuswami Iyer	... Salem Co-operative Union
K. Sundararaja Iyengar	... Thoisampatti Co-operative Union
Ratnachalam Iyer	... Mannargudi Co-operative Union
A. V. Subba Rao	... Palamaner Co-operative Union
Rangacharlu	
C. U. Ponnuswami Mudaliar	... Uttiramerur Co-operative Union
A. R. Muniswami Reddiar	... Arkonam Co-operative Union
S. Lingayya Gownder	... Vellore Co-operative Union
A. V. Subramania Iyer	... Conjeevaram Non-Agricultural Union
T. V. Kuppuswami Iyah	... Tindivanam Co-operative Union
V. T. Venkataswami Chettiar	... Malayandipattam Co-operative Union
M. Venkatarama Iyer	... Pakala Co-operative Union
G. Seshadri Iyengar	... Tirukkannapuram Co-operative Union
R. Ananda Rao	... Tiruttangal Co-operative Union
R. Mania Gowd	... Alur Co-operative Union (Bellary)
K. Venkatramier	... Polur Co-operative Union
Sanjiva Rao	... Anantapur Co-operative Union
	... Tirumangalam Co-operative Union
M. Venkoba Sastri	... Adoni Co-operative Union
S. Sundaravaradachariar	... Salavakkam Co-operative Union
V. Shunmuga Mudaliar	... Vaniyambadi Co-operative Union
K. Gopaladesikachariar	... Cheyyar Co-operative Union
K. C. Srinivasan	... Manimangalam Co-operative Union
P. Aiyanna Nainar	... Peranamallur Co-operative Union
	... Kurnool Co-operative Union
E. Govindiah	... Avanasi Co-operative Union

PRIMARY SOCIETIES.

S. K. Ramaswami Mudaliar	... Chennimalai Co-operative Society
P. K. Anantanarayana Iyengar	... Pannimadai Co-operative Society
C. Ranganadha Iyengar	... Gooty Credit society
Thimmappa	... Bukkaravasamudram
Narasinga Rao	... Kodimi
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V. Srinivasa Iyengar	... Nannilam

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D. Mangalaswami Pillai	... St. Michael's C. S. Coimbatore
N. Natesam Pillai	... Kalapatti No II.
Maruthasalam Pillai	... Kurichi
R. V. Lakshmiah Naidu	... Uppilpalayam
V. Krishnaswami Naidu	... Teethipalayam
E. Ramaswami Naidu	... Idigarai
N. K. Pattabhiraman	... Neikkarapatti
Rajagopala Iyer	... Kamalapuram
Babjee Sahib	... Omalur
K. Vijiaraghava Iyer	... Pottipuram
T. S. Raju Iyer	... Tirumangalam
Rai Sahib A. Sethurama Iyer	... Nidamangalam Agricultural Bank
Gurunathan	... Graemspet
U. S. Sanjeeva Naidu	... Uttiramerur
M. Natesa Mudaliar	... Mammudi
Seetharama Chettiar	... Salem Scavengers' C. S.
Subramania Iyer	
U. Srinivasa Iyengar	... Alappakkam
S. Govindaraja Mudaliar	... Paruthiputtur
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M. S. Sabesa Iyer	...	Madras Teacher's Guild
C. N. Srinivasa Iyengar	...	do
L. Gangadhara Sastri	...	Mattigiri Urban Bank
R. Raghupathi Iyer	...	Hindupur Urban Bank
C. M. Ranga Rao	...	Madura Urban C. S. and Stores.
	...	Namakkal Urban Bank
	...	Tiruvalur Town Bank
S. Doraiswami Iyer	...	Ranipet Town Bank
A. S. Visvanadha Iyer	...	Chingleput Urban Bank
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Desikachariar	...	Villupuram Teachers' C. S.
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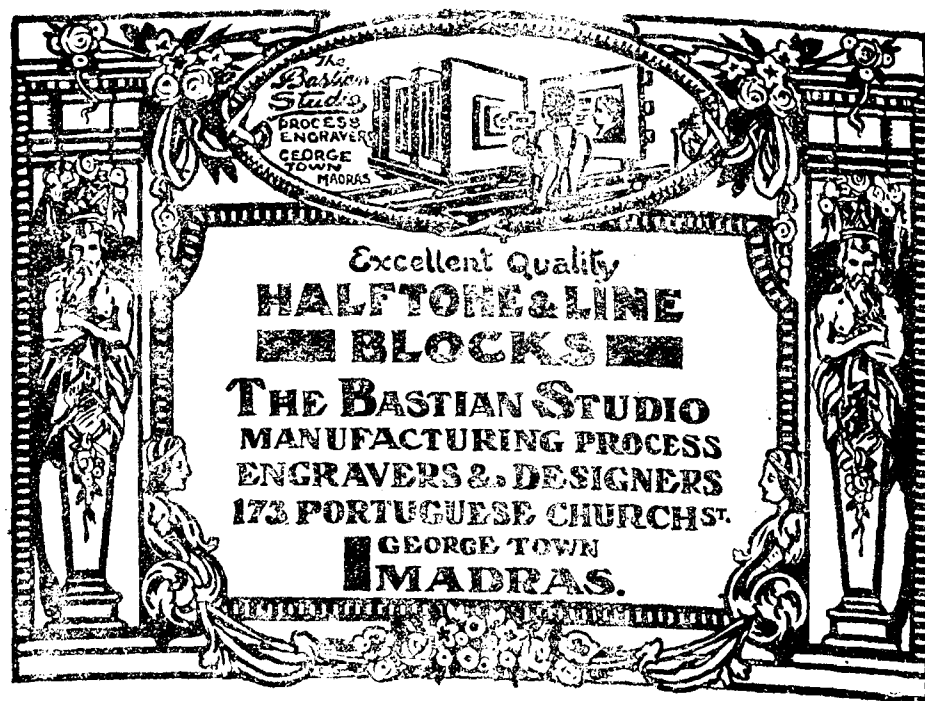
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By. H. CALVERT. I. C. S.

Registrar, Co-operative Societies, Punjab

Second Edition.

PUBLISHED BY

Messrs. THACKER, SPINK & Co., Calcutta.

1921

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10. Conference Reports.

Report of the Tenth Congress of the International Co-operative Alliance held at Basle 22nd to 25th August 1921.

Official Report of the Conference of Agricultural Co-operative Associations May 31st and June 1st 1923.

The Co-operative Congress at Edinburgh. Reports. 1923.

11. Annual Reports—Co-operation.

Burma, Nizam's Dominions and Travancore 1921-22.

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12. Agricultural Statistics.

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13. Annual Reports—Agriculture.

Reports of the Departments of Agriculture for the year 1922 Canada, Alberta, Madras, and Central Provinces.

Reports of the Departments of Agriculture for the year 1923 Western Australia, Nova Scotia, Burma, and Assam.

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15. Reports—Miscellaneous.

Report of the Administration of Burma for 1921-22.

Annual Report of Housing and Town Planning for the year ending Nov. 1922 of the Commonwealth of Massachusetts.

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How the Conference began	1
I Session	2
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Messages from Social Service Organisations	11
Resolutions	15
Vote of Thanks	19
Societies for the poorest classes in the City by Messrs. M. K. Venkatachariar and K. G. Sivaswamy	20
Deposits and Liability Register by Mr. G. Shriram Babu Naidu... ..	23
A Register of Members and withdrawal of share capital in over-capitalised urban banks by Mr. S. Doraswamy Aiyar	24
Milk Sellers' Union, Calcutta, by Rev. H. A. Popley	25
The Common Good Fund by Mr. T. K. Hanumantha Rao	26
Employees' Co-operative Credit Societies and Stores by Mr. S. K. Yegnanarayanayar	27
Markets in Cherries by Mr. K. G. Sivaswamy	27
Employees' Societies and Thrift by Mr. S. K. Yegnanarayanayar. .	21
Housing and House Sites for the poorer classes by Mr. R. Suryanarayana Rau	28
Crafts and Weaving Industry in the City of Madras by the Madras Industries Department	32
Weavers' Societies by Mr. K. G. Sivaswamy	33
District Co-operative Council by Mr. K. G. Sivaswamy	34

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CO-OPERATION MONTHLY

Published by
THE CO-OPERATIVE LEAGUE

167, West 12th Street,

N. York, U. S. A.

1 Dollar per annum.

REGISTERED—No. M. 1284



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Vol. XV.]

FEBRUARY 1924

[No. 8.]

PRINCIPAL CONTENTS.

(For Detailed Contents see inside.)

CO-OPERATIVE AUDIT—

RAO SAHIB M. K. VENKATACHARIAR, B.A.

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CONTENTS.

	PAGE No.
CO-OPERATIVE AUDIT—PRINCIPLES AND PRACTICE—By MR. M. K. VENKATACHARIAR, B.A. ASSISTANT REGISTRAR OF CO-OPERATIVE SOCIETIES, MADRAS & CHINGELPUT ...	327
2. REVIEWS—	
(i) 'THE CONTROL OF INDUSTRY' OF D. H. ROBERTSON, BY PROF. C. S. SRINIVASACHARIAR ...	340
(ii) REPORT OF THE I. A. O. S. LTD., FOR THE YEAR ENDING WITH 31—3—'22 BY MR. S. KRISHNAMURTHI ...	342
(iii) CENTRAL CO-OPERATIVE BANKS IN GERMANY BY A 'READER' ...	344
(iv) CO-OPERATIVE MARKETING IN CANADA ...	347
(v) CONFERENCE OF THE AGRICULTURAL CO-OPERATIVE ASSO- CIATIONS OF SASKATCHEWAN, HELD IN JUNE 1923 BY 'CO-OPERATOR' ...	349
(vi) AGRICULTURAL INSTRUCTION IN CANADA BY 'D.' ...	351
(vii) WORKING CLASS BUDGETS IN BOMBAY BY 'S.D.' ...	353
(viii) CO-OPERATIVE LEGISLATION ABROAD FOR THE YEAR 1922 ...	355
(ix) CO-OPERATIVE EDUCATION IN FRANCE ...	356
3. CORRESPONDENCE ...	358
4. NOTES AND NEWS ...	359—
THE 12TH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE — THE ADDRESS OF MR. A. SIVARAMA MENON, THE CHAIR- MAN OF THE RECEPTION COMMITTEE — STATE AID AND ITS LIMITS — NON-OFFICIAL RESPONSIBILITIES — MESS- AGES AND GREETINGS — RESPONSIBILITY FOR ORGANISA- TION — AUTONOMY OF LOCAL UNIONS — THE DISTRICT FEDERATIONS — THE TASK OF THE PROVINCIAL CO-OPER- ATIVE UNION: ...	

List of Books Received at the office of The Madras Provincial Co-operative Union, Ltd.

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- Model by-laws for a Rochdale Co-operative society, 1920. (Co-operative League of America.)
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II. AGRICULTURAL CO-OPERATION.

1 Rural Credit.

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- Methods of marketing vegetables in California by Stanley S. Rogers, Jan. 1920.

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5. Clubs and Associations.

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TO MARKET WHEAT CO-OPERATIVELY—

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CONTENTS.

	PAGE No.
TO MARKET WHEAT CO-OPERATIVELY—BY MR. M. WALDRON, ACTG. CO-OPERATION AND MARKETS COMMISSIONER, PROVINCE OF SASKATCHEWAN, CANADA. ...	201
RURAL CO-OPERATION—PRINCIPLES AND PRACTICE —BY RAO BAHADUR A. VEDACHALAYAR. ...	203
CROP LOANS ON PRODUCE SECURITY — BY MR. M. K. VENKATACHARIAR, ASSISTANT REGISTRAR OF CO-OPERATIVE SOCIETIES, MADRAS AND CHINGLEPUT. ...	207
THE LLANO CO-OPERATIVE COLONY ...	209
INDUSTRIAL DEMOCRACY, A PLAN FOR ITS ACHIEVEMENT—BY MR. GLENN E. PLUMB AND WILLIAM G. ROYLANCE—A REVIEW. ...	213
THE IRISH STATESMAN—A REVIEW BY MR. K. V. RAJA-GOPALAN M. A. M. L. ...	215
CO-OPERATION IN MYSORE—BY MR. MIR HAMZA HUSEIN (FIRST MEMBER OF COUNCIL, MYSORE). ...	218
THE TENTH MYSORE PROVINCIAL CO-OPERATIVE CONFERENCE. ...	228
CO-OPERATION ABROAD AND IN SOUTH ARCOT—BY THE HON. MR. C. P. RAMASWAMY AIYAR. ...	231
THE FOURTH SOUTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE... ..	237
THE SATTUR-SRIVILLIPUTUR TALUQ FOURTH CO-OPERATIVE CONFERENCE (AUGUST, 1923.) ...	239
THE SIXTH GUNTUR DISTRICT CO-OPERATIVE CONFERENCE (MAY, 1923.) ...	240
THE SEVENTH AGRICULTURAL AND CO-OPERATIVE CONFERENCE, BURMA. ...	241
THE SOUTH KANARA CO-OPERATIVE BUSINESS CONFERENCE... ..	253
THE THIRD CHITTOOR DISTRICT CO-OPERATIVE CONFERENCE. ...	258
THE BELLARY DT. CO-OPERATIVE CONFERENCE. ...	259
NOTES AND NEWS. ...	261-268
BACKGROUND IN CO-OPERATIVE REPORT 261—A CLEAR POLICY 261—A DEFINITE PROGRAMME 263—FRANKNESS OF EXPOSITION 265—DESCRIPTIVE DETAILS 265—REFLECTIONS 266—WORKING OF SOCIETIES 267—CONCLUSION 268. ...	

keeping and audit could not do justice to his work as his opportunities of visiting societies and educating the co-operators became few by the advent of more agricultural societies. To remove these defects, the formation of local unions was hit upon so that the agency for supervising the work of village societies and educating the co-operators may be recruited from the representatives of primary societies. The union was expected to employ supervisors to render the necessary aid to village societies. The duty of fitting this union organisation devolved again on the Government agency. In theory, the village security is run by the Panchayet and the local union supervises the village society as a local agent of the District Bank and it is assisted by the departmental agency. Is this organisation of supervising and propaganda agency in an efficient state to carry on its work? I am afraid this question has to be answered in the negative.

21. The work of educating the co-operators in village societies, the office-bearers of such societies, and the governing body members of the union has to be undertaken in a systematised way and the Government agency should co-operate with the District Bank in securing this object. The unions being financially weak, the supervisors employed could not be given proper remuneration and therefore men of low intellectual status and not competent to co-operate with their work have to be selected. There is no steady training given to them beyond what they learn from the Inspectors of Government during the period they are attached to the Inspectors. Many of them have drifted into mere accountants. The Government Inspectors whose range covers one or two local unions have virtually become the superintendents of local unions reviewing the work of supervisors and conducting the audit of the accounts of village societies. The work of educating the co-operators is undertaken by Government Inspectors to some extent and that is not very appreciable. The devolution of the work, in non-official hands is a virtue practised by the Department but it should take adequate steps to make the non-official agency efficient before the actual devolution takes place. The District Central Bank at first contented itself with the supervision and educative work conducted by the Government agency and later on, it contributed to a portion of the supervision charges and felt that it had done its duty by adopting such a course.

22. The existing arrangements for supervision of societies and education of co-operators is such that no one is directly responsible for the efficient working of rural societies. It is the efficient working of the rural societies which forms a substantial security for the District Bank and for the investors in the District Bank.

If anything goes wrong in village societies, the co-operator can suecex himself by saying that he has not been educated to conduct his society in a business-like way. The local union will say that it did its best with the finance placed at its disposal and with the staff which it can afford to maintain. The District Bank will say that it has been sympathetic towards the rural societies as it has set free a reasonable amount of its profits for supervision and for propaganda work. The Department will certainly say that it did its best to help the people to manage their own affairs and that they are miserably lacking in the power of absorbing their instructions and advice.

Duties of District Banks other than Credit Accommodation.

23. Co-operators and those interested in the co-operative movement have therefore to find out what arrangements should be made to secure (1) co-operative education and the efficient working of the local unions and the village societies and how to bring such arrangements into practical working.

24. It may be said that the depositors in the District Central Bank need not have any alarm as the money has been lent to institutions on unlimited liability basis and that there are sufficient assets in such institutions. This argument can be advanced by an ordinary money lending shop which cares for the safety of money alone. But a Co-operative Bank such as the District Central Bank should not advance such a plea. The ideal which a District Central Bank should put before itself is to connect the agriculturist with the money market and to finance agricultural industry in all its aspects. It should secure proper good will for the agriculturist in the money market as it is impossible to conceive of agricultural industry without adequate credit accommodation and such good will can be secured only when the District Bank makes adequate arrangements for the efficient working of primary societies and for the continuous flow of credit to them. The District Central Bank should be the institution in the District which must control the Agricultural Industry in the District and in its self-interest should arrange for the efficient working of the primary organisations.

25. Each District Bank should hit upon organising a method for the training of supervisors, office-bearers of primary societies and governing body members of local unions and the syllabus of training to be given to each should be carefully thought out and laid down. This appears to be the most important step to be taken at present. Any amount of money spent in the education of co-operators is not spent in vain as such a step will tend to increase the transactions for the benefit of the District Bank itself. The District Central Bank should see to the working of Local

Unions efficiently. Local Unions should have for their assistance efficient and well trained supervisors who will be competent to serve as guide, philosopher and friend of the co-operators in the rural societies. He must be well paid and trained not merely for account and audit work. He should be equipped with the requisite knowledge and ability to push up the rural society to work up to its ideals. The secretaries and office-bearers of societies should be similarly trained.

Co-operative Education.

26. Education of rural co-operators in co-operative principles and practice does not consist in delivering lectures in union centres once in 6 months but it consists in meeting the co-operators in the village and as frequently as possible and explaining to them what they have to learn. Business propositions, discipline, self-help, thrift, simplicity of life, sincerity of character, merging of self-interest in the interest of the community and various other principles for improving the position of agriculturists should be dealt with in talking to the rural co-operators. The waste in rural life by not adopting a simple life is a matter that should be brought home forcibly to the co-operators. The dignity of labour and the building up of one's living on the fruits of personal labour are important matters to be brought home to those who own property and who are satisfied with merely employing labourers and squeezing out of them as much as possible. Heaps of unemployed intellectuals are available in the country to take up this work on a moderate remuneration and some of the supervisors already employed in Local Unions can be suitably trained to undertake the work efficiently. The supervisors thus trained and if properly paid can see to the expansion of the activities of rural organisations under the care of the Local Unions. This educative work should be undertaken under the care of the District Bank and certainly the Department will be glad to continue to give adequate assistance.

Duties of individual shareholders in District Central Banks and their Relationship to Primary Societies.

27. In the District Bank, the shareholders are composed of individual shareholders and representatives of societies. The management is in the hands of both individuals and the representatives of societies. These representatives are mostly from agricultural societies and can be expected to give useful and up to date information about the condition of the agricultural industry. The individual shareholders are men who have put in their share capital no doubt for purposes of dividend but they are men of influence having knowledge of business principles which is a valuable asset to enable the District Bank to revise adequate credit in the money market. The individual shareholders and the depositors are helpers in

the promotion of agricultural industry though they do get some profit to themselves for their investment. The more the individual shareholders take interest in the working of the District Bank, the more they are contributing to the rural reconstruction. The ideal of reconstruction of rural life on a safe basis is a very large order for which the assistance of all should be secured.

If the ideal of putting the agricultural industry on a sure and satisfactory basis is to be realised in working the rural societies, the District Banks should have as its share capital more than 20 times the paid up share capital which the Banks now command. It is also a known fact that the building up of share capital in rural organisations is a slow process. For a long time to come, the individual shareholders are wanted to put in their money to serve as share capital with which to revise the credit accommodation. It is not wise therefore to take a crusade against the individual shareholders branding them as dividend hunters. The individual shareholders who put their money in District Banks as share capital are as good co-operators as co-operators who put their money as share capital in rural organisations. The representatives of co-operative societies may in their zeal for the advancement of agricultural industry, ignore the business side and the individual shareholders are there to bring the business side before them. Finance is a difficult subject to be handled ordinarily and co-operative finance for agricultural industry is a very tough problem if it is to be handled successfully. It does not appear to be a truth when it is said that the individual shareholder has staked his money for the purpose of absorbing all the profits to himself. The individual shareholders hence come in there to advance the prosperity of the agriculturist. If the co-operators can themselves conduct the operations without the aid of the individual shareholders, they are welcome to extinguish the shares of individual shareholders. As representatives of co-operative institutions, they should consider if they can afford to get on without extraneous help as the work to be done is vast and requires the active help of all. The individual shareholders who have joined the District Bank should have as their ideal object the advancement of agricultural industry. If they work up to this ideal, there could be no heart-burning which the co-operators cherish or are made to cherish. The individual shareholders and the representatives of societies should realise the position that both of them are needed to put the agricultural industry on a solid basis.

Rural Non-Credit Activities.

28. Co-operative activities of non-credit character in rural parts may be said to have not developed as satisfactorily as one would wish

and suggestions are being made to develop such activities. I may note for the information of the co-operators that if the ideals placed by me as regards the development of credit co-operation in agricultural industry are worked up to, and the primary societies and the District Bank will secure for the agriculturists and the agricultural industry a proper connection with the money market, the non-credit activities will come into existence without any external stimulus and by the initiative of the rural co-operators themselves. The real factor for the development of non-credit activities is the attainment of clear knowledge of co-operative principles by the co-operators.

Co-operation in Urban Parts.

29. The District Bank now in existence is intended to do its duty to the agriculturists and for the benefit of agriculture and the nature of its constitution composed mainly of representatives of rural societies is such that the Directorate is not completely fitted to undertake the financing of co-operative activities in urban areas. The activities in urban parts may be classed as (1) Credit (2) Distribution (3) Industry. These activities have to be organised on a different basis than the method adopted in rural co-operation. The problem of credit in urban areas is a very complicated one but there are a number of private agencies which undertake this work. Credit co-operation in urban areas has to be introduced and developed after a careful scrutiny of the labour conditions, the position of wage earners, etc. Urban banks which now undertake the work are financing themselves with occasional aid from the District Central Bank. Should urban credit banks develop and a financing agency has to be secured for financing the urban credit institutions, a separate banking concern has to be devised. In the setting up of such a financing agency, there are not very many difficulties which had to be experienced in developing the financing agency for rural co-operation. Such banks for financing urban activities need not be dependant on mere deposit banking. They can draw the required credit from the Madras Bankers or from any commercial bank registered under the Indian Companies Act as the credit accommodation to traders is always on the scrutiny of goods at one point or the other and as in the case of credit facilities to wage earners, repayments will be regular month by month. Till a banking concern for such activities is separately floated, the existing District Central Bank now arranges to give limited credit accommodation for such activities as the volume is small.

30. As regards distribution, very little credit accommodation is wasted and what is wanted is education and propaganda. There is no use of outside stimulus in such activities. It is the consumers who

should take the initiative to start such activities and they will certainly do so when the private traders are not catering cheaply and fairly.

31. Co-operative Industry is a much more complicated question and deserves very careful scrutiny. The assistance of experts is very largely required and the movement is not yet strong enough to get into such activities at present to any appreciable extent.

32. I close my address by mentioning one fact that the District Central Bank in Coimbatore is working on sound lines and will be competent to handle large extended credit transactions suggested for the benefit of the agriculturists in the District of Coimbatore and Nilgiris.

CASH CREDIT SYSTEM—APPENDIX.

The term "cash credit" to agricultural farmers has to be understood clearly by a rural society and by the District Bank before it can be operated with a advantage to the agriculturist. The agriculturist obtains advances from the money lenders and from the merchants (1) when he wants money for necessities of life as soon as the stock of grain is exhausted and till the exhausted grain becomes available, (2) when the agriculturist wants to buy manure for his land (3) when he has to buy seeds (4) when he has to pay Government Kist (5) when he has to withhold his produce at a time when the market is dull by excessive dumping. These advances are obtained from the merchant or the money lender, agreeing to pay a heavy rate of interest or to return such advances in the shape of harvested crop or worse still, with an additional stipulation that he shall sell his crops to the merchant who gave him the advances. The agriculturist suffers heavy losses by such borrowings. This method of merchants or money lenders giving advances whenever wanted is virtually the kind of cash credit which the agriculturist wants or at any rate is accustomed to. Can a co-operative society arrange for such accommodation? The answer is "It can and it ought to arrange for it." The question is what are the arrangements to be made to work the system successfully? A co-operative society should record at the beginning of each year the amount of floating credit accommodation which each member may want for his agricultural industry till the next harvest, and it should be in its panchayet and in the amount of credit to be issued to him after taking into full consideration the extent of land to be ploughed and cultivated, the probable yield of his land, and the power he has of repaying his advances soon after the harvest. The society will total up the credit accommodation settled for all the members of the society and fix the amount in the general body and report the fact to the Local Union. The Local

Union will recommend the amount of such credit accommodation to the Central Bank. The latter will consider this recommendation and sanction the credit accommodation it will arrange to set free and intimate the fact to the society and the Union. The District Bank will issue a cheque book to the society concerned on receipt of a bond duly executed by the society in favour of the District Bank and the President or Secretary or any Panchayetdar will operate on the overdraft by the issue of cheques on the District Bank. The cheques can be cashed either in the District Bank or in any co-operative society which has to remit its collections to the District Bank. If necessary, the union can be expected to make arrangements to get these cheques cashed when the societies are situated far away from the District Bank, by the District Bank placing a lump sum at the disposal of the union as an agent of the District Bank. To avoid frauds in the drawing up of cheques, the District Bank can issue cash notes of the value of Rs. 5 each which can be kept by a responsible officer of each society and he will issue them to the borrowers to be cashed in any of the methods described. When such cash notes are issued the society will note the purpose or purposes for which such loans were given. The District Bank will keep a separate account for such cash notes issued to each society and for the cash credit allowed to each.

In working this system, there is a probability of the agriculturists not paying off their cash credit to the full at the end of the year for a variety of reasons.

(1) The ryot might use it for purchase of cattle or for repair of houses which he could not have anticipated when he filed his application at the beginning of the year for the annual cash credit, or he might use this credit accommodation for these purposes when he is not able to get from the society what he wants without some delay which usually is inevitable in getting regular loans passed. These items of credit cannot be discharged in a year. The society should look into such cases and make arrangements to secure regular loans being sanctioned repayable in 2 to 5 years and call upon the District Bank to make the necessary debits in the regular loan account and to credit the same in the cash credit account.

(2) The ryot may not get the full crop to enable him to meet his obligations. In such cases, the society may grant extension by allowing him an equal and additional amount in the credit accommodation of next year.

(3) The borrower may die and the credit accommodation has to be cleared by his heirs and they want more time than is available under the cash credit system. Such cases should be treated as regular loans and the District Bank instructed to make the necessary changes.

(4) Where the agriculturist has not got tangible assets and cash credit accommodation has to be given on the security of personal sureties, and where the society feels that it should have a better form of security, it can get a bond from the borrower agreeing to hand over the produce to the society soon after harvest to be eventually sold and sale proceeds to be credited to the account.

(5) The society may also get the produce when available from the member and credit it in a separate account and ask the District Bank to issue a fresh loan on the security of the produce and to clear the cash credit account to that extent.

(6) When cash credit is converted into a regular loan for any of the reasons mentioned above, the interest due to the cash credit should get paid up either in cash or by inclusion in the loan amount.

(7) The credit accommodation to a rural society will be a lump sum and it will hence the power to regulate its distribution among the members. When loans are given and the amount has to be adjusted to cash credit account, bank notes will be sent to the bank for adjustment.

(8) The District Central Bank may have to keep in this method of issuing credit a large amount of fluid resource and may probably have to lose in giving such credit accommodation readily available. When such a contingency does arise, the District Bank can give such accommodation at $\frac{1}{2}$ p.c. more than the usual rate for the society but the member will not pay enhanced rate of interest. Of course the margin for the profit of the society will be narrow but this does not matter. The extra half per cent in the District Bank obtained on this account will be separately retained as a guarantee fund for the cash credit system from which it will draw when it has to lose any amount for keeping the required fluid resource.

The co-operators interested in the agricultural industry should introduce this system or any similar system suitably devised with the advice and help of the Department in any co-operative society. If this be done, the co-operative village society will be a real living credit institution to which all the agriculturists will gravitate without any persuasion or preaching.

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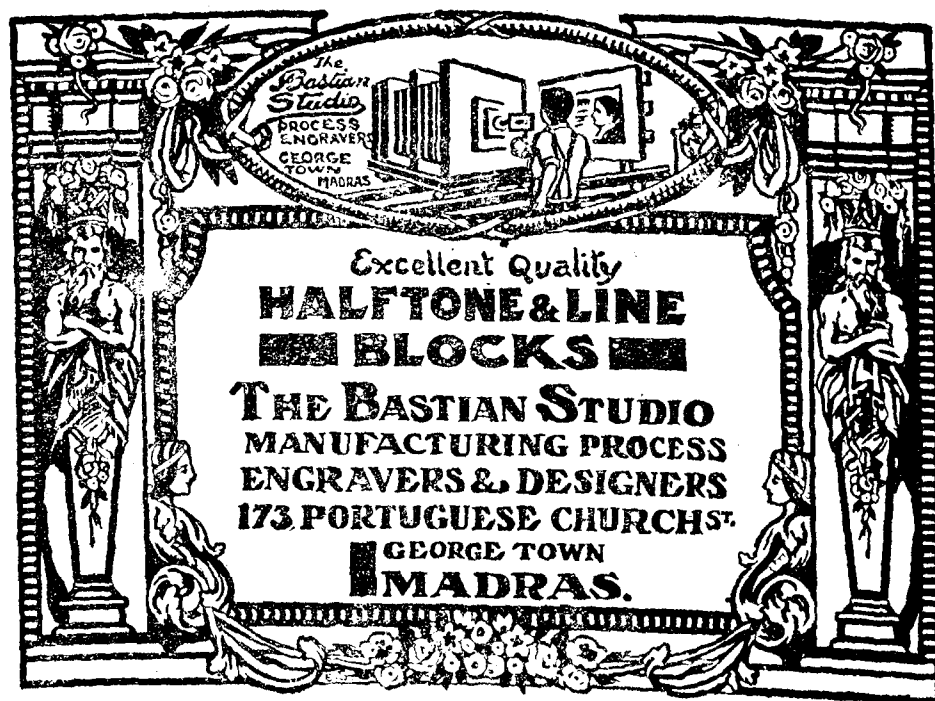
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Colonisation and rural development in California, June 1922.

The county Farm Bureau by B. H. Crokson June 1921.

U. S. Department of Agriculture.

Rural planning, social aspects. Farmers' bln. 1325. 1923.

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Pamphlets on co-operative education from 1917 to '23 published by the Manchester co-operative union.

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The Federal Farm Loan Act, December 1920 by the Federal Farm Loan Board, Government Printing, U. S. A., December 1920.

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Vol. XV.]

JANUARY 1924

[No. 7.]

PRINCIPAL CONTENTS.

(For Detailed Contents see inside.)

THE TWELFTH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

ADDRESS OF THE CHAIRMAN OF THE RECEPTION COMMITTEE.

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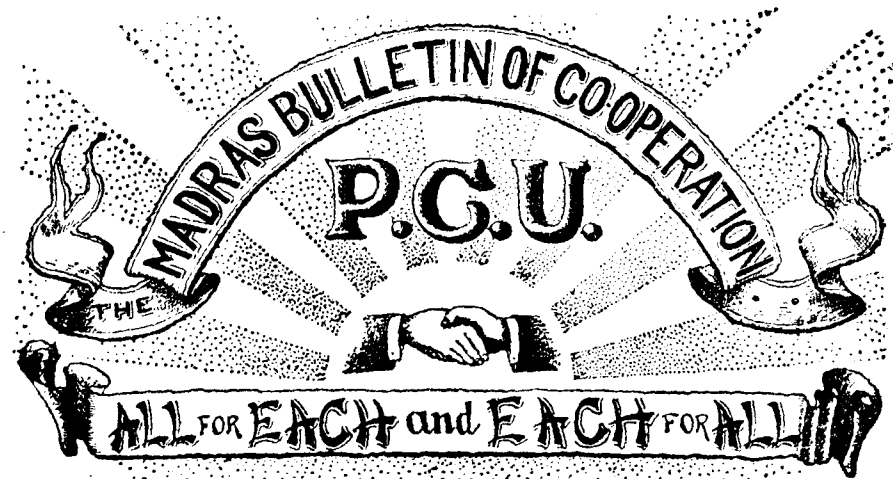
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CONTENTS.

	PAGE NO.
ADDRESS OF THE CHAIRMAN OF THE RECEPTION COMMITTEE ...	270
Co-operation, the Law of Life 270, Co-operation <i>versus</i> Joint Stock Concerns 271, Co-operation Abroad 272, Growth of Societies 272, India and Ireland 275, Non-Credit Work 276, Building Societies 277, Rural Conditions 278, Long Term Credit 279, Provincial Co-operative Union 281, Conclusion 283. ...	
PRESIDENTIAL ADDRESS OF MR. G. K. DEVADHAR, M. A., VICE-PRESIDENT, BOMBAY CENTRAL CO-OPERATIVE INSTITUTE, BOMBAY.	284
MESSAGES AND GREETINGS ...	295
International Labour Office, Geneva 295; Co-operative Union, Sydney 296 ; Manchester Co-operative Union, 296 ; Co-operative Union of Canada 297 ; and Co-operative League, New York 298.	
SUB-COMMITTEE MEETINGS AND RESOLUTIONS...	298
Topics of Discussion 298, Names of Sub-Committee Members 300, Rules in regard to Sub-Committee Procedure 303. ...	
RESOLUTIONS :—Messages and Greetings 304, Land Mortgage Banks 304, Organisation of Societies 305, Long Term Loans 306, Loans on Security of Produce 307, Audit of Central Banks 307, Urban Banks 308, The Provincial Union 309, District Federations 310, Local Unions 311, Training of Bank Managers 311, Co-operation in Schools 311 Special Auditors for Stores 312, Sales to Non-Members 312, Credit Sales 313, Town Planning Trust and Municipalities 315, Stores and Women 315, Special Registrar for Purchase and Sale 315, Supply Unions 316, Irrigation Societies 316, Farming Societies 316, Labour Unions 317, Exemption from Local Taxes 317, Remission of M. O. Charges 317, Uprooting Cotton Plants 317, Remission of Fees charged by Agricultural and Industrial Departments 318, Contracts to Co-operative Societies by Local Boards and P. W. D. 318, Exemption from Licensing Fees 318, Hon. Asst. Regrs. 318. ...	
CONCLUDING REMARKS OF THE PRESIDENT ...	319
LISTS OF DELEGATES, RECEPTION COMMITTEE MEMBERS AND DONORS ...	321



VOL. XV.]

JANUARY 1924.

[No. 7.]

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THE TWELFTH MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE. FIRST DAY.

The Twelfth Madras Provincial Co-operative Conference began its first sitting at the Wesley College Hall, on 23rd December at 12 noon before an enthusiastic gathering of delegates and visitors from all parts of the Presidency. The delegates numbered nearly 250, and among the visitors were distinguished ladies and gentlemen from the city and the moffussil. The Hall was tastefully decorated with a number of mottos in Tamil on Co-operation. At the entrance there was a small exhibition of Stationary articles prepared by the Co-operative Printing Works.

Mr. A. Sivarama Menon, the Chairman of the Reception Committee, delivered the following address :—

SISTER AND BROTHER CO-OPERATORS :

On behalf of the Reception Committee and the Madras Provincial Co-operative Union, it is my pleasant duty to offer you a most hearty welcome to the XII Session of the Madras Provincial Co-operative Conference. Many of you have come from long distances under great personal inconvenience solely due to the great interest you take in the cause of co-operation. It is the privilege of the organisers of the Conference to attend to your comforts while you are here as their guests. As their spokesman, I must request you to forgive them for the shortcomings of which they are fully conscious. Let me assure you that the spirit of service is absolutely theirs; only they are lacking somewhat in the means of expressing it in the way they desire. However I am confident that as true co-operators you will overlook their mistakes and take the will for the deed.

Our Annual Conference furnishes the occasion—a very important one indeed—for the representatives of the various co-operative organisations in the Presidency to meet together, compare notes, exchange ideas and experiences, formulate proposals for the better working of the movement, in short to take stock of the work achieved by us so far and prepare a programme of work for the future. Let me express the hope that this year's Conference will be as fruitful of results as any of its predecessors and that before we disperse, we will succeed in carrying the co-operative movement at least one step higher than where it stands to-day.

CO-OPERATION, THE LAW OF LIFE.

At the present time, you can hardly come across any thinking individual who questions the utility of the co-operative movement. While there is some difference of opinion among leading co-operators regarding the scope of the movement in its political aspect, as for example, in the matter of identifying itself with any particular school of politics, there is perfect unanimity as to the healthy and ennobling character of the fundamental principles on which the movement is founded. Individualism and competition as to governing principles of life no longer command universal acceptance. Nay, competition is to-day admitted to be not a true philosophy of life, inasmuch as it assumes that each individual member of a society is a separate entity having no intimate relationship to the

other individuals. Its place is taken up by co-operation which recognises that each individual member of a society is part of a greater whole and that the inter-relationship between man and man, nation and nation, is a fundamental law of the Universe. The underlying doctrine of the individualistic theory of life *viz.*, 'Each for himself' has been completely dethroned by the principle of 'Each for all and all for each,' which is the bed-rock of the co-operative system. Unrestricted competition with its logical development has brought about a state of society in which you find to-day the existence side by side of the super-rich as well as the absolutely indigent. The striking, almost heart-rending contrast between 'rich and poor, luxury and poverty, mansions and slums, silks and rags, superabundance and starvation' could all be traced to the capitalistic system that found many supporters in the XVIII and first half of the XIX Centuries. I do not in the least suggest that that system was wanting in efficiency. On the other hand it was very efficient, efficient in creating enormous wealth for the enrichment of a part of the community, leaving the greater part of the population untouched. Efficiency is not the sole criterion in judging the real usefulness of a system.

CO-OPERATION *vs.* JOINT STOCK CONCERNS.

The co-operative system is sometimes confused with joint stock concerns. There are common features in both forms of association but the one is really and substantially distinct from the other. As the learned authors, L. Smith-Gorden and C. O'Brien, say in their work on '*Co-operation in Many Lands*': 'Co-operative undertakings are unions of persons while the joint stock enterprises are unions of capital. In the co-operative society the members are at once shareholders and workers. They employ capital and pay a fixed rate of interest. In the joint stock enterprise the shareholders are not workers; they provide the capital and with it employ the workpeople at fixed rates. In the co-operative society of producers the profits, after capital has been paid its fixed rate of interest, go to reward the worker members. In the joint stock enterprise after the workers having been paid the wages, the profits go to reward the holders of capital. Thus in the co-operative system of association the workers employ capital and undertake the risk of the business, while in the capitalistic system the capitalist employs the workers and undertakes the risks.' Co-operation no less than capitalism aims at increasing the wealth of the country, but it is important to note that this increase is desired in the interest not of the few or even of the many, but of all. Its object is to introduce a new social order and do away with the inequalities incidental to the capitalistic system which makes possible the co-existence of unlimited wealth and poverty and unemployment.

CO-OPERATION ABROAD.

The principles of co-operation found their expression in different countries on different lines. In England the system typified by the Rochdale Pioneers achieved its fullest development, and wherever distributive societies flourish to-day, one can easily notice that they are organised on the English model. France paid greater attention to the formation of productive societies, while Germany specialised in the founding of credit societies. The German system familiarly known as the Raiffisin system has been universally copied on account of its excellence. In India the beginnings of the co-operative movement in its modern aspect has to be traced to a comparatively recent time. One name will be particularly remembered with the growth of the movement in this country and that is the name of Sir Frederick Nicholson who has not only done his life work in this country but has also adopted India as his home wherein he must spend the evening of his life. To Sir Frederick Nicholson belongs the credit of having created a living interest in the movement of co-operation in India both among the Government officials as well as the governed. At his instance the Government of Madras appointed a committee to examine the question of establishing a system of agricultural banks in this country, and though the committee strongly recommended their establishment, the Board of Revenue to whom the proposals were referred, condemned them as Utopian and the whole question was dropped for the time being. But the work of Sir Frederick was not in vain, for, nearly 20 years afterwards when Lord Curzon became the Viceroy of India, the whole question was taken up and examined with the result that the Co-operative Credit Societies Act 10 of 1904 was passed. It is indeed gratifying to note that Sir Frederick who is the father of the co-operative movement in this country is to-day living to witness the wonderful growth of the movement which, I have no doubt, is to him a source of genuine happiness.

GROWTH OF SOCIETIES.

In the Madras Presidency as in other parts of India the starting of co-operative societies began after the passing of the Co-operative Credit Societies Act of 1904. The growth of the movement in our Presidency during the last two decades becomes apparent when we remember that whereas in the year 1905-06 there were only 25 societies with a total strength of 2,733 members, on 30th June 1923, there were 8443 societies with a strength of 5,80,291 members. There has been a steady progress ever since 1904.

Of the total number of societies on 30th June 1923, 7100 were agricultural credit societies of which all but 24 were on the unlimited liability

basis, and 1343 non-agricultural credit societies. It is noticeable that with the increase in the number of primary societies, a system came into vogue whereby local unions consisting of primary societies, began to be started for the work of supervision. The number of supervising unions on 30th June 1923 was 244. On the whole 6514 primary societies have affiliated themselves to local supervising unions on 30-6-23. The total amount spent on the work of supervision in the year ending with 30-6-23 came to Rs. 1.56 lakhs which forms $\frac{1}{4}$ of the amount spent by the Government on the Department. The increase in membership is particularly high during the last period ending with 30th June 1923. The progress during this period is equally remarkable in other respects, for example, in the amount of share capital, deposits, loans *etc.* Substantial work has to be done in seeing that every village has a society. The total number of members bears but a small proportion (less than 1.1 per cent) to the total population of the Presidency. The working capital of all the societies stood at Rs. 711.11 lakhs. Similarly the paid-up share capital and the Reserve Fund amounted respectively to Rs. 95.42 lakhs and Rs. 26.04 lakhs on 30th June 1923. A study of the loan transactions of the various societies and particularly of the primary societies will clearly indicate the extent to which the co-operative movement has benefited the poor people of our villages. On 30th June 1923 the loan transactions in agricultural and non-agricultural societies, went up to Rs. 127 and 91 lakhs respectively. In other words this sum represents the loss sustained by the grabbing village sowcars who but for the operation of these societies would have lent this large amount at their oppressively high rates of interest. Concerning the benefit that accrued to the ryot as a result of the operations of the co-operative societies, the following statement was issued by the Madras Publicity Bureau early this year. "Taking into account the period of these loans (to the ryots) and the difference in the rates 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." A saving of not less than two crores in the course of 18 years! Is this really not a very great boon to the poor people of our villages? After knowing this one fact, who will question the beneficent character of the Co-operative system? There is yet another significant fact to be remembered and that is, that members of primary societies have deposits to their credit in the society amounting to Rs. 33.42 lakhs as compared with Rs. 28.71 lakhs on 30th June 1922, Rs. 19.31 lakhs on 30th June

1919, and Rs. 6.22 lakhs on 30th June 1914. These are savings made by a large number of comparatively poor people but even these large figures do not fully represent the money value of the thrift and economy practised by the poor people because you have to consider besides, the share capital of primary societies which also evidences the savings effected by the poor. Taking the paid-up share capital also into account which on 30th June 1923 stood at Rs. 61.78 lakhs, the total amount of savings of members must be assessed at the considerable figure of Rs. 95.2 lakhs. Taking co-operative societies of all kinds, the deposits held in them by members and non-members amounted on the 30th June 1923, to Rs. 253 lakhs. If the deposits of members of primary societies alone, *viz.*, Rs. 33.42 lakhs are deducted from this amount, we have left Rs. 220.42 lakhs which has been put in by comparatively small investors. Add to this the share capital held in the financial banks by individuals which is estimated at Rs. 18.05 lakhs, we find a total of Rs. 238.05 lakhs invested in the societies on 30th June 1922 mostly by poor people.

To have some idea of the vast work that remains to be done by the co-operative movement, a perusal of the figures published by the Department of Statistics for 1921-22 is highly instructive. According to those figures the number of societies in this Presidency per one hundred thousand inhabitants is 17.5 as compared with 35.7 in Central Provinces and Berar, 45.1 in Burma, 77.0 in Coorg and 102.4 in Ajmer-Merwara. The number of members of primary societies per thousand inhabitants is 10.8 in Madras as compared with 11.4 in Burma, 12.5 in Punjab, 16.6 in Bombay, 28.6 in Ajmer-Merwara and 36.8 in Coorg; and the amount of working capital per head of population is 23 annas in Madras as compared to 33 annas in Punjab, 36 annas in Bombay, Central Provinces and Berar, 50 annas in Burma and 138 annas in Ajmer-Merwara. Thus it is evident that compared with some of the other provinces in India, Madras is very much behind hand in the matter of the establishment of co-operative credit societies, but if non-credit societies are taken into account, the achievement of Madras is very poor indeed. The number of distributive and productive societies is so small in our Presidency that we cannot take credit for having done in this field anything beyond pioneering work. It is true that Act X of 1904 did not encourage the spread of non-credit societies, since no productive or distributive societies came under its purview as such. Any society, before it could claim registration has to show that it was a co-operative *credit* Society and distributive or productive societies pure and simple did not come within the cognizance of the Act at all. An illustration will make the point clear. The Triplicane Urban Co-operative Stores is mainly a distributive society. In fact it is not only the pioneer stores in

India modelled after the Rochdale pattern, it is to-day the biggest distributive society in our Presidency, consisting of 16 branches and four thousand and odd members, with yearly transactions amounting to about Rs. 10 lakhs. This society was registered under the Act of 1904 not as a Distributive society but as a credit society, because of its credit department—which is comparatively speaking a minor activity of the society. In 1922-23 the sales of the society amounted to little less than Rs. 10 lakhs whereas the dealings of its credit department amounted to only Rs. 46,340. The Co-operative Societies Act of 1912 (Act II of 1912) which repealed the earlier Act of 1904 clearly stated in the preamble that its object was to facilitate the formation of co-operative societies (not credit societies alone) for the promotion of thrift and self-help among agriculturists, artisans and persons of limited means. As the scope of the Act has been widened, it is the duty of co-operators throughout the Presidency to make earnest endeavours to start not only credit societies but as many productive and distributive societies as they can.

INDIA AND IRELAND.

India is mainly an agricultural country and in our Province as in others, special care should be devoted to the development of agriculture. The village ryot is noted for his poverty and for his entire dependence—especially during the cultivating season—on the village sowcar for capital. A favourable loan to the ryot at the critical moment when he has to carry on agricultural operations is to him a matter of extreme importance. If he succeeds in raising the required loan at the critical juncture at a reasonable rate of interest and is thereby made independent of the village Shylock, it really means he succeeds in keeping himself and his family above starvation. While this aspect of the matter makes the starting of credit societies a question of paramount importance, it is a mistake to suppose that the problem of poverty and indebtedness will be fully and satisfactorily solved by the formation of credit societies alone. Indian problems are akin to the problems of other agricultural countries. Conditions in Ireland for instance are similar to those obtaining in this country. How did the Irish Co-operator try to solve the problem of poverty in his land? Was it by simply starting rural credit societies and thereby enabling the village farmer to get loans at a reasonable, low rate of interest? A study of the Plunkett movement will give us the answer. The great agricultural prosperity to which Ireland has attained is entirely due to the patriotic labours of Sir Horace Plunkett and his co-adjutors about the close of the last century. When Plunkett began his beneficent work the condition of the Irish peasantry was as bad and pitiable as that of the Indian rural folk. Agriculture which was the chief occupation of the people was being conducted in a

very crude and unscientific manner. The cultivator was notoriously poor. He was generally speaking under the clutches of the money lender who in Ireland was known as the Gambóem-man. Sir Horace Plunkett and his friends set before themselves the noble task of redeeming the Irish farmer from his indebtedness and of improving the Irish agriculture in all possible ways. Sir Plunkett hoped to achieve his object through the aid of co-operative societies, and one of the first acts of his was to establish in 1893 a central organising society for the purpose of spreading co-operative societies of various kinds throughout rural Ireland. This central society was known as the Irish Agricultural Organisation Society. Its function was twofold, first to do propagandist work and organise co-operative societies and secondly to act as advisory body to the societies so created. The primary aim of the I.A.O.S. was to look to the business side of the agricultural industry. To ensure the development of agriculture on its technical side, State aid was invoked and the result was the establishment of a State Department of Agriculture and Technical Instruction in 1895. The next step was the formation of rural credit societies on the *Raiffa* model. As a result of the combined operation of these three different kinds of institutions, the progress made by Ireland during a period amounting to a little more than two decades, is indeed marvellous. We may with considerable profit copy the Irish method.

NON-CREDIT WORK.

Various topics having an important bearing on the co-operative movement will come up for consideration before the Conference. Several prominent co-operators of our Presidency have sent to us important notes for consideration by the Conference. All these notes have been printed and will be placed before sub-committees to be formally appointed by the Conference. I take this opportunity of thanking the various gentlemen who have contributed these notes. It is not my intention to dwell on them in detail or to anticipate the resolutions which the sub-committees may frame after their discussion. I only wish to dwell as briefly as possible on some important topics which I think ought to engage the attention of co-operators in our Presidency.

I have already indicated that the co-operative movement in our country has so far practically concentrated its attention on the increase of credit societies. While credit societies are absolutely necessary to our progress and while even in the field of credit societies there is vast work yet to be done, the question of establishing non-credit societies has not hitherto received that attention it deserves. The number of productive and distributive societies in our Presidency is very small. There is great scope

for the formation of societies for purchasing seeds, manure and agricultural implements as well as for the sale of agricultural products. Of the one thousand and twenty eight societies connected with the Central Body in Ireland in 1919, only one hundred and thirty eight were credit societies; the remaining consisted of creameries, auxiliary creameries and other forms of agricultural societies. We must follow the Irish example and pay greater attention than now to establishing large productive societies. In the field of distribution, our work is almost insignificant. Excepting the Triplicane Urban Co-operative Society we have not got any large distributive society in our Presidency in an efficient condition. There has not been much enterprise in this line and it is no wonder therefore that our achievement in this department is almost nil. Even the Triplicane Society stands in need of reorganisation. There has been a proposal to convert it into a wholesale society, but it has not been carried out yet. Signs are not wanting that the Management of the Society is not running as smoothly as it ought to, and though the affairs of the Society require to be considerably improved, it must be noted with satisfaction that it continues to be the only large successful distributive society in our Presidency.

BUILDING SOCIETIES.

It has been recognised for some time that building societies are a great desideratum in this Province. In the case of crowded cities like Madras or Madura the housing problem is becoming more and more acute as days pass by. The suffering among the poor for want of proper accommodation is very great and unless the problem is satisfactorily solved the health and sanitation of our cities can never improve. The Moplah rebellion in Malabar and the recent floods in Ganjam, Vizagapatam, South Kanara and Tinnevely have rendered hundreds and thousands of people homeless and helpless. The devastated areas in these districts offer a wide field for the operation of co-operative societies, particularly building societies and societies that lend money at a cheaper rate of interest. The Government have no doubt passed certain rules for the grant of loans to co-operative building societies. They contemplate two types of building societies, (1) those that adopt the individual ownership system and (2) those that follow the co-partnership system. In granting loans the Government rules make a distinction between the two classes of societies. The former are given loans up to a maximum of three times the paid-up share capital, while the maximum amount payable to the latter is fixed at eight times the paid-up share capital. The interest demanded is 6½ per cent and a borrowing society has to pay all the interest that accrues up to the date of the completion of the building in a lump sum or on the expiry of eighteen months from the date of the disbursement, whichever is earlier.

Another rule prohibits borrowing in the shape of deposits or otherwise except from members. It has to be remarked that these rules are not very liberally conceived. The rate of interest is unduly high. It should be reduced to at least $4\frac{1}{2}$ per cent. The period of eighteen months after which the payment of interest is insisted upon, is very short. In Bombay interest becomes payable only after three years. Again the maximum amount of loan fixed under the rules requires to be substantially increased if the poor were to be really benefited by State Aid. I am glad to notice that at the First Madras District Co-operative Conference held in this City last month, resolutions were passed requesting the Government to so modify their rules regarding loans to building societies as to make them more attractive and more favourable to the borrowers. Wherever there is overcrowding and consequent congestion, the Town Planning Trust should be asked to prepare a well-considered scheme for improving housing conditions and then the execution of these schemes should be entrusted to co-operative building societies receiving liberal State Aid. Let me in this connection digress for a moment and say one word concerning the attempts made by Social Service Organisations to improve the sanitary condition of *cheris*. I greatly appreciate the humane and philanthropic spirit impelling the large number of social workers that strive after improving the habitations of the depressed classes. But I am honestly doubtful of the wisdom of attempting a mere improvement of *cheris*. It has to be confessed with shame that these *cheris* are a blot on our civilisation. They remind one of the locations in South Africa where our fellow countrymen are compelled to live by law. The *cheris* are not places whose continuance is to be tolerated, and still less desired even in an improved condition. They deserve to be completely obliterated. And therefore ending and not mending is in my humble opinion the proper remedy for the case. Let decent dwellings spring up where these *cheris* are. But let not these be known any longer as *cheris* but as part of the City where rich and poor, high caste and low caste, live side by side without much ado.

RURAL CONDITIONS.

In our Presidency the number of people depending on agriculture for their livelihood is ever on the increase. According to the latest census, out of a total population of 42,794,155 inhabitants as many as 30,062,699 are either workers on land or are dependent on cultivation. This means that in 1921 out of every 10,000 inhabitants, 7025 were dependent on agriculture as against 6880 in 1911. Thus while the rush for land is on the increase, there is no corresponding increase in the extent of cultivable land. What is worse, the old land is fast deteriorating in quality.

It is therefore clear that our economic development and prosperity are closely bound up with the improvement effected and the progress attained in agriculture. To the extent to which we succeed in introducing financial independence and stability into the life of the village farmer, to that same extent do we ensure economic progress of the country as a whole. To free the farmer from his state of indebtedness is no doubt a matter of vital importance. Until the peasant is freed from the debt, which at present almost crushes him, his future is gloomy and an effective way of giving him the much needed relief is, without doubt, by the supply of cheap credit. The co-operative movement has conferred this boon on the peasant by applying the Raiffeisen remedy. Leading co-operators have begun to realise however that the supply of cheap credit alone will not by itself bring about the peasants' salvation. In procuring the materials for agriculture—seeds, manure and machinery—the farmer requires protection from the dishonest middlemen vendors; this he can get only from co-operative purchase societies. Again unless the farmer gets proper facilities for selling the produce, say, by the establishment of co-operative sales societies, he may lose in marketing the produce what he has gained through easy credit. It is thus that the establishment of societies other than credit ones becomes a matter of primary importance. Now coming again to the question of financial help to the peasant, it has to be remembered that he requires funds for the following purposes *viz.*, 1. to meet the yearly cultivating expenses by the timely purchases of seeds, manure, cattle *etc.* and 2. to increase the yielding capacity of the land by effecting permanent improvements on it such as deepening the land, digging tanks, constructing bunds and effecting reclamation. The former work demands a recurring and comparatively small amount which may be raised from a rural credit society by a short term loan repayable after marketing the produce—in any case within a year; while the latter requires capital outlay of fairly large amounts which in the nature of things could be met only by long term loans and therefore are beyond the scope of primary societies.

LONG TERM CREDIT

Various schemes have been put forward dealing with long term credit. Our veteran co-operator, Rao Bahadur A. Vedachala Iyer, who combines in himself long official experience in the co-operative department and unbounded enthusiasm for the co-operative cause, has contributed to the October number of the Madras Bulletin of Co-operation a very instructive paper dealing with the subject of long term credit. Mr. Vedachala Iyer's proposal is to start land mortgage banks which should act in conjunction with rural credit societies. The capital will be supplied for by farmers and

rural societies and will be paid in instalments. As soon as a fixed proportion of capital—say 50 per cent or even less—is collected, the Bank will begin lending to members on the mortgage security of their lands, amounts up to a maximum of 8 or 10 times the share capital at 8 to 9 per cent interest for a period of 20 to 25 years, the same being repayable in the course of that period by means of annual instalments consisting of interest and a portion of the principal money. The bank then issues debentures on the strength of these mortgages and with the money raised by the sale of debentures issues further loans on first mortgage on other farm lands. The only difficulty regarding the proposal is that you have to raise the required amount privately from the members. This the writer recognises and therefore he suggests that the Government should give the necessary accommodation till the mortgage bank is able to attract private capital. Another scheme has been propounded by an experienced co-operator which as much deserves our attention as the one referred to already. He insists on the mortgage banks being privately owned and managed independently of Government as he fears that otherwise there is no possibility of development of a sense of responsibility and self-reliance in our people. His scheme contains an important suggestion that when a mortgage bank succeeds in raising 10 per cent of its share capital from its shareholders and an equal amount by deposits from enthusiastic co-operators, it should be allowed to issue debentures for the balance amount, which the Government will wholly purchase and sell again to trustees of charitable institutions and others. Under this scheme the Government do not guarantee against any loss, but only act as an intermediary to create confidence among would-be purchasers. From an official letter received by the Provincial Co-operative Union from the Registrar of Co-operative Societies asking the opinion of the Conference regarding the proposed land mortgage banks, the view of the Government appears to be that the mortgage banks may issue debentures at 7 per cent repayable after 12 to 20 years and that for every debenture taken up by the Public the Government would take one at $6\frac{1}{2}$ per cent up to a maximum of Rupees two lakhs. This letter will be placed before you for consideration and you will be called upon to formulate proposals regarding the starting of land mortgage banks. In the present condition of the money market, the starting of these banks can be realised only if the Government adopt a far more generous policy than the one indicated in the Registrar's letter above referred to. That the Government have resolved to give aid to the mortgage banks to the extent of rupees two lakhs is no doubt encouraging though the allotment is not much. But if the giving of that amount is conditioned on the people raising an equal

amount by subscriptions and deposits, then I am afraid the *status quo ante* will be maintained in the matter of organising mortgage banks. I am aware that some genuine co-operators are honestly against Government intervention and even Government aid. They want the co-operative movement to be purely a people's movement unaided by Government. To them my answer is that, while I entirely agree that the theory they postulate is a sound one, any attempt to literally carry it out is neither practicable nor desirable. Nor do I concede that receiving accommodation from Government in the initial stage of a land mortgage bank takes away from the bank its popular or co-operative character. In his 'Impressions of the Co-operative Movement in France and Italy' Mr. Otto Rothfeld, that great authority on co-operation, says thus: "The theory of State non-intervention cannot be accepted without qualifications so numerous and so important as to change its complexity. It may be accepted at once that in regard to short term loans, rural 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". I am sure you will consider the question in all its aspects and I earnestly hope that you will succeed in devising a workable scheme of land mortgage banks. In this as well as all other matters connected with the co-operative movement there is a good deal of educative work to be done in the country and this leads me to make a few observations on the last subject I intend including in this address *viz*, the Madras Provincial Co-operative Union.

THE PROVINCIAL CO-OPERATIVE UNION.

A reference to the by-laws of the Madras Provincial Co-operative Union will show that the Union has placed the task of educating the people in the principles of co-operation in the forefront of its objects. The Union also aims at (a) the organisation of special types of societies (b) assisting the work of local unions and District Councils of Supervision (c) serving as the recognised exponent of non-official co-operative opinion in the Presidency and (d) undertaking such other work as will promote the cause of co-operation. Every one of us will recognise that the above programme is an excellent one and to carry it out satisfactorily, we urgently stand in need of men and money. At present the Union is seeing to the publication of the Bulletin in English and Tamil. It also arranges for the annual Provincial Conference. In other directions its activities are almost nil. It is considerably handicapped for want of funds and workers. Its energetic Secretary, Mr. K. G. Sivaswami, has not spared

himself to make the Union as useful as its funds will permit. In the spirit of a true co-operator, he has been toiling hard for its progress almost single-handed caring neither for recognition nor for pecuniary reward. In him we possess a very valuable worker of the Provincial Co-operative Union at the present moment. We all owe him a deep debt of gratitude for his great services to the Union. I have heard the criticism that the Provincial Co-operative Union has not been a very successful institution because its formation was premature. Co-operators, it is contended, should first work in the villages and districts, start primary societies, organise local unions and Central Banks, form District Councils to supervise the various societies in the districts, and finally start the Provincial Co-operative Union which will be a sort of federation of the various District Councils. Such a conception of the Provincial Co-operative Union is, I grant, an ideal one. But are we going to be satisfied with mere idealism and are we to make it an excuse for ceasing to be practical? Who is going to regularly organise primary societies, local Unions, Central Banks and District Councils that are so essential for our progress? Are you content to leave this work entirely to the Departmental agencies and to sporadic local enthusiasm? Do you not feel that the growth of the Co-operative movement can never be healthy if you either leave it to haphazard organisation, or allow it to be spoonfed by the Government? To bring about a uniform spread of rural societies, a harmonious blending of these societies into local unions, to create every type of society, and ensure a proper development of the movement—the existence of a central agency like the Provincial Co-operative Union is in my opinion absolutely necessary. In the transition stage the Union can in the nature of things be but an imperfect federation; but when the basic work is finished, and when we have group organisations like the Andhra Sahakara Sammelanam for the other linguistic divisions of the Province as well, the Provincial Co-operative Union will *ipso facto* convert itself into a pure federation of the various sub-federations of the Presidency. Till then we should give our support to the present somewhat imperfect constitution of the Union. I feel at the same time, that, if the Union were to function properly, some of its by-laws need revision. For instance, the rule regarding membership may be modified so as to admit individuals in addition to Provincial societies, central banking unions and supervising and trading unions. A simpler or more equitable rule regarding subscriptions is desirable. The continuance of the Advisory Board in its present form seems to be of doubtful utility. In trying to remodel the union we may usefully keep in mind the constitution and functions of its prototype in Bombay known as the Central Co-operative Institute. In the welcome address of Mr. G. K. Devadhar of the Bombay Provincial Co-operative

Conference held in December last year, we find the following:—
 “In regard to its (the Central Co-operative Institute) position it may be said to its credit that every day the Registrar is anxiously seeking its advice in many matters. . . . It is consulted with regard to the appointment of Honorary Organisers on whose devotion our work so much depends. It is consulted in regard to by-laws 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 people's rights.” The Vice-President of the Bombay Central Co-operative Institute we are fortunate in having as the President of our Conference this year. And we cannot have a better person to guide us when we discuss the various topics included in our programme and particularly the question of the reformation of the Provincial Co-operative Union.

CONCLUSION.

I will conclude with a word of appeal to the co-operators assembled here. It is nearly 20 years since the movement of co-operation began work in our country. From a very small beginning it has assumed considerable dimensions to-day. After the passing of the Co-operative Credit Societies Act of 1904, the Government of Madras followed a wise policy in entrusting the organising and development of the department into the hands of a succession of distinguished Indian Registrars. The progress which the co-operative system has achieved in our Presidency is due entirely to the wisdom, foresight, and enthusiasm which the first few Registrars displayed in the discharge of their official duties. A fresh impetus has been supplied by the Government of India Act of 1919 by the inclusion of Co-operation among the transferred subjects and placing it under Indian direction and control. This no doubt adds to our rights. But it is well to remember it adds to our responsibilities as well. If the co-operators in this Presidency do their duties faithfully, there is a bright future before us. And what is that duty? It is nothing but to propagate the true principles of co-operation throughout the Province. The success of co-operation depends essentially on education. Education is the life blood of the movement. Our duty is to educate our brethren. That, in the language of H. W. Wolff, is the great commandment to be steadily borne in mind by every true co-operator. Therefore I entreat you all and through you the larger co-operative world to think nobly and act courageously for the realisation of the sublime ideal of a co-operative brotherhood. Educate! Educate! Educate!

The Chairman then called on Mr. T. Audinarayana Chettiar Bar-at-Law, M. L. C. to propose the President.

Mr. T. Audinarayana Chettiar speaking in Tamil, paid a handsome tribute to the selfless activities of Mr. G. K. Devadhar and said that it was a piece of rare good fortune that the conference had him as its president. Although in his own province of Bombay Mr. Devadhar's services were always in demand, he had to yield to the insistent calls from other provinces as Mysore. The people of Madras also had a right to have him to preside over their deliberations. Co-operation was a movement of the people and self-sacrifice was its basis. Mr. Devadhar is a living embodiment of these two principles of democracy and self-sacrifice.

The speaker also referred to the number of social service institutions in Poona. He also mentioned the services of Mr. Devadhar in regard to the relief of the sufferers during the Moplah outbreak. The remarkable character of Mr. Devadhar was the intense practicality of his outlook and his connection with the co-operative movement was a source of great strength to non-official co-operators. The speaker concluded by saying that he had no doubt that the conference would successfully get through its programme under his valuable guidance.

Messrs, P. Ramanathan, (Madras), S. Muthia Mudaliar (Tanjore), S. D. Krishnayengar (Madura), E. V. Gopalaswamyayar (Trichinopoly), R.G. Nallakuttalam Pillai (Ramnad), R. Krishnaswamyaiyengar (S. Arcot), P. S. Venkataramayar (Tinnevely), and R. Ayakuttyayengar (Kurnool) seconded and supported the resolutions on behalf of their respective district and the proposition was carried with acclamation.

The President was then garlanded by Mr. A. Sivarama Menon. On behalf of the Reception Committee Mr. O. M. Venkatanathayengar garlanded Mr. Sivarama Menon.

MR. G. K. DEVADHAR'S PRESIDENTIAL ADDRESS.

Mr. G. K. Devadhar, the President-elect, then delivered his presidential address.

Fellow Co-operators ;—At the outset I must thank the Reception Committee of the Madras Provincial Co-operative Conference for the honour they have done me in asking me to preside over the deliberations of this Conference. Let me assure you that I am not so impudent as to deem it as a personal honour done to me ; but I regard it as a mark of respect entertained by you for my fellow Co-operators in the Bombay Presidency who have made their humble contribution to the Co-operative superstructure there. I look upon it, therefore, as a generous tribute on your part to their work. Besides, I think that there is some advantage

in having an outsider to preside over such deliberations inasmuch as he is likely to bring to bear upon the discussions that engage the attention of a body of practical workers, his outside experiences of a varied character, so as to help in the solution of the practical difficulties and the problems that beset workers in another Province. I fully appreciate your action and I thank you once again for the same, wholeheartedly.

2. To a body of experts in the field of Co-operation it would be 'carrying coals to Newcastle' if I were to speak on the fundamentals of Co-operation or the ideals they should keep steadfastly in view. That Co-operation is the most outstanding Movement of to-day, thoroughly democratic in origin, in character and the scope of its work, need not be repeated here, though in its practical applications it is business-like, yet democratic in principle.

3. The main problem which the Co-operators have undertaken to solve is, to put it briefly in the words of M. Luzzatti, the great Italian Co-operator, of "finding moral guarantees and devising means for the capitalisation of honesty to serve in the place of security" in the case of the vast masses of our countrymen. In other words, we have to democratise the vast resources of credit and thus bring capital close to the doors of the workers, which was so long beyond their reach. This of course is the main line of the development of the movement. Until recently, capital was the monopoly of the rich and is fast likely to become the false basis of the changing economic structure of our Society. It is to combat against this evil that such a beneficent and powerful movement as Co-operation came to be launched in our midst in the year 1904, though there were in many scattered places feeble attempts made to remedy this evil.

4. The achievements of the Co-operative Movement in the whole of India to-day, of which you are no mean participators, are not insignificant. It is developing every day into a very powerful stream made up of small rivulets to fertilise the enormous and extensive fields of untold dimensions by undertaking solemnly the great task of popularising credit, so as to raise the vast masses of our countrymen in rural and urban areas economically, socially, educationally, and morally in the broadest sense of the term.

5. It is generally recognised that the "most pressing need of India to-day is a systematic movement for economic uplift among the masses, both urban and rural". And that systematic Movement for the economic uplift has been the Co-operative Movement which claims to-day roughly about 55,000 Co-operative Societies of all kinds throughout the country. Its total membership is about

2 millions and its working capital comes up to over Rs. 30 crores and the profits that accrue from the operations of these Societies in the interests of the poor members just come up to Rs. 62 or 63 lakhs every year. This will show that capital is increasing faster than membership, being now nearly Rs. 150 per member, and the average membership per society is about 38. The capital is over Rs. 5,964 per Society. That the vast bulk of this work relates to agriculturists and their improvement is but what it should be because the great problem before the country is its Agricultural Reconstruction. These are its achievements on the economic side alone. Its other equally important results lie in the social, educational and practical fields, the movement having proved a great outlet for social service on the part of hundreds and thousands of our people among whom leadership has been built up in a responsible and practical manner. Point out, therefore, to me, I ask you, a more real, a more potent, a more living and a more beneficial and more educative movement in India to-day than the Movement of Co-operation with its vast variety, large membership and with the discipline and the sense of responsibility it has generated or is trying to generate in our masses.

6. Starting with a humble programme of securing, as Sir Horace Plunkett would put it, "better Farming, better Business and better Living" it would aim ultimately at a co-operative commonwealth in the country by becoming a "Self-governing and independent organism that it may constitute a living force in its social, political and economic life." That it is a great propelling force for education and knowledge is a matter of every day experience to co-operators. Wolff in his "Co-operation in India", while speaking of its future says, "now there is no one who knows anything about Co-operation who will not readily attest that Co-operation in itself educates—that in one sense indeed no better educator is to be found. It is not belying its character in India. Evidence to this effect has been quoted in a preceding chapter. One of the most remarkable, the most promising results of its action there, indeed, is the inspiration which it has infused into those who, in the rudimentary way, still only possible to them to practise it, have an immense keenness for the acquisition of knowledge—general knowledge as well as technical. It is not only that they want to do better for themselves materially.... They want to learn to read, to write, to understand. And they also want to know how to carry on their trade of Agriculture better than they do now."

7. It is a great Brotherhood knit together by ties giving birth to new consciousness. "There is a Free-masonry among Co-ops," says Wolff in his 'Rural Reconstruction' speaking about the needs for organization,

"which tends to hearty social union and blossoms richly in such products as education—upon which large sums are actually spent—halls, libraries, social gatherings and the like. All these things, which we are now labouring to provide through patronising philanthropic help, under co-operation spring up of themselves, with no one to have to say "thank you "to."

8. Your invitation to me and to all those who have assembled here and the large number of messages of greetings and congratulations from Co-operative Organizations in Canada, America, England, Australia as well as from the International Labour Office of the League of Nations are living proofs of this world-wide Brotherhood consciousness.

9. Having said so much in a general way, I will now address myself to a rapid survey of the progress of the movement in Madras. A detailed examination of its results cannot be attempted in a brief address like the one which I am called upon to deliver. Besides, that is not my object to-day. I, therefore, propose to look at your movement as an outsider in a friendly spirit and briefly mention what appear to me your merits and drawbacks and also your great and outstanding problems. Your Movement shows a great vitality inasmuch as it has to-day 8,194 Societies excluding Unions with a membership of 5,30,291, giving an average of 65 members per Society, and has a working capital of nearly 7 crores and 12 lakhs. A fairly large proportion of this capital comes from outside which shows that the general public is feeling certain amount of confidence in the Movement. Looking at this growth from the agricultural point of view we must be glad that out of these Societies, 700 are purely Agricultural Societies with a total membership of 3,86,264 of whom 2,94,624 are pure agriculturists. These have amongst themselves a working capital of two crores and seventy lakhs. These figures when analysed show that membership per Society is nearly 55, capital per Society Rs. 3,800 and capital per member Rs. 70 and the book profit shows a figure of Rs. 5,68,279. It is estimated that an agricultural member is easily enabled to save at least a sum of Rs. 5 per hundred rupees of his transaction on account of his dealings with a co-operative credit society. About half of this amount remains with him as profit being money saved and the other half remains with the Society as a part of the indivisible reserve. Thus on the total transactions of the Agricultural Societies during the last year, amounting to Rs. 1,26,60,177 in your Presidency, at the rate of Rs. 5 per transaction of Rs. 100, the movement can claim to have saved for the Agriculturist, pure and simple, a sum of Rs. 6,33,000, half of which will be his indirect saving and the other half will tend to buttress the movement by its further strengthening the

indivisible Reserve Fund. This growth, however, on close analysis will show that it does not carry our agricultural improvements very far. The progress in your Presidency has enabled you to have a Society in one village out of nearly 10 villages and it has enabled an Agriculturist member to get on an average Rs. 34. That after all touches only the fringe of the vast problem. We Co-operators have a great leeway to make and we must bend all our energies in the right direction to achieve the goal and that goal should be our Rural reconstruction which is the nine-tenths of India's problem. Looking to the urban character of the Movement in Madras, it has not lagged behind. To an outsider your Supervising Unions strike as a feature to be imitated and, I know, they are gradually coming in the place of what are called the Guaranteeing Unions, owing to the incapacity of the people to understand the full meaning of 'guarantee'. Your 247 Unions have 6,514 Societies affiliated to them with a total membership of 3,74,340. Another striking feature is an army of paid official workers making up the total of 458 of whom one is the Registrar, 23 are Assistant Registrars, and 434 are Inspectors, both working in the field as well as in the office. The total cost of this establishment together with that of the 74 Hon. Assistant Registrars comes to Rs. 6,19,254 and if we add to this the sum of Rs. 1,56,754 out of the total receipts of the Supervision Fund, the total expenditure on the whole on the Co-operative Movement as shown by the Registrar's Department as also by the Supervising Unions, comes to nearly 7½ lakhs of rupees per year which roughly represents an expenditure of Re. 1-8-0 nearly per member. The other interesting feature of your Movement to an outsider is your variety so far as the different classes of the community are concerned; for instance, your healthy Labour Unions are a feature which deserves to be imitated. Both the Adi-Dravidas and the Adi-Andhras coming under the so-called Depressed Classes have 904 Societies exclusively organised for themselves with an increasing membership of nearly 53,000. These point to one of the directions in which the economic well-being of these submerged classes should be attempted. One would naturally expect to see a large network of Non-Official organizations to spread side by side with the official machinery to help and support this growing popular movement. But its absence is a feature which will strike even a casual observer.

10. I shall deal with one or two of these at a later stage of my address. Moreover, of the many difficulties and drawbacks that mar your progress, several are common to other provinces also and therefore need a closer examination of the problem. Arrears or overdue, weakness or inefficiency of Supervising Bodies or Unions, lack of rapid and sound

expansion of non-credit movement in rural areas, slow growth of producer societies and slow progress of Societies for joint sale and purchase, slow growth of Housing Societies and Societies for Joint Cultivation, comparative failure of the Store Movement in urban areas, an anxiety to interest boys and girls and women in co-operative movement, and feeble attempts made to start Co-operative Societies with that object in view, the difficulties that surround Weavers' Societies and the considerable growth of disputes and litigation in co-operation which mar the harmony of the co-operative work and a lack of large number of public-spirited citizens among the educated classes, ready to undertake the work of building up public opinion by educating it in co-operative principles and organising co-operation, are some of the common difficulties in the way of Co-operation practically all over India.

11. Unlike Co-operative Societies in my Province, your Societies enjoy a much longer term for their loans from the Central Banks, and I am told nearly three-fourths of the transactions of the Central Banks with the Primary Societies relate to long term loans extending to a period of 10 years or even 11. Owing to certain tightness of the money market and an anxiety on the part of the Central Banks to avoid unnecessary strain, they are as a matter of necessity safely resorting to a policy of comparatively short term loans. This has given rise, I understand, to a pressing demand to what are called Land Mortgage Banks. This seems to be one of your problems agitating the minds of earnest co-operators. All the drawbacks referred to by me as having crept into your movement here as also elsewhere are traceable to a lack of sustained strenuous propaganda of co-operative principles and practice spreading, widening and deepening every day with the growth of expansion of the Co-operative network. There is also a need very commonly felt of effective supervision and helpful inspection thus pointing clearly to the great necessity of teaching people first and foremost how to manage things for themselves. Wolff in his 'Co-operation in India' while discussing the future of the Movement says as follows: "If the Co-operative movement is to prosper, people will have to be taught to do things for themselves and to supervise their own officers. As things stand, that can be no easy process. However, such aim should be consistently kept in view". Further, while speaking about the inspection and its educative value and importance, Wolff is emphatically of opinion that "All Co-operative Credit hinges absolutely upon efficient inspection. Inspection is, in co-operative matters, the Education of Educators, the soul of the entire science of Co-operation". Later on he says, "The Inspector employed should be the real teacher of Co-operation". There seems to be a still further and greater

need of co-ordination of efforts wholeheartedly sought and made between the official agency and the non-official agency. A perusal of the report of your department and some further acquaintance with the method of its work, leaves an impression on one's mind that this co-ordination of the three integral factors of the growing co-operative movement seems to be lacking. It may be that we in Bombay are particularly happy in securing so far a very large measure of this co-ordination between the three main component factors of the Co-operative achievement viz., (i) the Department of Co-operation, representing the statutory functions; (ii) The Provincial Bank representing the finances of the movement and (iii) the Central Co-operative Institute representing the education and the training of co-operators. These in my opinion ought to constitute the three main channels through which co-operative activities must run side by side if the movement is to attain soundness and fulfil its great mission. And to the extent to which any of these factors are seen wanting in vitality and vigour the edifice is bound to be weak and unsound. It need not be urged that if one of the limbs of the Movement be enfeebled through neglect, the others are bound to suffer and the whole body will lack the necessary strength and vitality. The entire problem, therefore, of co-operative progress and co-operative advance on sound and secular lines hinges round the great problem of Co-operative Education. Wolff believes that "in truth a great point alike for the prosperity and the extension of the Co-operative Movement would be gained, if you could manage to catch the Co-operator young, to instil co-operative ideas in him and to impregnate the growing generation with the knowledge and love of Co-operative principle."

12. Having thus far emphasised the importance and the value of co-operative propaganda which is as much helpful to the proper fruition of the statutory functions of a Registrar and his Department as also rich fertilization of the funds brought into the movement by the financing agencies, let us now think of the way in which the machinery for the Co-operative Education, Instruction, Training and Propaganda, is to be created in order to maintain the popular character of the movement and teach people to realise its powers, potentiality and influence for good. I believe the Bombay Central Co-operative Institute which I have the honour to represent as its Vice-President may serve as a useful model to adopt or even to be improved upon.

13. Now taking the first, i. e., the provision of statutory functions in your Presidency, there seems to be an adequate provision of the official staff at a considerable cost of Rs 6 lakhs and 19 thousands and it is expected that the staff will increase in proportion to the growth of the

movement. In this Province a very large part of the work of organisation especially in its earlier stages was done by official element, and the tradition, if I am right, still continues. That has rendered the non-official sense of responsibility very feeble and their response and interest in such work has been comparatively poor. The blame of this could not be laid at the door of the Department alone; but this state of things only shows a deplorable lack of adequate recognition of the value of co-operative work to be done in the interests of our masses by the so-called educated classes. That again is the result of inadequate co-operative propaganda to be necessarily carried on throughout the Presidency to impress on the minds of the people the need for co-operation as applicable to ordinary life, inculcation of the principles and practice of co-operation. Such a consummation must be the result of a definite liberal policy to be pursued by Government at a reasonable cost and to be carried on in a friendly spirit by its department and to be cordially given effect to by its officers. And all this must not be difficult of attainment since co-operation is one of the transferred subjects under the Ministers. Adoption of such a policy towards the gradual non-officialisation or popularisation of this essentially People's Movement can only come from the clear recognition of the nature of true co-operative work. It must be the first and the last of the work by the people themselves. That in India, under peculiar circumstances, the first initiative had to be taken by Government need not altogether change the character of the ultimate development and growth of this movement. Officials in the department will find it profitable to seek the co-operation of the non-officials and give them facilities for doing their work recognising fully their difficulties in a sympathetic spirit. Luckily such a policy has been adopted to a very considerable extent by the Co-operative Department in my Province and it is a matter of no small compliment to the confidence which the non-official public there have been able to create by their work in the minds of the Government. This is an aspect of work which is worthy of study both by the department and the public here. There is again a clear recognition of the principle of co-ordination between co-operation on one hand and Agriculture and other cognate activities on the other making the economic betterment of the poor, and according to the well-known dictum of co-operation, "that co-operation is the necessity of the poor and not of the gentlemen"—such a result is much to be desired. In fact Co-operation will be the handmaid of Agriculture and other activities having an economic bearing on the life of the masses. The methods of work and the spirit that permeates the various departments in our Presidencies will easily repay a study. It would take me long to dwell at length on these details and I would therefore not attempt it here. We are mainly concerned here with the spirit of co-ordination

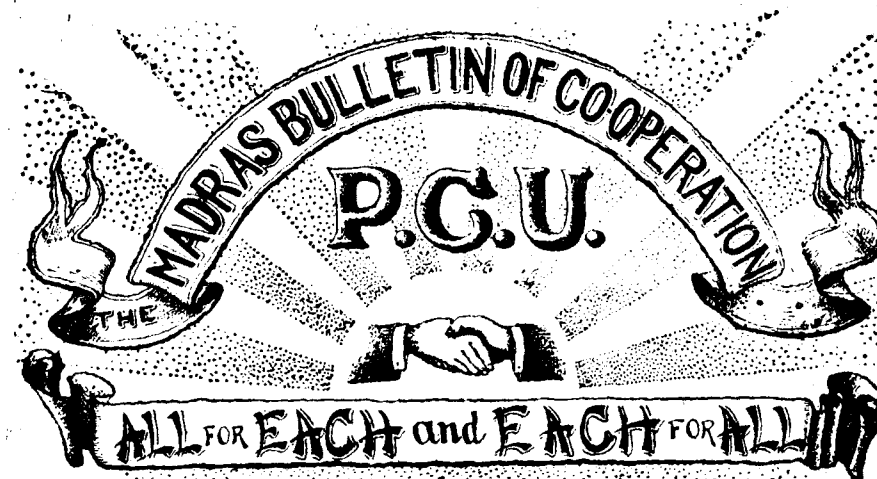
coupled with the vigilance of non-official workers. This should be a factor to be secured at any cost. It also emphasises the need for a strong non-official organization to grow on democratic lines to guide, to supervise and control the co-operative movement.

As already stated, the great problem before the co-operators is the problem of the Rural Reconstruction primarily based upon highly improved agricultural advance and development. This needs a vast amount of capital to flow forth in the veins of our rural life, like life-blood coursing into the veins of a living animal. At present as is shown, our poor agricultural member can only get a paltry sum of Rs. 34 per head for his industry and with this he cannot really reconstruct his life and his industry. Greater life-blood for his rapidly expanding and growing activity has to be supplied by the provision of adequate capital which is not lacking in the country to-day. Poor as we are, it could be even attracted from other sources provided we give the necessary guarantees and create the requisite confidence in the minds of the investing public for its safe return.

Take the case of your surpluses here to-day and of our surpluses in the Provincial Bank in Bombay. As one of its Directors, I may tell you what had been our main difficulty in this direction. We there, and probably you here, are luckily getting more and more money into the co-operative field and it is stagnating for want of confidence which if liberally loaned over, it would be productively employed and safely returned out of profits made leaving a fair margin for the member to meet the charges, but at the same time, expecting of him the cultivation of a new habit of thrift. All this again, emphasises the need for a regular, organised, propaganda carried on by people from day to day in a systematic manner.

It might be contended that such an organization purposes a very large expenditure even if much larger element of sacrifice of time and labour be secured on the part of non-official workers, and it may be further argued that the poor co-operative Societies are not in a position to spend so much money on this organization.

In the first place it is doubtful whether any very great amount of money over and above that which is already being spent would be needed and whether a re-adjustment of the present expenditure brought about by a change of attitude would not be able to secure the objects aimed at. But even supposing that it would clearly involve a much larger outlay of expenditure for which the State would have to be ready, in my opinion, it is clear case for a justifiable and a very desirable form of State Aid, so warmly advocated by Wolff who is an uncompromising critic of State Aid in other forms.



VOL. XV.]

FEBRUARY 1924.

[No. 8.]

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.

CO-OPERATIVE AUDIT PRINCIPLES AND PRACTICE.

BY MR. M. K. VENKATACHARIAR*

The two main reasons why re-distribution between administrative and auditing Inspectors has now been effected are as follows:—

1. DEOFFICIALISATION.

The first reason is to facilitate the speedier de-officialisation of the movement in such items of the administrative functions, in which the non-official co-operators and institutions may be left to manage for themselves wherever they are capable of doing so. Till now, there was the Circle Inspector, who had not only to discharge the audit duties, but also to educate the Unions and Supervisors and to do all the administrative functions which the Unions did not or could not manage for themselves.

* An address delivered at Chingleput to Supervisors and Inspectors of the Madras and Chingleput Districts on 18th December 1923 by the Assistant Registrar of Co-operative Societies, same section.

Very often, the constant care and attention of an active and enthusiastic Inspector resulted even in the competent and willing non-official co-operators and Unions, not undertaking as fully such duties as they would have taken upon themselves, if they had been left to themselves. More often, the inattention of an indifferent Inspector resulted in such non-official co-operators and Unions not having had the lead, the stimulus and the instructions which were necessary to enable them to take upon themselves these activities and keep them on at them efficiently. These defects will be greatly eliminated in the present arrangement, in which only two Inspectors are allotted for the whole District for all administrative duties. This will result in his devoting less time and attention in advanced areas with efficient Unions and more of them for the backward areas and weak and new Unions. There will also be the advantage of his persuading the latter to emulate the former, quoting concrete examples and practices from their working. This arrangement will also facilitate specialisation of the two sets of duties by persons having special aptitude for them and better training of Supervisors and Inspectors which will form part of the duties of the administrative Inspectors.

2. EFFICIENCY BY SPECIALISATION.

The second reason for this re-distribution is to make the audit of societies more steady and systematic on the one hand and satisfactory and efficient on the other. The administrative duties of the Circle Inspector had hitherto been very seriously interfering with his audit duties being done steadily and systematically as he had to attend to calls from several societies and directions as much as to suit their conveniences as it was necessary to be in time to rectify matters or enquire into serious irregularities. Also as long as the same person was responsible for "administration and audit functions of a society", neither theoretically nor practically, the audit can be declared as perfectly satisfactory and efficient as the public can repose full confidence. No doubt there is the fact, that these auditors are not appointed by the institutions the accounts of which are audited nor do they look to them for the remuneration for the services rendered. However palliating these circumstances may be, with the advanced views of modern times, even the moral responsibility of the administrator for the well-being of the institutions may be cited as affecting the perfectness of the audit. This argument may be advanced even to higher offices, viz. "The Registrar and his Assistants." It may certainly be a perfect system for audit, if even these higher officers are relieved of the administrative duties when they are made responsible for audit. But such a decentralisation in that direction must begin from the bottom. It is quite possible, and I hope it may become possible soon, that

by the non-official co-operators and institutions working up the administrative functions so well and so speedily that the actual connection and concern of even these higher officials may be reduced to the legal maximum in administrative items. When such a stage comes, it may even be possible to withdraw these administrative Inspectors entirely or at least so far as the ordinary credit societies are concerned.

3. DIVISION OF ADMINISTRATIVE AND AUDIT FUNCTIONS.

Every business man knows what an 'audit' is. It may be briefly defined as the overhauling of the accounts of an institution and its working and arriving at the correct balance-sheet to exhibit matters as they stood on a particular date. Section 17 of the Act II of 1912 (India) which imposes on the Registrar the obligatory duties of an annual audit of every registered society, indicates the special importance to be attached in his co-operative audit by emphasising the fact that it includes *the examination of overdues, if any, and the valuation of assets and liabilities.* All the other functions done either by the societies themselves or outsiders for them may be broadly termed as administrative functions.

4. AUDIT.

For purposes of convenience, the important aspects of co-operative audit will be dealt with first. It has to be noted that this obligatory duty of the annual audit of the Registrar has now to be conducted by the Circle or Audit Inspectors. The audit duties have been delegated by the Registrar legally to the Inspectors. They will note the facilities afforded to them under clause (3) of Section 17 to discharge this duty. These Inspectors have not to attend hereafter to any other item of work in these societies, unless specially directed to do so. The Inspectors concerned have to realise fully that they are held *responsible* for the accuracy of the facts and figures they state in their audit report not only as a *departmental and moral duty* but they are also according to laws of audit, *materially liable for any loss to the institution* arising from any such neglect which might have been avoided by a prudent auditor.

5. MEANING OF THE PHRASE "VALUATION OF ASSETS AND LIABILITIES."

The full significance of this phrase specially emphasised in the Act should be thoroughly grasped. In an unlimited liability society there are two forms of assets, (a) Societies' inside assets, (b) Assets for outside credit. *Societies' inside assets* means properties actually owned by and due to the society such as cash balance, investments in other societies and

banks, loans with interest due from members and others if any, advances, furniture and any other movable or immovable properties. *Assets for outside credit* (i. e. for creditors and public) denotes the value of all the properties owned by all its members. It should be realised that it is on the basis of these assets for outside credit the maximum borrowing power of an unlimited liability society is usually assessed. In the case of a limited liability society there is only one sort of assets viz., the former one.

6. VALUATION OF INSIDE ASSETS AND LIABILITIES.

Valuation of assets and liabilities means that every item taken credit under either of these heads should be verified by actual examination of the cash, property, or authenticated documents, vouchers or certificates of the other party to the transactions either as debtor or creditor. It is not enough to work up the special ledger balances and see if the totals tally with those arrived at from "Receipts and Charges Statement" with reference to "the Assets and Liabilities" of the previous year." Though this has to be done first, the valuation of each item of Assets and Liabilities is quite a separate affair. For instance firstly, the valuation of cash balance asset has to be done in the case of an audit done during the course of a co-operative year when the audit should be brought up to the very date of the audit, by actually calling for the cash balance on hand and counting it. It should be verified with the cash balance shown in the day or cash book for the day. The auditor should record in the audit report whether the balances tallied or not. If it did not tally, full explanation of the person responsible should be obtained on the spot and submitted with the notes and the auditor's comments on the explanation. In the case of the audit done after the 30th June, in order to bring it up from the date of the previous audit up to the end of the year so as to work up the annual balance sheet, the auditor should examine quite similarly the cash on hand on the date of his audit and verify it with the balance in the cash book on that day and see whether the cash balance carried forward day after day from the 30th June up to that date works up to this verified balance correctly. *Any unduly large cash balances kept on hand as revealed by the cash book and that for long periods should be brought to notice conspicuously with any explanation for it offered by the Management.* Secondly, in the case of investments within or outside the person with whom the sum is claimed to have been invested should be verified and if feasible attested, in token of such verification. If such a record is not readily available, it may be verified by addressing the debtor or creditor concerned. It should be particularly seen if the investment if

any made, has been authorised and that by the proper authority. *Thirdly*, as for any movables such as furniture, clock, ironsafe, etc., they should be inspected and examined to see whether the value claimed is a thoroughly safe estimate. *Fourthly*, as for immovables, not only the documents showing their title should be seen, but it should also be found out whether it is really worth the amount and examined whether the society is in actual and concrete enjoyment of the property according to the title by getting any rent or execution of any *muchilika* or so forth. It was found in several societies that when they had purchased at court or revenue sale, immovable properties for debts due to them, the properties had not been shown as assets at their actual value but the original loans themselves were continued to be shown as assets with accrued and overdue interest. This is glaringly wrong. Again income from such property should be shown as miscellaneous receipts.

Fifthly, the largest part of the assets in our societies are in the shape of loans outstanding against members. *The several documents in support of these loans should be carefully scrutinised.* Auditing inspectors are warned that many an Inspector, otherwise very efficient and careful, had to repent badly for this delinquency committed perhaps only once or twice in his life. When a loan is actually cleared and the document is taken back by a member, even the most cautious member fails often to take the receipt for the last payment as he is often content with the discharge certificate on the bond recorded by a competent authority. This weakness of a member is sometimes taken advantage of by an unscrupulous official of the bank to misappropriate such a last payment. In such a case, the loan ledger will show the loan as not having been cleared off though the document will not be there. The official who misappropriated is often of the mentality that he may recoup it later on. Very often he is not able to do so. He would be on the spot with excuses for the document not being on record. It should be noted that only by insisting on the production of the document for all cases in which there is an outstanding balance, according to the loan ledger, such malpractices can be discovered. If any document is said to have been sent up to the Assistant Registrar or Civil Court for arbitration or execution, the society should have the award or decision. If it has not got it, the allegation should be verified by a reference to the office or the pleader to whom any decrees are said to have been entrusted. The outstandings should also be tested, wherever possible by enquiring the members concerned or by checking their receipts and pass-books. Several cases have come to notice where the counterfoils granted to a member showed larger sums than what were found in the office copy of the foils. Unions and Administrative Inspectors have been urged that pass-books should be issued in all societies to members. The auditing

inspector should note how far this practice has been introduced and whether the members appreciate it. It will be a very great advantage if the panchayat and the borrowers are educated to get endorsements of part payments on the bonds with date by the borrower and sureties. The calculation of interest both due to and due by the societies and those overdue on them should be thoroughly overhauled. It should be noted that any neglect or error in the calculation of interest will fail detection afterwards. The statement usually called the "liability register", which is prescribed as an enclosure to the audit notes and which shows all the assets and liability of every member and all members as a whole, is an important record. The figures in it should be tallied. This statement will be referred to again below.

VALUATION OF LIABILITIES.

As for liabilities due to members as share capital and dividend and deposits, they can be verified with the books of the society and by local enquiry. As for borrowings by way of deposits from non-members, and loan especially from central banks, special attention should be paid. In the case of central banks, the actual amounts outstanding should be got from the bank, if the particulars have not been communicated to the society or Inspector otherwise. The items in the adjusting heads and suspense require a very thorough and careful scrutiny. If any item outstands in it for a long time, its history should be traced and steps to dispose of them should be suggested. In a good society such adjusting heads should be very few. These are the items in which by long neglect, frauds are often committed.

7. VALUATION OF ASSETS FOR OUTSIDE CREDIT.

As already stated, in unlimited liability societies the net value of all the properties of all the members forms this class of asset. This has to be valued no less carefully than the inside assets. It should be noted that the rules are that this 'property statement' (as it is usually called) should be prepared at least once a year and that in an open way preferably at a general body meeting and that it should be attested by the respective members against their own names and at the end by all the Panchayatdars. It should be seen whether these instructions have been followed in its preparation and whether it is kept up-to-date by additions and subtractions for new members admitted and withdrawn. An intelligent Inspector while camping in the village amidst the members, can by a cursory glance of the statement find out how far it represents the real state of things and their value. This facility can be easily acquired only

when an Inspector stays in a village for some time, say, a day or two looking around and conversing intelligently with members and other residents preferably when he strolls outside the business quarters of the society, on such general subjects as the special facilities for irrigation, for special crops, general market value of land, dry or wet and etc. In other words, an Inspector can do really useful work only if he is social and free in his movements in the villages. In fact, if at all an official in this co-operative duty wishes to be successful, he should mix freely with people and try to understand their wants and difficulties and also attempt in his own sphere to advise everyone in as sympathetic a manner as possible how best he can improve himself in his economic condition. When an official does so, ryots confide their economical secrets to the official and seek his advice freely as to how to better themselves. This will not only help those in need of such advice and facilities, but will also equip the official with an economic survey of the village as a whole and make him a more useful citizen.

8. LIABILITY REGISTER.

Reference has already been made to this register in para 6. The cause for referring again to it, is due to the fact that notwithstanding repeated instructions and exhortations, the preparation of this statement which is to be an enclosure to the audit notes of all societies working on unlimited liability basis, is left by the auditor in an irresponsible manner to the supervisor or some other. An Inspector of ordinary intelligence will (if he studies the form as now revised and in use in the District in Tamil with its head notes) perceive the enormous utility of this statement. In one stroke, it gives all the particulars, about each member, his liabilities as a borrower with all particulars of the loans and their overdues, security offered for them and his own surety for others, his invested share capital and deposits, his overdue share instalment, and even his net property which formed the basis for outside credit. Very often columns about share capital, and property are not filled in; and columns are not totalled and tallied with the figures in the audit notes and property statements in respect of the assets and overdues etc. Every column should be totalled and tallied with the corresponding figures in the audit notes. In fact, that is the record on which the Assistant Registrar gets courage to declare the assets and liabilities of a society in relation to the members of the society. A similar statement got from the central banks regarding Assets and Liabilities of all the societies with the bank helps him to verify and reconcile where necessary the corresponding liabilities and assets of each society in relation to the bank. Thus the totals at least in the audit notes and these vouchers afford full particulars for the Assistant Registrar to issue the annual audit

certificate. He can't issue it blindly. Again this liability statement serves as a most useful record for reference in dealing with arbitration cases and execution petitions without making numerous references to the societies, Honorary Assistant Registrars, and others concerned. As for auditing Inspectors themselves, a record of that sort submitted with the annual audit report will save them from any reproach later on of having scamped the audit. Therefore all auditing Inspectors are warned not to give room for their being found fault with, in the neglect of any item of work in this statement. This year the Assistant Registrar is sorry to note there is not a single Inspector whose attention to this statement was to his satisfaction. It was after all only a matter of degree of neglect with the several Inspectors. In one of the Conferences of the Registrar with his Assistants, it has been recorded that an accurate liability statement of this sort will be of great avail even if all the records of a society are lost by accidents such as fire or floods or theft or suspected to have been tampered with.

9. EXAMINATION OF OVERDUES.

Special emphasis has to be laid on *overdues* in co-operative credit. **Firstly, it is in the interest of the members themselves.** As co-operative credit is intended to help the borrower to redeem himself from his debts and not to fall a prey to it, a certain part or proportion of the principal is compulsorily required to be repaid every year. It is necessary to see that the borrower discharges his obligation of payment of principal and interest punctually. Else the interest will accumulate and ruin him. If he really had any difficulties to repay his demand, the causes thereof should be sympathetically examined by his friends with due sense of business to see how far he is responsible for it, and how to help him out of the trouble. If it was due to his being yet in the clutches of other creditors, ways should be found to redeem him out of it and control his budget. If it was due to too heavy an instalment having been fixed for him, it ought to be revised suitably. If the debt is too heavy for him to hope for redemption within the maximum limit of credit allowable in co-operative societies, he should be advised and if possible helped to clear off such a portion of the debt as is excessive by the sale of such properties as he can conveniently part with. He should be warned that a compulsory sale in auction by court would not only burden him more in debt but will also fetch less price and he may even be deprived of the best of his possessions. Anyhow the examination of the overdues, if done properly and sympathetically will lead to the uplift of the borrower.

Secondly, it is in the interest of the other members.—If the overdues in a society accumulate, its credit is impaired. This will result in

the other members suffering for want of credit for defaults of the few. Further it neglected long and if the number of overdues increases with a swelling in each case by addition of interest, it will result in the liquidation of the society and a wholesale disposal of the property of all the members not only for their own loans but also for those of their sureties and even of others because of the unlimited liability basis.

Thirdly in the interest of the panchayat.—Heavy overdues tell on the capacity of the management because it shows obviously that it was unable to gauge the repaying capacity or the character of the defaulting members. It is a warning not only to collect the particular overdues, but also to be more careful in dealing with the defaulters in future.

Fourthly to the creditor.—Since in a co-operative movement all capital is drawn by short term deposits, it should be fluid. Else the creditor's demands cannot be satisfied. Again as character is the primary security, and the property of each member and all put together are only secondary securities for the 'inside assets' and the unlimited liability assets, accumulation of overdues will indicate the failure of the primary security of character and cause alarm to the creditors. However sound the creditor's investment may be on the material basis as it is to a large extent due also to the moral basis that such large sums have been drawn into the movement from investors, it is necessary to keep them aware of the real nature, condition and causes of the overdues.

Fifthly to the administrators and other co-operators:—It has to be noted that the co-operative movement is something like a body with the several societies as its organs. Even the small wound in an organ will embarrass the whole body, though of course in varying degrees. Therefore the bad financial position of even a single society will affect the movement as a whole and we should see that every wound that is found on the body is speedily healed up.

Sixthly from the auditor's point of view:—The auditor should note that in a credit society it is the overdue statement that gauges the true position of the fever patient. There is one great difference between the audit of joint stock banks and that of the co-operative societies and that is this:—

The former banks always deal in short term advances. There are a number of renewals of documents or bills within a few months so that whatever might have been the date when the actual cash was taken, the documents are all fresh and of recent dates. In co-operative societies firstly, such adjustments and renewals are morally highly objectionable for

obvious reasons, and therefore the document will be as old as the first drawing of actual cash. Again, many of our societies also lend for periods up to 10 years. This needs a close examination of the bonds and credits thereon and overdues. Mere tabulation of the overdue debts would not do. Each case should be thoroughly examined. The genuineness of the loan and the balance should be ascertained. Very often, it is the close examination of overdue cases that reveals fraud and irregularities such as **bename, misappropriations of collections, non-disbursement of loan, subsequent alienations of the pledged property and so on.** Sometimes even the death of a member is detected by the auditor only at the examination of overdues as owing to his death there has been no repayment. In such cases and also in case a surety dies, the loan account should be closed. The auditors will have to particularly study cases of more than one year overdues and append a statement to their audit report in the form now prescribed as appendix to liability register detailing more fully why the overdues continue so long. It has to be noted that the first symptom of decline of a society may well be discerned if even a single loan, be it surety or mortgage, is found, in respect of which there have been no repayments at all either for principal or interest for three consecutive years. In scrutinising this point, any adjustments to the dues of the loan, of dividend *etc.*, should be ignored as they are not at all actual payments by members. When a case of such a loan without any payment for three consecutive years is found, almost undoubtedly there would already be very many other cases of overdues in the society of varying degrees of unpunctuality. In fact, such a case may be the first of a series of such cases which will come up one after another. This poison should not be allowed to spread. The case of even a single time-barred loan in a society determines positively the growing decline of the society and its spread should be effectively arrested. All cases of time-barred loans must be promptly reported specially to the Assistant Registrar with full details. The Assistant Registrar has decided as a rule, if any society has even one case of time-barred loan, to order an enquiry under section 35 of the Act to mend matters or end the society. Seeing that there are yet several old cases dragging on in overdue lists for several years, a special appendix items remaining overdue on the date of his next concurrent audit of all even so far as the 30th June 1922, that is, more than one full year at the opening of the year. This statement should invariably be submitted with the next interim audit report. Though in respect of limited liability societies the liability statement referred to in para 8 *supra* need not be submitted, this special statement of old overdues of more than a year's duration should be submitted for such societies also.

10. TREATMENT OF TIME-BARRED DEBTS.

A time-barred debt should not be allowed to be ordinarily renewed. The debtors in such cases will fall under two heads:—

1. Debtors who readily admit their liability and are willing voluntarily to repay their debts.
2. Debtors who feel inclined to take advantage of the delinquency of the Panchayat and to deny their liability.

In the case of the former it is advisable to get them to pay down the dues in cash even by driving them to borrow elsewhere. If this is not possible, they may be allowed as customer-borrowers to the society, to settle all their debt accounts with the society and get a new bond for all the debts without any special reference to this or that bond they had already executed in favour of the society. Again, for this new bond, a quite different surety who will better watch and control them should be demanded. **In any case no member should be allowed to increase his debt to the society by adding interest to principal.** In other words, he should be compelled to pay down at least the full interest due, and if possible even a portion of the principal. This new bond can then be allowed to pass through the cash book and loan ledger as a fresh transaction with the issue of receipts for the amount received by adjustment.

As to the latter, pressure ought to be brought to bear upon them by Panchayatdars who should be held liable instead for the neglect to recover them in time.

If the borrowers would take advantage of the bond to excuse themselves of payment and the Panchayat is indifferent or inefficient, the liquidation of the society is the only remedy. In such a case, the enquiry under Section 35 which will, as already stated, be ordered in every case in which there is even a single case of time-barred loan should be closed by the person ordered to conduct the enquiry with a recommendation to liquidate the society. When once a society is liquidated, the liquidator can legally recover even sums covered by even such time-barred loans by his contribution order. Thus not even a pie will be lost either to the society or to the creditor. In the former case the operation will leave the society yet alive while in the latter case it will result in its death.

11. CURRENT AND ANNUAL AUDIT.

Attention is again invited to the fact of the obligatory duty laid on the Registrar of the conduct of the audit annually. In our Presidency

the year ending 30th June has been reckoned as the co-operative year. Therefore the annual audit, the certificate of which the Registrar has to issue, as his duty to the society, its creditors and the public, should relate to that year. But the minute and detailed audit in the manner above-stated cannot be done for all the societies for such a year at one stroke. Nor will it be useful or congenial to the well-being of societies to rush it through in that manner. Therefore, the Inspectors on audit duty should, as soon as the annual audit of a previous year is closed, take up the concurrent audit of the current year and commencing it from the 1st July should go down to the very date of their visit to each society which should be taken one after another serially. In fact a programme of the order of the visit of the societies should be made once for all and submitted for approval with approximately fixed dates when the Inspector can visit the society. The Union and the society may also be informed of it beforehand. Though the dates may be deviated if the work takes less or more time than what was estimated, the order of societies ought not to be deviated without the previous approval of the Assistant Registrar. It is during this period of concurrent or otherwise spoken of as interim audit that the more detailed and thorough examination of the documents, vouchers *etc.*, up to that date should be done, so as to leave for the closing audit after the 30th June, as small a quantity of such work as possible. Thus if the audit is done thoroughly up to the date of visit in all respects as above stated and a statement of Receipts and Charges up to the date is also struck up to that date, what will be left to close the final audit and balance sheet for the year will be to complete the mechanical or arithmetical audit from that date to the close of the year relating to the transactions for that period and tabulating the figures. At the end of such a concurrent audit, Inspectors should submit to the Assistant Registrar an abstract of Receipts and Charges and a very brief note of any special items requiring immediate attention. The special statement of overdues of over one year's standing referred to in para 9, if any, with all particulars of action taken should also be submitted with this interim audit report with full comments and advice as to how the arrears can be cleared off earliest. The Inspector should also keep with himself full notes of the interim audit so completed for reference in completing the annual audit notes due after his audit of accounts up to the end of the next June. In case he goes on leave or is transferred, these notes should be handed over intact to his successors. Also such successors should get the notes without fail. They should immediately report about any delay or default made by the outgoing officer.

12. ADMINISTRATION.

Quite as obligatory as the annual audit under Section 17, the registration of a society under Section 9 or its amendments under Section 11 and the dissolution of a registered society under Sections 39 and 40 should entirely be in the hands of the Registrar and therefore of the Department. There are other duties which are prescribed for the Registrar under the Act with powers of delegation even to non-officials if suitable persons are available. For instance, Sections 35 and 36 give powers to the Registrar to make enquiries regarding certain important matters relating to or inspect a society *suo moto* or on the motion of the Collector of the District or of a bulk of the members of the society or on the motion of its creditor. He is also authorised to direct any person to discharge the duties on his behalf. Section 43 (4) and the Rules framed under it, provide for the referring of disputes including claims for recovery of debts to the Registrar. Here again, he is given power to delegate his duties even to any non-official appointed by Government as an Honorary Assistant Registrar with powers given to dispose of such cases referred to him or the Registrar may himself appoint arbitrators and refer such cases to him for disposal. If suitable working non-officials are available these duties can be well entrusted to them.

Besides these two sets of administrative duties, there are a very large number of items now done by the Department which are not ordained by law for their personal attention. They are done because the non-officials and institutions have not taken upon themselves fully the task with a full sense of responsibility, *viz.*, (1) organisation of even ordinary credit societies, (2) starting after registration even those societies organised now by non officials, (3) initial and subsequent instruction to them in transacting business and account-keeping, (4) actual working and account rendering to its own members, creditors and to Government, (5) applying for loan from financing banks, (6) sanctioning suitable remuneration to the actual workers, (7) affiliation and disaffiliation of societies to local Unions, (8) framing and passing budgets of societies, their Unions and Federation, (9) actual collection of dues from members to societies and from societies to their creditors, (10) detection and check of fraud and sanctioning and sometimes even instituting legal proceedings against those who have handled moneys of societies, (11) arranging for and holding not merely the Provincial and District conferences, but also local aud business conferences of Unions and Stores *etc.*, for the special education regarding the actual working of various activities and the mutual exchange of ideas on difficulties and on problems solved and pending solution in each item, (12) arranging and holding classes for the training of supervisors and honorary workers in general principles and special working of various

kinds, (13) preparation of suitable home literature for countryfolk to get familiar with the principles and working of co-operators and propagating them broadcast, (14) pushing on the movement to the lower and poorer classes more and more and pulling them up, and above all, (15) general spread of the gospel of 'Co-operation' all over the country to get a network of societies of various kinds with their supervising, trading and financing Unions and federations and banks.

All these items ought to be taken up by the non-officials and this has to be worked up to gradually and steadily. The administrative Inspector is deputed to educate and help non-officials where available to take these items. He has himself to do them when there are no such non-officials and the Unions are not yet fully developed or competent to handle them. The circular issued on the special duties prescribed for him is already full and need not be dilated upon further here.

REVIEWS.

I

"*The Control of Industry*" By D. H. Robertson—with an Introduction by J. M. Keynes, pp. X and 169, Nisbet and Co Ltd., and the Cambridge University Press, 1923:—By Mr. C. S. Srinivasachari, M.A., M.R.A.S.

The series of Handbooks of which this book forms the fourth is intended to expound the elements of economic method in a lucid, accurate and illuminating way which would enable the reader to think further for himself on the topics described. The book does not make a pretentious original contribution to knowledge or even attempt at a complete summary of all the principles of the subject but only treats of general principles in a lucid manner so as to be easily applicable to the solution of problems.

The Control of Industry should on the one hand ensure that all the persons engaged in industry shall not become mere instruments of production nor mere passive spectators of its fruits, but retain the character of self-directing workers and consumers. Control is mostly by the State and by organised labour, and the control which in origin or purpose is negative, may develop into control which is positive and constructive.

After tracing the working of the two conflicting principles of differentiation and integration in modern industry—differentiation embodied in the specialisation of workers and machinery in a single firm by means of division of labour and standardisation of parts, and management ability and brain power in a large concern which owns a number of factories of considerable size—the writer describes vertical and lateral integrations in manufacture. The integration of successive processes in manufacture is specially marked in iron and

steel traders. The manufacture by a single firm of a vast variety of apparently lateral dissimilar things is lateral integration. There is also integration of manufacture with agriculture and extractions which supply raw materials for the former. There is again integration between different methods of transport—as when railway companies own their own motor and horse transport, steamships and hotels—and also between transport and manufacture. Industrial Companies are in an effective position in many instances to dictate the policy of the whole trade with regard to prices and production. Similarly integration and differentiation are the keynotes of modern marketing.

The Book then traces the organisation of credit for industry which is supplied by Banks drawing in their turn investments; the main economic defects and merits of the Joint-stock company as compared with the private firm and the work of stock exchanges. In all these the service of providing capital is more and more divorced from the service of bearing the uncertainties of business. Industrial initiative has been specialised in by the company promoter though his name has an evil sound to our ears; and it is his primary function to see to the right distribution of resources between the different occupations clamouring for their use. The promoter working with his own resources is often called a financier. And thus we see to an increasing extent a reintegration between the powers of industry and the powers of finance.

America has plenty of the financial machinery of combination, the Trust, the Holding Company, and the Interlocked Directorate. It is always a difficult task, when industry and finance become interwoven, to be certain which dominates; as a rule, however, the last word seems to be wholly with the financier; and his growing power over industry raises difficult issues, though he is in many ways better situated than the specialised industrialist to take a wide and detached view of things. According to Dr. Marshall (*Industry and Trade* pp. 343-44) the power of high finance is great in Germany and its concentrated force is even more striking in U.S.A. Capitalism combines with its control of industry, the taking of risks also. Specialised risk-takers, like insurance companies and speculative dealers in cotton and foreign currencies make their living indeed partly by bearing risks and partly by the process of merely setting them one against another and destroying them. No scheme for the transference of control from capitalism will be good unless it makes provision also for the transference of risk.

Capitalism in control of industry is attacked on the one hand by the consumer and on the other, by the worker who is more and more excluded from all share in the control of the conditions and results of his work. The grievances of the consumer, real and imaginary, are partially remedied by the use of the negative or inhibitory powers of the State e.g., by legislation against adulteration and fraud etc. The 8th and 9th chapters of the Book wholly deal with the methods projected by which the reins of industrial control are handed over to representatives of the consuming public, first, with the merit and limitations of consumers' co-operation, then, with the argument of collectivism in

monopolistic industries, and lastly, with the merits and dangers of partial communism exemplified for instance in the policy of provision for the housing of working classes.

The conclusion arrived at finally in the book under review is that neither consumers' co-operation, nor collectivism, nor partial communism solves the problem of the status of the worker—as all of them have to work within the framework of the factory system *i.e.*, of capitalism considered as a technical method of production. Productive co-operation has not revolutionised industry, nor is it likely to do so. Guild Socialism seems to be the best possible remedy. "Each industry should be reconstituted as a public service, under the control of those who actually work in it, whether with hand or brain. The Guild Socialism seeks to avoid the dangers of bureaucratic and ignorant administration associated with ordinary collectivism and it seeks also to avoid the cruder defects of syndicalism by vesting the formal rights of ownership of each industry in the State, by recognising the claims of brain-labour and by setting in the forefront of its programme the idea of the service of the consumer" (pp. 142 & 143). But the author is careful to add that this does not furnish an economic short cut to salvation; and it would have still to solve the root problems of collectivism; how to reconcile a diversity of vested rights to promote the ebb and flow of productive resources between different occupations.

The last problem to be discussed is that of joint control—association of workers as workers and not as owners of capital in the control of the business in which they work in the shape of co-partnership, the employee-director, joint committee *etc.*,—and joint control on a national scale. The Book closes with the assurance that private enterprise enthroned once again on its pedestal, in order to continue its sway, should become less chaotic, less secretive and less tyrannical and that by its side should prevail collectivism in several cases as well as the co-operative society and the self-governing league of producing units. The Book is full of very good things and very interesting and it takes us on floating as it were in small canal sailing down the summer stream. It is however published in an epoch of transformation and change and of general disillusionment. Let us hope that most of its conclusions will be realised in the immediate future's development.

II

"Report of the I. A. O. S. Ltd., for the year ending with 31-3-'22"—
A Review By Mr. S. Krishnamurthi.

The report under review does not record any remarkable development in Irish Co-operation but only bears testimony to the fact that co-operation, when once it has taken roots, survives gales, nay, even hurricanes. The internal strifes and struggles that Ireland has experienced during the last two years in its stupendous efforts to establish "Swaraj" left clear marks upon the movement. But the marks were only scars and the movement has emerged more or less unscathed from the chaos. A number of societies were closed down by the

military, many ceased to function during the period and others suffered the consequences of interruption in communication and the unsettled conditions of the country. There was a drop in the co-operative trade, but the movement as a whole, broadly considered, suffered less than might well have been expected.

Of registered societies of all kinds there were 1102 on 31-3-22 as against 1120 on 31-3-21 but as elsewhere, in Ireland also, all registered societies are not active societies. The 1102 societies were made up of creameries and their auxiliaries 441, agricultural societies 381, credit 101, federations 2, farming, flax and other societies 170. There was a reduction of the membership by 5000. The total trade turnover of the movement—and the Irish movement is mainly a producers' movement—dropped from £14.6 millions to £1.63 millions. The total trade turnover is estimated to be 70 per cent of that of the previous year and the reduction is reported to be due to the "war year", the decreased demands owing to unemployment in England and the rise in the purchasing power of money. Agricultural societies were almost steady and suffered the least, flax societies suffered the most, creameries were affected much by the condition of market, credit societies lost in membership but gained in the volume of their business. The two Federations, the Irish Co-operative Agency Society Ltd., the agent for co-operative creameries, and the Irish Agricultural Wholesale Society, the agent for agricultural and general purposes societies, suffered from the slump in prices, trade depressions and the unsettled conditions of the country.

The report deals with one or two questions which face generally agricultural co-operators in all lands—the problem of management and the necessity for capitalising the societies properly. The problem of supplying trained, efficient and experienced men for managing co-operative business seems to be as insistent in Ireland as in India, but unfortunately the report does not mention the steps so far taken or professed to be taken in the country to solve this problem. Bombay has been holding special training classes for co-operative managers but Madras has not made satisfactory progress in this direction. The need for increasing a society's share capital and keeping its credit within normal limits is too well known to co-operators to be harped upon. The greater the tendency to live upon borrowed capital, the greater the inefficiency of the movement. The confidence of the public in the movement will also be correspondingly less.

There is an audit department attached to the I.A.O.S. to carry on the audit of its affiliated societies by professional auditors—perhaps our Provincial Union may also have an audit Department of its own. This Department employs professional auditors, and audits conducted during the year under review were 743. Thirdly, societies engaged the services of assistants for accountancy work. The necessity for the audit of co-operative societies, especially societies like the C.C.P. Works and the T.U.C.S. and Central Banks, by professional auditors has been felt by Madras Co-operators, but the day when it will become a realised fact seems to be far off.

The Co-operative Reference Library at the Plunkett House—one of the shrines which co-operative pilgrims rarely failed to visit—continued to carry on its work. The report regrets that the library does not receive the same

amount of recognition and support from the people of Ireland to whom it is intended as from foreign sources. How true of many an useful organisation!

CENTRAL CO-OPERATIVE BANKS IN GERMANY.*

BY A READER.

Rural societies have limited area of operations, slender resources, limited power of taking part in market transactions and their management is by amateurs working honorarily. All these tend to their isolation. The best means of broadening the activities of the isolated societies and of increasing their power to do business effectively is to group them in such a way as to form Co-operative Societies of a higher order. From 1860 onwards they were combined into Central Co-operative Societies. The Co-operative Central Banks are Central Co-operative Societies. They are the banks of the individual co-operative societies and their shareholders are these societies. They undertake supply of working capital or investment of surplus according as the individual societies have a deficit or surplus. The following functions are assigned to them:—(1) the opening of deposit accounts (2) the granting of credit (3) precautionary measures in respect of the maintenance of the solvency of the central bank and of the affiliated co-operative societies (4) advice to societies as regards their investment and transactions relating to them (5) payments without actual transfer of cash i.e., as money clearing-houses.

Both theory and practice differ as to the legal form suited to a central bank. For the performance of its functions the form is less important than its organisation, its method of developing its business, the spirit that prevails in the Board of Directors and the way that spirit affects the conduct of business and the societies themselves. In 1872 Raiffeisen founded central banks with unlimited liability. This was objected to as being illegal by Schulze-Delitsch who emphasised the fact that what might be called the three-storied edifice of unlimited liability societies was highly dangerous. Raiffeisen recognising this danger dissolved them and established in 1876 a central bank under the form of a joint stock company. He secured it against the danger of the transformation of its aim in a capitalistic direction by provisions embodied in the rules, which could only be modified by the unanimous resolution of all the shareholders, which in practice is an impossibility. These provisions limit the dividend to five per cent and prescribe the formation of a reserve fund which cannot be divided or shared. Only unions based on Raiffeisen principles are eligible to hold shares in the central bank. By the law of 1889 it became possible to form limited liability societies with a membership open to other co-operative societies and hence the opportunity for founding central banks as limited liability co-operative societies.

As regards area of operations, the central banks must be in closer contact with the individual societies both in fact, and in personal relations. It is imma-

* Summary of an article by Mr. Karl Hildebrand in the *International Review of Agricultural Economics*. New Series Vol. I No 3 pp. 350—374.

terial whether with this object it fixes its headquarters among the societies that are its constituent members and limits its operations to a small area or whether it sets up branches and covers the whole of Germany. There is now a very close network of co-operative societies throughout the country and the volume of business has greatly increased. The network of central banks and of branches of the Raiffeisen Bank is not sufficiently close in comparison with that of isolated societies. All central banks thus in the end establish branches, business offices, agencies and the like.

The building up of capital was a slow process since the isolated societies were also slowly building up their capital simultaneously. As the foundation capital of the central banks was for the time being quite inadequate for obtaining sufficient credit, the Bank of Prussia came forward with a system of guarantee credit. The basis of credit is the property of the members in proportion to their liability in the society. This form of credit is known as guarantee credit. The central banks ascertain what proportion of the property of the members of a society could be appropriated to meet the demands of the creditors in the event of the insolvency of the society. This system has completely justified itself. It is the accepted system in co-operative societies.

The declaration of exclusiveness in respect of liabilities is essential to this system of guarantee credit. This declaration makes it compulsory for the Co-operative societies in their relations with the central banks and *mutatis mutandis* for the central banks in their relation with the Bank of Prussia, not to accept liabilities apart from the acceptance of savings deposits from members and deposits on current account, except towards lenders who have admitted the principle of guarantee credit such as the central banks and the Banks of Prussia. This declaration of exclusiveness is indispensable to the proper securing of the guarantee, and if it were not compulsory, there would always be a risk that the guarantee might be undermined. The central banks in their transactions with the Bank of Prussia may also give a declaration of exclusiveness in respect of lending operations and the like. By this declaration they are bound to deposit solely with the Bank of Prussia all money which is not lent to their members. In return the Bank of Prussia grants special rates of interest. These two declarations of exclusiveness serve as a balance for adjusting and maintaining the working of the clearing-house system between the central banks.

From this results the fixing of credit according to the declaration of income or assessment for taxation, and the liability of the parties concerned. The total of the credit amounts at most to 5 per cent of the assets of the members in case of co-operative societies with limited liability, but in no case does it amount to more than 75 per cent of the total liability accepted by the members. The central bank cannot, however, grant this credit to its constituent societies without further question and has to take into consideration its own engagements and the credit it can command on the money market. The bank includes in its reckoning the capital invested by the co-operative societies as well as the sums

it can raise on loan in case of emergency. These credits depend on its owned capital and on the guarantee credit of itself and its co-operative societies. Account is also taken of the situation as regards negotiable bonds and bills. The central banks which have at their command a fixed sum in deposits, from the fact that a large number of co-operative societies have placed money with them, are in a position to grant loans up to the maximum limit, which they can do the more readily since they can, if necessary, obtain from their co-operative societies a large total of bills negotiable with the *Reichsbank*. The central banks of Western, Southern, and to some extent also, of Central Germany, are in this advantageous position and also the Raiffeisen Bank, as a result of its wide sphere of operations. All these banks have but little necessity to make a claim on the Bank of Prussia for this guarantee credit, whereas the great number of the central banks of Eastern Germany, which are in this respect unfavourably situated depend more largely on this form of credit. This is regulated in accordance with the principles followed by central banks in their dealings with individual societies. The guarantee credit of the constituent societies is added together and their mutual obligations are deducted from the total. Their owned capital, their loan and other operations are also taken into account.

The central banks are not commercial institutions and their object is to be of service and not to make profits. The dividend is generally limited to 4 to 5 per cent so that they are in a position to give their members not less favourable terms than commercial banks. The risk is also usually less when there is less expectation of profit. Central banks effect the balancing of the surplus and shortage of money on the part of the co-operative societies which never balance each other at any given time. It is sometimes argued that the balancing of the differences should be effected by ordinary banking methods on the money market. But experience has shown that it is more difficult to secure a safe and profitable investment for surplus funds which at the same time preserves them as liquid assets, than to procure resources from outside when there arises a surplus demand for money. The problem of the necessity of having liquid assets is very important and steps are being taken to arrive at a sure satisfactory solution of this problem.

As regards the cost of administration, it is not absolutely necessary to have a staff possessing high technical banking qualifications and commanding high salaries. Hence expenses are low, precisely because there is no need for expenditure on display whether in staff, buildings or fittings. Working expenses of central banks were not very high but now they have greatly increased. The technique of the working of central banks is not essentially different from that of commercial banks. In their relations with the public they must have more patience, not to say more educational competence than commercial banks. The proof that central banks have distinguished themselves in this educational role is found in the success of each bank in gaining the confidence of the isolated co-operative societies, their officers, and their members. As a result of their relations with the central banks the rural population has become familiarised with business. Central banks have been instrumental in bringing about the raising

of the intellectual level of the rural population. Still greater has been their achievement as shown in the progress they have indirectly brought about in the economic welfare of the country people and the contribution they have made to their moral elevation. It is indeed to these banks that the success of agricultural co-operation is due, for in them co-operation found not only bankers and financiers, but friends, counsellors, and helpers who were all disinterested and it thus enabled itself to bring to the rural population support, guidance and enlightenment.

CO-OPERATIVE MARKETING IN CANADA.

REFERENCE.

Report of the Minister of Agriculture for the Dominion of Canada for 1921-22.

Report of the Minister of Agriculture for the Province of Ontario for 1921-22.

Report of the Commissioner of Co-operation and Markets, Saskatchewan for 1923.

Canada is essentially an agricultural country. In 1921 the acreage under wheat was 23,261,224 and the total yield was 300,858,100 bushels valued at 242,936,000 dollars. As the production is considerably in excess of Canada's requirements a very large quantity is exported. The next field crop of importance is oats cultivated on 16,949,029 acres producing 426,232,900 bushels valued at 146,395,300 dollars. This is an excellent feed for horses. In Canada it has been almost definitely shown that horse power will never be seriously replaced by mechanical power. Other grains useful as feeds for livestock are also grown extensively. Besides these, fodder and forage crops occupy many millions of acres. All these have contributed to the great development of livestock industries. There were in 1921, 3,813,921 horses, 3,736,832 milch cows, 6,469,373 other cattle, 3,675,860 sheep, 3,904,895 swine and over 40 millions of fowls.

The marketing of the very large surplus of farm products and livestock amounting to several million dollars has been engaging the attention of the Agricultural Department so much that in most of the provinces there is a separate branch of the Department for Co-operation and Markets whose chief objects are the investigation of marketing conditions for the crops and educational work in connection with the marketing of farm products including organisation of co-operative societies. The Canadian farmers are beginning to realise that "the farmer should own his own marketing facilities" and co-operative marketing of grains is slowly but steadily gaining ground. Probably the most prominent institution for co-operative marketing of grains is the Saskatchewan Co-operative Elevator Company Limited. During the year ending July 31, 1922 the Company operated 332 country elevators handling 34,769,955 bushels of all grains and in addition 2,565,422 bushels were shipped over the platform, making a total handling of 37,335,377 bushels. The total quantity handled at their

terminal elevator was 22,419,398 bushels. The Company made a net profit of 463,057 dollars declaring a dividend of 8 per cent.

For the marketing of livestock, the department controls and supervises all public stockyards scattered over different parts of the country and also provides a very efficient market news service by telegraph analysing the conditions of supply and demand, daily, weekly and monthly. Co-operative marketing of livestock is becoming more and more popular. In Saskatchewan approximately 60 per cent of the livestock marketed was shipped in co-operatively last year. In all provinces sheep and lambs are marketed to a large extent co-operatively. Wool is marketed mainly through the Canadian wool Growers' Ltd., a powerful Co-operative organisation which has branches in all provinces. Expert wool graders are employed and strict grading is done. In 1921, 3,872,825 lbs. of wool were marketed. Co-operative marketing of wool is encouraged by short courses and demonstration lectures on the shearing and preparation of wool for market and by giving assistance to local associations in the collecting and shipping of wool. Short courses are held for three full days and are outlined to cover the outstanding phases of co-operative marketing in relation to sheep and swine. Practical demonstrations are given on judging market classes of lambs and hogs, judging dressed carcasses, proper methods of cutting carcasses, selecting breeding stock, wool grading, preparation of wool for market and modern problems in management. Lectures are also delivered on co-operative marketing, feeding and management and present day problems of the sheep and swine industry.

Co-operative marketing of dairy products is also steadily developing. The department provides weekly and monthly market news about dairy produce and undertakes cargo inspection. "The Ontario Co-operative Dairy Products Ltd." has been formed to act as the marketing agent of 845 cheese factories and 212 creameries. Co-operative marketing of eggs and poultry is much advanced and it is encouraged by the Department. Co-operative marketing has also helped to greater production. Here again, the Department provides weekly poultry market news. The British Columbia Co-operative Exchange is "one of the most aggressive sellers of eggs on the Pacific Coast".

The essential features of co-operative marketing, as can be gathered from the Ontario Report, are that from 50 to 75 per cent of the producers of a certain commodity should sign contracts to market the commodity through one central organisation for a term of three to five years. In this way the producers retain control of the marketing of their product and the fact that such a large proportion of the product is being handled through one organisation touches two vital points in the problem. It permits the very best and wisest distribution and by providing a large volume of business it enables the producers to employ the very best brains in the business to work in their own behalf.

S. DORASAMY.

CONFERENCE OF THE AGRICULTURAL CO-OPERATIVE ASSOCIATIONS OF SASKATCHEWAN, JUNE 1923.

We have received a copy of the official report of the above Conference which was held at Regina, on May 31 and June 1, 1923. This report contains a concise account of a variety of interesting papers read and discussed at the Conference. Mr. George Keen, the General Secretary of the Co-operative Union of Canada, stated that success must depend on the quality of the Co-operators and emphasized the necessity for loyalty on the part of the members. He also pointed out that experienced directors and trained managers were hard to find and said "We must have men who will see a future for themselves in the position of a co-operative manager, who are ready to give a lifetime to the service of other people." Regarding the question of propaganda and education he said "We must spread the knowledge of what co-operation means and we want to get people to think in terms of general improvement of the whole community."

In a paper on "The farmers' store and its place in the community" Mr. J. W. Payne pointed out that "the extent of its usefulness will be largely governed by the amount of support it receives and the amount of support it receives will depend partly upon the efficiency of the service it renders and partly upon the extent to which the Co-operative idea has taken hold of the community". Discussing at length the policy of such stores regarding prices to be fixed, he emphasizes that price cutting leads to disaster and that the safe policy is to follow the current level of prices in a general way to endeavour to make a good profit to build up a reserve and strengthen the association.

In a paper on "collective buying" Mr. H. W. Ketcheson stated that the education of the people along co-operative lines was of course the foundation upon which all co-operative effort must rest. He pointed out that through collective buying all unnecessary cost and expenses were eliminated, thus effecting greater savings and that the three things necessary for success were loyalty, intelligent and efficient management, and democratic organisation and control.

Mr. George E. Collins, in his interesting paper on "Book-Keeping for Co-operative associations" stated that slipshod indifferent, inexact, ignorant and unsystematic accounting had been, is, and always will be responsible for a big percentage of commercial failures. He advocates interim auditing which "consists of examinations from time to time, not merely to safeguard against wrong-doings or mistakes, but also to gauge the departmental and the general well-being of the business." Book-Keeping by "double entry" is essential. After indicating the nature of the accounts to be kept, he makes the suggestion that something approaching standardised accounting with concomitant auditing be ultimately tried".

In his paper on "Co-operative livestock marketing" Mr. J. W. Purse stated that there were three chief points to look at in connection with co-operative livestock marketing. (1) It is economical (2) It is educational (3) It is social. Mr. P. E. Read speaking on "marketing dairy products" said that the requisites to successful marketing were "uniform quality, standardisation of product, with

a ready supply". Prof. Baker spoke on "Marketing farm poultry". He pointed out that co-operative methods might assist in speeding up collection, handling and grading of eggs, poultry *etc.*,

In his paper on "Educating the Co-operator" Mr. J. F. Booth emphasized the need for investigation into the cost of production and marketing. He said that very few people knew the problems connected with marketing and with co-operation, the cost of marketing, the essentials of co-operation, the place and function of the middleman, the working of the grain exchange, the cost of transportation and many other similar problems. This was due to "nothing but lack of education". "The mass of our people have not caught the gleam. This is not surprising. Education is a slow force and you cannot change public opinion in a day, a month or a decade." "What we now need is a division of agricultural economics with a competent staff to undertake farm management and marketing studies. This work can only be done by qualified men who can get out in the field and study our farm operations, our systems of marketing and our co-operative enterprises and then through the medium of the press, meetings and class room, disseminate such information to the students and public of Saskatchewan."

Mr. Waldron, the Co-operation and Markets Commissioner; then spoke on "The farmer's place in marketing." He said that the whole history of wheat marketing could only lead to one decision and that was that the farmer should own his own marketing facilities. He also mentioned the rapid progress that was being made in co-operative livestock marketing and pointed out that the present methods of marketing poultry, eggs and potatoes left much to be desired. He emphasised the need for standardised articles properly put up. "To this end extension work is undoubtedly necessary and better marketing should go hand in hand with the advocacy of improved quality in the produce".

Mr. A. T. McPhail spoke on "Provincial organisation." He said that the farmers had never in any country for any length of time received adequate reward for their labours. He emphasized the need for educational work regarding the best methods of marketing, for, "after all it is the net returns to the farmer as a result of his labour that measures his success in home building." He advocated the establishment of a chair of co-operative marketing in their University.

He also urged that "before co-operation can be successful in its truest and widest sense, the people who join together in such organisations must be animated by the true co-operative spirit-the spirit which realises that what is good for the community is good for the individual and which will remain loyal to the organisation, even when sometimes it may not be profitable personally to do so."

The last paper was by Mr. E. A. Brown on "Pitfalls and failures of co-operative associations". He pointed out that business was not learnt in one day and that it would be well for each new association to go very carefully into the details of operation, otherwise, the chances were that they would eventually fail by the wayside. Among the causes for failures were under-capitalisation,

continual borrowing and operation on bank capital alone, disloyalty of members and the credit system in vogue. "Where credit trading is rife, co-operation is conspicuous by its absence unless there are two kinds of co-operation".

Unlike our conferences, the Saskatchewan Conference had only to consider four resolutions which were all accepted. These related to requesting the government to assist in calling a similar conference annually till a central organisation is formed, appointing an advisory auditor for the next 12 months to assist the needy associations, establishing a chair at the university for co-operative marketing, and formation of a committee of three to draw up a constitution for an association of co-operative associations.

Co-operator.

AGRICULTURAL INSTRUCTION IN CANADA.

REFERENCE:—

- Report of the Minister of Agriculture for the Dominion of Canada for 1921-22.
- Report of the Minister of Agriculture for the Province of Ontario for 1921-22.
- Report of the Department of Agriculture of the Province of Alberta for 1922.

These reports contain a very interesting account of the activities of the Department of Agriculture of the Dominion of Canada as a whole and of two particular provinces. By far the most striking feature of the Department's activities is the very highly organised system of imparting agricultural instruction to the farming community. Each province has a college of agriculture and a few agricultural schools where, besides the general diploma courses extending from 2 to 4 years, a large number of short courses extending from a few days to a few weeks are given not only to the farmers but also to their sons and daughters. Besides these short courses, lectures and demonstration classes are also held.

The results of investigations carried on in the colleges and schools and in the numerous experimental stations and farms are made available to the farmers through the publicity branch of the Department. Mailing lists are kept for distribution of publications and these lists are constantly revised. The chief ways of ensuring maximum publicity are by press articles and by the distribution of "seasonable hints" on an extensive scale and of reports, bulletins *etc.*, on request. Newspapers, especially the weeklies, are supplied with press articles "written in a snappy and readable style and confined to 500 or 600 words where possible". "Seasonable hints" are experimental farm leaflets issued periodically. Along with them announcements of forthcoming publications are also sent out so that the farmers are kept advised of the publications obtainable on application. The publicity branch also designs, prepares and places educational exhibits and distributes literature at all fairs and exhibitions and prepares lantern slides and charts with explanatory notes to be used by the departmental officers in lecture work and to be loaned to agricultural organisations for educational purposes. By these means thousands of farmers get an idea of the work done by the department in its various branches.

The more important agencies that help to impart agricultural instruction to the farmers are the agricultural societies, women's institutes and agricultural representatives of the department. Agricultural societies hold exhibitions and conduct field crop competitions. Horticultural societies rival one another in the beautification of streets, homes and surroundings in cities, towns and villages, by suitable planting of trees. Vegetable growers' associations hold field crop competitions and garden competitions. Ploughmen's associations hold local matches evincing increasing interest in better ploughmanship and better cultivation of the soil. Livestock improvement associations and poultry associations organise horse shows, poultry shows *etc.*

The women of Canada are taking an active interest in bringing about many rural improvements. There are hundreds of Women's Institutes. Their activities are varied and cover wide fields. Some of the more important are the improvement of public schools and opening continuation schools in rural communities; assistance in medical inspection of schools and in the rural school fair work; introduction of the teaching of music, household science and manual training in schools; establishment of community halls, memorial parks, athletic grounds, rest rooms, sanitary water fountains, travelling libraries *etc.* The Department has an "Institutes Branch" and provides these institutes with instructors for demonstration lecture courses and other short courses in agriculture, household science, home nursing and first aid, cookery, sewing *etc.* An annual convention is also held. Regarding the interest of women in such conventions the Alberta report says that the women were "attentive listeners, intelligent readers, deep thinkers and wise counsellors".

Probably the greatest portion of the task of imparting agricultural instruction to farmers falls on the Agricultural Representative and his assistants. He organises rural school fairs either by himself or with the help of the people themselves and attends to the timely distribution of seeds, eggs and other supplies for the school children for these fairs. Inspection of plots during the growing season is also sometimes done. Regarding the usefulness of these rural school fairs the Ontario report says, "the steady improvement in quality and uniformity of exhibits are the best indications of the educational value of school fairs and their far-reaching effects in broadening and developing the minds of the boys and girls in rural Ontario." The Alberta report says, "We believe the instruction of programme of studies as a subject of formal study in our public schools by the educational men of our country. It makes the agricultural teaching complete. All effort of the children is suitably rewarded and inspires the children to greater efforts in the acquiring of academic and agricultural knowledge, and to a greater appreciation of the importance of the farming industry. It is a community institution, and one of the organised means of promoting community welfare, and, as such, should receive the whole-hearted allegiance of every citizen of the community". Championship school fairs are also organised. Home garden competitions are held in which grown up boys and girls participate. Instructions for planting and caring of vegetables and sufficient garden seeds are provided.

The Agricultural representative visits the gardens and awards prizes "taking into consideration the planning of the garden, care and cultivation, quantity and quality of vegetables produced." He also organises and supervises a number of other competitions such as ploughing, livestock judging, 'poultry judging, acre profits, dairy profit, feeding hogs for profit *etc.* Boys, and girls' clubs, pig clubs, cattle breeding clubs *etc.*, are also organised by him and poultry breeding stations are supervised. The Agricultural representative also conducts a number of short courses on practical agriculture and on livestock judging, milk testing, candling eggs, seed judging, sheep and swine marketing *etc.*

D.

WORKING CLASS BUDGETS IN BOMBAY.*

A REVIEW.

Co-operators in general and of Bombay in particular will derive immense benefit by a careful study of the very interesting and highly instructive report on an enquiry into working class budgets by Mr. G. Findlay Shirras recently published by the Labour Office of the Government of Bombay. The subjects of primary investigation were the size and earnings of the family, the cost and consumption of food, fuel and lighting, clothing, miscellaneous articles, the cost of house rent and housing conditions. 2473 working class family budgets and 603 single men's budgets were collected from May 1921 to April 1922, checked and tabulated, eliminating abnormal items and it is claimed that the Bombay enquiry is based on a larger number of budgets than any other similar enquiry for any single city at one particular period. Of these budgets 90.3 per cent related to Hindus, 6.2 per cent to Mahommedans and 1.84 per cent to Christians. The budgets were classified by income and occupation and representative budgets for each group for the more important occupations were constructed.

The average working class family was found to consist of 4.2 persons, *viz.*, 1.1 men, 1.1 women and 2.0 children under 14, exclusive of 0.6 dependents living away. The average earnings of the family per mensem of all the 2473 families is Rs. 52-4-6. Most of these budgets fall in the group Rs. 40 and below Rs. 60. One wage-earner in the family is most usual. In every 100 families there were 154 wage-earners—104 men, 42 women and 8 children.

The major portion of the Report deals with the expenditure of the family and it is extremely interesting and very instructive. The standard of living is low. "Necessaries for efficiency, such as suitable house accommodation and conventional necessities are not, what they ought to be. The expenditure on education is little or nothing, and children in the mills are not trained up for work as are the children of working class families in other chief industrial countries. Moreover, the families are not, as a rule, able to save to support themselves in sickness or old age. One is driven to the conclusion that teaching

*Report of an Enquiry into working class Budgets in Bombay by G. Findlay Shirras, Labour Office, Government of Bombay 299 Pages with 9 Charts. Cloth Bound Price Rs.3-14

to spend more or less wisely is more important than saving in cases where there is a stubbornly low standard of life." "Spending wisely may be regarded as the crux of the whole labour problem."

The percentage expenditure was found to be as follows. Food 56.8, fuel and lighting 7.4, clothing 9.6, house rent 7.7, miscellaneous 18.5. It was also found that if the size of the family was the same, the greater the earnings, the smaller was the percentage of those earnings spent on food and that the percentage expenditure on cereals decreased and that on "other food" increased, with an increase in income. The industrial worker of Bombay is in diet largely vegetarian. The percentage expenditure on food to total income in the lowest income classes (below Rs. 30) is 70.5 and in the highest income class (Rs. 90 and over) 41.8. The quantities of the various articles of food consumed are also tabulated. The percentage expenditure on fuel and lighting decreases as income rises but is not subject to any great difference between the various income classes. The average monthly expenditure on clothing is arrived at by dividing the total expenditure on each article by its estimated duration. The expenditure on clothing is particularly low in the lowest income classes and rises in the higher classes. The housing problem and its importance are thoroughly discussed. The rents for single rooms are between Rs. 3-8-0 and 5-8-0 and for double rooms Rs. 7 and Rs. 10 for working classes. According to the budgets, about 97 per cent of the families live in single rooms and infant mortality is greatest in one-roomed tenements. Regarding miscellaneous expenditure, "the expenditure on education is disappointingly low being *nil* in the lowest class, and negligible in other classes except in the highest. The average expenditure per month of two annas eleven pies on this account explains the indifference towards education among the industrial workers in Bombay." "The expenditure on liquor is most difficult to arrive at because the worker is averse to giving information on this head. The average figure would not always give an indication of the actual expenditure, because it is the average of extremes. Moreover, it is the average of male workers only as women, with certain exceptions, do not drink." At least about 4 per cent of the total expenditure of the working classes goes on drink and for those families whose members drink, it is 8 to 10 per cent of the income. Interest on debt shows an average of 3 per cent of the expenditure, less than 47 per cent of the families were in debt. The causes that lead to indebtedness are generally connected with marriages, funeral rites, festivals, payment of old debts *etc.* The usual rate of interest is said to be one anna per rupee per mensem. The indebtedness of the family is ordinarily equal to 2½ months' earnings.

Regarding single men's budgets, boarding charges varied from Rs. 9 to Rs. 18, the most usual being Rs. 12 to Rs. 15. Expenditure on refreshments, liquor, tobacco *etc.* is high. 26.2 per cent of the income is remitted to dependents.

The book contains 6 charts and 56 statistical tables including those of other countries. A fairly exhaustive bibliography compiled through the assistance of the International Labour Office, Geneva, is also given.

S. D.

CO-OPERATIVE LEGISLATION ABROAD FOR THE YEAR 1922.*

A comprehensive law on agricultural co-operative associations has been enacted in 1922 in South Africa under date of 19th July. It provides for three kinds of associations, (1) with unlimited liability, agricultural co-operative associations, (2) with limited liability, agricultural co-operative associations, and (3) with limited liability, commercial co-operative associations. The first two may be formed by a group of seven persons, for the third a group of not less than twenty-five persons is required. The first two types of associations may be formed for the sale of members' farm products or for their transformation for the manufacture or preparation of cattle feeds and fertilisers, for the purchase or hire of farm machinery, for the organisation and management of farm insurance, for the organisation and management of warehouses and cold storage plants, for collecting and publishing information on market movements, for recruiting farm labour and for affording credit facilities. The law foresees a wider sphere of action for co-operative associations which may undertake on a co-operative basis all kinds of commercial or manufacturing undertakings and more especially building, insurance and banking. To secure legal status, co-operative associations must register with the Registrar of Co-operative Societies in accordance with the procedure laid down by the Act. Agricultural co-operation has also formed the subject of a law of February 1922 of the United States. The Act does not regulate the formation and mode of procedure of co-operative societies, as these matters come within the province of State legislation; but deals with the commercial activities of such societies in their interstate and international bearings, and in their relation to federal legislation on interstate and international trade matters which come within the purview of federal legislation. The purpose of this law is evident if one bears in mind the provisions of the Sherman Act of 2nd July 1890, which declares illegal all contracts or agreements in the form of trust or otherwise and all understandings for the purpose of restricting trade or commerce between the several states or with foreign countries. The 1922 Act makes an exception to this rule in favour of agricultural co-operative societies, which are thereby recognised as free to enter the fields of interstate and international trade on condition that they do so exclusively in the interests of their members, that their membership be restricted to farmers, that no member has more than one vote, that the interest on share capital may not exceed 8 per cent, and that the society may not trade in produce belonging to non-members for an amount exceeding the value of the trade done with the produce of its members.

Among the agricultural credit measures enacted in 1922 attention must be called to a decree of the Regency of Tunis of 10th August and a New Zealand Act of 31st October. The Tunis decree is a derivative of the decree on mutual agricultural credit of 25th May 1905, which recognised the right of farmers to

* Extracts from the Introduction to the International Year Book of Agricultural Legislation, 1922, published by the International Institute of Agriculture, Rome.

organise local co-operative credit banks. The recent decree of 10th August 1922 extends the functions of these banks empowering them to make loans to their members at average rates for the cultivation of their farms, for the purchase of livestock, and for agricultural improvements. Each loan may not exceed the amount of 25,000 francs for a period which may be prolonged up to five years. The New Zealand Act of 31st October 1922 regulates the organisation and mode of procedure of rural credit societies. These societies, which are unlimited liability concerns are empowered to make loans to their members for the following purposes: (1) clearing, fencing, draining and improving lands, (2) building, (3) purchase of implements, (4) purchase of machinery, livestock, seeds, etc., and (5) discharge of mortgages and other encumbrances on the land. Among the clauses which must be included in the articles of association that which requires that all profits on business transacted be paid into the reserve fund is worthy of notice. A law enacted in Saskatchewan (Canada) on 3rd February 1922 deals with agricultural credit for the purchase of seeds in cases when the farm is mortgaged. It provides further security for the mortgage holder who consents to lend more money to his debtor for the purchase of seed requirements.

An unusual type of association is that regulated by the *Dahir* of Morocco of 28th January 1922. The Friendly Societies with which it deals are characterised by the fact that membership is compulsory and that the functions assigned to them extend to the several fields for co-operation, insurance and credit. Art. 3 of the *Dahir* provides that all native farmers are required to be members of such societies; Art. 2 assigns to them the following functions: the concession of loans in cash or kind to native farmers so that they may keep up or enlarge their crops and plantations, the granting of money or other temporary assistance to poor farmers severely affected by sickness, cattle disease, locust invasions, etc., the protection of native farmers against usury and cornering in their products, the taking out insurance policies against fire, hail, cattle disease, etc., the formation of co-operative societies for purchase, sale, storage and transformation of farm products.

CO-OPERATIVE EDUCATION IN FRANCE.

Under the name of social education France gives a well-organised, widespread and effective civic training. The whole nation is a veritable network of co-operative societies. A few years ago there were more than 15,000 different ones, many of them having numerous branches. The public elementary school teachers have helped to organise many of them. They are organised for children as well as for adults, and are a powerful means of developing social solidarity. Of them a French Educationist says, "Let us note without pride, but at the same time without foolish modesty, the part played by this unobtrusive Government employee (the teacher) takes in the work of social renovation which is going on under our very eyes and more to replace the narrow individualism by the principle of unity and

* With kind acknowledgments to the *Educational Review*, New York.

co-operation". The individual initiative of the teacher finds free play in organising such co-operative activities as the needs of the particular communities suggest. There are local loan funds, community nurseries, cattle insurance societies, co-operative bakeries etc.

The mutual benefit associations, organised in the schools in 1887, had in 1894 a membership of 10,000 children, and in 1914 in the four thousand branches, a membership of 875,000 adolescents between the ages of three and thirteen, and 100,000 adolescents between the ages of thirteen and eighteen, grouped in special sections. The salient features of these associations are voluntary membership, weekly dues of ten centimes divided equally between a general relief fund and a personal deposit towards pension, and annual benefits of a million francs to sick children. Branches are found in the *bycoes* and *colleges* as well as in the primary schools. In parts of France is the forest benefit associations, which is re-foresting bare hill-sides. In 1902 fifty branches of this association in the Department of Jura planted 200,000 trees. Preventive hygiene is also a part of the mutual benefit associations. Some of the surplus is used to send weak or anemic children on long vacations or to support open-air schools. Three hundred sickly children were sent to a Forest Colony in 1915-16. During the war child members in uninvaded areas refused to divide the surplus accruing each year, but set it aside to help members in invaded areas.

Edonard Petit says, "the benefit association is the best known and most popular institution through which social education is organised and strengthened in the school. It permeates the school, and is a living convincing lesson in co-operative ethics. It is of a practical tangible nature. It establishes a bond of common interest among all societies included within its membership, amalgamates them, and cements them into a unified whole." The control of this association is largely in the hands of teachers and officials.

In 1910-11, there were in France 6541 associations of former pupils of primary schools and 1800 athletic societies of one kind or another, the majority of whose members are young adolescents. The report of the Inspector General to the Minister of Public Instruction of 1902-3 says of the work of these societies, "One feels himself in the presence of a young new world which is being born into the customs of conscious democracy, voluntarily disciplined. What spirit, in the organisation of fetes and such earnestness as follows when in the committee meetings there are considered the admission of members, the bye-laws, the interval regulations, the subject of conferences! The association of former pupils become for the working rural adolescent the school of liberty itself. The common purpose is to recreate, to instruct, to give mutual help. To-day, thanks to the school, grounds in the better cities and villages are entirely transformed. Demountable stages and built scenery painted by voluntary workers, improvised show troupes, orchestras, choral groups often fill with colours and sound the vast classic Saturday evenings and Sunday afternoons".

These groups have made a start in evening classes. They have made the school a real community centre. The young people take the initiative themselves,

Such societies are one of the most effective means employed by French Education to teach young people to live co-operatively, and they develop a social solidarity that rests upon a firm foundation.

CORRESPONDENCE

BORROWING POWER IN PRIMARY SOCIETIES.

"Co-operator" in an article published in the First Sub-Committee Notes for the XII Provincial Co-operative Conference in December 1923, makes out a strong case for fixing the borrowing power at so many times the paid-up share capital in addition to the proportion of the net assets. He also compares the provision of fixing likewise in the case of limited liability societies and consoles himself that the same provision may advantageously be applied to unlimited liability societies. I appreciate the force of this argument if comparison can be allowed; but an unlimited liability society stands on a different footing in relation to its finance from a central bank and the credit which the borrowing power as fixed in the by-laws of a limited liability society commands in the central bank has no comparison to that of an unlimited liability society. Central Banks as a rule do not recognise the limits fixed in limited societies and the practice in many banks varies that some of them do not send more than an equal amount of the paid-up shares. At the same time the borrowing power fixed in the by-laws of an unlimited liability society is given prominence in deciding loan applications, and the Central Banks treat them as the proper credit allowed to the society by the Registrar after careful consideration of its assets, management and business capacity. The committee on co-operation lays emphatic stress on the necessity of assessment of credit of each society every year, and the Registrar is to fix it according to the working of the society either raising or lowering it. There is every justification for the central bank to recognise it as the credit it can be allowed and no other scrutiny is necessary so far. The suggestion of "Co-operator" is to have not only a proportional credit on the net assets basis, but also to have one in proportion to share capital. The Central Bank cannot treat it as assessed credit and will have to use its discretion as is done to limited societies. The result will be very much disadvantageous to rural societies and the flowing of credit on the mere asking will get a serious setback. "Co-operator" in his enthusiasm to get a large amount of paid-up share capital in societies, forgets the dangers of a serious change in a settled practice and suggests an attraction to increase the share capital in village societies. The consequences of such a propaganda, impracticable and unjustifiable as it is, are the societies become not only disheartened, but also degenerate irrecoverably. The very same committee, when dealing with share capital of primary societies, rightly remark that "the best method of attaining a permanent capital is to arrange for a wide margin between the rates of interest at which the societies borrow and lend, thus securing a substantial annual profit to be carried to the reserve, and India is in a peculiarly fortunate position since the high lending rates current make a wide margin possible. They have no objection to a substantial share system provided that

shares are not used to create disabilities against poor members." It will be seen that the committee did not approve of the imposition or compulsion of a large amount of shares in village societies and the attractive design of allowing a borrowing power on shares is unsuited and productive of many irregularities. Unfortunately for us, the Gospel of Co-operation preached by the committee with regard to reserve fund and share capital is perversely adopted; reduction of the rate of interest to diminish the reserve fund or have no reserve, and increase of share capital by paying in a lump sum during admission, are the two important co-operative principles now preached from the pulpit by some of the higher gods! "Co-operator" seems to be one of those theorists who could not see face to face how such unpractical systems are to be worked in societies. If large amounts of shares are demanded in a society of borrowers, the sure way of payment is to deduct it from the loan got and such amounts will necessarily be adjusted to the loans as a last instalment, and there will be no permanency in it. Further the tendency of the member generally is to have the share capital as low as possible and unless compelled, not to pay, since he is not able to save anything when there is loan due. Such compelled payments ought in its real nature to go to adjust for the loan dues eventually. Adjustment of share capital can easily be done, under the present by-laws, either on the expiry of the 5 years period or on default of payment of share instalments or loan at any time. Such is the stability of the share capital in unlimited liability societies, on which "Co-operator" wants to fix the borrowing power and the financing banks will be committing suicide if this perverse doctrine is given effect to.

M. S. SESHACHALAM.

NOTES AND NEWS.

The 12th Madras Provincial Co-operative Conference.

The deliberations of the 12th Madras Provincial Co-operative Conference have important bearings on the progress of the Co-operative movement in the Presidency. In fact, all problems of current Co-operative interest came before the various Sub-Committees for discussion and we hope that necessary action will be taken by co-operators to carry out the mature conclusions arrived at the Conference. We are glad to mention that the Conference adopted last time the Sub-Committee procedure for the discussion of different subjects. It not only facilitated expert discussion but also the prompt despatch of business.

* * *

The Address of Mr. A. Sivaraman Menon.

Mr. A. Sivaraman Menon, the Chairman of the Reception Committee, drew the attention of the delegates to a few main problems. The paucity of non-credit activities, the need for land mortgage banks and a revision of the constitution of the Provincial Co-operative Union were the important subjects referred to by him. The case he made out for strengthening the Provincial Union was an incontrovertible one. To delay the building up of the Central Non-official Institute in this Presidency for educational, supervisory and administrative matters by the presentment of the impossible ideal of gradual evolution of the rural primary society into natural Federations, arises only out of the absence of that clear conviction that co-operation is essentially a peoples' movement and that from the early stages the Primary Societies should be trained to discipline themselves under federations formed of themselves.

* * *

State aid and its limits.

As we have very often remarked in our editorial notes there is a limit to State aid. State aid can after all only educate and train the rural farmer in the spirit of co-operation and in the details of working it in the transactions of his daily life. Where State aid transcends this limit, co-operative institutions are not genuinely co-operative. To quote Mr. H. W. Wolff's remarks on this point, "A government may, by exerting its authority or temptingly chinking its gold in the ears of necessitous people, bring about the formation of a large number of credit societies. Now, unquestionably the formation of

a considerable number of societies must appear in itself a desirable object. However, there is an object even more desirable still, and that is, that the societies formed should be sound societies, and qualified to stand by their own strength and endure. Government propaganda does not provide for these acts, it cannot discriminate, because it does not leave it to the judgment of the members themselves forming the society—who were the only competent judges—whether they want a society and whether they will do their best to support it; because it simply urges Tom, Dick and Harry to combine in order that there may be banks. The Government and its officers have no means of discriminating, no means of probing the convictions and intentions of the people whom they urge to form a society."....."Why will these all-wise Governments so needlessly overshoot the mark? There truly is so much that they might do for co-operative credit in a thoroughly legitimate way. They might remove hindrances; they might pass appropriate and mend inappropriate laws; they might do any amount of good in the way of instruction in co-operation in schools and in special classes and no one may grudge the penny that they might choose to spend in such ways. In spite of this they put the cart before the horse—urge people to form societies without taking care that they know what forming a society means." Again, Mr. Wolff refers to the dangers arising out of the State doing the administrative work of co-operative societies. Is it not duplication of work if the State were to appoint a number of Inspectors (to aid whom a large number of subordinate staff paid by non-official agencies is also utilised) for preparing loan applications, sanctioning loans, revising property statements and writing up accounts and at the same time to form non-official co-operative agencies for doing the same work? Instead, agriculture might be financed by the State directly by appointment of inspectors and accountants for scrutinising and sanctioning loans, and keeping up to date accounts of the transactions. But every one is aware that the object in the creation of the Co-operative Department is the far higher purpose of evolving the rural farmers to a position of independence and ability to manage their own economic affairs. Since August 1922, the Registrar has been issuing instructions that the section officers and their subordinates should refrain from doing the work of societies such as the writing up of accounts, collection of dues, preparation of property statements and the loan applications, etc. The section officers were also instructed not to interfere with the working of Unions except in extreme cases. The fact is that the Department has been trying all along only to be the 'guide, philosopher and friend' of the societies'. It has to be borne in mind that the task of a teacher whose purpose is not to inject what he knows into his pupils but to evolve the latter into a fuller life, is a far

more difficult task than that of an administrator. And the task of bringing out the best becomes all the more difficult, when the number under the care of the master becomes too unwieldy for purpose of real education and forces him to coach up his boys by cramming ill-digested matter into their brains and thus making them unthinking storehouses. The position becomes doubly difficult when the master in charge has not been trained for this sacred task of adult education in rural banking and trading, nor endowed with that high capacity needed for the work. In fact the nature of co-operative work is such that even when one goes for organization of societies he cannot do it without the co-operation of the local people; and the inspector when he goes for inspection or organization, naturally requires the help of the supervisor or some members of the governing body of the Unions.

* * *

Non-official responsibilities.

It is easier for the Department to withdraw from administrative duties relating to the societies but not so easy is it to fit them up for managing their affairs. And if the hope of the Department to de-officialise the movement is to be realised at all in the near future, and if its work is not to increase with the formation of a larger number of societies year by year, they must have a very clear and broad vision of the position of non-officials in this movement. It is not proper to think that anywhere in the near future the rural average society will become so developed as to understand its rights in a democratic constitution and its responsibilities as well. The primary society will need careful tending, training and a continuous process of education. It is doubtful whether the formation of a Union will raise enough men with the right qualities for education, supervision and propaganda in that area. The Unions will require federating into a District organisation which may find out a few Raiffeisins for the sacred task of rural reconstruction. To delay the formation of a District Federation is only to forget the real duty of training non-officials in conducting their own co-operative institutions. The proper conduct of a District organisation will not only make efficient the local Unions and the primary societies but be a radiating centre for all co-operative activities in the future. Again there are District problems relating to supervision which can be solved only by bringing all the Unions together. The recruitment and training of the right type of organisers of rural societies, recruitment and training of supervisors who should not be mere props for assisting in the departmental audit but be the rural missionaries for spreading the gospel of co-operation, appointment of paid propagandists for the development of agricultural and industrial co-operation, all will have to be undertaken by a federation of District organisations, otherwise called the Provincial Co-operative

Union. With the progress of the co-operative movement more and more during the coming years, the onslaughts on it will be greater, the obstacles it will have to overcome will be more formidable, the questions that need a compromise and a solution will be many more, and it is but proper that societies should be trained from now to look to an institution of their own for regulating and guiding their actions. There is no use in thinking that one fine morning all the societies in the Presidency could be federated together for preserving their existence in the true co-operative form and spirit, as a body imbued with one principle and acting under one law. The way will have to be paved. And the Government ought to realise that the quicker, easier and healthier method of reaching that goal is by strengthening the central non-official institution with enough financial help, and, thus facilitating its undertaking larger responsibilities. We are glad to note that the Chairman of the Reception Committee has realised the vital need of the Provincial Co-operative Union to function for the whole Presidency. To quote his words, "Do you not feel that the growth of the Co-operative movement can never be healthy if you either leave it to haphazard organisation or allow it to be spoon-fed by the Government? To bring about the uniform spread of rural societies, a harmonious blending of these societies into Local Unions, to create every type of society, and ensure a proper development of the movement, the existence of a central agency like the Provincial Co-operative Union is in my opinion absolutely necessary."

The President of the Conference, Mr. G. K. Devadhar, rightly emphasised the same point of view. When dealing about the surplus in many of the central banks, he showed how the rural societies have not been properly fitted up for the utilising of this ever-gaining surplus; and we quote below the positive conclusion he affirmed about this aspect of the Co-operative movement:—"It is doubtful whether any amount of money over and above that which has already been spent would be needed, and whether a readjustment of the present expenditure brought about by a change of attitude would not be able to secure the objects aimed at. But even supposing that the training and education of societies on an organised basis would clearly involve a much larger outlay of expenditure, the State would have to be ready for it. And it is a clear case for a justifiable and a very desirable form of State aid so warmly advocated by Wolff who is an uncompromising critic of State aid in other forms. In Bombay we receive an increasing measure of Government assistance by subvention for purposes of organisation, education and instruction of co-operative societies which ought to be primarily the function of a non-official co-operative body. There we get to-day help

from Government to the extent of nearly Rs 20,000 a year, the basis of this contribution being one rupee for every rupee earned by the Central Co-operative Institute and its branches. State aid which acts as a direct incentive to popular enthusiasm and sacrifice and brings forth an adequate supply of money contributed by individual co-operative societies towards the establishment of such an organisation is fully justified and such policy should be encouraged and adopted wherever Government wisely recognise the need for putting the movement on a thoroughly sound and popular basis."

* *

Messages and Greetings: The same point of view that sooner or later the movement should be so shaped as to make the societies stand on their own legs, was expressed in one or two of the messages received for the Conference from International Co-operative Federations. In the far off United States of America where wealth is concentrated in the hands of Trusts and Combines, the same question of training the people to conduct their own economic transactions on the co-operative basis is being tackled by the Co-operative League of New York. The President of that League in a short but effective message which he wrote to the Conference has made the following useful remarks "The co-operative movement in India as in the United States is still too weak and undeveloped. The salvation of both countries depends upon the common people learning to administer their own affairs."

* *

Responsibility for Organisation: When one analyses the resolutions passed at the Conference, the need for strengthening the position of the Provincial Co-operative Union as the central institution for the Presidency will be clearer still. It is but an elementary principle ruling all human actions that creation and tending should go together if the object created is to develop on efficient lines. Unless organisation work is completely done by the Local Unions, they will rather consider that they are assisting the Department by supervising the societies organised by the latter. The responsibility for supervision can be strengthened only by transferring the work of organisation to Local Unions. In fact, in most places, the Inspector requires the services of the governing body members or the Supervisor, whenever he organises a credit society. The resolution on this subject passed at the Conference establishes the principle that the Unions concerned should necessarily be consulted before credit societies are registered. We cannot say how far the consultation of Local Unions at the present stage will go to influence largely the work of organisation of societies by officers and their subordinates in the

Districts. The Local Unions have not been trained in organisation work. It would be far better if at the beginning of each year the departmental officer formulates a programme of organisation consistent with the need of localities in full collaboration with the District Federation which may consist of a few individuals who will be in a position to give him points in matters of organisation. Economic enquiry, local knowledge, possibilities of discovering human material, arrangements for supervision, have all to be considered in detail before the formation of a credit society in an area. It may be that the credit needs of a village may require different handling from that usually in vogue. It may be that the repaying capacity of an area will have first to be improved by the introduction of subsidiary occupations before co-operative credit can really help the people there. The district will require mapping out, and it can be done with more efficiency if a conference of the representatives of Unions, the Assistant Registrar and the officers of the Revenue and Agricultural Departments were held each year for this purpose. But more than all, the organisation work will have to be standardised. Training classes will have to be conducted for the organisers by the Provincial Co-operative Union if the right type of men possessing the general capacity and intelligence to survey areas and organise successful societies, are to be recruited for the movement.

* *

Autonomy of Local Unions. Again the Conference has passed a resolution that "Local Unions be autonomous and that they shall not be interfered with (as in the matter of appointment of subordinates, in fixing their salaries and in passing their budgets) by any outside agency in any manner, unless a specific request be made by them therefor." The resolution signifies more than what is expressed in it. It should not be taken to mean that the Local Union desires only a few more privileges and a greater freedom from official restraints, but it lays down the teaching method in co-operative education. It requires that the Department should not weaken the sense of responsibility in Local Unions by being their executive agents, but should definitely make clear to them that, if at all any help is given by the departmental staff, it is not because that it is part of their duty to do so, but because a specific request is made therefor by the Local Unions concerned. At present there is no feeling in the Local Unions that they are responsible for all matters of supervision and administration in their areas. This is due to several reasons. Zealous inspectors have not come to realise that every action done by them with a view to the prompt despatch of business in the societies and Local Unions only delays their training to administer their own

affairs. It is due to the absence of a well-defined programme of co-operative education and training of Local Unions, on the part of the Department. It is due to a desire to show to advantage the efficiency of an area by the maintenance of up to date registers well filled up, not conscious of the fact that all this work was not done by the Local Union, but by an extraneous Inspector. That there are interferences even by section officers in the routine work of a Local Union so that their audit work may anyhow be completed as early so possible with the assistance of the supervisors is undeniable. In fact there are Unions which have been formed and registered, not from the point of view how far they are compact enough and command sufficient human material as geographical units for organisation, propaganda and education, but as mere conglomerations embracing societies of unsupervisable distances, and which demand special and peculiar kinds of supervision. We have to take note of the fact that there are Unions which are unions only in name but whose every administrative function is being done by the Department. It is still more a pity that an Inspector should dare to remark about the office-bearers of Unions in their minute books.

The annual administrative report beyond giving the amount expended on non-official supervision does not supply any information as to the degree of efficiency attained by Unions in the work of supervision. It is necessary that we should have definite information as to what exactly Unions are doing; what stage of efficiency they reach every year; how many Unions there are which are quite fit to discharge their responsibilities; how many Unions are still in the preliminary stage of learning their work; and how many Unions are making satisfactory progress. Real progress in this direction will only be possible when, to begin with, every Union is made to realise the extent of its full responsibility, although for the time being, it may not be able to cope with it fully. Then it should be made to think and decide for itself what it can do aided by the government staff, and in what directions it requires help from that staff. Except on applications, and applications of a definite character, the Assistant Registrar should not accord help. When once the Union understands what all it has to do, and when once it is made to think and decide for itself what for the time being it can do of itself, and in what definite respects it requires the help of an Assistant Registrar, and when once it is made to understand that such help as it needs will be given but only on application, it is only in these circumstances and under these conditions that one can say what exactly a Union is doing and to what extent it is progressing towards undertaking its entire responsibility. Hence it is from this point of view that the resolution passed by the Con-

ference urges that the Local Union should be given the right to err and learn wisdom by bitter experience; they should be made to feel their responsibility by the non-interference of the Department in their matters, unless they make a specific request for their help.

The District Federation.

It is also necessary that Unions should be trained to consider and decide questions of policy or procedure connected with supervision. In fact, all matters relating to supervision should be left to be considered and decided by Unions. Individual Unions may not be able to undertake this superior task. At present, the Assistant Registrar may do these things, but that will never train Unions. Unless, therefore, matters relating to supervision are considered by themselves, Unions may not take to decisions arrived at by an extraneous agency as readily and willingly as if the decisions were their own. Contentious questions may and do arise and they can be suitably dealt with, not by individual Unions but by a body composed of their representatives. Just as the District Bank undertakes the financing of societies in the district, the Federations of Unions must undertake the regulation of supervision work devolving on Unions. In the absence of arrangements to this effect, the work of regulation of supervision will continue in the hands of the official agency, the Assistant Registrar; and so long as this condition lasts, there will not be much prospect of the responsibility for supervision passing into un-official hands. For these reasons, it is very necessary that in every District a Federation of Unions should at once be formed. The usual objection will be raised "not yet." Unless the move is made in this direction and the responsibility for supervision is thrown on Unions and their federations, real progress will not begin. At no time can it be said that Unions will become perfect when a federation of theirs may naturally be evolved out of them. It is only by starting it and training it that the District Federations can be made an accomplished fact.

It is also necessary that the Unions should be trained in their work. The Union has to see whether the societies in the area are properly and efficiently functioning. They have to educate them in the preparation of property statements and loan applications. They have to make the general body of the societies take an active interest in their affairs. They have to see that each society slowly and steadily increases its transactions not only as regards credit but as regards other important economic needs of the village. A clear exposition of duties and suggestions as to proper discharge thereof will not by themselves be sufficient to train Unions and bring their working to the required standard of efficiency. No doubt the

conducted by the District Federations through the Local Unions, to train a body of experts to promote different types of co-operative societies, to educate District Federations in the holding of training classes for rural secretaries and Panchayatdars of societies and members of Local Unions, to hold honorary organisers' classes for improving the quality in organisation, to discover new recruits for the movement by general lectures on co-operation for youths as well as adults, all these form a large programme of work which can be executed only with the help of a large body of enthusiastic young men. That the Provincial Union has a larger and more difficult task before it, is clear from the request made by the Conference that it should devise a suitable scheme for the concurrent non-official audit of Central Banks. The Conference has also requested that the Provincial Union should take up the training of managers and secretaries of urban and central banks and stores with the co-operation of the Government. It is hardly possible for the Provincial Union to undertake these new functions and responsibilities unless co-operators mean to give their unstinted financial support for its work. We have rather dilated on this question of supervisions by non-officials in the above paragraphs, because we feel that the time has come for them to take a larger responsibility in the building up of the movement. If public spirit is sufficiently advanced in this Presidency to realise that co-operation is essentially a movement of the people, then we will know how much thankful we should be to the Government for its incessant attention to it, and if now and then they impress on us the fact that we have to do things ourselves, there is no reason to show resentment but only to snatch the opportunity in the interests of self-development, civic progress and rural reconstruction on genuinely co-operative, sound and healthy lines.

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CONTENTS.

PART I.

Primary Societies, their organisation, Loans and purposes, and	
Administration	1—98
Redemption of prior debts	9
Short term and Long Term Loans	11—14
Co-operation and Depressed classes	27—31
Arbitration in Societies	29
Maximum borrowing power in Primary Societies	11
Some Business propositions	20
The present out look from certain broad stand points	75

	iv		
Rate of interest in primary societies	...	...	86
Central Banks	...	...	25—91
Land Mortgage Banks	...	...	50—60
Urban Banks	...	...	63—91

PART II.			
Local Unions and Larger Responsibilities	...	...	1—28

PART III.			
Stores and their working	...	...	1—12
Housing	...	...	13—14

PART IV			
Trading Unions	...	...	1—5
The Agricultural Department	...	...	1—7
Farming Societies	...	...	1—6
Irrigation Societies	...	...	7
Producers' Societies	...	...	8—11

CO-OPERATION MONTHLY

Published by
THE CO-OPERATIVE LEAGUE
 167, West 12th Street,
 N. York, U. S. A.
 1 Dollar per annum.

REGISTERED—No. M. 1284



The Madras Bulletin of Co-operation

Issued every month in two languages—English and Tamil.

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Vol. XV.]

MARCH 1924.

[No. 9.]

PRINCIPAL CONTENTS.

(For Detailed Contents, Please see inside.)

CREDIT ACCOMMODATION TO AGRICULTURAL
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NON-CREDIT WORK.—

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THE SIXTH MADURA-RAMNAD CONFERENCE.

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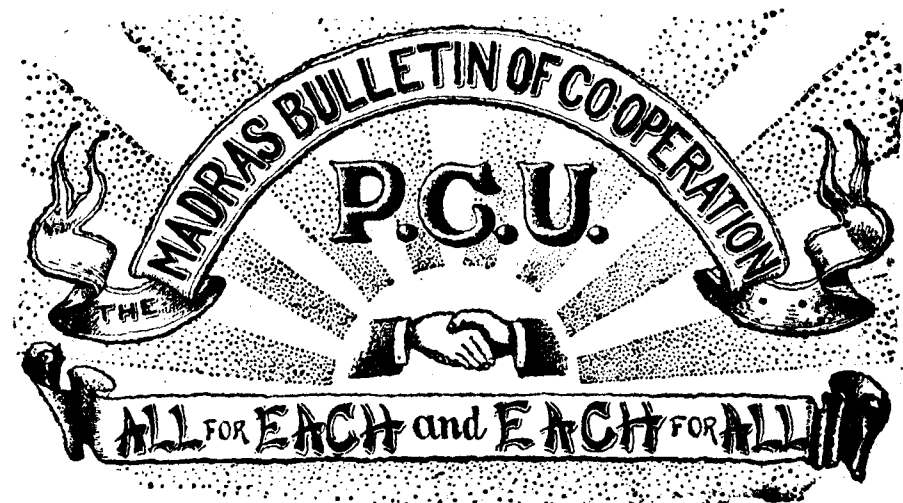
Madras Provincial Co-operative Union, Ltd.,
 Royapettah, MADRAS.

Subscription per annum for individuals and non-affiliated Societies
 Rs. 4, and affiliated and contributor Societies free.

N.B.—Complaints of non-receipt of parts will not be attended to if
 not received within a fortnight after the due dates.

CONTENTS.

	PAGE No.
1. CREDIT ACCOMMODATION TO AGRICULTURAL LABOURERS AND TO THE DEPRESSED CLASSES.—By RAO BAHADUR A. VEDACHALA AIYAR. 	371
2. NON-CREDIT WORK.—V. VENKATACHARI, PRESIDENT, DISTRICT BANK, CHENGELPUT. 	376
3. NOTES ON CO-OPERATIVE LIFE INSURANCE. ...	382
4. KUMBAKONAM COLLEGE CO-OPERATIVE SOCIETY.— ANNUAL COMPETITIVE EXAMINATIONS. 	383
5. CO-OPERATIVE PROPAGANDA :—A SUGGESTION. ...	384
6. RESOLUTIONS PASSED AT THE SIXTH MADURA- RAMNAD CO-OPERATIVE CONFERENCE. ...	385
7. REGISTRAR'S CIRCULAR. 	387
8. NOTES AND NEWS.—FLOOD-RELIEF AND CO-OPERATION — THE FREEDOM OF LOCAL UNIONS — RESERVE FUND IN PRIMARY SOCIETIES — HONORARY ASSISTANT REGISTRARS — THE VI MADURA-RAMNAD DISTRICT CO-OPERATIVE CONFERENCE. 	388



VOL. XV.]

MARCH 1924.

[No. 9.]

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

CREDIT ACCOMMODATION TO AGRICULTURAL LABOURERS AND TO THE DEPRESSED CLASSES.

In rural societies the formula now adopted for finding the borrowing power either in the shape of deposits or as loans from financing Banks, is usually one eighth of the net assets of the members taking the value of their immovable property into consideration. In the case of the societies for the Depressed classes, this formula is deviated from in a number of ways. House property owned by the Depressed classes is not valued much because of the paucity of the buyers of such houses. Hence the value of such houses is not taken into account at all in full when calculating the net assets of the members of the societies. The usual formula of calculating the borrowing power with reference to net assets will operate with advantage in

all credit institutions whose members are recruited from the class of people who have large assets in the shape of immovable property and must as a matter of necessity be applied scrupulously in regard to lending for long term period for ten years. But where credit accommodation is given to run the agricultural industry for the purpose of ploughing, manuring, purchase of seeds, maintenance of labour, cattle, payment of kist etc. and such loans are repayable in periods ranging from 1 to 3 years, a much higher limit of credit accommodation can be allowed and no definite uniform standard of calculation need be laid down. Special points such as the repaying capacity of the borrowers, adequate supervision and efficient management of credit institutions can be taken into consideration in allowing a higher credit limit than the usual standard. The loan given to members on the security of crops are ordinarily repayable within a year and therefore a higher credit limit can safely be allowed to societies by the financing banks to enable societies to give freely the credit accommodation required by all the members. The financing co-operative banks, as distinguished from commercial banking concerns are expected to watch the work of each society and to fix the minimum credit to be allowed to each. The process of revising the credit limit to each society should be done once a year, at least a month before the agricultural operations commence, when the financing bank should intimate the cash credit to be allowed by it to each society. Any increase of borrowing power for any society during the year may be effected with the concurrence of the Central Bank on the scrutiny of figures of assets and liabilities in each society when the necessity arises.

One point worth noticing in this connection is the fact that the borrowing power of each society is regulated by the bye-laws and the alteration in such by-laws requires the sanction of the Assistant Registrar. The Assistant Registrars will be well advised to sanction such revision in consultation with the financing banks as otherwise the latter may not see their way to set free credit accommodation when wanted on the basis of the alteration made. The real responsibility as regards increased borrowing power is with the General Body of each society and it can be expected to undertake such responsibility provided it is able to satisfy its financing bank. Any interference by the Departmental Officers in the direction of forcing their views will result in a set back to the progress of the society. If in any case they feel that the step proposed to be taken by any society in this respect is not a safe course to follow, they may bring the matter to the notice of the financing agency. Where, however, the financing banks feel that they should get better security when allowing a larger credit accommodation than the usual standard, a simple device will solve the problem. The agriculturist's cash is his grain and when

loans are given by rural societies to the members, they may be bound down to return the principal and interest in the shape of grain. The grain so collected can be stocked and sold to the advantage of the members in bulk and at a suitable time when the market price is favourable. The loss arising from such a transaction will be debited against the members concerned. Besides, each society may stock a reasonable quantity of food grain which is likely to be required in the cultivation season for the labourers and the agriculturists and this will serve as a grain storing institution.

This system should be introduced where-ever practicable. Societies which require credit accommodation on this security can be given facilities to remove loans up to 90 per cent of the value of the produce lodged with the society. A large move in this direction well directed will solve the problem of credit to a very large extent. When a large demand in this direction arises, the Madras Bank will be in a position to advance the money required on the security of produce in the actual possession of the society to an extent of at least 75 per cent of the value. The prominent attention of co-operators and financing banks is drawn to this aspect of financing operation.

In regard to societies for the Depressed Classes (these need not include Adi-Dravidas only. It would include a larger class of people, depressed economically and otherwise), the members have to discharge, in a number of cases, very heavy obligations in the shape of prior debts and the case of financing such societies is a very difficult one. On the one hand the poor members could not get adequate accommodation in the society and have therefore to look up to the society and the private creditor for help. Some way has to be found by which the Depressed Classes society may be enabled to liberate the members from the thralldom of private creditors who suck the life blood of these people by levying high rates of interest (the result of inadequate security and the risk of probable loss of capital in a few cases). In finding a solution for the problem, a variety of methods must be thought out and applied suitably to the conditions in each locality.

The ideal to be aimed at in working co-operative institutions intended for these poor people is to finance them liberally to rescue them from the private creditors provided they have adequate repaying power and to regulate their relations with the co-operative institutions suitably so that they can secure better housing, better living and may learn better business. The ideal is not easy of attainment unless effective methods are adopted to run the institutions efficiently. Where the poor men of the Depressed Classes join the regular rural society along with other people, the difficulty of giving them required credit accommodation is not felt but the impression

has gained ground that the caste people do not treat the Depressed Classes fairly well and that the latter should be given separate organisations of their own. It cannot be said that sufficient effort has been made by those entrusted with the duty to educate the village folk to treat the poorer classes with sympathy and respect. The attempts of bringing about good feelings between the Depressed Classes and the other castes have not been given a trial with earnestness. Where, however, it is found necessary and desirable at any rate for the present to form separate societies for the Depressed Classes the question of financing them requires very careful consideration. One method hitherto tried is to call upon the Depressed Classes to build up their share capital by their savings and to give credit accommodation with reference to the share capital so built up.

This device may be successful to some extent in river irrigated tracts where the Depressed Classes may command some savings and accumulate share capital. But they are unable to accumulate share capital to such an extent as to get the credit accommodation required. But the Depressed classes in poorer tracts are not able to accumulate any appreciable amount as share capital and when compelled to do so, secure some private debt and contribute share capital and become dissatisfied when they do not secure the credit accommodation.

Another device is to start societies for the Depressed Classes on unlimited liability basis and to give them a larger credit accommodation than the usual standard provided such societies are supervised by philanthropic bodies as mission institutions etc. How far these are successful is a matter of experience. Tangible results have not been felt till now and even in these institutions credit could not be given in full so as to satisfactorily ameliorate the conditions of the Depressed Classes.

Another device is to start a society for the Depressed Classes along with a society of other castes and to depute a competent man from the latter to look after the affairs of the former. This will operate to some extent successfully provided you get a continuous supply of good efficient and willing workers to do Honorary work. Such a condition can not be predicted in all places and at all times.

Another device is to start a society for caste people and to ask them to finance the Depressed Classes by asking them to give a joint loan to this group under the cash credit system. This method may be more satisfactory than the previous one and may be lasting for a time. Besides this a society which gives a joint loan to a group of the Depressed Classes may be expected to arrange for having control over the source of earnings of poorer men.

Another system which can be worked with advantage is to start a number of societies for the Depressed Classes and to appoint an efficient and well-trained Secretary for a group of societies. The societies will meet a portion of the cost of maintaining the Secretary and the financing Bank will bear the remaining cost. Such group secretaries will be social servants who devote their life for the amelioration of the Depressed Classes and will be maintained by the organisation of the Depressed Classes.

In the case of field labourers the society can undertake the leases of the land and distribute the labour involved to the poorer men suitable to their capacity and increase the earning power of such men to keep up to the obligations. Similarly, such societies can undertake contract of labour and regulate the contract with the aid of the poor men.

The essential thing to be noted in dealing with such people is to secure these poor men freedom from the clutches of the money lender or trader or both and keep them under the care of the society until they are able to shift for themselves. They should be provided with the necessary amount of labour to enable them to keep up to their obligations at the season time securing for them a decent living. When the group of the poor men is sufficiently educated in methods of business and are able to look after themselves they can have a separate society of their own.

Another alternative to this arrangement is to ask the local unions of caste societies to undertake the management of such poor men societies. But the local unions are not sufficiently strong financially and otherwise to undertake this work efficiently. Whatever may be the scheme devised to run the societies for poor men, and it is for District Central Banks to devise suitable methods of working such institutions aided by the advice and help of the Department, the District Central Bank should feel it their legitimate and obligatory task to finance the poorer men in agriculture adequately so that they may carry on their profession so as to secure better living. It is sometimes urged that these poor men should not be spoon fed. This is, after all, an ideal to be reached by various lines of development and the preliminary training in management can be secured by any of the methods suggested or other methods which can be hit upon to suit local conditions. There may be some risk involved in financial matters, but such risks should be undertaken by the people or by the Government or by both if the agricultural industry which depends upon these poor men is to be advanced. Labour plays a prominent part in industries and agricultural labour is an important factor in the agricultural industry. The State will be perfectly justified in spending out of its general revenues some reasonable amount for the steadying of agricultural

labour and for the reconstruction of rural life. Labour in rural parts should not be allowed to associate in such a way as to maintain a spirit of warfare against the land lord capitalist similar to trade unions which conduct incessant war with capital in industrial centres. Labour and capital should be assigned their proper places in the agricultural industry *and this can be done only by applying the principles of co-operation.*

Thus it will be seen that the District Central Bank, the one institution designed for affording credit facilities for the progress of agricultural industry in each District, should not only finance co-operative institutions connected with agriculture to the fullest extent so that all agriculturists and labour connected with agriculture and other rural industries may join the movement, but it should also devise scheme by which the credit liberated is utilised to the advantage of the agriculturists. It should not merely content itself with making a small money contribution for supervision purposes, but it should take active steps to see that the supervising agencies are kept up in a state of efficiency not merely in account keeping and office routine as at present the unions are doing, but also in the work of distributing with care credit facilities to co-operators consistent with their repaying power and in serving the cause of the agriculturists and the agricultural industry.

A. VEDACHALAM.

NON-CREDIT WORK.

However much we may appreciate the work so far done on the credit side of the movement, we find ourselves still at the very threshold when we turn our attention to its non-credit work. We are, no doubt able to point to specific instances in which non-credit Agricultural societies have taken upon themselves the onerous task of joint purchase and distribution to their constituents of a few articles essential for agricultural operations. It is also pleasing to note the rapid increase in the number of co-operative stores and co-operative Trading Unions. These latter do constitute the earnest for the large and far reaching endeavour towards widening the sphere of the movement in the direction of production and industrial regeneration. It cannot be denied that the co-operative movement can be justified only when it stimulates the latent impulse in the nation for production on a large scale. The history of the movement in the West shows that it was responsible for the extraordinary development in the productive capacity of the people brought under its influence. The conditions obtaining in this country that entirely negate the possibility of anything like industrial regeneration even in the distant future, that make conquest of vested interests and the

capitalists impossible for a long time to come are so complex and uneven that we may as well despair of any hope for India's economic welfare unless we are prepared to sink all our differences and join forces together to work out our own salvation through the agency of the Co-operative movement. We are not, as yet, well impressed that the hidden potentialities of Co-operation have been sufficiently brought home to the minds of the industrial portion of the population. The few attempts that are being made here and there towards production under the auspices of the movement are still elementary in character and are of purely local interest. Further, such production would seem to proceed upon no definite principle, at any rate not upon the true co-operative principle that every production must be for the use of the members and not for the sale in the open market for profit. Either that the articles produced are not immediately wanted by the constituents or that we are still unable to bring down the cost of production within reasonable bounds. Hence it is that the country is appallingly slow in its race for production and manufacture on co-operative basis and it confines itself to a system of joint purchase and distribution. Practically then, it is the indent system that is considered safe in the given conditions. What we, Co-operators, earnestly wish for, is that the movement ought to penetrate into the area of the industrial and agricultural classes and with the help of skilled labour thus made available, we must not only create facilities for every day buying from and selling to members but also so work the movement as to ensure better economic comfort to the people. This is the main consideration of all co-operative activity in the western countries and it is high time that similar object should dominate the activity of Co-operators in this country. We must feel and act under the inspiration that the Co-operative movement is a combination of "faith" and "business" and "cannot afford to slip into a groove or to allow its efforts and energies to become scattered." The rule against credit societies doing non-credit work of any kind having been abrogated, the way has been opened for the federation of all societies for concerted action in the direction of production and industrial regeneration. It cannot be denied that the co-operative movement can be justified only when it stimulates the latent impulse in the nation for production on a large scale. The history of the movement in the West shows that it was responsible for the extraordinary development in the productive capacity of the people brought under its influence. The conditions obtaining in this country that entirely negate the possibility of anything like industrial regeneration even in the distant future, that make conquest of vested interests and the

written in reference to his book on the above subject are sufficient to commend his thoughts to us who are seriously handicapped by divers adverse circumstances obtaining in this country in utilising the movement to its best advantage. The root principle of the whole movement in regard to its bearing upon the industrial development is to democratise industry and bring it under the control of not the favoured few, not the capitalists, but of the community at large. According to this able thinker and writer the oneness of course for all the discontent and revolt of the labour in the West was that the control of every industry was with the capitalist who alone shaped its policy, scope and extent and that the industrial classes as a whole were mere wage-earners without any voice therein. It was this circumstance and not low-wages that accounted for the conflict between capital and labour in the past. Long and wearisome was such conflict from the earliest times of the world's history and it had taken tangible shape in the open declaration of one of the earliest Co-operators in the West in the person of Mr. Robert Owen against the concentration of Industry in the few and against the continuance of the misery of the "Hall of the wage-earner." A feeling of democracy railed against the prosperity of the few and the misery of the large Majority and culminated in the formation of a movement wherein the capitalist would not have more voice than the rest of the community, whenever there was no room for the idea of profit at the expense of the welfare of the general public. It was soon discovered that the Co-operative movement whose essential constitution was equality of voice and equality of vote in the administration of particular industries and whose underlying principle was "all for each and each of all" was best fitted to further the cause of democracy by democratising its productive and distributive function. The development of the movement in the West in regard to industrial pursuits affords us a lesson that must quicken our efforts towards more solid work than mere banking and grant of loans for undefined and oftentimes unproductive purposes. In the words of Mr. L. S. Wolff, the writer referred to above, "Practically all societies are federated for industrial purposes in two immense societies, the English and Scottish Co-operative Wholesale Societies. The form and constitution of the C. W. S. is modelled exactly on that of the retail society; the retail society is to the C. W. S. what the individual member is to his retail society. The societies buy the goods which they are going to sell to their members from the C. W. S. for cash; the profits which the C. W. S. makes by manufacture and wholesale dealing are returned to the retail societies in the form of a dividend upon their purchase. The capital of the English C. W. S. consists of £ 2,284,758 Share-capital and £ 6,404,077 loans and deposits; this capital is subscribed or loaned and deposited by the constituent societies. In 1916, its sale to

societies amounted to £ 52,230,000 of which over £16,000,000 or about 30 per cent represented sale of goods manufactured in its own factories". Is this not real Co-operative work that justifies the movement?

Not long ago, a general wholesale Co-operative Stores in the Capital of the Presidency was contemplated to facilitate the supply of the necessities of life to members all over the Presidency. This attempt—still in its nebulous stage, I suppose aims at the propagation of the only method of Co-operation hitherto known to us. The Triplicane Co-operative Stores and similar institutions in the Mofussil are supplying the daily wants of the constituent members. The means of enlarging the utility of these institutions as producing agencies are not far beyond our reach provided that the requisite stimulus exists in the body of the people seeking the aid of Co-operation. No substantial good will accrue from the grant of any special privilege or from any special facilities for public good being thrown open to us, unless we are susceptible of adequate response and sufficiently alive to the responsibilities thrown upon us. I have reasons to believe that there is adequate amount of co-operative spirit all over the country and it is but right that I should expect a general upheaval towards realising—what is urgently needed at the present moment—our duty by our country and the impoverished and weakened industrial classes who are smitten down by unequal competition and by the triumphant overlordship of vested interests. Let us awake, sink down our class and caste prejudices, join forces with all skilled and unskilled labour in the country and embark upon the solid project of a federal and wholesale co-operative society after the model of the English and Scottish wholesale co-operative societies for the improvement of our industries. I am tempted in this connection, even at the risk of being lengthy, to place before you the salient principles that underly similar institutions in the West as in my opinion those principles have the inestimable merit of democratising the activities and broad-basing them upon popular will and popular enthusiasm.

1. In addition to the dividend at a fixed percentage on the paid-up share capital, an additional dividend at a certain percentage on the purchase is given to every purchaser. This principle of the additional dividend has the much desired effect of enabling the consumer to purchase articles at the cost price. He pays the actual cost of production. This is an eminently wholesome element in the constitution that widens the field for membership.

2. The production of commodities was exclusively for the use of the members and not for sale at open market for profit. In a joint stock concern, the manufacture of articles proceeds upon the prospect of high

price at the market and greater profit to the capitalists. In a co-operative society, the production is for consumption by the members. This is the insignia of the democratic principle underlying such institutions.

3. One man, one vote, "It is the man, and his money" that is the pivot of the co-operative industrial system. Capital as such, is the "servant" and not the "Master". The doctrine "money shall make monies" has no application. It is the needs of the man and not those of his money that are catered for. Not that we do not want capital. We do want it, but the Co-operators tell the capitalist, "Capital we must and we will have, but we will be her masters, not her slaves; we shall pay her a fixed and fair wage for services—5 per cent, no more, no less".

4. No new industry will be attempted till the demand is clearly discernible.

5. To have a large market for the sale of the produce all Co-operative Societies are to be federated. From the above it is clear that every co-operative Industrial Organisation, in order that it may succeed and fructify into an organisation for greatest public good should be democratic in its inception and at all stages of its development. As we have seen before, the consumer gets the articles for the actual cost of productions more or less and that no profit at the expense of the constituents is aimed at. Capital has no dominative place, every member having one vote and one vote only. The production is regulated by the wants of the member, and it is intended solely for the consumers who are members and not for sale in the open market. It will be seen that every such organisation will be mainly composed of consumers who represent a pretty large portion of the population. In order that the operations of the society may be on a sufficiently large scale, a large market is essential. The principle of uniting all the societies, on a basis of federation, brings in the required market. No new industry is permissible in the absence of tangible proof of demand by the members.

Our one prevailing weakness has always been to look to the capitalist for taking the initiative which he will never do. It has been already pointed out that the capitalist is not an indispensable preliminary in all co-operative institutions. When the membership is thrown open to all, the cumulative strength thus created paves the way for accumulated funds. Not that capitalists should be eschewed altogether but they, in the midst of conflicting thoughts are slow to move and do eventually move. Indeed all co-operative organisations presuppose an amount of willing self-sacrifice which every man and woman in any given circumstances should be prepared to make subject to and compatible with his means, in life. The

dividend on purchase is obviously very attractive and compensative. All that is needed at the present moment is men with requisite enthusiasm. It will be a mistake if we slip the opportunity to avail ourselves in full of the abundant supply of skilled and unskilled labour available in our market. No doubt the relation between the consumers who must dominate the society and the workmen will present problems requiring some sort of dexterous handling; but the consolation that the latter are to be relieved from the yoke of the unbending and avaricious capitalist and set free to enter into an alliance with the more pliable consumer should enable us to steer clear of all impediments in starting an organisation for the wholesale production and distribution of all necessaries of life. A central Institution to which all societies should be affiliated will work out the object in view sooner and with greater chance of success than a number of such organisations scattered here and there without the force and strength of a united institution. Before leaving the subject, I should express my feeling of joy at the strenuous attempts that are being made by prominent Co-operators in the District towards bringing relief to the poor by new manufactures, and by joint purchase and sale on co-operative lines. We are pleased to note that an Agricultural society with a combination of society and Individual members was formed at Tindivanam with the primary object of preparing the raw produce of the members for market. We are also told that the society has purchased a 36 horse power oil engine. This is a substantial move in the right direction and we fervently hope for the further expansion of its work on purely co-operative lines. Again, the South Canara Garden Planters' Society, composed of the growers of areca and other garden produce as its members has really done practical work by having a trade to the extent of Rs. 3,84,800. We are hopeful of greater and more encouraging results when the society admits Credit Societies also as members. During the last co-operative year there was, we are told, increased activity on the part of Agricultural societies in supplying the agricultural needs such as manure, ploughs and seeds on a system of joint purchase and sale. The Indian Agriculturist is nothing if not conservative. He has practical knowledge into the varying conditions of the soil and the means to be adopted for enriching the harvest but he lacks the means wherewith to provide himself with all necessaries before he begins his operations. According to Sir F. Nicholson, the Indian ryots "habitually live only by means of borrowing. They could not begin to cultivate without borrowing seed, cattle, grain etc." The Co-operative movement should not only solve the problem of India's Industrial regeneration but should also afford sufficient relief to the needs of the ryot who is unable to keep himself and his family out of starvation by the mere approach of famine conditions. Great minds unfettered and

unshackled by local prejudices have already set their minds at thinking as to how best the movements can help the uplifting of the Indian Agriculturists. Meanwhile it is our duty as co-operators to do all that lies in our power to make the ground smooth for the success of new endeavours, strictly co-operative, towards making the Indian peasantry, its artisans, traders and manufacturers feel that the life is worth living.

V. VENKATACHARI,
President.

NOTE ON CO-OPERATIVE LIFE INSURANCE.

In the Bombay Quarterly Review for September 1922, Mr. Kesava Prashad Desai raised certain questions regarding the need and practical workability of the scheme.

For the convenience of co-operators, the questions and answers are noted below:

- I. (a) Are there persons ready to insure their lives in this company?
- (b) How can good canvassing be effected at moderate cost?
- (c) Can the company offer cheap rates to the Policy Holders?
- (d) Can she produce good security to the satisfaction of her members?
- (e) Can co-operators avoid middle men or canvassing Agents?
- (f) Are not the rates of premia now proposed by the company in common with those of other private Institutions?
- (g) Has not the company to meet huge liabilities in the future?
- (h) Does she not require large paid-up and subscribed Capital (to lie idle) on which interest will be a burden to the company?
- (i) Is not the Government Security of Rs. 2 lakhs to be found either in a lump or by instalments, to deserve recognition?

ANSWERS

I. (a) *Policy Holders*:— No Insurance company ever started business with a certain number of Policy Holders ready to join her at first. Business was secured gradually. Anyhow, I may assure Mr. Desai that there are good many co-operators in this Presidency who are ready to join the institution and take large Single Payment Policies, to reduce expenditure and add to the funds of the Company at the very start.

(b) *Canvassing*:— This may be done partly by commission agents and partly by the societies and the Department and also through the medium of our Magazine printed in three languages. We may exhibit

permanent advertisements in our societies, thus reducing enormous cost under this head now incurred by other companies.

(c) *Commission*:—The question is not important as all the companies are required to work under a set of mathematical rules laid down by the International Actuarial Law. But the main advantage and difference is to be found in the ratio of working expenses which amount almost to cent. per cent. on new business in Proprietary concerns, but only up to 40 per cent. in ours, ultimately to be reduced to 15 or 20 per cent. on fresh and 10 percent on renewal business.

Further we pay back large bonus, without litigation and quickly too.

(d) *Security*:—It is intended to start the company as a mutual one, having no two classes of men in it as the share and Policy holders. When all the members are share-cum-Policy-holders, the need for security disappears, inasmuch as the company is a mutual one.

(e) *Middle men*:— Our aim is not so much to do away with the middle men or agents, but to stop huge wastage now shown under working expenses or procuration charges by the shareholders, who appropriate under several heads much money, which ought in reality to have gone to Policy holders in the shape of Bonus.

(f) *Rates*:— Rates must remain common to all the Institutions, as they are framed by the International Actuaries on sound and tested mathematical tables of mortality.

KUMBAKONAM COLLEGE CO-OPERATIVE SOCIETY. ANNUAL COMPETITIVE EXAMINATION.

Subject. Clayton's Co-operation.

Time. One hour and a half.

1. Describe briefly the **aims** and **methods** of what is known as **Industrial Co-operation** in England.
- How is the Co-operative method applied in Distribution, Production, Credit and Agriculture?

What bearing has the subject of **Profit Sharing** on **Co-operation**?

11. Who were:—1. Robert Owen, 2. The Rochdale Pioneers 3. The Christian Socialists? What part did they play in the development and spread of the Co-operative Movement?

III. Briefly sum up the case for Co-operation and the arguments of opponent critics, define the apparent limits of Co-operation and glance at the obvious dangers within the Movement.

CO-OPERATIVE PROPAGANDA: A SUGGESTION.

It needs no saying that the Co-operative movement should take deep root in the county. The principles underlying the movement should first be grasped and assimilated and then put into practice. Unfortunately, in our country the practice of Co-operation has preceded the assimilation of its principles by the people. Perhaps the reason why the movement has not been a success to a desirable extent may be found in this reversal of procedure. In fact the stability and progress of co-operative institutions depends to a very large extent on the right understanding of the spirit of the movement. This truth has been repeatedly pointed out by ardent co-operators, statesmen, reformers, and philanthropists alike. Propaganda work alone has been declared to be the spring of the movement.

It must be admitted on all hands that grown up men whose minds have been nurtured in antiquated ideals, whose outlook is essentially conservative will not be receptive of new ideas and ideals which the movement carries with it. And hence the proper sphere in which the propaganda work may be carried on is the younger generation, who are to be the future citizens, who are highly imaginative and hence responsive, — the student population in schools and colleges.

In this connection it may be interesting to know what is being done in the Kumbakonam College Students' Co-operative Society which has been in existence for the last four years. This Society has been acknowledged by co-operators, official and non-official, to be a very useful adjunct to college life. It is certainly worthy of imitation by other educational institutions in the country and it is extremely desirable also that the several hostels should be run on co-operative lines. One chief method adopted by the Society referred to is the holding of a competitive examination, open to members only, on a prescribed course of reading in Co-operative Literature and the offering of a few prizes for the successful candidates. A copy of the question paper recently set is appended here, with and it will speak for itself.

Now this method affords facilities for the student to carefully study the prescribed book and thus introduces him to the wider literature on the subject. When the student emerges out of his college, he is certain to carry with him into the outer world the lofty aims which his miniature college society represents. The idea of the originators of this scheme of competitive examinations and prizes is to extend this to other institutions as they spring up and eventually to have a common examination for all institutions in the Presidency. It is further intended that there should be in each such institution a course of lectures on the subjects prescribed for the competitive examination in the same manner as lectures are delivered

on literary, historical and other subjects in connection with the respective associations in the college. May we not in this connection draw the attention of the executive of the Provincial Co-operative Union to institute such competitive examinations in other co-operative societies dealing with credit distribution, production, agriculture and the like and to publish good essays from competitors as tracts for distribution. Such a device will facilitate to a large extent the propaganda work. In the Manchester Co-operative Union, the pioneer institution for propaganda work in the English speaking world, such methods are actually employed. It behooves us to follow their footsteps in this noble cause.

A Co-operator.

**RESOLUTIONS PASSED BY THE SIXTH MADURA—RAMNAD
CO-OPERATIVE CONFERENCE.**

Held at Rameswaram on the 19th and 20th January 1924.
(Held under the presidency of the Collector of Ramnad)

DEWAN BHADUR V. T. KRISHNAMACHARIAR.

1. That the Trust Act be so amended as to permit the investment of Trust fund in Central Banks.
2. With a view to attract long term deposits in Central Banks the Conference recommends that deposits for five years and above should be exempted from income-tax.
3. That Provident Funds subscribed by members of societies should not be liable for attachment; and for this purpose the Conference recommends the amendment of Civil Procedure Code and Co-operative Societies Act.
4. This Conference recommends that Government should exempt the transactions of the liquidated societies from court stamps and registration fees.
5. The Government is requested to exempt Co-operative Societies from Companies and Profession Tax by amending the Municipalities and Local Boards Act.
6. That the fees charged by the Industrial Department for giving advice and supervising work on behalf of Co-operative industrial and agricultural societies be remitted.
7. This Conference requests the Government to see that Railway companies permit co-operative societies to send or get goods and parcels at concession rates.
8. This Conference urges that credit sales may be permitted in the case of salary earning employees to the extent of half their monthly salary.

subject to the employer and the employee agreeing to have the amount deducted from the next monthly salary of such employees and for this purpose requests the Department to make necessary amendments in the by-laws.

9. That co-operative stores should be allowed to sell to non-members provided their bonus is to be carried over to Reserve Fund.

10. That a Central Co-operative Stores for the Assistant Registrar's section be established.

11. That the restriction placed on Government servants of Co-operative Department joining Co-operative stores and Building societies be removed.

12. This Conference requests the Government that the money order commission on remittances made by primary societies to financing banks or members to societies or banks be remitted to the extent of 75 per cent.

13. That co-operative societies should be permitted to include pies as well in their postal remittances of money orders.

14. That a District federation be formed with a suitable constitution for the Madura—Ramanad Districts and that a committee consisting of Messrs. S. D. Krishna Iyengar (convener), N. Ramaswami Iyer and P. V. Narayanaswami Iyer do formulate the details and make the necessary arrangements for putting into operation the District Federation.

15. This Conference recommends that special Urban Banks having regular establishment and working in regular hours be permitted to receive deposits from Local Boards and Municipalities.

16. Resolved that the Government be moved to allot larger amounts for being lent to House building societies at 5 per cent and repayable within 30 years.

17. This Conference recommends that with a view to the efficient working of local unions the rebate allowed to them should be temporarily and sufficiently increased by the Madura—Ramanad Central Bank from the surplus profit after carrying it over to the Reserve Fund and paying the dividend.

18. That urban banks and primary societies classified as good need not register their pronotes to Central Banks in regard to short term loans.

19. That co-operative societies should communicate to the sub-registrar's office the discharge of mortgage bonds when a mortgage loan is returned by a member and the sub-registrar's office should make necessary entries in their books.

20. This Conference requests the Government to move the registration department to arrange for the expeditious registration of documents presented to them by co-operative societies.

21. That the restriction of 30 days prior notice for the withdrawal of savings deposit in co-operative societies should be removed.

22. This Conference requests Government that the concession granted to Panchamas in regard to assignment of valuable lands under the Periyar tract should also be extended to other classes organised under co-operative societies.

23. This Conference recommends that a portion of the loans should be set apart in good rural societies for short term loans on the pledge of the produce to the extent of not exceeding 50 per cent of their value.

24. That local unions should affiliate themselves to the Provincial Co-operative Union and be their respective agents to enlist the societies in their area as contributors.

25. Village societies should investigate local conditions as regards subsidiary occupations in their area and report them to the unions.

26. Co-operation should be introduced as a compulsory subject in elementary secondary and training schools.

27. That the normal credit of members be fixed by the panchayats of primary societies and on this basis a forecast of loans should be prepared by them and sent to Central Banks.

28. This Conference recommends that Central banks should receive the surpluses of Urban Banks; where they are unable to do so the urban banks should be permitted to interlend among themselves with the permission of the Assistant Registrar.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES C I R C U L A R.

Subject:—Reserve Fund—Interest—adjustment.

Ref:—Para 5 of Registrar's circular S. C. 1606 of 1909 dated 11-9-09 and para 1 of circular D. Dis. No. 1409 of 1910 dated 7-10-10 published in pages 59 and 60 of Vol. I No. 2 of the Madras Bulletin of Co-operation.

In continuation of the circulars mentioned above, Assistant Registrars and Central Banks are informed that when the interest on Reserve Fund is more than the amount to be paid to the Reserve Fund from the annual profits of the society the balance (interest on reserve fund less amount to be paid from profits to reserve fund) should be credited by the central banks to the general funds of the society concerned.

(By Order) _____

Manager

NOTES AND NEWS.

Flood Relief and Co-operation. We are glad to mention that once more the possibilities of the co-operative basis in economic affairs have been proved by the floods in the Thambarabarani in the District of Tinnevely. The number of houses damaged by the floods from the 17th of December are enormous. They are larger in the Taluk of Sri Vaikundam and Tinnevely. In these taluks the poorest were left afloat without their homes to live in and the small storage of grains washed away. We understand that a relief organization has been formed to render charity to these people made homeless by the floods. But charity always 'dulls the edge of husbandry' and demoralises the taker. And it is the co-operative credit movement that evokes the character in man and, makes him rely on his self-efforts. An agency to lend was required for the people of these parts on the security of their capacity for work, for the satisfaction of their wants as house-building and repairs, land reclamation, revival of trade purposes of cultivation, purchase of bulls and other necessities of life.

We are glad to learn that the officer in charge of the Tinnevely section with the help of his 5 inspectors who have been deputed for the special work, have been able to organize 29 societies within a course of 3 months to serve the needs of 50 villages. We are also glad to learn that the Central Bank of Tinnevely has risen to the occasion and budgeted one lakh of rupees for loans to these societies. There are difficulties of organization—specially in wet land tracts. The villagers have to be approached many a time before they consent to have a society specially on the unlimited liability basis. Special care has to be taken in the grant of loans. The member's real need, his repaying capacity, and his character have to be assessed. More than all, delay in the sanction of loans will not stimulate that spirit in the villagers for forming co-operative societies and relief might not prove practically useful. Hence, necessary loan applications are got prepared then and there and sent to the bank with the recommendations of the Asst. Registrar. The bonds are also got executed by the societies in anticipation of the Bank's sanction and registered. Apart from these newly organized 29 societies, there were 15 old societies which were also affected by floods. So the total number of societies which distribute credit for flood relief at present are 44. The Tinnevely Bridge Urban Co-operative Society and the Kokarakulam Urban Society have lent Rs. 18,000 to 103 members in their areas. In all Rs. 32,000 for house building, Rs. 23,000 for land reclamation, Rs. 8,200 for agricultural expenses, Rs. 4,700 for household expenses and Rs. 5,000 for

revival of trade and other business concerns, have been lent by these 40 societies to 985 members till the 15th February last. A supplementary statement just now received shows that Rs. 91,404 have been issued as loans upto the week ending 16th March. The work done so far speaks creditably of the Tinnevely section of the Co-operative Department and we only hope that the co-operative spirit generated in times of distress will endure in times of plenty as well.

The Freedom Of Local Unions.

The by-laws of the Conjeeveram non-agricultural co-operative Union which extends its operation to a radius of 6 miles round the town of Conjeeveram and has been recently registered indicate a number of changes in the model by-laws which may be very usefully adopted by Asst. Registrars, in other sections. As regards the administration of the supervision fund by the union, "the control of the Registrar of Co-operative Societies" has been omitted and in his place the Dt. federation is asked to guide the union. Again, the pay and allowances are to be fixed in consultation with the federation and not "subject to the sanction of the Registrar". Thirdly, the right of fining and suspending the services of the staff has been restored to this union, while only in case of dismissals the Registrar's approval is necessary. Fourthly, the union is to "sanction travelling allowances to its members and delegates for attendance at meetings on a scale to be approved by the General Body and not by the Registrar. Also the travelling allowances of governing body members are to be fixed by the general body and not by the Registrar. Finally, the by-law mentions that the annual budget of receipts and expenditure need not be submitted to the Registrar for approval but only forwarded to the federation for being passed. These changes indicate the confidence of the Registrar of this section in the Conjeeveram non-agricultural union and we trust that other unions who feel themselves strong to undertake their work will move for these amendments and thus create opportunities for themselves for growing self-dependent.

Reserve Fund In Primary Societies.

Mr. T. Adinarayana Chettiar, M. L. C., put a number of questions to the Hon'ble the Minister for Development on the 7th of March, as regards the smallness of reserve fund in primary societies. The replies given by the Minister are not at all satisfactory. It is said that in the case of the new societies, the purchase of large number of account books eats away the profits. But what about societies who were not able to build up their profits for years even after they were started? We regret to mention

that Mr. Chettiar did not press for the figures of societies in each Dt. which have not remitted any amount whatever towards their reserve fund since they were started. The Minister for Development replied that it would involve much work. We do not consider it so, as the figures can be easily obtained from the annual postings statements and even if it does, it is worth the labour.

Rao Sahib Mr. T. Srinivasa Rao raised this question at the recent Provincial Co-operative Conference. He showed in an article he submitted to the Conference that the volume of expenses for a society has increased. Remuneration for office-bearers, temporary attenders for collection, contribution to supervision fund, travelling expenses for attending General Body meetings of unions and Dt. banks, expenses in connection with receiving the payment of loans as well as remittances to the District banks, these were the various charges which a society has to incur in these days. We have to note the fact that the volume of expenses stands at a certain irreducible minimum irrespective of the volume of business conducted by the society and these expenses cannot be objected to as unreasonable. Neither the early pioneers of this movement laid down stringent rules as regards the formation of reserve fund in primary societies on the unlimited liability basis without calculating these causes. The fact is that in this Presidency primary societies are forced to work at a very small margin of profits of about 2 percent and the members cannot eat the bread and have it too. The risks of unlimited liability are in no way minimised except by building up a reserve fund for the society. And the building up of the reserve fund is possible only by maintaining a larger margin between the borrowing and lending rates in primary societies. In mentioning this point we do not lose sight of the fact that interest rates of a society should not be above the local rural rates. We do not also lose sight of the fact that the societies can reduce the management expenses if non-official institutions create the co-operative spirit, discover the right type of human material, and evoke the civic enthusiasm for giving free one's leisure for all public matters.

Honorary Assistant Registrars.

The public cannot be too much thankful to Mr. Adinarayana Chettiar for his very informing questions about the appointment of Honorary Assistant Registrars in this Presidency. There are at present 75 Honorary Assistant Registrars. Of these, 5 Honorary Assistant Registrars in Madras have no work to their credit. One gentleman whose only qualification for the appointment was his municipal Chairmanship at Rajahmundry has resigned towards the close of the year. Another gentleman in North

Arcot has not been connected with the movement till he was appointed as Honorary Assistant Registrar. About more than a dozen are members of Local Boards. A few have been appointed because they were members or office-bearers of rural societies. When we consider the number of inspections made by these Honorary Assistant Registrars, they are nil in the case of 23, within 15 in the case of about 30, and above 15 to 41 inspections have been conducted by the rest. When one considers the number of days spent on tour, we have to infer that about half of them have not found the time nor had the inclination to go about for more days on tour. We do not want to make any comments on the existing state of things as we understand that the Department is seriously considering that the time-honoured practice of appointing competent men only, from the office-bearers of Local Unions and District Councils should be revived.

The 6th Madura Ramnad District Co-operative Conference.

Rao Bahadur V. T. Krishnaamachariar in his presidential address at the 6th Madura—Ramnad Co-operative District Conference held at Rameswaram on the 19th and 20th January last suggested very valuable lines of thought which deserve to be pursued by all co-operators interested in the progress of the movement. He analysed the spread of co-operative credit in the Ramnad District and drew certain irresistible conclusions from it that other economic methods should be adopted if co-operative credit is to be successful in certain areas. He even said that it is the duty of co-operators to search for economic remedies in general for the grievance from which the ryot population are suffering. The system of sharing produce in Zamin areas "leaves the ryot except where the lands are very fertile with irrigation sources maintained in a very high state of efficiency in a chronic condition of destitution under it and the ryot becomes to accept poverty not merely as a necessary evil but as a state to which no alternative is possible". Then, again he remarked about the evil of rent farming and said that, "it is to the interest of the lessee to obtain as much revenue as he can from the tenants. This results in neglect of irrigation sources and rack renting and litigation. These are not conditions, he said, favourable to the growth of economically strong self-reliant tenantry among whom co-operation can flourish". The above remarks of the Collector of a district should make one pause and consider whether tenancy legislation is not the first step needed before the introduction of co-operative credit. Another point he touched on his presidential address was about the provision for subsidiary occupations in rural areas. When dealing with these two points he said that other forms of co-operation should be tried for the benefit of ryots. He said that societies for repair of tanks should be formed and that rural Panchayats should be entrusted with the task of collecting the kist due to the Zamindar from the village. He also mentioned that co-operative societies should undertake to supply the requisite materials for a number of subsidiary occupations. We trust that the Assistant Registrar of societies of this section will take the necessary action on the suggestions given by the president of the Conference.

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How the Conference began ...	1
I Session ...	2
Address of the Chairman of the Reception Committee ...	3
The Election of the President and Presidential Address ...	9
Messages from Social Service Organisations ...	11
Resolutions ...	15
Vote of Thanks ...	19
Societies for the poorest classes in the City by Messrs. M. K. Venkatachariar and K. G. Sivaswamy ...	20
Deposits and Liability Register by Mr. G. Shriram Babu Naidu ...	23
A Register of Members and withdrawal of share capital in over-capitalised urban banks by Mr. S. Doraswamy Aiyar ...	24
Milk Sellers' Union, Calcutta, by Rev. H. A. Popley ...	25
The Common Good Fund by Mr. T. K. Hanumantha Rao ...	26
Employees' Co-operative Credit Societies and Stores by Mr. S. K. Yegnanarayanayar ...	27
Markets in Cherries by Mr. K. G. Sivaswamy ...	57
Employees' Societies and Thrift by Mr. S. K. Yegnanarayanayar ...	21
Housing and House Sites for the poorer classes by Mr. R. Suryanarayana Rau ...	28
Crafts and Weaving Industry in the City of Madras by the Madras Industries Department ...	32
Weavers' Societies by Mr. K. G. Sivaswamy ...	33
District Co-operative Council by Mr. K. G. Sivaswamy ...	34

Copies can be had from

The Madras Provincial Co-operative Union,
ROYAPETTAH, at Re. 1 per copy.

CO-OPERATION MONTHLY

Published by
THE CO-OPERATIVE LEAGUE
167, West 12th Street,
N. York, U. S. A.
1 Dollar per annum.

REGISTERED—No. M. 1284



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Vol. XV.]

APRIL 1924.

[No. 10.]

PRINCIPAL CONTENTS.

(For Detailed Contents, Please see inside.)

LONG-TERM LOANS—

RAO BAHADUR A. VEDACHALA AIYER.

RESERVE FUND IN RURAL SOCIETIES—

RAO SAHIB T. SRINIVASA RAO.

BUILDING SOCIETIES IN MALABAR—

V. K. MENON.

PROCEEDINGS OF THE CONFERENCE OF BANKERS—

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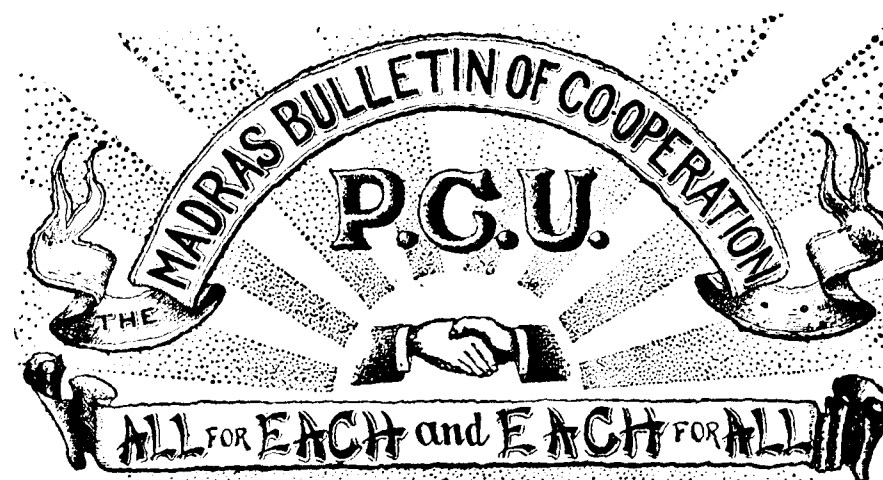
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Royapettah, MADRAS.

Subscription per annum for individuals and non-affiliated Societies
Rs. 4, and affiliated and contributor Societies free.

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CONTENTS.

	PAGE No.
1. LONG-TERM LOANS. RAO BAHADUR A. VEDACHALA AIYAR.	393
2. THE BUILDING UP OF RESERVE FUND IN PRIMARY SOCIETIES ON UNLIMITED LIABILITY BASIS. RAO SAHIB T. SRINIVASA RAO.	399
3. PROCEEDINGS OF THE CONFERENCE OF BANKERS HELD AT MADRAS ON 30-3-24.	410
4. CO-OPERATIVE LIFE INSURANCE. K. RAJA RAO.	415
5. BUILDING SOCIETIES IN MALABAR. V. K. MENON.	416
6. HOW THE SUPERVISING UNIONS CAN ASSIST THE SPREAD OF PRIVATE DEMONSTRATION FARMS N. S. KULANDASAMI PILLAI.	417
7. AFFILIATION OF BIG TOWN BANKS TO LOCAL UNIONS RAO SAHIB T. SRINIVASA RAO.	418
8. NOTES AND NEWS— A REQUEST; AUDIT; H. R. H. THE PRINCE OF WALES' VISIT TO A CO-OPERATIVE STORE; SOME PROMINENT CO-OPERATORS IN THE PRESENT CABINET; WHAT WE HAVE TO LEARN FROM OTHERS; MR. CALVERT ON CO-OPERATION AND AGRICULTURE DEPARTMENTS; AN ERROR CORRECTED.	422



VOL. XV.]

APRIL 1924.

[No. 10.]

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.

LONG TERM LOANS

BY RAO BAHADUR A. VEDACHALAYAR.

In the Provincial Conference of Co-operators held on the 23rd of December 1923, a resolution was passed unanimously by the co-operators to the effect that the Central Banks should give loans to primary societies repayable in 10 years leaving the societies to give loans to their members suitable to their solvency and their repaying capacity. This resolution has been brought by the rural co-operators to protest against the present procedure of Central Banks giving loans only for a period of five years and the Provincial Bank giving loans only for a period of six years.

2. Co-operators have gone in for this resolution to remove a real grievance which they felt in working the societies under the present system of obtaining loans from financing institutions and the remedy the co-operators seek to obtain can only be effective when their grievance is put before the Central Banks and the Provincial Bank in a suitable form, so as to secure their hearty co-operation for removing the grievance.

3. Before stating definitely the difficulties felt by agricultural co-operators, it will be advantageous if we can survey the practice followed by the financial machinery of the co-operative movement, the change made to suit some special circumstances, and the facilities now available to accede to the wishes of co-operators.

4. A Central Bank undertakes to connect the primary societies with the money market. The Money Market may be defined to be an organization with no territorial jurisdiction where money can be borrowed at rates of interest varying with the conditions of supply and demand. The Central Bank actually offers the money market this amount of security it has as paid up share capital and reserve, to serve as a guarantee and brings to the notice of the investors the safe method adopted by it in the distribution of money to the primary societies. The unlimited liability basis and the distribution of credit only to $\frac{1}{8}$ of the net assets of a society form more than sufficient safeguards for the investors. An efficient Primary Society can draw in only local investors. The large money market does not undertake to take cognisance of the security given by each co-operative society, and, therefore, the non-local investors do not resort to such societies for their investment. The banking institutions registered under the Indian Companies Act or under the Presidency Banks Act found themselves unable to deal with co-operative primary societies spread over all parts of the Presidency because of the expenses involved in the investigation of their solvency and the collection of dues. Central Banks are formed to undertake this responsibility. At first, a Central Bank was organized in Madras on a limited liability basis with share capital subscribed by individual shareholders for the purpose of ordinary deposit banking. This bank got fixed and current deposits. Deposits were taken for a year and loans were given at first for a similar period to co-operative societies. The volume of deposits became large and it gave a stimulus to the movement to start co-operative societies in different parts of the Presidency. It was also found by experience that owing to the fact of adequate and efficient management of the affairs of the Bank and of the Government audit, deposits which were received for one year, practically remained in the Bank for a much longer period as the result of the renewal of such deposits. As a result of this attitude on the part of the depositors and of a regular flow of fresh deposits in the bank, the Madras Central Urban Bank was able to repay the matured deposits in time, even though the primary societies failed to keep up to their engagement in a few cases. The next stage of growth was the grant of long term loans repayable in instalments in two to five years. The clamour for such loans became insistent. The Madras Central Urban Bank gave this accommodation and repayments to depositors were made punctually from the collections of primary societies and from fresh deposits. Later on the Madras Central Urban Bank gave credit accommodation to Primary Societies for a period of ten years, the first instalment being payable in the second year from the date of the loan. This practice was successfully carried out by the Madras Central Urban Bank.

Co-operators wanted more credit accommodation in all parts of the Presidency, and the Registrar found that the Central Bank at Madras

would not be able to cope with the situation. More Central Banks were started in various places on the lines of working adopted by the Madras Central Urban Bank. Wherever District Central Banks were started, the Madras Central Urban Bank ceased to operate giving loans to primary societies and gave loans to the Central Banks for a period of 10 years, the first instalment being repayable at end of the second year. Central Banks were started all over the Presidency and in doing so, the Primary Societies were asked to take shares in the banks and become members thereof. A mixed constitution was introduced in the Central Banks and a similar constitution was secured for the Madras Central Urban Bank. All the Central Banks gave loans to the Primary Societies repayable in 10 years similar to the terms under which loans were obtained by the Central Banks from the Madras Central Urban Bank.

Thus it will be seen that Central Banks started all over the Presidency are each separate in their transactions, distributing, as its main function, credit to primary societies. The Provincial Bank similarly handles the distribution of credit to the Central Banks by taking their surplus and by distributing the same to the needy central banks. The Provincial Bank also accepts deposits from the public, takes loans from commercial banks and undertakes the custody and investment of reserve funds of central banks. The Central Banks generally tap the deposits in a specified area which are local and connect the co-operative movement with the money market, while the Provincial Bank taps deposits all over the Presidency and attracts huge deposits, the repayment of which on due dates can be possible only for a bank of such magnitude and connects the movement with a larger money market. The above is a description of the co-operative financial machinery of the Province.

5. The system of deposit banking under which deposits are received for a definite period will be ideally successful, if the sums so received are utilized 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 available to be used by such financing banks in the grant of loans for a much larger period than that for which deposits were taken. The amount which can be so 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 repayable at the end of a year and giving loans for a longer period (3 to 5 years) at the outset and for 10 years later to enable co-operator borrowers in primary societies 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 primary societies. This system was also worked out in almost all the central banks and they discharged their responsibility with care and caution with suitable assistance from the Madras Central Urban Bank. The Madras Central Urban Bank felt the moral responsibility of assisting the Central Banks in times of difficulty and central banks which had surplus supplied the needy ones through the Provincial Bank. This system worked satisfactorily till the end of 1919.

In 1910 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 to their obligations to the depositors. The standard of fluid resource fixed by the committee was 50 per cent of the amount dealt with under current accounts and 75 per cent of savings deposits accepted up to a fixed minimum and with a brief notice of withdrawal. This was found excessive and involved the unnecessary locking up of a large sum of money in gilt-edged securities at a low rate of interest or in cash balance which 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.

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 cash balance or gilt-edged securities in the shape of promissory notes. The intention of the depositors to renew or withdraw the deposits was ascertained in advance and the amount of fluid resource was regulated accordingly.

The committee on co-operation recommended to allow central banks to treat as fluid resource cash credit with a recognised commercial bank of standing and position. An overdraft account with the Madras Branch of the Imperial Bank was secured for each Central Bank and this overdraft arrangement enabled the Central Banks to keep the required amount of fluid resource without keeping a heavy cash balance, a wasteful item and without investing any large amount in Government Promissory Notes. This overdraft now is about 33 lakhs for the whole movement and the fluid resource to be maintained by Central Banks has been fixed as noted below by Government:

- (a) 50 per cent of fixed deposits that mature in the next period of 30 days.
- (b) 50 per cent of current accounts
- (c) 25 per cent 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 Bank, for which 30 per cent has been allowed as a temporary and experimental measure.

A stray financing institution carrying on deposit banking of the type, mentioned, viz., receiving deposits for one year and lending money for periods ranging from 2 to 10 years is likely to feel the financial pressure more frequently than a federation of such institutions is expected to feel. The Central Banks in this Presidency have federated themselves in the Provincial Bank so that the financial pressure felt at any one 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 against any crisis.

Another device is the connection of co-operative Central Banks with the Madras Bank, an institution which has a huge amount of security, good business, management and which is backed up by the cash balance of Government. The overdraft with this 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 Branch. This is the second line of defence.

The Provincial 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. But the financing banks invest their reserve funds in Government securities. This is the fourth line of defence. Then the Central Banks will keep the required cash balance by interdicting lending operations for a time when the inflow of deposits is not very encouraging or when withdrawals exceed the inflow.

The system of deposit banking is absolutely safe and the Department keeps 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 the 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 1920 a considerable stringency was felt in the money market due to the floatation of a large number of industrial companies and the requirements of trade. A large amount of money was absorbed by such concerns in the shape of share capital. These demands offered attractive rates of interest or high expectations of profit, and as a result, the funds which would otherwise be available for the co-operative movement were diverted. Nidhis and private companies and individuals raised the rate of interest paid to deposits and charged to borrowers. Hence more attractive rates of interest were offered to depositors and borrowing rates by primary societies from Central Banks and by members from Primary Societies were enhanced. Long term loans were introduced for a time and overdraft account with the Madras Bank was increased by 20 lakhs even though the rate of interest was increased from $5\frac{1}{2}$ to 5 per cent.

This financial pressure operated for two years and in 1922-23 the co-operative movement assumed the normal shape of things which existed prior to 1920. Deposits from public institutions and quasi-public institutions were allowed to be

put into Central Banks by the Government. The Department faced the question of surplus in Central Banks and lent its moral support to co-operators to reduce the rate of interest charged by Central Banks to primary societies and by primary societies to co-operator members. But owing to the nervousness created in the Department and in the Central Banks inclusive of the Provincial Bank, the Department failed to give its support to the grant of long term loans for a period of ten years from the Provincial Bank to the Central and from the Central Banks to the Primary Societies. Besides the Department in 1922 held the opinion that short term loans alone should be given to Primary Societies, but that long term loans should be secured by some different financing arrangement. The co-operators in the Tamil and Ceded Districts who have been accustomed to get long term loans and to make suitable arrangements for meeting the obligations of Primary Societies to the Central Banks felt the need for money and went in for short term loans which alone were offered, with no intention of repaying them in due time. Hence the present breakover of the short term loan arrangement. The restoration of the practice which existed prior to 1920 to give long term loans for ten years, the first instalment being payable in the second year should be introduced at once in the Tamil and Ceded Districts and free extension should be given wherever arrears have accumulated as the result of the new arrangement in force. This step is not attended with any serious result and the setback in the lending and borrowing operations of Central Banks can be usefully removed. Only one condition should be enforced, *viz.* that in regard to long term loans, primary societies should be interdicted from loaning out of collections and they should be compelled to remit all advance collections to the Central Bank. If this step is taken and this was in force before 1920, there will be no financial crisis by the restoration of the former practice which was tested by experience and found to be advantageous to the co-operators and not hampering in any way the financing banks.

It may also be noted that Central Banks can at present lend to Primary Societies for a period of 10 years even though the Provincial Bank feels itself unable to give loans for periods longer than 6 or 7 years. The Central Banks can afford to transfer the burden of loss if any by this arrangement, as the co-operative institutions which get loans for ten years will be prepared to pay a slightly higher rate, should it be found that long term loans have resulted in any loss by keeping large cash balance to maintain adequate fluid resource. This contingency is not likely to happen in normal times and should abnormal conditions prevail at any time co-operators will be quite willing to meet such conditions.

The Department is requested to consider this question in all its aspects and advise the Central Banks and its officers to restore the practice of 1920 and before, as regards long term loans whenever co-operators desire them.

THE BUILDING UP OF RESERVE FUND IN PRIMARY SOCIETIES ON UNLIMITED LIABILITY BASIS.

BY RAO SAHIB T. SRINIVASA RAO.

The term "Reserve Fund" used in relation to primary societies means all undistributable surplus profits after payment of expenses, including as expenses in societies on the share system the portion of the profits to which shareholders are entitled. The object of every society should be to accumulate a reserve fund composed mainly of such surplus assets until it obtains a permanent capital of its own sufficient to meet all its needs and thus becomes independent of outside assistance. The first duty of the society should therefore be to build up a reserve fund of this character as quickly as possible.

2. These are the observations and recommendations of the MacLagan Committee. To give effect to them the Government have enacted, *vide* Rule IX, Clause (a), as follows:—In societies with shares and unlimited liability, not less than one-half of the net profits shall be set apart as a reserve fund until that fund is equal to one-half of the total liabilities of the society other than reserve and share capital. When that proportion has been reached, not less than one-third of the net profits shall be added to the reserve fund, provided that, if, by any increase in liabilities other than reserve fund and share capital, the proportion of reserve fund to such liabilities is again reduced below one-half, the share of the net profits to be credited to the reserve fund shall be raised to one-half until the proportion is restored. The balance of the net profits, after one-half or one-third has been credited to the reserve fund as above provided, may be divided among the shareholders, subject to a maximum of 6½ per cent per annum on the paid up value of each share.

These directions in the Rule are supplemented by a provision inserted in the model by-law relating to profits to the effect that any balance left out of the net profits after the credit to reserve fund and common good fund, if any (contribution to which latter by the way is optional), has been made, such balance shall be added to the reserve fund.

3. To ensure the quick growth of reserve fund, the rule requires that not less than one-half of the net profits shall be set apart as a reserve fund until that fund equals one-half of the borrowed capital of the society. After this stage has been reached the rule allows the proportion of the net profits to be carried to reserve being reduced to one-third. These provisions clearly contemplate that in the ordinary course of events the working of every society will result in leaving some "net profits" every year; that the reserve fund accumulated at the rate of 50 per cent of such net profits will amount to one-half of the borrowed capital within a certain reasonable and measurable length of time; that the said fund thereafter accumulated at 33½ per cent of the net profits will within a further measurable length of time grow so as to be equivalent to whole of the borrowed capital and displace it altogether; and that the balance thereafter left of net profits will be sufficient for paying dividend to share-holders from whatever the length of time required to reach the first stage (of building up a reserve equivalent

to one-half of the borrowed capital) be taken to be, the attainment of the object within that period will never be possible, unless the net profits do not, or, are not allowed to, fall short of a certain specified minimum ratio to the borrowed capital, the said ratio being relative to and varying with the length of time chosen. The net profits being what is left out of the gross profits after deduction of the expenses of management, it follows that the expenses of management should not be allowed to exceed a certain specified maximum ratio to the borrowed capital; for, otherwise, the net profits will be so disproportionately low that the attainment of the object within the chosen period will not be possible; in other words, even the first stage of the reserve fund growing so as to be equivalent to one-half of the borrowed capital will never be reached.

Such then are the conditions antecedent to and necessary for the due fulfilment of the requirements of the Rule.

4. Let us now proceed to review the present position of societies (primary, unlimited) in the matter of building up reserve, with a view to see how far these conditions are being observed.

The reserve fund is accumulated only in respect of societies which work at profit but not in respect of societies which work at loss. The number of societies which worked at loss, its percentage to the total number of societies, the aggregate amount of loss, and the amount of loss per society, during the past six years have been as shown below:—Not only thus is no reserve accumulated on behalf of about one-half of the societies in the Presidency but these large numbers of societies are working at loss, the amount of loss standing on the 30th June 1923 at Rs. 120 per society. The loss was almost the same five years ago (being Rs. 119 in 1918-19 and during the last three years it has steadily risen from Rs. 93 to Rs. 103 and from Rs. 103 to Rs. 120.

Year.	No. of loss Societies.	Percentage of loss societies to total No. of Societies.	Aggregate amount of loss in Rupees.	Amount of loss per society.	Percentage of uncollected interest to interest due (arrear and current)
1917-18	1014	45	1,54,779	153	32
1918-19	1320	45	1,56,775	119	31
1919-20	Fig not available	—	1,70,718	—	30
1920-21	3049	59	2,84,243	93	34
1921-22	3083	50	3,17,191	103	33
1922-23	3768	53	4,51,272	120	35

5. Three different kinds of explanation have been offered for this state of things. One is the exclusion from profits of interest overdue but not realised, as also of interest accrued (but not fallen due) on loans on which interest is overdue. Referring to this reason, the Registrar in his report for the year 1918-19 has stated that there is nothing really alarming about the state of the societies working at loss; because, in his words, it should be remembered that large sums

THE BUILDING UP OF RESERVE FUND.

of overdue interest certainly recoverable have been excluded from assets and from profits. In his report for 1921-22, the Registrar has explained the same point as follows. Although many agricultural credit societies have not earned a divisible profit during the year, it is clear from the figures of the book profit and of the real loss, that the societies as a whole are thoroughly sound financially. Explanations in these terms may be good in their own way but they are neither relevant to, nor do they explain, how such a state of things which has become almost a permanent, chronic feature in the administration of societies (primary, unlimited) is consistent with the requirements of Rule IX in regard to the building up of reserve fund.

The present method of reckoning profits (excluding therefrom overdue interest and interest on loans on which interest is overdue) has come to be recognised as the proper one to follow in respect of co-operative societies. This being so, the consistency of offering this method as an explanation for societies working at loss is difficult to understand. With this method in force, the past experience extending over a number of years has shown that it is practically impossible to fulfil the requirements of Rule IX. The maintenance of the method, the maintenance of the rule and the continued existence in their present condition of the societies working at loss—these three things cannot co-exist, or, rather cannot be allowed to co-exist.

6. The second explanation is the failure of societies to collect the interest due. At one time, it was thought by the then Registrar, vide his report for the year 1915-16, that, as societies were stimulated to greater activity in collecting arrears of interest, their net profit will increase in future years, so as to admit of their making the contribution expected of them to reserve. Seven long years have elapsed but the anticipation is as distant from realisation as it ever was, as is evidenced by the percentage of uncollected interest to the total amount of interest (arrears and current) awaiting collection. The percentages relating to the past six years show that there has been improvement: on the other hand there has been a retrogression, the percentage of uncollected interest during the last year being the highest on record. And no explanation is forthcoming in the Registrar's annual reports as to whether any special steps have been taken to improve the collection of interest.

7. The third explanation takes the form of a conjecture that the present working of societies resulting in loss is possibly due to some societies being extravagant over their expenditure. This explanation was offered in the Registrar's report for 1918-19. There is no allusion to extravagance of expenditure in the reports of later years. Nor does it appear that the matter has been investigated.

The average cost of management per society for the Presidency as a whole was Rs. 28 in 1922-23, while the district averages for that year varied from Rs. 4 in Cuddapah to Rs. 74 in Trichinopoly. In six districts, the cost was below Rs. 20; in eleven districts, it was between Rs. 20 and Rs. 30; in five districts, it was between Rs. 30 and Rs. 40; in one district (South Kanara) it was Rs. 67 and

in another (Trichinopoly) it was Rs. 74. Similar variations are found among district averages during three previous years also, though during these four years the yearly averages in each district did not generally vary considerably. Just as the district averages vary so considerably from one another and from the presidency average, one need not be surprised to find society averages in each district varying equally widely from one another as well as from the district average. There appears to be sufficient warrant for supposing that the present working of so many societies at loss is due in some cases at any rate to extravagant expenditure on management.

In this connection it must be remembered that with the gradual development of the co-operative machinery during the past ten years, the expenses of management in a society have necessarily come to grow. Expenses of several kinds which did not exist in the early years of the movement have arisen and cannot possibly be avoided.

It is high time that this question is investigated so that a due limit may be prescribed beyond which the expenses of management should not be allowed to go. It is necessary that this should be done, not only to avoid unnecessary expenditure but also to ensure the building up of the reserve fund in the manner contemplated by Rule IX.

8. It will thus be seen that in reviewing the present position of societies, especially loss societies, certain matters which have brought about that position have come under notice, viz., (1) the method in vogue of calculating profit, (2) the rate of collection of interest and (3) the holding of expenses of management under check. No (1) has been held to be appropriate and even salutary. As to No. (2) we find that no improvement has been achieved in the past. Nor as regards (3) does it appear that anything has been done in the past to control or regulate the expenses. We undertook to review the present position with a view to see how far certain conditions antecedent to the due fulfilment of the requirements of Rule IX are being observed. The causes contributing to the present position remaining what they are, either unremediable or unremedied, it remains for us to find out whether the conditions referred to are or are not observed.

9. These conditions are (a) the net profits should not fall short of a certain specified minimum ratio to the borrowed capital and (b) the expenses of management should not exceed a certain specified maximum ratio to the borrowed capital. There is no indication in Rule IX or elsewhere as to what these ratios ought to be. Nor have they been fixed as a rule of practice. The ratios in question are dependent on and variable with the length of time within which the reserve fund should, in the contemplation of the framers of Rule IX, reach the limit of one-half of the borrowed capital. Referring to the report of the MacLagan Committee, we find that in their opinion societies should put at least 2 per cent of their borrowed capital to reserve. The Committee made this observation when dealing with the margin necessary between the lending and borrowing rates. Judging from the manner in which they have made the observation, it appears as though that the question is one which, in their opinion, does

not admit of any serious dispute. I suppose we shall not be far wrong in thinking that the framers of Rule IX had in mind in framing that rule the said observation of the Committee. Assuming for the moment that this is so, let us investigate the present position further. For this purpose let us work out figures for what we may call an average society for the year 1922-23, meaning by that term a society of which the borrowed capital, the paid-up share capital of members, the share capital invested by it in the Central Bank, represent the average in respect of all unlimited societies in the presidency. These figures stand as shown below:—

	Actual average. Rs.	Figure adopted. Rs.
(1) Borrowed capital. ...	3147	3150
(2) Paid up share capital of members held by the society. ...	402	400
(3) Out of (2), the amount invested in the share capital of the Central Bank. ...	197	200
(4) Out of (2), the amount merged in the work- ing capital of the society. ...	205	200
(5) Working capital of the society. (1) and (4). ...	3352	3350

In this "average society", the interest charged to members is Rs. 10-15-0 and the interest charged to the society by the Central Bank is Rs. 8-8-0 (those being the rates generally in vogue during 1922-23); the interest collected from members—amounts to 65 per cent of the demand (this being the percentage of collection of interest in 1922-23); the other items of profit comprise dividend from the central bank amounting to Rs. 18 on the share capital invested in that bank and Rs. 4 being the estimated recurring receipt under entrance fee for a year; the supervision fund (Rs. 16-12-0) is calculated at 8 annas per cent of the working capital; other expenses of management are taken at Rs. 28 which forms the presidency average for 1922-23; and the dividend payable to shareholders amounts to Rs. 25 at 6½ per cent on the paid-up share capital. With these materials the balance sheet is worked out, showing the net profit or loss and the ratio of such profit or loss to the borrowed capital. In doing so, two sets of 'profit or loss' figures have been worked out, one set including under loss items the dividend payable by the society on the members' share capital held by it and the other set excluding it. The ratios to the borrowed capital of the loss or profit show how the society's working stands, whether and to what extent the society is working at loss—in other words, meets its expenses out of its capital, or whether and to what extent it works at profit and is able to carry something to reserve and how long it will take to build up a reserve equivalent to one-half of the borrowed capital. These results are worked out as applying to both sets of profit or loss mentioned above. They are worked out to show the position of the society when as at present the collection of interest is only 65 per cent and when the collection improves so as to amount to 80, 90 and 100 per cent.

These two sets of profit or loss have been worked out for the following reason. According to the MacLagan Committee, the reserve fund means undistributable surplus profits left after meeting expenses, the expenses including the dividend due on paid-up share capital. Under Rule IX, however, the amount due to be carried to reserve is calculated without reckoning the dividend payable as part of expenses. Without the two sets of figures, the results of the working of our societies cannot well be compared, so as to show how far and to what extent they correspond to or fall short of the requirements of the MacLagan Committee and Rule IX. It may in this connection be observed in passing that a moment's reflection will show that in a well managed ideal society the net result will be the same whether the reserve is worked in accordance with the MacLagan's method or the Rule IX method.

The subjoined statement exhibits in one view the several results mentioned above.

Lending rate:—	...	Rs. 10 15 0	per cent per annum.
Borrowing rate:—	...	Rs. 8 8 0	per cent per annum.
Margin:—	...	Rs. 2 7 0	per cent per annum.

Items.	Interest realized by society taken at 65 per cent of the amount due. Interest payable by society taken at 100 per cent of the amount due.	Interest realized by society taken at 80 per cent of the amount due. Interest payable by society taken at 100 per cent of the amount due.	Interest realized by society taken at 90 per cent of the amount due. Interest payable by society taken at 100 per cent of the amount due.	Interest realized by society taken at 100 per cent of the amount due. Interest payable by society taken at 100 per cent of the amount due.
1	2	3	4	5

Profits.

	1	2	3	4	5
1. Interest on working capital Rs. 3,350.	...	238 2 8	293 2 0	329 12 3	366 6 6
2. Dividend from Central Bank on Rs. 200 @ 9%...	...	18 0 0	18 0 0	18 0 0	18 0 0
3. Entrance fee.	...	4 0 0	4 0 0	4 0 0	4 0 0
4. Total gross profits.	...	260 2 8	315 2 0	351 12 3	388 6 6

Loss, inclusive of dividend on share capital.

5. Interest on borrowed capital Rs. 3,150.	...	267 12 0	267 12 0	267 12 0	267 12 0
6. Dividend on paid-up share capital Rs. 400 @ 6½%.	...	25 0 0	25 0 0	25 0 0	25 0 0

7. Supervision fund at 8 annas% on working capital Rs. 3,350.	...	16 12 0	16 12 0	16 12 0	16 12 0
8. Cost of management	...	28 0 0	28 0 0	28 0 0	28 0 0
9. Total loss (Loss items including dividend).	...	337 8 0	337 8 0	337 8 0	337 8 0

Loss, exclusive of dividend on share capital.

10. Total loss, loss items excluding dividend. (Item 9 minus item 6.)	...	312 8 0	312 8 0	312 8 0	312 8 0
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Net profit or loss, after provision made for payment of dividend.

11. Loss after provision made for payment of dividend	...	77 5 4	22 6 0	...	...
12. Ratio of 11 to borrowed capital.	...	2'456	0'710	...	...
13. Profit after provision made for payment of dividend.	...	...	14 4 3	50 14 6	...
14. Ratio of 13 to borrowed capital.	...	...	0'453	1'616	...
15. Length of time within which Reserve will amount to 50% of borrowed capital.	...	...	111 years	31 years	...

Net profit or loss, when no provision made for payment of dividend.

16. Loss when no provision made for payment of dividend.	...	52 5 4	...	...	...
17. Ratio of 16 to borrowed capital.	...	1'660	...	...	...
18. Profit when no provision made for payment of dividend.	...	...	2 10 0	39 4 3	75 14 6
19. Ratio of 18 to borrowed capital.	...	...	0'833	1'247	2'409

20. Length of time within which Reserve will amount to 50% of borrowed capital.

... 60 years 40 years 21 years

The above table shows that when the interest realised is 65 per cent, the society would be obliged to meet loss items from capital to the extent of 2'456 or 1'660 per cent of the borrowed capital according as the loss items do or do not include dividend on share capital. When, however, the collection of interest reaches 80 per cent of the demand the society would still have to meet a portion of its loss items (inclusive of dividend) out of capital to the extent of 0'710 per cent of the borrowed capital. Excluding dividend from loss items, the society would in that case be able to carry 0'833 of borrowed capital to Reserve and take 60 years to build a reserve amounting to 50 per cent of the borrowed capital. When the interest realised reaches 90 per cent of the demand, the society would be able to pay its expenses including dividend out of profits and be in a position to contribute to reserve an amount corresponding to 0'453 or 1'247 of the borrowed capital according as the loss items do or do not include dividend. The length of time required for the reserve reaching 50 per cent of the borrowed capital in this case will be 111 and 40 years respectively. Lastly, should the time arrive when cent per cent of the interest due is realised, the society would take 31 or 21 years to build up a reserve equivalent to 50 per cent of the borrowed capital according as dividend is paid or not paid on the paid up share capital.

It will thus be seen that with the rate chargeable to members standing at Rs. 10-15-0 and the margin between that and the borrowing rate not being less than Rs. 2-7-0, we can lay claim to approaching to act in consonance with Rule IX and the views of the MacLagan Committee, provided we succeeded in realizing cent per cent of the interest due. This condition, however, is far distant of realization, our present rate of collection of interest being only 65 per cent. We are thus practically acting in disregard of the requirements of Rule IX.

10. This being so, it is hardly necessary to adduce any further arguments against the propriety of the reduction of the rate of interest below Rs. 10-15-0, uniformly, in the case of all societies, throughout the presidency.

Time was, on the introduction of the co-operative movement in the Presidency or in the early years of the movement, when, owing to the absence of any data which only the previous history of the working of societies for a pretty good length of time can furnish, the introduction of a uniform rate of interest all over the presidency was not only justified but was perhaps the only reasonable course to adopt. Now two decades have passed. The history of the working of societies during this period has many disclosures to reveal. It has ample data to present to us, if we care to use them, with which to judge of the suitability of the rate previously introduced. It has on its record so many warnings to be taken note of in regulating the future conduct of business. There will hardly be any excuse if

these data and warnings are not used or heeded to in shaping the future. In passing, it may be observed that these remarks hold good as regards so many other matters also concerning the administration of co-operative societies.

11. It will of course be remembered that all that has been said above is in respect of what is called an average society which only exists in imagination. However, the average society has its own lessons to impart. The mere term average society implies that there are societies which are managed better, far better than the average societies which are managed worse, far worse than the average society. By better or worse management, for our present purpose, is meant management yielding more profit or less loss.

There are a number of reasons which contribute to more profit or less loss namely,

- (1) Borrowed capital secured at lower rate or rates of interest than the central bank rate.
- (2) Collection of share capital to the full extent due or to as near a limit thereto as possible.
- (3) Investment in the share capital of the central bank not more than what is the society's due with reference to its borrowings from that bank.
- (4) Avoidance of keeping cash balance unnecessarily on hand, thereby averting loss of interest.
- (5) Better collection of interest.
- (6) Economical management of the society with expenses kept at as low a figure as possible.
- (7) Accumulation of reserve fund in the past.
- (8) The size of the reserve fund accumulated.
- (9) Surplus of working capital over and above a certain limit, which surplus does not entail correspondingly increased expenses of management.

12. It is certainly not meant that the rate of Rs. 10-15-0, or the margin of Rs. 2-7-0, does not admit of reduction in any society. Far from it: it is only meant that the present condition of each society should be subjected to a close investigation with a view to find out, in the first place, whether the society is at all eligible to have the rate reduced and, in the next place, if it is found eligible to do so, to what extent the reduction will be admissible. Of the several factors which go to confer in varying degrees this eligibility on any society or withhold it therefrom, the chief ones are the reserve fund accumulated in the past and its size, the size of the share capital paid by the members and merged in the working capital of the society and the economy in the expenses of management of the society. Take for instance the case of two societies of more or less the same conditions in almost every respect. Suppose, one of them holds a reserve fund of Rs. 1,000 accumulated by prudent and economical management and also that it holds a share capital of Rs. 500 merged in the working capital of the society, the other society having to its credit under these heads Rs. 100 and Rs. 50 only respectively. From sources other than loans issued out of the borrowed capital, the former will derive an increased income of Rs. 54 as interest on reserve fund

(at 6 per cent on Rs.900) and of Rs.10-2-0 (at Rs. 2-4-0 on Rs. 450) in respect of the share capital merged in the working capital of the society. Suppose again that the former spends on management Rs. 15 less than the latter. Under these three heads alone the one will make an increased profit of Rs. 79-2-0 over and above that of the other. Suppose under all other remaining heads enumerated above the former makes an additional income of Rs. 10-0-0. These variations between the two will result in the one deriving an income Rs. 89-2-0 over and above the other. If the borrowed capital of each of these societies were Rs. 6,000, the former society will be found eligible to reduce the interest from Rs. 10-15-0 to Rs. 9-6-0, as thereby the income of the society will get reduced by Rs. 93-12-0 as against which an almost equal amount of increase income of Rs. 89-2-0 is available. The latter society, however, cannot think of reducing the rate. The two cannot possibly claim to be dealt with alike: still less, can the authority responsible for regulating the rate of interest allow such claim in respect of the latter society, should it think fit to prefer one.

13. An investigation of this kind is called for in respect of all societies whether they come under the head of loss societies or profit societies. Among profit societies there may be some on or in the vicinity of the border line which divides them from loss societies. Conditions of societies in the vicinity of the border line, whether on the right side or on the wrong side, will be more or less similar.

It may perhaps be at once concluded that the reduction of interest below Rs. 10-15-0 is simply impossible to think of in respect of societies which have since their starting, built up no reserve fund (Statistics as to the proportion of such societies are not available in the Registrar's annual reports.) As regards societies which have built up insignificant reserves, the reduction will be almost equally impossible. And in respect of remaining societies varying reduced rates may have to be adopted with reference to their varying conditions.

14. Co-operators are not wanting, whether official or non-official, stipendiary or honorary, educated or uneducated, who protest against any arguments of the kind adduced above being urged against the reduction of the rate of interest. On occasions of conferences and general meetings they easily appeal to the sentiment of rural co-operators who cannot easily comprehend the various complicated questions governing the rate of interest, telling them that those objecting to the reduction of interest are apathetic, if not inimical, while they profess themselves to be all sympathy towards them. Such unreasoned appeals emanating from responsible sources are bound to create difficulties in the administration of societies. Co-operators of this class fail to realise what the conditions are without which any proposal to reduce an existing rate cannot possibly be entertained. One of the arguments urged by them is that money can be had at a cheaper rate than the society's rate. To these co-operators there can be no better answer than what the MacLagan Committee on Co-operation have stated in para 6 on page xiii of their report. I may be excused to quote their observations which run as follows: "We have, on the other hand, been told in some places that ample money can be borrowed there from money lenders at 8 or 9 per cent

per annum or even lower rates. We cannot, however, help thinking that money at this rate is available only for those who have ample realizable material assets to offer as security, and not for those agriculturists whose emancipation from their present depressed condition is the object and justification of Government's expenditure on co-operation. In the charge of a high rate of interest on loans to them there is no hardship imposed on members, inasmuch as every penny of profit made on that rate is retained for their use and benefit in the shape of a reserve fund, which can later be employed to enable loans to be made at very much reduced rates, when a substantial reserve has been accumulated and the members have thoroughly learnt the use and value of money."

Elsewhere, the MacLagan Committee have observed that if the argument is raised that members could borrow money in the open market at rates equal to or lower than those which the society can afford to charge, the presumption is that they stand in no great need of the credit which a society supplies.

Co-operators will do well to always bear in mind these warnings conveyed by the Committee.

The Committee have further observed that so long as the rates of societies are below those of the outside market they cannot be regarded as excessive. Testimony is not wanting as to the difficulty of raising money in the open market even on substantial mortgages at anything less than 12 per cent per annum. The rate of Rs. 10-15-0 cannot therefore be regarded as excessive.

There are again some co-operators who think lightly of the requirements of Rule IX in regard to the building up of reserve. They say that in a co-operative society, failure to comply with rules and regulations may not be taken serious notice of, forgetting that co-operative banking is governed by the same basic laws of finance as ordinary banking. The co-operators will do well to note that when once a society thinks of ignoring the Act, rules, or by-laws, its evil days have set in.

15. I have yet to deal with the subject proper of this note, viz., the building up of Reserve Fund in primary societies on unlimited liability basis. So far, I have in this note only sought to show that without subjecting the affairs of every society to due investigation, it is inappropriate, or even improper, to reduce the existing rate to one uniform level in the case of all societies, whether good, bad, or indifferent; whether eligible or not eligible for reduction; and in the case of eligible societies, without ascertaining the exact extent of reduction to which eligibility has been earned. The opening paragraphs set forth what reserve fund means and how it should be built up. It will be seen from what has been stated therein, that in the absence of any indication in Rule IX or in the absence of any executive order in that respect, as to length of time within which the reserve fund should reach the limit of one-half of borrowed capital prescribed in the rule, the rule cannot in fact be worked at all. For, without the said period being defined, suitable limits cannot be prescribed in respect of the amount to be carried to reserve and in respect of the expenses of management. The rule, as it stands, leaves the term "net profits" (as well as impliedly, the term "expenses" of

management") vague and undefined, and undefinable, either in relation to the gross profits or in relation to the borrowed capital. Until definiteness is attained in these respects, Rule IX will, as in the past, continue to be honored more in the breach than in the observance; and even when honored, the observance will only be in name but not in substance.

16. This subject is so closely allied to the rate of interest chargeable to members of primary societies and to the margin between that and the rate at which the societies obtain money from the central bank, that the two questions should necessarily be dealt with together. They are of such vital importance to the stability of the financing banks and those banks cannot pay too much attention to them. In this connection, the central banks will do well to bear in mind the observation of the MacLagan Committee that half the difficulties experienced by central banks in financing societies arise from the fact that the rate of interest charged on loans to members has been pitched too low or has been reduced prematurely.

17. To sum up: Central banks will be well advised to move the Registrar to direct an investigation into the position of each society so as to find out whether, and if so to what extent, it is eligible to have its rate reduced below Rs. 10-15-0. Pending the result of such investigation, the Registrar may be moved to issue instructions to his assistants not to register amendments proposing reduction. The investigation may be held also in the case of societies in regard to which the reduction has already been given effect to so that, if necessary, the former rate of Rs. 10-15-0 may be restored.

The Registrar may further be requested simultaneously to take steps with a view to render Rule IX effectively workable in practice. To this end it will be necessary to define the period of time within which the reserve fund should amount to one-half of the borrowed capital. Having done this due limits will have to be prescribed in regard to expenses of management inclusive of dividend and in regard to the amount to be carried to reserve.

[NOTE.—For want of space we have held over Mr. Sreenivasa Rao's II article on the same subject dealing with the objections raised against his views and his answers for the same. We hope to publish it in the next number of the Bulletin. Editor]

PROCEEDINGS OF THE CONFERENCE OF CENTRAL BANKS. (30-3-24.)

A Conference of Central Banks was invited by the Madras Provincial Co-operative Union Ltd., on Sunday, the 30th March, at 11 a. m. in the premises of the Servants of India Society to consider several questions of importance relating to the progress of the improvement in the Madras Presidency. The Conference was called at the instance of some of the Central Banks whose directors felt the need of periodical conferences during the occasion of the Board of Management Meetings of the Madras Central Urban Bank. Two notes were submitted to the Conference, one on "Long Term Loans" by Rao Babadur A. Vedachalayar and

another on "Building up of Reserve Fund in Primary Societies." by Rao Sahib T. Srinivasa Rao. The latter subject alone was taken up for discussion as the time at the disposal of the Conference was only three hours. The following is the list of delegates present.

Chingelput District Bank	...	Mr. A. Rajabahdar Mudaliar
Chittur District Bank	...	" A. Vasudeva Rao
	...	" Roa Sahib T. Srinivasa Rao
North Arcot District Bank	...	" N. Krishnamachariar
	...	" Rac Bahadur A. Vedachalayar
	...	" Rao Sahib M. S. Seshachalayar
Salem District Bank	...	" T. Audinarayana Chetti M.L.C.
	...	" D. P. Chennakrishna Chettiar, Salem
	...	" V. K. Menon
Malabar Dt. Bank	...	" M. Shiva Rao
South Kanara Dt. Bank	...	" T. R. Srinivasayangar
Tanjore Banking Union	...	" E. V. Gopalasamy Aiyar
Trichinopoly Dt. Bank	...	" J. Krishnamurthy Rao
Cuddapah Dt. Bank	...	" R. Ayakutti Ayengar
Kurnool Dt. Bank	...	" N. Krishnamacharya
Bellary Dt. Bank (Hospet)	...	" K. V. Raghavachariar
Nellore Dt. Bank	...	" B. Hanumantha Rao
Guntur Dt. Bank	...	" Venkataramiah
Godavary Dt. Bank	...	" G. V. Sithapathi
Parlakimedi Banking Union	...	" A. Srinivasachari
Srivilliputur Banking Union	...	" A. Venkatachalam
Amalapuram Banking Union	...	" T. S. Kanthimathinatha Pillai
Tinnevelly Dt. Bank	...	" S. D. Krishnayangar
Madura-Ramnad C. Bank	...	"

OTHER GOVERNING BODY, AND HON. MEMBERS OF THE PROVINCIAL UNION.

1. Mr. A. Sivarama Menon—(Vice-President.)
2. " K. G. Sivaswamy (Member, Servants of India Society.)
3. " P. Ramanathan
4. " R. Suryanarayana Rao
5. " V. C. Rangasamy

The Registrar, the Personal Assistant to the Registrar, and the Assistant Registrar of Co-operative Societies, Madras and Chingleput, were also present on the occasion.

Mr. Audinarayana Chetty, M. L. C. President, Salem District Bank, was proposed to the Chair.

PRESIDENT'S OPENING REMARKS.

The President, in opening the proceedings, explained the objects of the Conference and said that there was an idea that things were not going on well with co-operation in this province and that even after 20 years of work no definite ideals were visible in the policy pursued by the Department. Some went so far as to suggest that the only policy followed was that of the Department. It must be admitted that those great ideals were not much heard of in these days. For in spite of a quarter of a century's work they had not gone much beyond the credit form of co-operation and even in that field it was more than doubtful whether most people had kept the correct ideas in view. Taking the question of Reserve Fund—the pioneers of the movement had rightly termed it “Prosperity Fund,”—complaints were heard that the building up of the Reserve Fund had not been as rapid as could be desired. Continuing, he said, that from a statement furnished by the Government in answer to an interpellation of his in the Legislative Council it was evident that except in the case of a few the majority of Honorary Assistant Registrars have not done much work. Their work was of a varying quality. It was not possible to say where the work of the officials ended and where that of the non-officials began. He then urged on them the necessity of having such conferences, exchanging notes and clarifying their views.

He then requested Mr. T. Srinivasa Rao to open the subject of the day on Building up of the Reserve Fund in Primary Societies.

The opener recapitulated the main points in his note published elsewhere. The President then requested other members to express their views on the subject.

Rao Bahadur A. Vedachalayer was the next speaker. While agreeing with the mover of the discussion in what he said regarding Reserve Fund he was of opinion that the application of strict Banking principles was not possible in the case of rural societies under the existing conditions. He did not agree with the mover that in the case of unlimited rural societies the Reserve Fund was an important feature and at the same time he held the most important thing would be the solid assets, viz., property statement of the members of the society. He, therefore, said that it would not now be possible to call upon the societies to build up Reserve Fund by paying a large rate of interest.

Mr. Aiyakutti Iyengar, Kurnool said that societies were averse to raising the rate of interest on loans and pointed out that Central Banks when considering loan applications from rural societies looked only to the state of their assets and to the state of their Reserve Fund.

Mr. Ragavachariar Vakil, Nellore, who followed next was in favour of appointing a Committee to go into the whole question and emphasised the need for the rapid building up of a Reserve Fund but he was not for doing it at the expense of cheap loans.

Mr. T. R. Srinivasa Iyengar of Tanjore said that he did not like the idea of referring the matter to a Committee. A joint committee of rural societies and Central Banks was unlikely to arrive at any useful conclusion. All that he

could say was that the Reserve Fund was not necessarily the correct index of the good working of a rural credit society.

Mr. G. O. Sithapathi,—of Parlakimedi, said that they must all respect the improvement of the Reserve Fund, but he was afraid that if a higher rate of interest was adopted, then the object of the mover would be defeated.

Mr. K. G. Sivaswami said that he would like to put a question to Mr. T. Srinivasa Rao. He was not going to discuss about the rate of interest, or the need for the reserve fund. In fact the credit movement was intended to build up an agricultural fund socially owned by them for their credit purposes. But the question raised by Mr. Srinivasa Rao was about the inherent cost in the rural credit service which needed at least a margin of 3 per cent if the reserve fund is to be built up as a reasonably rapid rate. If co-operative credit service was so costly, if the market is cheap in rural areas specially for mortgage loans which are mainly distributed by the co-operative machinery, are the present societies in such areas to be liquidated?

Rao Sahib Seshachala Iyer of North Arcot said that he was not in favour of a uniform rate for all societies. He was of opinion that there was no need to reduce the rate to as low a figure as $9\frac{3}{8}$. As there was somehow an impression that Government was behind the circular issued recently by the Madras Central Urban Bank, he was glad that the departmental officials present at the Conference disowned having “inspired” the circular. Such being the case, it was unfortunate that the Assistant Registrar in his District should inform the societies that unless they reduced their rate of interest to their individual members to the uniform rate $9\frac{3}{8}$ per cent, no loans would be recommended to them.

Mr. A. Srinivasachariar of Srivilliputhur said that in his opinion the circular of the Madras Central Urban Bank was uncalled for and fraught with evil consequences. In his district the Co-operative Unions agreed to the rate of 10 per cent.

Mr. Krishnamurthi Rao of Cuddapah said he did not attach much importance to the reserve fund in the case of an unlimited society. It was more important from the point of view of the individual member than of the Central Bank.

Rao Sahib M. K. Venkata Chariar, Assistant Registrar of Chingleput, said that the raising of the rate of interest was not feasible as the societies had been accustomed to look for the lower rate of interest. The recent circular of the Madras Central Urban Bank lowering the rate of interest on loans had led to the lowering of the rate of interest on deposits by societies. The only way to bring out the desired result was to carry on a systematic education of the members of primary societies.

Mr. E. V. Gopalasami Iyer of Trichinopoly and two others spoke more less in the same strain as the previous speakers.

Rao Sahib T. Srinivasa Rao in his rep'y said that many of the speakers were labouring under the misapprehension that he was against the lowering of the rate of interest. It was not the case. He was sure that all were agreed that the movement was to be worked according to the rules laid down by

the Co-operative Department. From the trend of discussion one would naturally think that Rule IX was a superfluity. He was surprised to be told that the building up of a reserve fund was unnecessary in the case of unlimited societies. The MacLagan Committee has clearly stated that the right to reduce the rate of interest was a thing which the society ought to earn. A uniform rate for all societies—good and bad—would be demoralising. Continuing, he said that the object in opening the discussion on the subject was that they might take stock of their position and if there was anything wrong to correct and improve the same.

The circular of the Madras Central Urban Bank was fraught with mischief. In his own district all Unions had agreed to charging on loans interest at varying rates after taking into consideration the working capital. The circular referred to has induced the societies more to clamour for a uniform rate of 9 3/8 per cent. In conclusion he asked them to consider whether any harm befell the movement when the rate of interest was raised and whether the money market was easier to-day.

The President in winding up the proceedings, observed that the question was ably dealt with from varied aspects. It was evident that there was a great divergence of opinion on some of the matters and so he would not take the matter to voting, nor did he think that there was any necessity to appoint a Committee to go into it as those present represented both the Banks as well as rural societies. He then spoke highly of the work of Mr. Srinivasa Rao. He concluded by saying that although no formal decision was arrived at, he felt that those present would carry the ideas resulting from the excellent discussion.

Mr. A. Sivarama Menon on behalf of the Provincial Union thanked the members present and made a statement as to the reasons that promoted this Conference. He said that there were a large number of questions of a general nature in relation to the movement which required periodical discussions and it was the duty of the Provincial Union to call for such meetings. Apart from this function of the Provincial Union, it has been rather stimulated to its task by requests for a conference from a large influential number of representatives of Central Banks. And as the latter form a main part of our constituency, it is our duty to confer with them as often as possible. He made this statement because there was a possibility of a misapprehension by the public that it was a duplication of the conference held by the Registrar only yesterday. Any one who compared the agenda of the conferences would see that while the latter was concerned with detailed questions of administration which required discussion and formulation with the responsible head of the administration, the present conference debated only general questions relating to the movement. He again thanked the members for their warm response to the invitation of the Provincial Union and expressed the hope that many more such conferences would be held in future. The Conference dispersed at 2 p. m. and the Provincial Co-operative Union was 'at home' to the delegates assembled.

NOTE ON CO-OPERATIVE LIFE INSURANCE.

II

(Continued from Page 382 March 1924.)

(g) *Future Liability*:—This depends on the policy holders regularly paying up their premia. If the payment is stopped, the liability vanishes with it. Need will never arise for us to meet the liability out of share capital.

(h) *Capital*:—Item (d) explains the needlessness of raising a large paid up Capital as the company is a mutual one.

GOVERNMENT SECURITY OF TWO LAKHS.

The Government has the option to waive Security if the company is registered as a mutual one; or it may gradually be paid up, out of Share Capital and surplus premia in course of years.

Small Policies:—The acceptance of small policies was dropped on the advice of Mr. Marathy, Actuary for the company. It was decided to start the concern with the middle class people at first.

III. *Long Term Deposits*:—Mr. Desai will do well to consult the Balance Sheets of the Oriental and Empire Life Offices. They have lent large sums of money to the Government Trusts, and Corporations, for long years. The truth of it is, that in a well-conducted Life Office, at least 40 per cent., of the annual premia is a net savings after meeting all charges inclusive of claims, maturity, surrenders, procuration and establishment charges. Our surmise that a Co-operative Life Office will be able to finance the Central Banks with long term loans may therefore be possible without any doubt or difficulty.

IV. Other minor suggestions of Mr. Desai do not appear well suited to our cause as Co-operators. They will be discussed in the next issue of the Magazine.

V. Co-operators in our Presidency did not study the problem well, nor offer any criticism on the scheme. Our thanks are due to Mr. Desai for having carefully studied it and offered his suggestions.

CHITTOOR. }
11-11-1923. }

K. RAJA RAU
Co-operator.

BUILDING SOCIETIES IN MALABAR.

BY MR. V. K. MENON.

Building Societies are intended for the benefit of the poor and the middle class of people living in the urban area. Many of these two classes of people do not possess land of their own for building purposes and those who have lands hold it under lease from a landlord or jenmi for a period of 12 years or less. This class of tenants has right to improve the land during the term of occupation and this improvement is secured by a legal enactment named 'The land improvement act of Malabar'. The act makes it obligatory on the part of the landlord to pay for the improvement before eviction is enforced. The value of tenants' improvements which consist generally of buildings, fruit-bearing trees, tanks or wells is of considerable amount and landlords consider it unwise or not remunerative to evict the tenant after the term of the lease. The tenant considers his improvements as valuable property and he has no difficulty in alienating, mortgaging or otherwise converting them into money. Courts of law recognise this right and a large portion of legal proceedings in civil courts and the majority of documents registered in the Registrar's offices in Malabar are directly or indirectly connected with the sale or mortgage of this right.

When the Registrar of C. S. visited Malabar lately, he had occasion to look into the security of loans proposed to be given to members of a Building Society newly registered in the town of Calicut; and he was of opinion that the period of loans to be granted to members on the security of their leasehold lands and improvements thereon, should not exceed the unexpired period of lease. This view is based on the assumption that the value of improvements is not sufficient security after the period of lease, however carefully the value of improvements has been assessed prior to the issue of loans. If this view is to prevail a real hardship would be caused, and the class of persons who ought really to be benefited by the grant of Building loans would be wholly excluded from the benefits of Government aid.

The point to be carefully considered is whether the value of tenants' improvements, when properly assessed, is not sufficient security for the loan granted for a period exceeding the period of lease.

Ordinary money lenders consider it safe to advance money on the tenants' improvements and they do not think of the period of lease as long as the value of improvements has been carefully assessed. The Government consider it safe to issue Takavi loans on the security of tenants' improvements for longer periods than the duration of leases. There have been instances of the issue of such loans in Malabar. When these loans are not considered objectionable in Malabar one fails to see what objection there

can be in lending Government money to Members of Building Societies who have invested, according to the by-laws of the Society, $\frac{1}{4}$ of the amount of loan as share capital. If, however, the Registrar's view is considered to be correct it would become necessary to devise better arrangements for helping Building Societies in the Urban areas of Malabar.

The Government will have to help Building Societies in acquiring land for constructing buildings for the poor in the Urban areas of Malabar. The Municipal Bodies will have to be compelled to reserve for the benefit of the poor sites for co-operative buildings. The financing Co-op. Bank will have to be financed by the Government on condition that the full amount be utilized for acquiring land and constructing buildings thereon by members of Building Societies. It has become necessary to press this point as conditions in towns of Malabar and in Calicut in particular have become so bad as to necessitate the adoption of measures for reducing congestion. The formation of a responsible Committee in the District for considering this question will be productive of public good.

"HOW LOCAL SUPERVISING UNIONS CAN ASSIST THE SPREAD OF PRIVATE DEMONSTRATION FARMS."

The improvements recommended by the Agricultural Department are brought to the notice of the ryots by means of leaflets, Villagers' Calendars, preaching by the Demonstrators and by actual demonstrations. No doubt leaflets and Villagers' Calendars are good media but the major portion of the ryots being illiterate, the benefit derived by these is only very little. The preaching of the Demonstrators may be heard by a few ryots but one in a hundred may follow them. Actual demonstrations on the ryots' fields, on the other hand may be appealing to the cultivators.

(2) Often, better yields of crops, demonstrated by the Department are attributed to costly manures or methods. But if the improvements suggested are demonstrated by the ryots in their own fields at their expense but under the supervision of the Departmental Officers, these suspicions will be avoided.

(3) With the handful of men at the disposal of the Department it is not possible to handle as many demonstration farms as may be desired. A demonstrator cannot manage more than four or five such farms. Here is a very good opportunity for the local supervising Unions to render real assistance to the Department and to the country. If the local supervising Unions can take some interest and select members of their Co-operative Societies to run such Farms, the work of the demonstrators in selecting human materials will be minimised.

(4) The Unions can propose to the local Deputy Director of Agriculture the villages where the demonstrations of agricultural improvements can be located, with names of ryots who are prepared to run them. The Deputy Director of Agriculture or his Assistant will then inspect the Villages and instruct his subordinates about the improvement that can be demonstrated in the different Villages. The Supervising Unions can arrange to gather the members from time to time, watch the progress and compare the relative merits of the methods or crops.

(5) The members who agree to conduct these demonstrations should meet the expenses of seed, manure, labour etc. and maintain an account of the expenditure so that it may be judged whether the improved method or manure suggested by the Department is costly or not. The results of the demonstrations can be published with the opinion of the mirasdars concerned, so that other Societies and members can follow them.

(6) The villages where these demonstrations are to be run should be within a radius of 5 or 6 miles from the Headquarters of the demonstrator, so that better attention may be paid to demonstration plots. There is no denying that if each union maintains a passed man of the Agricultural College or at least a trained maistry the number of demonstrations can be increased. About the training of Agricultural maistries and the importance they play in Agricultural improvement, a separate article will appear in the next issue.

(7) Next to actual demonstrations on the fields small exhibitions and short lectures on agricultural improvements with the aid of magic lantern will be appealing to the ryots. The Deputy Directors of Agriculture will always be glad to arrange for these if timely notice is given to them.

N. S. KULANDASAMI PILLAI,
*Offg. Deputy Director of Agriculture,
V Circle, Trichinopoly.*

AFFILIATION OF BIG TOWN BANKS TO LOCAL UNIONS.

The question of the expediency or otherwise of affiliation of big town banks to local unions has now been raised in more than one district. Some big town banks have now come to feel that they should affiliate themselves to the local union, though the idea never occurred to them for years past during which both themselves and the union have been in existence. On the other hand, some big town banks are not in favour of, or, are even positively against, affiliating themselves to the local union. Again, some co-operators unconnected with any town bank or union are of opinion that big town banks on the limited liability basis should not be affiliated

to the local union composed of agricultural societies on the unlimited liability basis while another class of co-operators are of a contrary opinion. Again in some districts, town banks have already joined unions, as a matter of course, without a controversy ever arising over the question, while in others they have remained aloof.

2. Apart from the attitude of town banks themselves on the one side and of the local unions on the other in regard to this question, some Assistant Registrars appear to suggest to town banks, or, even press them, to affiliate themselves to the local union.

3. The feeling in the past and the same at present, on the part of town banks, and the attitude of certain Assistant Registrars, in regard to this question being as stated above, one should dissociate himself altogether with any of these views in order that he might arrive at a dispassionate conclusion.

4. To do so, we should, to begin with, consider what the objects are for which a local union is established. Turning to the model by-laws of a local union, we find that its objects are declared to be as follows:—

“(1) To develop the work of affiliated societies to the utmost of its power; (2) To recommend the grant of loans to such societies from other co-operative societies registered under Act X of 1914 or Act II of 1912; (3) To exercise careful and regular supervision over affiliated societies and to make frequent and careful inspection of the same; (4) To settle all matters of common interest, to advise and assist affiliated societies and to further their interest in every way; (5) To organise fresh societies; and (6) To act as agents of the societies affiliated and to arrange for the purchase of agricultural, domestic and other requirements in bulk for the benefit of the members of such societies and for the sale of agricultural produce to their best advantage.

5. Let us now examine whether a local union, comprising (as almost invariably it does) of rural agricultural societies of the unlimited liability type, is capable of fulfilling objects (1), (2) and (3) quoted above, in regard to big town banks of the limited liability type. The agencies available in a local co-operative union for discharging the duties coming within the purview of its objects are the union governing body members and the union supervisor. The former, coming as they do from rural parts, with their present limited general knowledge, experience and capacity for administering co-operative affairs are hardly fitted for discharging the duties in question in regard to big town banks. As to the union supervisor, the class of persons from whom this official is drafted, the pay and prospects open to that office, the absence of any systematic training for him, these circumstances are such that the supervisor actually employed

in almost every union is a person of the qualifications and capacity which hardly fit him for the task of inspecting a big town bank and discharging in regard to it the duties covered by the objects in question. No doubt when a town bank joins a union, it is very likely that a representative of that bank will be elected to the governing body of the union, but he cannot be entrusted with the work of supervising his own bank. Coming to object (4), matters of common interest between societies of the unlimited and limited types are rather few and neither the members of the union governing body representing rural societies nor the union supervisor will be able to fulfil this object (4) in regard to town banks. Coming to object (6), it will be seen that it throws some light on the question at issue, there being a clear indication therein that the union is meant for rural agricultural societies. In towns where there are big town banks, this object can for obvious reasons only be fulfilled by a separate distributive society (Stores). Such being the constitution, objects, qualifications and capacity of the local union, it hardly needs any further argument to adduce against the affiliation of big urban banks to it.

6. The view set forth above receives further support from certain other by-laws of the union which amplify some of the duties comprised in the objects for which the union is established. In dealing with the powers and duties of the governing body, by-law No. 21 (of the latest model by-laws for unions) gives power to the governing body to depute a member or members of that body to inspect and to ascertain by enquiry if the by-laws are being carefully observed by affiliated societies. A member of the governing body coming from rural parts is hardly capable of undertaking this business in regard to a big town bank, of the constitution, by-laws and working of which he is ignorant. As regards the supervisor, by-law 14 says that he shall assure himself that the members of the panchayat fully understand the principles of co-operative societies and the correct method of working and that the defects pointed out in previous inspection reports have been remedied. No co-operator, official or non-official, who is aware of the existing conditions, can make bold to say that supervisors of the type now in the service of unions can at all discharge this duty in respect to big town banks, a duty in the discharge of which in regard to some big town banks—even the highest officers of the department have found difficulty.

7. Again, the use of the words "panchayat" and "panchayatdars" throughout the union model by-laws and the provision in by-law No. 21 that the governing body should check annually the credit of affiliated societies appear to indicate that the union is intended for rural societies of the unlimited liability type.

8. Another ground may also be urged in support of the view that unions are intended for rural agricultural societies only. No one will end that the ultimate goal in view in regard to supervision of

co-operative societies is that local unions shall be trained and fit for undertaking the same. And co-operative societies are mostly rural agricultural ones of the unlimited liability type. And members of the union governing body will in the nature of things be mostly men of rural parts. By admission of big town banks to unions, there is the fear of the representatives of such banks on the governing body dominating over the rural members and these latter will naturally feel unable to successfully argue and cope with them. An atmosphere will be created which will not be conducive to the proper training of the rural members in the administration of the affairs of the union. These observations will apply generally though there may be honourable exceptions.

9. Still another ground remains to be urged against the affiliation. The governing body members are expected to attend to supervision of collection work in affiliated societies, a number of societies lying in the vicinity of their residence being assigned to them. It is hardly to be expected of the town bank representative or representatives on the governing body of the Union that they would undertake this work, the more so because representatives are generally found to be gentlemen with other professional avocations which will stand in the way of their under-taking such work. The difficulties of the union will become all the greater in this respect, when, as actually happens in some instances, one town bank usurps as many as three out of seven seats on the governing body of the union.

10. There is one aspect which may be urged on the other side although it has no direct bearing on the question at issue. Some big town banks have been paying contribution to the supervision fund, as if they were affiliated to the local union. The idea with which this payment is made is that a fund may be created which would facilitate the formation of an audit union solely for the benefit of town banks when a sufficient number of such banks and non-agricultural societies of these kinds have come into existence. It is thought that there are instructions issued by the department to the effect that, in fulness of time audit unions should be formed for the primary audit and supervision of town banks and other limited liability societies. It is but right that contributions so made should not be utilized on behalf of unions composed of rural agricultural societies. The fact of making the contribution by itself would thus be no reason in favour of the affiliation.

11. It may be urged on the other hand that big town banks may desire to join the local union solely with a view to train representatives of rural societies in administering the affairs of the union. However laudable such desire be, there is in such cases the danger of a number of representatives of one such bank getting into the governing body and dominating, unconsciously though it be, over the other rural members thereof much to their personal discomfort and much to the prejudice of their eventual and proper training.

12. All said, the balance of advantage seems decidedly against the affiliation of big town banks to local unions.

T. SREENIVASA ROW.

NOTES AND NEWS.

A Request.

The attention of all Co-operators in the Province is invited to the very well written article on the Building of the Reserve Fund in rural (Unlimited Liability) societies which appears in this number. As would be seen from the Proceedings of the Conference held on the 30th of March (also published in this number) the views of Mr. Srinivas Rao were challenged by many gentlemen present. May we request the Co-operators of the Province to think about the subject and communicate to us their well considered views so that we may publish a symposium on the subject?

Audit.

Not unlike its predecessors, not unlike Co-operative Conferences held in several districts, the last Provincial Co-operative Conference did not refer to audit. What is the reason? Do conferences fight shy of it? Or, is it too unimportant to deserve their attention? Or, is it deemed a forbidden subject? Or, being a matter under the statutory control of the Registrar, is it regarded as one with which co-operators need not concern themselves?

The MacLagan Committee on Co-operation and Mr. Hemingway's Co-operative Manual lay down and explain what all are comprised in "Audit." The matters to be observed are all comprehensive, and very responsible too. Should not co-operators, when they meet in conferences compare notes in regard to this subject also, as they do in regard to so many others? The continued efficiency of societies depends upon how far erring and backward societies mend or improve, with reference to the disclosure made in each audit. Should not Primary Societies review their position in this respect and see how they stand and what they should do to improve. Do not financing banks who hold considerable deposits from the public owe to depositors and to themselves a very heavy responsibility? To allude to one particular matter coming within the purview of audit. Observance of the provisions of the Act and Rules is an important matter which should be looked into during audit. One of the Rules under the Act (No. IX) lays down that, in societies with shares and unlimited liability not less than one-half of the net profits shall be set apart as a reserve fund

until that fund is equal to one half the total liabilities of the society other than reserve and share capital; and when that proportion has been reached not less than one-third of the net profits shall be added to reserve fund, provided that &c. Have not the MacLagan Committee observed that societies should put at least two per cent of their borrowed capital to reserve? The intention underlying Rule IX must be more or less akin to the committee opinion. How far and to what extent is this requirement of the Rule being observed in practice? How many societies go without contributing anything to reserve fund year after year and thus fail to comply with the Rule? What is the reason or what are the reasons? Does not this matter call for earnest attention alike of borrowing primary societies as well as financing central banks.

Again what will be the effect on the capacity of societies towards complying with the requirement of Rule IX in future, of the present move in pursuance of which the rate of interest chargeable to members of primary societies on unlimited liability basis has been or is being reduced from Rs. 10-15-0 to Rs. 9-6-0 in all societies, uniformly and as a matter of course, irrespective of whether the present position of societies as regards volume of business, accumulation of reserve fund and share capital and the indispensable nature of expenses of management which have grown with the gradual development of the co-operative machinery (not to speak of the efficiency of management) may or may not allow of the reduction. Does not this subject call for due investigation alike in the interests of borrowing primary societies as well as financing central banks. We trust that this important subject will receive due attention of co-operators.

H. R. H. The Prince of Wales' Visit to a Co-operative Store. Co-operators in India will be glad to know that His Royal Highness the Prince of Wales recently paid a visit to the Co-operative Stores in the East end of London. He was received by the Society officers and taken round and he had tea with them. Mr. Ramsay MacDonald, the present Prime Minister, and Mr. Baldwin, the Ex-Prime Minister were both present. Mr. Asquith could not go on account of illness. The whole function went off very successfully and the prince was delighted with everything that he saw. It is one more instance of the genuine interest which the Heir Apparent of the Throne is evincing in the welfare of his poor subjects. We hope his illustrious example will be followed by persons in power all over the vast British Dominions.

Some Prominent Co-operators in the present Cabinet. Co-operators all over the country will be glad to note that Mr. Ramsay MacDonald, England's Prime Minister, is a member of the London Co-operative Society. He was till recently in demand as an effective Co-operative propagandist. Mr. J. R. Clynes, the leader of the House of Commons, Mr. Arthur Henderson, Mr. J. H. Thomas, the new Colonial Secretary, are all well-known Co-operators.

What we have to learn from others. 'The Co-operative News of Sidney' for April, 1924, contains a very interesting account of a joint-farming enterprise carried on in New South Wales on the principle of Co-operation. The well-known motto 'Each for all and all for each' is not a pious ideal but is the very working principle of that colony.

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The same journal gives a very interesting account of a picnic party in New South Wales which was attended by 3,000 Co-operators. We, in India, have not made any advance along such lines of social enjoyment and fellowship.

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The same journal contains a short note by a lady co-operator on 'Corporal punishment of children.' What has this to do with Co-operation will be the natural remark of a Co-operator in India. Let us read the lady's explanation. "If any Co-operator should wonder why this subject is introduced in a Co-operative Journal let me remind him that the big idea behind our Movement is to bring nearer the Co-operative Commonwealth not by physical force or the use of weapons but by the use of common-sense, improved ideas and mutual understandings.

Very often it is forgotten in this country that the Co-operative Movement is a potent factor in the big scheme of social reconstruction on a more equitable economic basis. We look upon it merely as an agency devised by Government to give us money at cheaper rate than otherwise available. That it is an world Movement and that it has a big idea behind it and its ultimate aim is nothing less than improvement of the world as a whole, is very often not realised at all. The lady mentioned above, has felt the inner significance of the Movement and applies the underlined principle in every act of hers. Would we had more Co-operators like this in this country!

Mr. Calvert on Co-operation and Agriculture. The Bombay Co-operative Quarterly for March 1924 contains a very interesting article by Mr. Calvert on 'Co-operation and the Board of Agriculture'. He points out the difference in view points between the Co-operative Department and the Department of Agriculture in dealing with various problems of rural economics. The two extracts given below bring out a contrast between these two in a marked manner. He concludes by exhorting all the workers in the field of Co-operation, officially and non-officially, to shoulder the responsibility of creating that organisation which at present does not exist and which alone will bring the labours of the Indian agricultural service within the reach of the average ryot and enable him to benefit by it.

"Co-operators have to deal with human beings; their aim is to make these human beings healthier, wealthier, happier, and better citizens. It is the human being as an individual, and not the mass, who has to be placed on the road to prosperity, or at least helped against the ever-pressing encroachment of poverty. Increase of his production alone, unaccompanied by any corresponding increase of his profit, is not an object of co-operation; nor is co-operation concerned with the larger issue of foreign trade apart from the gain to the individual cultivator. The agricultural expert is concerned less with the individual than with his crops; he has advice to give, seeds to be sown and implements to be used, all calculated to lead to an increase of production; better profit will lead to more rapid popularity, but he is not concerned with the man behind the plough. That man may be rich or poor, landlord or tenant, prosperous or over-burdened with debt, making a profit from his calling or just scraping a bare livelihood from it, matters little so long as he learns and practises what the expert has to teach.

It is the mass and not the individual who is the object of agricultural teaching. It would, perhaps, be better expressed to say that the agriculturist is concerned with the fields, with the increasing areas under better crops, and with the greater agricultural production, while the co-operative worker looks on the fields, the crops and the production merely as a means and not the only means, whereby the lot of the cultivator may be improved. The agriculturist asks to be tested by the acreage under such and such a crop, or the area treated with improved implements, or the measure to which a danger from some pest has been averted. The worker in the co-operative movement would ask to be tested by the number of human beings whose lives have been brightened by his efforts at teaching self-help, by their progress towards freedom from economic serfdom, by the development of their characters in self-reliance, self-government, and self-control.

"An error corrected." We regret that in page 329 of the Bulletin (February '24) line 3 the expression 'legal maximum' has been put in. It ought to be 'legal minimum.' The error is regretted.

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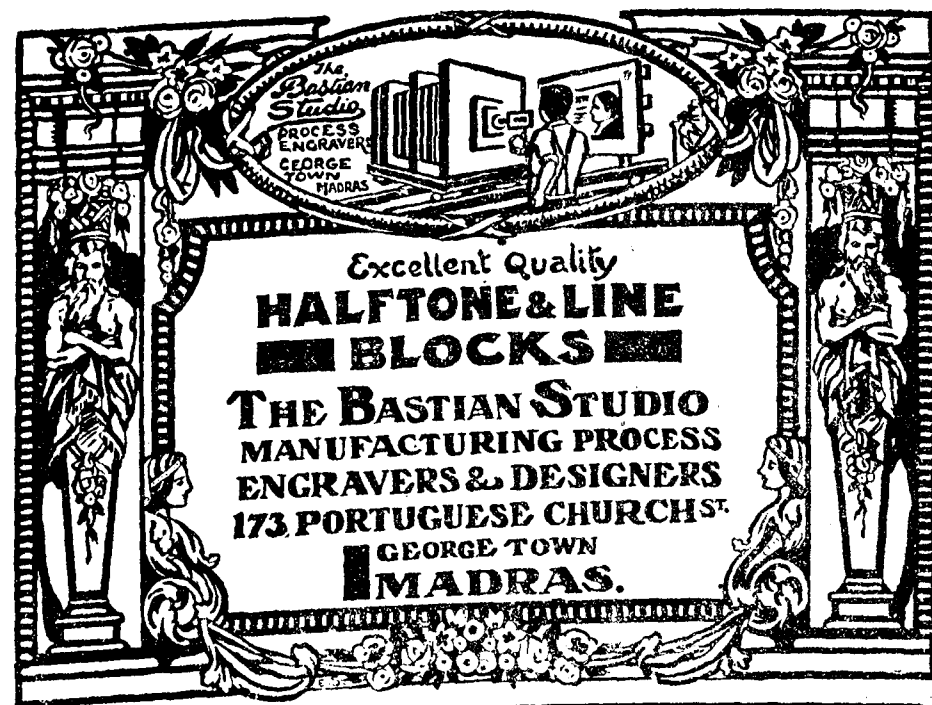
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THE
Second Malabar District Co-operative Conference.
OTTAPALAM 19-4-24.

**MR. A. SIVARAMA MENON'S
PRESIDENTIAL ADDRESS.**

BROTHER CO-OPERATORS,

My first duty is to express my most sincere thanks to the Reception Committee of the Second Malabar District Co-operative Conference for doing me, a humble worker in the field of Co-operation, the great honour of asking me to preside over their deliberations. In the year 1914 I had the pleasure of attending the Co-operative Conference held at Calicut with the Hon. Mr. Buckley in the chair and the enthusiasm evinced by the Malabar Co-operators at that time is still fresh in my mind. I was under the impression that that was the first Malabar District Co-operative Conference; but apparently you do not regard it as such because you call the present Conference the second, and not the third.

Facilities for Co-operation.

In the interesting address delivered last year by the chairman of the Reception Committee, I see a remark that there was a time when some responsible heads of the Co-operative Movement in this Presidency thought that the soil of Malabar was not congenial to the growth of Co-operative Societies. I should think that anyone who studied the social and other institutions of Malabar would have formed the contrary opinion, viz., that the atmosphere of Malabar was particularly favourable for the growth and development of Co-operative institutions. The social systems governing a large section of the population of the district are based mainly on Co-operation. An examination of the Marumakathayam system will lead anyone to see that the underlying basic principle of that system is nothing but Co-operation. A people who have long enjoyed the benefits of such a system are not likely to fail to realise the advantages accruing from the growth of Co-operative Societies in their midst. I am inclined to think that the people require only a lead in the matter and this belief gains

considerable support when you see the comparatively rapid growth of Co-operative Societies in your district after the Movement was once started there in right earnest.

Another special advantage possessed by Malabar for the spread of Co-operative Societies is the very great advance it has made in the matter of education. According to the latest statistics, the total number of educational institutions in Malabar is 2,567 and the total number of scholars 2,11,651; while the two neighbouring districts of South Canara and Coimbatore possess 803 institutions with 64,514 scholars and 1,411 institutions with 65,783 scholars respectively. Whereas in South Canara we have 5.2 per cent of the population and in Coimbatore 3.0 per cent of the population attending educational institutions, Malabar shows a percentage of 6.8 which is 2.3 above the Presidency average. I am referring to these figures simply to show that if it is true that advance in education generally leads to a better appreciation of the need for co-operative institutions, Malabar *does* possess that special advantage. I am not however prepared to say that the spread of Co-operative Societies in the district has been commensurate with the special facilities enjoyed by it but I do maintain, that the position fully entitles every worker in its cause to entertain a feeling of modest satisfaction at the progress so attained.

Co-operative Progress.

Now let us see where the movement stands to-day both in point of the numbers of Societies established in the district as well as the quality of the work turned out by them. According to the latest available report for the district the total number of Societies at the end of 30th June 1923 was 387. Of these 51 Societies were registered during the year in question and only one was wound up. The total number of members of Societies increased from 32,323 at the beginning of the year to 36,582 at its close—working out an average of 95 members for each society. The working capital at the end of the year stood at Rs. 16,23,788 showing an increase of Rs. 2,47,736 from what it was at the beginning of the year. The paid-up share capital of the Primary Societies rose from Rs. 2,36,919 to Rs. 2,87,123 and the reserved funds from Rs. 27,610 to Rs. 36,936. Members and non-members' deposits stood at 1,15,817 and 70,943 respectively. If, under these heads you look at the position of the Movement as it stood on the 30th of June, 1920, when the total number of Societies was 223, the total number of members 22,747 and the total working capital 5,60,357, you see clearly the undoubted advance made during the short period of three years.

The Malabar Dt. Central Bank.

The work turned out by the District Central Bank has been very satisfactory in the year ending 30th June, 1923. The Bank issued loans to Primary Societies amounting to Rs. 1,79,788. Of this amount a sum of Rs. 14,858 was lent as short-term loans for periods not exceeding one year. Repayment during the year amounted to Rs. 78,707 leaving fairly large outstandings, which, together with the outstandings of the previous year, stood at a rather large sum of Rs. 5,30,892. It is true that out of this amount only a sum of Rs. 9,906 was overdue as pointed out by the Assistant Registrar and out of that amount again a sum of Rs. 3,000 was payable by a non-credit Society whose registration was cancelled during the year. Better attention should be given to the collection of outstandings inasmuch as the usefulness of the Central Bank would be enhanced provided the money lent out by it went back to it in quick returns. The share capital of the Bank which on 30th June, 1920 was 46,560, increased to 77,047 in 1923. Fixed deposit shows a considerable increase during the same period from 1,03,720 to 4,02,995 and the total working capital amounted to 5,81,025 on the last day of June 1923. The Bank had on 30th of June, 1923, 142 individuals and 316 Societies as members. In financing the Primary Societies, the District Central Bank, as you know, plays a most important part and I am very happy to note that your District Central Bank is being managed efficiently as is testified to by the departmental officers. It is also noteworthy that the working of the Bank resulted in 1922-1923 in a net profit of Rs. 10,688—5—5 and enabled the Bank to declare for the first time the maximum dividend of 9 per cent on the paid up share capital.

The whole number of Unions in Malabar on 30th June, 1923 was 10 while it was only 4 on the 30th of June, 1920. The growth in the number of Unions from 4 in 1920 to 10 in 1923 is no doubt satisfactory; but you must have a larger number of Unions before you bring all the Societies under proper supervision. There ought not to be a single Primary Society outside the supervision of the Local Unions. I notice from the Assistant Registrar's report that as recommended by the representatives of the Central Banks, at the Conference held in Madras in December, 1922, the Malabar District Bank permitted the Local Union of Pattambi and Ottapalam to recommend loan applications from affiliated Societies direct to the Central Bank. This step increases the responsibility of these Unions and I hope that the Unions will, in time, be entrusted with still greater responsibilities in the matter of organising and supervising Primary Societies.

I have given above somewhat in detail the figures showing the growth of the Co-operative Movement in Malabar. The growth undoubtedly would have been still more marked than what it has been, but for certain special handicaps from which Malabar Co-operators suffered and yet suffer. They had an extraordinary but heavy calamity in their district in the Moplah rebellion, which not only destroyed some of the flourishing Societies but completely upset all organising activities. The danger is fortunately no longer in operation. But to a healthy and satisfactory development of Co-operative institutions, there are certain real obstacles yet in Malabar and they may be considered under the following heads, namely:—
Untouchability and unapproachability, Hindu-Muslim disputes and the Jenmikudian trouble.

Untouchability and unapproachability.

I am quite aware that the question of untouchability as well as the other difficulties mentioned above, are not merely local but an All-India question but I am particularly thinking of certain special aspects of these troubles as they find expression in Malabar. Dealing with untouchability, though it is an all-India trouble, it is only in Malabar that you find it in an extreme form as illustrated in the disabilities attaching to the so-called Theendal castes. It was the inhuman and degrading practices observed with reference to the supposed polluting castes in Malabar that provoked the late Swamy Vivekananda into calling Kerala a land of lunatics. The custom which demands that some particular members of the depressed classes, such as Nayadis, should stand at such a distance from any man of caste as to take them even beyond the horizon hardly tends to the growth of humane or even human virtues. 'Each for all and all for each' that is the sheet anchor in Co-operative philosophy and fellow-feeling which is the basis of all forms of Co-operation is not compatible with the prevailing practice which compels the members of a certain section of society to regard themselves as people who pollute others by their approach and contact.

Hindu-Muslim misunderstandings.

The relationship between the Hindu and the Moplah in Malabar has often become strained and ended in rupture of the most undesirable kind. The fanaticism of the Moplah is invariably the cause of such ruptures and unless some way is found to establish harmonious relationship between the one community and the other, peaceful progress of the district is entirely out of question. The Malabar Moplah though illiterate is very hard-working and in some of the Taluqs like Earnad the improvement of the land is almost entirely due to him. It is a notorious fact that poverty

reigns supreme amongst these people and it is highly inequitable that a community that supplies the chief tillers of the soil in Malabar and conduces to the prosperity of the land-owning classes should be allowed to continue to live in growing and grinding poverty, without the least hope of redemption even in the distant future. During the recent rebellion the misguided Moplah was undoubtedly guilty of many atrocities. Some people both here as well as elsewhere have propagated the idea that the Moplah is a very much wronged man and that the cruel conduct attributed to him in the course of the rebellion was more imaginary than real. It is needless to say that these self-constituted champions of the Moplah rebels do them more harm than good and, now that personal feeling has considerably quieted down in Malabar and the sufferers of both communities may be expected to forget their mutual wrongs and forgive each other, time has certainly arrived to re-establish the spirit of friendliness between them and proceed apace with the work of reconstruction; and for the restoration of the lost harmony and friendship, I can recommend to you nothing more efficacious than persistent propaganda on the benefits of co-operation.

The Jenmikudian Trouble.

I do not desire to introduce into the present platform any political controversy and I have not the slightest desire of referring to the pros and cons of the proposed land legislation for Malabar. But the land question has an intimate relationship to the co-operative movement. For the harmonious growth of the co-operative movement, it is not at all desirable that with reference to the holding of lands there should be either too much concentration or too much fragmentation. Malabar is 5,792 sq. miles in area and has a total population of 30,98,871. It has been calculated that of these 19,05,182 or 60.5 per cent are agriculturists. In the neighbouring districts of South Canara and Coimbatore with an area of 4,021 sq. miles and 7,225 sq. miles and a population of 12,47,368 and 22,19,848 respectively it has been calculated that the agricultural population amounts to 72.3 per cent and 66.7 per cent respectively. That Malabar is comparatively a densely populated district is evident when we compare its density, viz., 535 to that of South Kanara add Coimbatore viz., 310 and 307, and the density of population of the cultivated area is in Malabar as high as 1,498 compared to 1,490 in South Kanara and 707 in Coimbatore. The percentage of owners among the agriculturists mentioned above stands at 5.6 for Malabar, 18.57 for South Kanara, and 54.8 for Coimbatore and this small percentage of 5.6 includes both cultivating and non-cultivating landowners. The above figures fully illustrate the high pressure on land in Malabar. But too much fragmentation is equally to be deprecated as too much concentration. What is required for a healthy growth is an

even distribution of land among the population together with some incentive to cultivate it properly, so that the benefits arising out of such cultivation may be equitably distributed between those who own the land and those that work on it.

A Rural Programme.

It is for you to decide on the best course of removing the impediments to co-operation mentioned above and thereby ensure a real, healthy growth of the movement in your district. The average Indian ryot is noted for his indebtedness and illiteracy. As a well-known writer puts it, the Indian ryot carries a mountain of illiteracy on one of his shoulders and a mountain of indebtedness on the other. Until you remove both from his shoulders, you cannot ensure his salvation. But co-operators will do well to remember that in addition to these heavy loads there are other disabilities, some of them being peculiar to particular localities, which have to be tackled too before you can establish healthy growth. The prosperity of landowners depends in the final analysis on the productiveness of the soil. As pointed out by Mukerjee in his work on "Co-operative Movement in India," the ordinary ryot will not succeed in making agriculture a paying business as long as he takes himself to cultivation "with ill-nourished physique, with primitive implements, with inadequate irrigation facilities, with ill-fed, ill-bred, famished cattle, with small scattered uneconomic holdings, with bad varieties of seeds, with no facilities for marketing, with no staying power and with the Mahajan and Marwari middlemen always standing in the way and reaping all the profits."

A careful analysis of the above quotation will enable you to prepare a proper programme for your activities in the field of co-operation. I am sure that you will bestow your attention to the various problems in the co-operative world.

Work Before Us.

It has been pointed out by writer after writer on Co-operation in India that the movement has had in this country a somewhat one-sided growth in that it has led to the establishment of proportionately a very large number of credit societies. Raiffisen has been in active operation and however desirable it may be to have societies of this model widely established in this country, it is not at all desirable to allow the field to be monopolised by any one type. The agricultural credit societies constituted roughly 90 per cent of the total of co-operative societies constituted rate of advance in the formation of such societies in India and the that in the course of the last 15 years a little over 47,000 societies connected with agriculture has been started in India. These societies have 17

to 18 lakhs of members. This strength though not small in itself, is, when compared to the total population of India, sufficient only to touch the fringe of that vast population. Out of the total member of 52,000 villages in India, hardly 10,000 villages have so far come under the sway of the co-operative movement. The above remark holds good in the case of the Madras Presidency, where the number of co-operative societies is only 14.9 per 100,000 inhabitants compared to 36.1 in Central Provinces and Berar and 41.8 in Burma. This shows clearly the vast field of work that lies before the co-operators in this Presidency.

Co-operation by Compartments.

13. The condition of the Presidency regarding the spread of these societies is repeated in the districts of Malabar. As the matter stands now, there is not in Malabar one society per village. The 387 societies that have been started there, are confined to, comparatively speaking, a portion of the district. The activities of co-operators must be enormously increased before the district as a whole will have felt the impact of the movement. One important point has to be remembered in connection with the starting of these societies. It has become quite a common practice among co-operators of not only your district but of other parts of India to start credit societies for the exclusive use of the depressed classes. It is a common feature in almost all reports dealing with the growth of the co-operative movement to devote a special paragraph to what is generally termed the Panchama Societies. I have had occasion to know something about the working of these societies in the city of Madras and I feel bound to give expression to the view that the policy that suggested the formation of separate societies for the backward classes seems to be one of doubtful wisdom. Most of these Panchama Societies are under inefficient management and the average unit composing these societies is in the nature of things somewhat of a low type. It is no fault of the Panchama that he is not as well-educated as the high-caste Hindu and it is no disgrace to him at all that placed as he has been for ages in a position which afforded practically no scope for self-expression, he today is not able to compete successfully with people belonging to the higher castes. Instead of having separate societies for Panchamas, we will, in my opinion, render to these backward classes far better service than we are at present doing by bringing all communities together in one and the same society. I hope that I will not be understood to discourage any movement that tends to make the Panchama self-reliant. The spirit of self-reliance will be cultivated equally, may perhaps even better cultivated, when he is thrown in the company of his more educated and more advanced fellow-creatures. A society that attempts to treat

the high caste Hindu and the Panchama without distinction, is, to my mind, a model society whose spread in your district, every genuine co-operator must strive after.

Craftsmen's Societies.

Of course, there is a great difference between these societies that are confined to particular castes, and societies that are organized on occupational lines. This latter kind of society is absolutely unobjectionable, nay, it is even desirable to have as many societies of this category as you can possibly establish. For instance, take the fishermen's societies that are found in Malabar to-day. They are in every way desirable and will undoubtedly show very good results since success in their case depends upon special professional ability which is found only among people following particular professions. I was rather disappointed to see a remark in one of the reports for the district of Malabar that some misunderstanding has crept into some of these Fishermen Societies. I trust complete harmony will soon be restored among these fishermen and that their societies will develop in such a way as to do to their community the maximum amount of good. Just like fishermen societies you find scope in Malabar for similar societies connected with people following other occupations. In certain parts of Malabar weavers are found playing a very important part in the economy of the country, similarly Carpenters, Blacksmiths and other people following various other professions. In their case, Co-operative societies based on their special trade are to be greatly desired and I commend to the Malabar co-operators the practice of organizing more and more professional societies like the fishermen societies of Tanur and other places.

Duties of Managements.

I may make one more observation regarding primary societies, before I conclude this part of my address. To have as many of these primary societies as we can start in our villages is generally speaking a desideratum. But there is a danger with regards to the indiscriminate extension of these societies among the village folk. There is a tendency in some of the societies for the power of management to get itself centered in the hands of one or two principal men of the village with the result that the management is carried on more with a view to advance their special personal interests than to improve the economic condition of the members as a whole. I am not referring to any imaginary evil, but I do have concrete instances in my mind which need not be openly referred to, where complaints have been made by members of some societies that in the matter of lending money, preferences have been shown in the case of particular members who happen to be more influential than the rest. I can think of

nothing which is more destructive of the feeling of brotherhood that ought to exist in any co-operative society, than this spirit of favouritism. I request those of you who have to supervise the affairs of primary societies to particularly check this evil tendency of introducing a sense of inequality and injustice within these democratic institutions. Remember that these societies must answer both the quantitative as well as the qualitative tests.

Agricultural Co-operation.

To have a clear idea as to the true scope of agricultural credit societies it is important to remember that the ordinary agriculturist stands in need of help not only for raising his crop but also for marketing it at the most favourable season. The agriculturist wants money to purchase seed, to meet cultivation expenses, to provide himself with cattle and to pay Government Kists, so that he may not sell the crops soon after they are harvested. The pecuniary assistance rendered during the agricultural operations will do the cultivator no real good unless he is enabled to hold up his crops after harvesting till such time as he can realize for them a good price. It thus becomes apparent that with reference to the ordinary ryot there is a need not merely for primary societies of the Raiffisin type; but also such non-credit societies as seed society, cattle purchasing society, manure society and the Produce Sale Society. I regret to note that in your district, co-operators have come to grief with regard to some of the non-credit societies started by them. The failures of the Vasumaty wholesale co-operative society Ltd. and of the Perintalmanna Co-operative Conveyance Society are extremely regrettable; but these failures ought not to prevent further activities in the non-credit line. Let me remind you, gentlemen, that to a genuine co-operator such failures have their special use. You may perhaps know that Sir Horace Plunkett made as many as 50 unsuccessful attempts before he was able to organize his first efficient creamery in Ireland. So you must, in spite of disappointments and failures, carry on the noble work of organizing co-operative societies of both the credit as well as non-credit types.

The Consumers' movement.

There is one particular variety, namely Consumers' Co-operative Stores, which have not so far thriven well on the Indian soil. Writers dealing with the stores movement in India refer to this fact and strongly recommend increased activity among co-operators in the matter of establishing distributive societies with the ennobling example of England, typified in the Rochdale Pioneers, which has been copied by France, Italy, Denmark, Russia, Germany and other Continental countries with the rich prospects that lie before a well organised stores society, especially if it is

developed into a wholesale society. It is disappointing that in India there has been the same tale told by Province after Province, the same tale that Stores are not likely to succeed in this country. In the reports for Bengal, Behar and Orissa, Punjab, Bombay and even Madras, the same pessimistic view with regard to the prospects of Stores Societies is clearly noticeable. Mr. Mukerjee in his book on "Co-operative Movement in India," after reviewing the condition of the Stores Movement in the various Provinces in India says thus: "The lesson to be drawn from the experience from the several Provinces in India is that the Indian soil is not yet sufficiently prepared for sowing the seed of Consumers' Co-operation." He, however, points to one brilliant exception to the rule and that is the case of the Triplicane Urban Co-operative Society Ltd., belonging to the Presidency of Madras. The Triplicane Store Society is modelled after the Rochdale plan. It was started 20 years ago by a small band of enthusiastic young co-operators. Its capital at the outset was almost nothing. In its early stage it gave as much merriment to the carping critic as the Rochdale Pioneers' store afforded to the idle onlookers in Toad Lane when they first started business there. In spite of its humble beginnings, the Triplicane Stores Society occupies the first place in the whole of India and as one connected with that society for nearly two decades, I take the liberty of bringing to your notice some of its prominent characteristics. On 31st December 1923 the society had on its rolls 3,873 members. Its share capital stood on that date at Rs. 58,259-1-11½ ps. It had a reserve fund amounting to Rs. 64,619-12-5 and a common good fund to the extent of Rs. 31,938-5-5½. The society has 18 branches and the total sale transactions for the year 1923 amounted to Rs. 8,04,884-4-8½. There are two main departments in T. U. C. S., the one deals with the various commodities of everyday use and the other gives loans to members. The transactions of the loan department amounted in the year in question to Rs. 42,987-14-8. One of the important principles observed in the working of the Triplicane Society is that all transactions between the society and its members are for cash only. Another principle is that the price of commodities sold by it must be fixed with reference to the market rate. The profits resulting from the transactions are distributed among all the members in proportion to the amount of their individual purchases. The prices are all fixed and therefore there is no scope for bargaining and the consequent waste of time. The quality of the goods sold is particularly attended to. In the matter of measurement and weighing of goods, absolute honesty is maintained. Here I may point out that in the case of consumers' stores, there is some difference of opinion regarding sales to non-members. In Great Britain, Russia, Spain, Belgium, Holland

Italy and France the store sells to members as well as to non-members. In Germany sales to outsiders are strictly prohibited. The Triplicane Society has, by means of their by-laws, provided only for sale to members. As a matter of fact, it is an almost open secret that sales do take place to non-members. What happens in such cases is that the sale chalaus are issued in the name of some member or other. This became so common that it had to be specially considered by the Board of Management. About 8 years ago the secretary of the society submitted a report showing that according to the books the purchases made by some of the employees of the society stood at phenomenally large sums. Employees receiving Rs. 20 to 30 per mensem were found to have made purchases for ten times that amount. In two cases particularly, employees drawing a salary of Rs. 30 were found to have made purchases during six months of articles worth nearly Rs. 1,900 and Rs. 1,100 respectively. The real explanation for such large purchases was that sales were effected to outsiders in the names of employees. There have been occasional debates on the question whether sales to non-members may be allowed and though no modification of the by-laws has yet been effected in the T.U.C.S. permitting such sales the drift of opinion seems to be favourable to adopting the modified form of the English rule. The first Madras District Co-operative Conference held in Madras in December 1923 passed a resolution to the effect that all co-operative stores ought to be allowed to sell to non-members, half the profits of such sales being *pro rata* to be distributed to non-members in the shape of shares. In Malabar there is vast scope for the establishment of properly conducted distributive societies. I hope that a substantial step onwards will be taken by the district in this particular line.

Rural Housing.

There is another type of non-credit society which ought to engage your attention at the present moment. The recent rebellion in Malabar has been the cause of wholesale destruction of property in the affected area. Many people have been rendered homeless as a result of the rebellion. During the work of reconstruction special attention will have to be given to the question of building houses for the houseless people. This problem is best solved by forming building societies. The Government of Madras have recently issued rules regarding the giving of loans to building societies. Though these rules are not very liberal, attempts must be made by societies to profit by them.

Land Reclamation.

A portion of Malabar which has been hitherto been inaccessible to its people will be opened up at no distant date, when the Shoranur-Nilambur

Railway line becomes an accomplished fact. Malabar Co-operators ought to take advantage of this opening up of the country and start as many building societies as well as societies for the reclamation of land as they can. The Government ought to go to the help of these societies by granting them long term loans to carry on this reconstruction work. Provided the people put their heart into the business Malabar will ere long be studded with reclamation societies to its infinite advantage.

Consolidation of holdings.

I wish to refer to a very interesting experiment started in the Punjab at the instance of Mr. Calvert for the purpose of alleviating the evil effects of excessive fragmentation of holdings. Mr. Calvert started co-operative consolidation of holdings societies whereby the owners of different pieces of lands of varying extent lying in different places agreed to consolidate such lands and afterwards repartition them among themselves on certain principles. The land so partitioned is given possession of to the various allottees for purposes of cultivation for a period of 4 years. On the expiration of this period the former possession was to be restored unless the owners unanimously agreed to continue the original allotments. This arrangement was to enable people to be in possession of an entire plot of land of sufficient extent instead of owning pieces of lands in different places. The immediate result of this arrangement was that the average holding became increased in extent from half an acre to nearly four acres and yielded better profits than before. If the principles introduced by Mr. Calvert could be adopted for Malabar with the necessary changes, there is vast scope for carrying on really profitable cultivation in the district. I merely throw out the idea without elaborating it and I trust that you will study the subject with due care and attention.

Government and non-officials.

I remember a tourist in Malabar making a humorous remark that the district is noted (1) for its palm trees and (2) for its litigation, and that these supply the material and the mental food for its vast population. There is no doubt whatever as to the economic importance to the cultivator of the cocoanut palms in Malabar; equally true is the statement that the people are notorious for their litigious spirit. The latter evil may be largely remedied by the intervention of co-operative societies. The Honorary Assistant Registrars appointed for Malabar 1922-23 have done very good work not only in the inspection of societies' books and registers, but also in disposing of a very large number of cases referred to them for arbitration. The total number of references during the year was 649 and

the pending references numbered 239. Out of these 888 references, all but 128 were disposed of during the year and this is really creditable to the Honorary Assistant Registrars of the district. My only surprise is that, when I looked into the table of work turned out by the various Honorary Officers, some of them who had done splendid work were not among the honorary officers nominated by the Government for the succeeding year. I trust that this omission is merely accidental and indicative of any underlying policy. The work that lies before the Honorary workers is indeed vast and the future of the movement in our country depends entirely upon the success which the non-official organizations are able to achieve in starting and managing various societies. The Departmental supervision especially in the matter of audit must for a long time continue, but the aim of the movement is to substitute the departmental agency with purely non-official agency. This aim should be clearly kept in our minds and until the goal is reached the activities of honorary workers must continue unabated side by side with the work of the department, each supplementing the other. It must be the aim of each district to bring all the societies in it into one Central Organization like the District Council or Federation and also to establish a close touch with the activities in other districts through the instrumentality of the Provincial Co-operative Union and the Provincial Apex Bank.

A Co-operative Survey.

Another important matter that I wish to bring to your notice is the question of conducting a co-operative survey of the whole province by a competent committee of Co-operators. Such a survey is very desirable before a definite policy of co-operative enterprise is laid down. There are in our Province many undetected sources of riches and an early examination of the question in all its aspects deserves in my opinion to be commended by your Conference.

Co-operative education and propaganda.

Co-operative education and propaganda are two other subjects on which too much emphasis cannot be laid. In our educational system co-operation as a subject of study hardly finds a place. In many of the European Universities there is a special chair for co-operation and particular attention is paid to the curriculum of studies dealing with co-operation. This example is evidently fit for being copied by our educational institutions. At the present moment people engaged in propaganda work will considerably be handicapped for want of proper textbooks. It will be helping the march of the movement considerably if some of our leading co-operators will take the trouble of writing certain standard

text books for popular use. As a matter of fact, the Provincial Co-operative Union has in contemplation the starting of training classes for the benefit of all kinds of workers in the co-operative movement, and if there is sufficient encouragement from the various parts of the Presidency, the Union will be prepared to launch a considered scheme on the subject. Without propaganda it is absolutely impossible to make the average citizen realize the importance of the co-operative movement. Competition and desire for personal profit have long held the people under their magnetic influence. The true purpose of all co-operative activities is, as pointed out by the American writer, James P. Warbasse, to substitute service-motive in place of profit-motive. As a constructive method of escape from the present day chaos and for obviating the dangers of a bureaucratic state, co-operation has a very important part to play and the result aimed at will be achieved by a successful substitution of the above-noted service-motive in the place of profit-motive. But it must be recognised that a society cannot at once jump across space. On the other hand space has to be traversed. Permanent and abiding results come through evolution and not through revolution. We may be confident that the bureaucratic state must one day or other give place to a co-operative democracy.

Before concluding I wish to point out once again the importance of propaganda work in our midst and I may be permitted to congratulate you on the start you seem to have already made in this respect by appointing two propagandists, one for North Malabar and the other for South. Let me assure you that if you carry on the work in the spirit in which you have started it, enlisting more and more workers, you will surely succeed in the noble task of establishing in your district a 'co-operative brotherhood,' and pave the way for the universalization of the movement, for all true co-operators know that the movement is in its outlook not merely national but international as well.

I bring to one and all of you happy greetings from the Madras Provincial Co-operative Union and I wish the second Malabar District Co-operative Conference every success.

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A free copy of the report of the First Madras District Conference will be sent to our subscribers who purchase a copy for Rs. 2 of the Notes and Papers submitted to the XII Madras Provincial Co-operative Conference (160 Pages Royal Octavo small type). The District Conference report contains a number of valuable notes by eminent co-operators on the several aspects of city Co-operation. The report consists of 38 Pages Foolscap in small type. The present concession is given only to our subscribers.

If you would like to know of the inner working of the Co-operative Movement in the Madras Presidency, you cannot find a more valuable literature than these two publications.

**The Madras Provincial Co-operative Union, Ltd.,
ROYAPETTAH.**

REPORT

OF THE

First Madras District Co-operative Conference. 38 pages Foolscap Size.

The following are the Contents of the Report.

How the Conference began ...	...	1
I Session ...	...	2
Address of the Chairman of the Reception Committee ...	...	3
The Election of the President and Presidential Address ...	...	9
Messages from Social Service Organisations ...	...	11
Resolutions ...	...	15
Vote of Thanks ...	...	19
Societies for the poorest classes in the City by Messrs. M. K. Venkatachariar and K. G. Sivaswamy ...	...	20
Deposits and Liability Register by Mr. G. Shriram Babu Naidu ...	...	23
A Register of Members and withdrawal of share capital in over-capitalised urban banks by Mr. S. Doraswamy Aiyar ...	...	24
Milk Sellers' Union Calcutta, by Rev H. A. Popley ...	...	25
The Common Good Fund by Mr. T. K. Hanumantha Rao ...	...	26
Employees' Co-operative Credit Societies and Stores by Mr. S. K. Yegnanarayanayar ...	...	27
Markets in Cherries by Mr. K. G. Sivaswamy ...	...	57
Employees' Societies and Thrift by Mr. S. K. Yegnanarayanayar... 21	...	21
Housing and House Sites for the poorer classes by Mr. R. Suryanarayana Rau ...	...	28
Crafts and Weaving Industry in the City of Madras by the Madras Industries Department ...	...	32
Weavers' Societies by Mr. K. G. Sivaswamy ...	...	33
District Co-operative Council by Mr. K. G. Sivaswamy ...	...	34

Copies can be had from

The Madras Provincial Co-operative Union,
ROYAPETTAH, at Re. 1 per copy.

CO-OPERATION MONTHLY

Published by
THE CO-OPERATIVE LEAGUE
167, West 12th Street,
N. York, U. S. A.
1 Dollar per annum.

REGISTERED—No. M. 1284



The Madras Bulletin of Co-operation

Issued every month in two languages—English and Tamil.

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

Vol. XV.]

JUNE 1924.

[No. 12.]

PRINCIPAL CONTENTS.

(For Detailed Contents, Please see inside.)

CO-OPERATIVE PROPAGANDA—

T. SRINIVASA MUDALIAR B.A., B.L.,

Hon. Assistant Registrar, Erode.

CO-OPERATION IN THE U. P. AND BURMA.

DISTRICT CONFERENCES AND OBSERVATIONS

THEREON.

REVIEWS OF BOOKS AND ADMINISTRATION REPORTS.

NOTES AND NEWS.

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Madras Provincial Co-operative Union, Ltd.,

Royapettah, MADRAS.

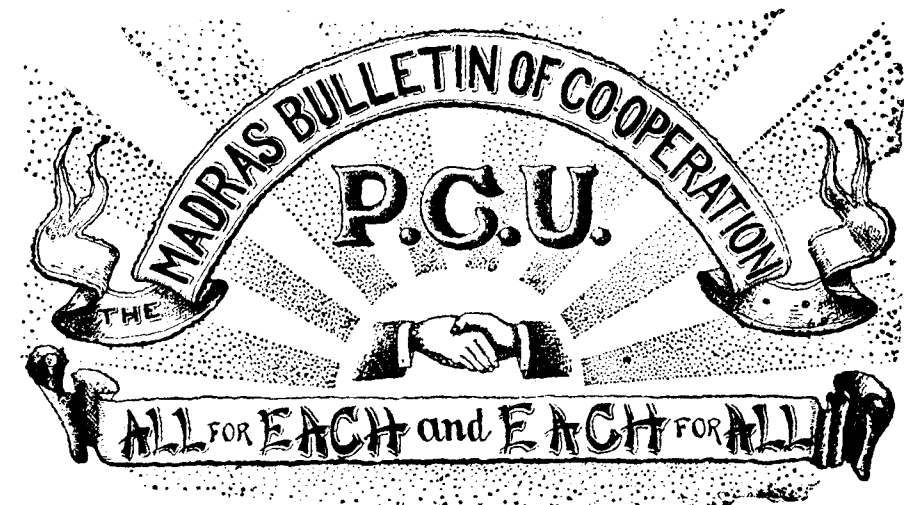
Subscription per annum for individuals and non-affiliated Societies
Rs. 4, and affiliated and contributor Societies free.

N.B.—Complaints of non-receipt of parts will not be attended to if
not received within a fortnight after the due dates.

CONTENTS.

PAGE NO.

1. CO-OPERATIVE PROPAGANDA :—OBSTACLES THERE- TO AND SUGGESTIONS FOR OVERCOMING THEM— T. SRINIVASA MUDALIAR B.A., B.L., HON. ASSISTANT REGIS- TRAR, ERODE	465
2. CO-OPERATION IN THE UNITED PROVINCES — THE RESOLUTIONS PASSED AT THE ELEVENTH MEETING OF THE STANDING COMMITTEE OF CO-OPERATORS...	469
3. CO-OPERATION IN BURMA—BEING THE PROCEEDINGS OF THE DISTRICT AGRICULTURAL AND CO-OPERATIVE CON- FERENCE COMBINED WITH AGRICULTURAL SHOW AND IN- DUSTRIAL EXHIBITIONS HELD AT HENZADA ON THE 21ST AND 22ND OF APRIL 1924	472
4. REVIEWS.	
(i) CO-OPERATIVE AGRICULTURAL EXPERIMENTS IN CANADA	473
(ii) RURAL PLANNING IN THE U. S. A.	474
(iii) DISTRIBUTION OF TYPES OF FARMING	475
5. NORTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE.	
(i) PRESIDENTIAL ADDRESS—BY THE HON'BLE M. L. D. SWAMIKANNU PILLAI M.A.	475
(ii) THE RESOLUTIONS PASSED	478
6. CO-OPERATION IN NEW ZEALAND	479
7. OBSERVATIONS ABOUT DT. CONFERENCES.	
i. GODAVARI } RAO SAHIB T. SRINIVASA	481
ii. N. ARCOT } RAO	486
iii. MALABAR MR. K. G. SIVASWAMI B.A.	492
8. REVIEWS OF THE REPORTS OF ADMINISTRATION OF THE CO-OPERATIVE DEPARTMENT.	
i. MYSORE	498
ii. CEYLON	499
iii. THE UNITED PROVINCES	499
iv. TRAVANCORE	500
v. BEHAR AND ORISSA	501
9. NOTES AND NEWS.	502-508
Recent District Co-operative Conferences in North Arcot and Godavari; An Invitation to Our Readers; A new Co-operative Magazine; President Coolidge on Co-operation; A Worthy Example; The Coming World-Congress of Co-operation; A Retrospect; Marvels of Science; A Tip to Agriculturists; Co- operative Activities at Villipuram; Our Critics Answered; Chingleput's Wise Resolve; A much-neglected Field; Some Bengal Schemes; A Welcome Move Forward; Very-Good, if True; Wanted an All-India non-official Co-operative Organisa- tion; A Request to Co-operators.	



VOL. XV.]

JUNE 1924.

[No. 12.]

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.

CO-OPERATIVE PROPAGANDA—OBSTACLES THERETO— SUGGESTIONS FOR OVERCOMING THEM.

BY MR. T. SRINIVASA MUDALIAR B.A., B.L., HONORARY ASSISTANT
REGISTRAR OF CO-OPERATIVE SOCIETIES, ERODE.

It seems an irony of fate that Indians in whom the spirit of Co-operation is ingrained have so far fallen from their ideals that propaganda in that direction is an up-hill task for the worker in that field. We all know how the villager is helped by his friends and relations whenever he has to incur an extraordinary expenditure as in the case of a marriage. They contribute their mite to meet that expenditure through a system,

called moi "மொய்" (i. e., contribution). It is nothing but mutual help otherwise called co-operation. By means of a fiction the shrewd and needy villager rallies his relations to his rescue by merely inviting them for a dinner to get "மொய்" though no social domestic function takes place actually, but only the money is wanted either to purchase some land or to pursue some litigation. Again, the new-fledged farmer is helped to form his live-stock by villagers contributing kids on the day he puts up his pen. So the field of co-operation is not altogether barren, but it requires careful hoeing and hard work to weed out the growth that obscures the original mentality among the masses at large.

Coming now to the obstacles that we have to contend against in the field of co-operation it seems to me that the first and foremost of these is the *inertia* that is inborn in the villager and which has kept him insular for ages. The conservatism that keeps the villager a slave to ever so many customs and makes him averse to move in the direction of progress is mainly responsible for the practically primitive stage in which he is found in matters relating to arts, industry and religion.

* * * * *

Ignorance is another universal evil among the villagers which stands in the way of co-operator's work. Universal education—free and compulsory,—is the only remedy that can root out this evil. Light, more light, is wanted for the people to see for themselves and realize the benefits of co-operation.

Superstition which is the legitimate child of ignorance has brought about such a slavish mentality in the rustic that it is menacing his progress in many a direction. Even after the propagandist had convinced a particular village community about the benefits of having a credit society it could not be organized without the oracle being consulted and the omens being found auspicious.

Self-reliance, that spirit which carries the Westerner on the tide of progress to the haven of success is a virtue that is practically unknown among the masses at large. The propagandist has, therefore, not only to preach his gospel but has to put his shoulder to the wheel in the actual formation of the society and often in the running up of the concern.

Punctuality and business-like habits being unknown qualities in the villages the propagandist is affected by their absence even when other elements are favourable. The villager who is conscious of these defects

If you have knowledge, let others light their candle at it. —Margaret Fuller.

fights shy of the co-operative society as he fears that the hand of the Sirkar which is behind the movement may strike him down for default.

Again the *village Sowkar* who feeds fat on the petty trade and the poor ryot and the rich landlord who wants to keep his tenants enchained to his lands as fixtures through advances and agreements are generally averse to any elevating influence being introduced or cementing element brought to bear on the villagers through co-operation. *Faction*, the bane of every district, is an obstacle that is hard to negotiate even by enthusiastic co-operators. Philosophy and religion have to be freely utilized and the gospel of peace preached to clear the ground when this evil is rooted in the soil before sowing the seeds of co-operation. Want of proper leaders who can command the confidence of all the classes in the village is another impediment which keeps out the movement from its legitimate field. As every effort has to be made to make people live co-operatively the propagandist must find out the leader or create one out of the men that keep behind the screens.

Want of mutual trust is one of the grave defects in our national character that stands in the way of large concerns being floated and the co-operative movement making rapid strides in our country. The truth that trust begets trust and makes itself mutual will have to be well explained to the masses.

The mischief of the middleman is a factor which is keenly felt by the co-operator, more especially when attempts are made to start non-credit concerns like weavers' societies. The middlemen advance various sums to needy labourers and keep them in chronic indebtedness to themselves. The labourer himself is addicted to bad habits and will not easily give up the man who helps him to satisfy his cravings. So the middleman who is called the "முதலாளி" tries his best to throw cold water on any scheme of co-operation which will cut short his profit, legitimate and illegitimate. Under such circumstances the co-operator's task is threefold, viz., that of the Reformer, the Redeemer and the Reviver. As Reformer he must do some social service and try to elevate the character of the men concerned. As Redeemer he must give his helping hand and relieve the wage-earner from his indebtedness. As Reviver he must enable the labourer to start his legitimate business by advancing the necessary stuff such as yarn and dyes in the case of weavers.

If I had referred to the innate inertia in the beginning, let me remind you of the infernal *ittaris* (village roads,) which frighten away the most ardent propagandist from advancing into the interior to carry the light of

co-operation into those dark regions. Such an obstacle suggests the formation of village co-operative societies for improving the *ittaris* and thus bringing about better communications to interior villages. If I have painted the background somewhat dark it is not with the object of damping the spirit of the co-operative missionary. Even as the knight errant in the days of chivalry courted danger for danger's sake even so the ardent co-operator must court difficulties only to deal with them successfully. If he has an obstacle race to run let him run by all means and with all effort and win the race. After all, the co-operative movement is altruistic in its tendency and effect, and is perhaps the most potent factor which a patriot can utilize for the good of our motherland in her present stage of transition. If constructive work is necessary for the redemption of our country, the co-operative movement gives the best and the most useful material to work upon.

If the obstacles referred to above are to be removed we have to hasten slowly and cautiously in our progress. We must educate the people first on the principles of co-operation. We must select proper men as Panchayatdars and see that they do not swallow the biggest slices themselves. For this purpose constant and close supervision is necessary in the early stages at least. The villagers must be asked to select proper men for association and to keep careful watch over one another's conduct and we must infuse in them the main principle of co-operation viz., "Each for all and all for each"

Coming now to the end of my thesis, let me point out that we have not been utilising the most important element that can help us in our movement viz., the teachers. The village schoolmaster has not only a high place in the polity of the village but has under his control and guidance the rising generation whose minds and morals can be shaped in such a manner as to advance the interests alike of themselves and their hamlets if not even of our country itself.

In France quite a network of co-operative societies have been formed with the help of the teachers, mainly for the benefit of students, past as well as present. The advance of that country through such societies has been acknowledged and proclaimed by the highest authorities. I would, therefore, respectfully invite the honourable Ministers for Education and Development to put their heads together and work out a suitable scheme and popularize the co-operative movement on the lines worked out in France.

Let us endeavour so to live that when we come to die even the undertaker will be sorry.—*Mark Twain.*

I would also suggest the desirability of co-ordinating the work of the Agricultural Department with that of the Co-operative. The aim and interests of the one are bound up with those of the other. If the Agricultural Demonstrator is interested in the proper selection of seeds and arranges for seed depots and seed farms the Co-operator is equally interested in helping to solve the problem and arriving at the same result through a system of self-reliance which may take the shape of Co-operative Stores or Purchase Society. It is, therefore, hoped that the two sister Departments will work together for their mutual benefit and to the advantage of the agricultural population.

2. CO-OPERATION IN THE UNITED PROVINCES.

Eleventh meeting of the Standing Committee of Co-operators.

[We gladly publish the resolutions passed by the Standing Committee of Co-operators in U. P. The readers can see for themselves how most of their problems are similar to ours. This strengthens our plea for an All-India Organisation and occasional Conferences. Resolutions, 7 and 12 are quite flattering to us. Ed.]

The eleventh meeting of the Standing Committee of co-operators was held at Benares on Sunday, Monday and Tuesday, the 6th, 7th and 8th April 1924. Sheikh Makbul Hosain C. I. E. Khan Bahadur, was in the chair on all the three days. Besides the Registrar and the Deputy Registrar, 19 non-official members of the Committee attended the meetings.

The following is a brief summary of the decisions arrived at:—

1. The Registrar's proposal to change the audit rules with a view to avoiding duplication of work was agreed to.

2. The report of the Sub-Committee appointed on 26th November 1922 to suggest amendments in the Insolvency Act V of 1920 to suit the requirements of co-operative societies was referred to members for further consideration.

3. On the note of the Sub-Committee appointed under resolution No. VI of the meeting of the Standing Committee held on 14th October 1923, the Committee recorded the opinion that the Registrar cannot add new parties in an arbitration suit, but legal representatives of an original party can be substituted,

4	*	*	*	*
5	*	*	*	*
6	*	*	*	*

7. Considered a statement prepared by M. Murtaza Ali comparing the activities of Madras with those of the United Provinces. Resolved

that a substantial increase in the Government staff in these provinces is urgently needed and that the Government be approached to secure an addition of two Assistant Registrars and 22 Junior Assistant Registrars so that each district may be placed in the charge of one Junior Assistant Registrar.

8. G. O. No. 27/XIIB-14, dated the 17th March, 1924 forwarding a copy of G. G. O. No. 382, dated the 5th March, 1924, about restriction on the use of Remittance Transfer Receipts by co-operative societies. Resolved that there is no need of imposing the suggested restrictions, as such business in this province is very small and there has never been any misuse of the concession.

9. The question of making suitable arrangement for custody of records of primary societies so as to afford no chance to panchayats to withhold them to serve private ends was discussed but postponed for further consideration.

10. Considered a note dated the 11th February, 1924, by the Deputy Director of Industries on the system followed by some Mahajans in financing industries and decided that it may be referred to the Stores and Weavers' societies for their adoption if they consider the proposals suitable.

11. On the question as to whether it is legally permissible to institute a single arbitration suit for the recovery of various sums due from the same borrower on different promotes executed on different dates and with different sureties, the Committee expressed the opinion that it is legally permissible to do so, but that in such cases the arbitrator should specify separately the liabilities of each surety.

12. O. G. O. No. 25/XIIB-48, dated the 14th March, 1924, bearing on Resolution No. III of the Standing Committee held on the 14th October, 1923, regarding the investment of Trust Funds in Co-operative Societies, the Committee recorded its regret at the decision of the Government in refusing to adopt the Madras Government's policy.

13

14. Adopted with some amendments the rules for the conduct of the United Provinces Co-operative Journal drafted by Mr. Mukerjee. It was also decided that, for the year 1924-25, Mr. Mukerjee be appointed

Reading is to the mind, what exercise is to the body. As by the one health is preserved, strengthened and invigorated, by the other, virtue (which is the health of mind) is kept alive, cherished and confirmed.
—Addison.

Editor and M. Murtaza Ali, Junior Assistant Registrar, Manager of the Journal.

15. Opinions differed on the question as to whether or not a surety can obtain arbitration against the principal borrower for whom he paid the dues and it was resolved the legal advisers of the Government may be consulted.

16. On the question of the desirability of amending the by-laws of Central Banks relating to compulsory holding of shares by primaries in proportion to their borrowing, it was held that societies as a rule should be required to invest the same amount in the shares of their Central Bank that they obtain in shares from their members, subject to the condition that this sum shall not exceed one-quarter of their borrowings from the Central Bank. The question of relieving societies which have already invested large sums in the shares of their Central Banks and borrow little now be deferred for further consideration.

17. A Sub-Committee consisting of the gentlemen named below was formed to go into the question of successfully tackling liquidation of outside debts and to report what amendments are called for in the Co-operative Societies Act II of 1912 with a view (a) to enforce full disclosure of the money-lenders' loans, (b) to stop members from having future transaction with them and (c) to facilitate the advance of long term loans to members

(1) B. Radha Mohan (Jaunpur).

(2) Rai Sahab Babu Daya Shankar (Budaun).

(3) Pandit Radhey Lal Chaturvedi, Second Assistant Registrar (Convener).

18. A Sub-Committee consisting of the following gentlemen was formed to consider the whole question of amendments needed in the Agra Tenancy Act for the benefit of the Co-operative movement and to these for the Committee's consideration:-

(1) Rai Bahadur M. Ganga Pershad. (Manipuri) Convener.

(2) Pandit Radhey Lal Chaturvedi, Second Assistant Registrar.

(3) Rai Sahab Babu Daya Shankar (Budaun).

(4) Babu Bind Basai Pershad (Bijnore).

(5) The Hon'ble Pandit Shyam Behari Misra, Deputy Registrar.

19. Considered the desirability of establishing a land mortgage bank and decided that M. Murtaza Ali's note on the subject may be circulated among the members of the Committee for further consideration.

3. PROCEEDINGS OF

**District Agricultural and Co-operative Conference combined
with Agricultural Show and Industrial Exhibitions held at
Henzada on the 21st and 22nd April 1924.**

Present.—About 800 delegates. The Deputy Director of Agriculture, Irrawaddy Circle; Joint Registrar of Co-operative Societies, Burma; Superintendent of Cottage Industries, Burma, and other Government officials of all Departments from Headquarters and the district also attended.

1st. Day.

The hall of the Government High School was packed to the full when the Conference started on the opening day at 10 a. m. U Maung Kha, the chairman of the District Agricultural and Co-operative Association then welcomed the delegates after having introduced to the Deputy Commissioner the leading co-operators and those who take great interest in agricultural improvement.

The meeting was then formally opened by the Deputy Commissioner, Major D. N. Stuart, I. A., who in the course of a lengthy interesting speech explained amongst others that the encouragement of thrift and the benefit derived therefrom are the essentials of sound co-operation. He further stated comparatively by figures how the co-operative movement progressed during the last 5 years.

U Po Yin, senior teacher of a Government High School, the elected chairman for the Conference made an introductory speech with many instructive examples both concrete and abstract. He stated that the welfare of a nation depends on the success of co-operation, adoption of scientific methods and veterinary assistance. The speech embraced all the three subjects (Co-operation, Agriculture and Veterinary).

U So Saing, Assistant Registrar of Co-operative Societies, Irrawaddy Division, spoke on the different systems of co-operation and advised the delegates not to be content with the credit societies only but to go further by establishing productive and distributive societies.

The Junior Agricultural Assistant, U Po Ka, explained in detail the different methods of Agriculture.

It is great—and there is no other greatness—to make one nook of God's creation more fruitful, better, more worthy of God; to make some human heart a little wiser, manlier, happier, more blessed, less accursed.
—Carlyle

The Veterinary Inspector, U Lu Pe, gave an account of how epidemic diseases among cattle can be prevented and suppressed.

At 6 p. m. the Deputy Commissioner of Henzada District gave an "At Home" to all delegates and Government Officials in his Bungalow compound. Tea and cakes were lavishly served and "Anyein pwe of Aung Than Tin" of Rangoon was also in play.

2ND DAY,

The exhibits were judged in the morning and prizes were given by the Deputy Commissioner in the evening before the final general meeting. The discussions on 24 points relating to agriculture, co-operation and veterinary were made at the two sub-committee meetings. The chief items of interest are (1) how to attract deposits in co-operative credit societies, (2) how to encourage the spread of agricultural methods and seeds recommended by the Agricultural Department and (3) how to prevent the contagious diseases among cattle.

After the heated discussions of the said 24 subjects followed by the final general meeting, the Conference closed with votes of thanks to the chair.

4. CO-OPERATIVE AGRICULTURAL EXPERIMENTS.

The forty-fourth annual report of the Agricultural and Experimental Union of Ontario, Canada, for 1922 contains a very interesting account of the large number of agricultural experiments that are being conducted throughout the province by farmers through Co-operative endeavour. Hundreds of farmers have voluntarily co-operated in carrying on particular experiments under instructions and guidance from the Directors of Co-operative experiments in the several branches of agriculture and the results achieved so far have been very encouraging. At present there are hundreds of experienced experimenters in that province who "combine extensive practical experience on the farm, a good education and a substantial training in experimental work as they have conducted successful tests on their own farms in each of a number of years." The method adopted by the Committee on Field husbandry is briefly the following. The list of the proposed experiments is announced in agricultural journals and newspapers and is also sent out to prospective experimenters. Materials, such as seed, fertiliser etc. required for the experiments and detailed instructions for conducting them are furnished entirely free of charge to any farmer applying for them if he undertakes to conduct the experiment with great care and accuracy and submit a report in a prescribed form after the harvest. These reports are then carefully scrutinised by the Committee and only such of them as show carefulness

and reliability in all essential details of the work are used to draw conclusions from. In this way, experiments of hundreds of varieties of field crops including many new varieties and new strains have been carried on. Extensive fertiliser tests have also been made to study the value of different commercial fertilisers in increasing crop production. Another branch of Co-operative experiments which has done very interesting and immensely useful work is that on weed eradication. Many farmers have co-operated in conducting experiments on the eradication of weeds and in preparing a preliminary weed survey of the province. We have not space enough to review the work done by the other branches. Regarding the cost of such experiments the Treasurer's report shows that the union got during the year a grant of 2750 dollars from the Government and that this sum alone has, after meeting all expenditure, left a surplus of about 400 dollars. The Ontario example can very well be tried in our Presidency.

5. RURAL PLANNING.

In these days we hear of town planning only and not of rural planning. Co-operators, in particular, will be much delighted to learn that in the United States rural planning, especially in its social aspect, has been receiving much attention and that much has been accomplished chiefly by agriculturists themselves in the task of providing recreation places, community parks, public grounds, public libraries, rural school, social centres etc. The United States Department of Agriculture has recently issued a neat little Bulletin (No. 1325) giving a number of actual examples of rural planning by rural people illustrated by a number of photographs. Regarding the scope of rural planning the author of the bulletin says "Proper Construction and orderly arrangement of roads, villages, public grounds and buildings, farms, farm homes, rural parks and gateways to town and country, bearing in mind good taste as well as utility, can accomplish much. Rural planning involves not only the construction of the new, but the preservation through private benefaction or local government of the old, especially that of community interest, such as picnic and play grounds and spots of natural beauty or historical interest, lake shores, river banks, hills commanding good views, waterfalls, scenic drives, glens, local monuments and memorial places. These are the common property of the people and should be preserved for the use of the people for all the time." Another passage from the bulletin may also be quoted. "Rural village life is intimately connected with farm life. The village is the trade centre and frequently the educational, religious and social centre for farmers. The life of the village is almost wholly dependent on the

Believe me, every man has his secret sorrow, which the world knows not; and oftentimes we call a man cold when he is only sad.—*Longfellow.*

surrounding farming community. Whatever makes the village more orderly, more harmonious, more beautiful, more efficient is of vital interest to the farmer." We are quite confident that a careful study of the bulletin by our rural co-operators will certainly stimulate them in discovering what they can do in their own villages to effect improvements for the benefit of the village community.—
A Co-operator.

DISTRIBUTION OF TYPES OF FARMING

It is a well known fact that particular crops are cultivated extensively in particular regions, that is to say, in a big country different types of farming are prevalent in different regions. Very often a question arises whether the present types of farming can be kept on or whether a change may be made to other types. The main factors that control the distribution of types of farming are classified into three groups:—physical, biological and economic. The physical factors are chiefly the character of the soil and climate; the biological are chiefly the presence of insect pests and fungous diseases; the economic factors are distance to market and cost of transportation, competition with other regions that can produce more cheaply and competition with other more profitable crops. In the Bulletin No 1289 issued by the U. S. Department of Agriculture a careful study has been made of the distribution of types of farming prevalent in the United States under the above points of view in particular. In the Bulletin an attempt is also made "to give an answer to the question whether the types of farming that prevail in the more important agricultural sections of the country are those that ought to prevail, and to suggest in a general way the changes that ought to occur in those sections where a change in conditions has made changes in types of farming necessary. It is written in a very clear, concise and convincing manner with the help of statistics, charts and diagrams. Though the bulletin deals with matters pertaining to the United States yet Indian agriculturists will certainly find it very interesting and instructive. We should specially commend it to the Madras Agricultural Department for perusal and suggest to them that a bulletin on similar lines relating to the conditions prevailing in our Presidency may be prepared for the benefit of agriculturists.—
A Student.

NORTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE.

Mr. Swamikannu Pillay's Address

At the North Arcot District Co-operative Conference held at Wandiwash on the 26th instant, Mr. L. D. Swamikannu Pillai, President of the Madras Legislative Council, in the course of his opening address said :—

Mr. Chairman of the Reception Committee, and gentlemen, When I was Registrar of Co-operative Societies, it was possible for me to preside over every District Co-operative Conference and over most taluk Conferences; in fact there were then very few taluks where taluk Conferences would have been possible. But already in my time it was not possible for a Registrar to visit every society in the course of a year. There was, a still earlier time when a Registrar could not only make an annual inspection of every society but was himself the organiser of most societies. I think there is one society in this district of which the first rules and accounts were written up by the first Registrar, Sir P. Rajagopala Achariar, with his own hand. Those rules deserve to be placed in our Co-operative Museum when one is formed. A prominent place in that museum would no doubt be assigned to my humble self, for I cannot claim to be anything more than a co-operative fossil. Properly speaking, your Registrar or Assistant Registrar ought to preside at your Conference, but since you see too little of the Registrar and too much of your Assistant Registrar, you occasionally want to regale yourselves with the sight of presidents who were once within but who are now outside the movement. The officers who have helped to found other departments have mostly left India, if they have not left the world altogether. But the Co-operative Department had the good fortune to be presided over for the first three tenures of office by Indians, all of whom are still alive and 'kicking' as they say in English, and to this number I may add Mr. Vedachala Ayyar. That is how one or more of us are still available as living specimens for the Co-operative Museum.

The usual formula which is employed when a person like me is asked to preside at a Co-operative Conference is this. "We wish to be guided by your experience." Experience no doubt I have, but whether it will serve for your guidance is another question. An experienced teacher of arithmetic, geography or history is still a good teacher though he may be 60 or 70 years of age; for in these subjects the material for study and the methods of instruction do not undergo any great change from century to century. But Co-operation is a daily changing art. New problems, new methods of attacking them, new possibilities of work spring up in all directions; and with them there also spring up new types of men, new ambitions, new standards of living, new schemes for the raising of capital and for the division of profits. What a vista of change presents itself to any one going no further than the report of a single district like

Nothing is easier than fault finding; no talent, no self-denial, no character are required to set up the grumbling business.—Robert West.

North Arcot for the single year 1923-24? Glancing at this report I am more than ever thoroughly convinced of my unfitness to address you. The youngest co-operator among you is probably more at home among the problems of the day than an Ex-Registrar, whose ideas of market rates of interest and co-operative organization are those of the year 1911, three years before the war. Surely then I might leave you alone, and you might leave me alone.

But coming to the old historic town of Wandiwash which has witnessed 150 years and more of stirring political events, one is inclined to bring you the messages of all history, a message of hope. Just as the movement in your District arose from small beginnings, from a single co-operative society of the agricultural type but limited in liability, for the simple reason that the first Co-operative Registrar durst not present before his first hearers a vision of unlimited liability with all the dreadful consequences which even he was unable to tone down, even so, the movement in your district to-day may only be the beginning of a vast organization of the future which not even the most piercing vision can venture to predict. In this fact of history, this essential law of human progress must be your chief comfort. North Arcot, as I remember it, under Rao Bahadur A. Vedachala Ayyar as Assistant Registrar and Mr. Seshachala Ayyar as Chief Organizer and many co-operators of the old type was a premier co-operative district and I remember the starting of your Central Bank and your first unions under these master workmen. I see the traces of their hand in the numerous forms of non-credit activity which this district boasts of in your building society, your depressed classes society, your basket-weavers' society, your military pensioners' society, your trading unions, etc. It is true all of these are not faring equally well at present; there are difficulties and failures, losses and liquidations. Still the general tendency is one of progress, and you are learning to use with more and more skill and better effect the instrument placed in your hands by the Co-operative Societies Act. In your unions are the germs of future self-government and self-determination. As yet the government have not been able to dispense with State aid, and they wisely place at your disposal a costly establishment at the expense of the general taxpayer.

But when you have perfected your representative system you will no doubt be able to stand on your own feet without government aid of any kind, which is the great co-operative ideal. Of course, with our modern ideas of the responsibility of the State for the well-being of even self-supporting and self-governing institutions, it is not likely that the time

will ever come when all State interference can be dispensed with. That may have been an ideal entertained in my time but it is no longer feasible now. Every day sees co-operative schemes conceived with the utmost boldness, and which will demand the utmost skill for their execution. And it is an axiom of modern politics that all such schemes should be carefully supervised by the State in order that thousands and millions of investors may be safe-guarded against the risk of accidents, negligence and fraud. The ratepayers and their representatives will not grudge the contribution from provincial funds which will be required to police the co-operative enterprise; and the best security for co-operative self-determination will be State supervision. I understand that schemes for land banks and debentures are engaging the attention of the authorities. Such schemes will not only need the soundest financial expert advice which can be procured but also effective State supervision of a detailed and delicate kind.

Meanwhile I see happy auguries of the future in the extended powers which have been given to your unions to sanction loans to societies and in the network of unions embracing practically every society in the district.

I have no doubt that in the two days over which the labours of this Conference will extend, you will carefully envisage all the problems of practical importance which the past may have disclosed or which the present may suggest; but you will not expect me even to outline in the faintest manner at the very opening of your deliberations a practical solution of these problems.

I congratulate the Assistant Registrar, Mr. Nayagam, the several Honorary Assistant Registrars, the Governing Bodies of Unions, the Central Banks, the Supervisors of Unions and the Office-bearers of the different societies on the excellent results of an year's work which I see before me. I declare the Conference open.

The following are some of the important resolutions passed at the Conference :—

RESOLUTIONS.

1 This Conference resolves that those representatives of societies which have overdues to Central Banks on 30th June last and societies which have got one or more defaulting panchayatdars or the representatives of societies who are defaulters shall not be eligible for being elected as a Governing Body member of the Union.

He who would do something great in this short life must apply himself to work with such a concentration of his forces as, to idle spectators, who live only to amuse themselves, looks like insanity.—*Parkman.*

2. This Conference resolves to start grain stores wherever possible and conduct the transactions exclusively in kind.

3. This Conference resolves that in societies of unlimited liability basis a dividend not exceeding 9 per cent. shall be disbursed to members on their paid up share capital.

4. This Conference resolves that the societies should according to their by-law prepare and submit the annual statements in time to the Registrar. To achieve this end the Unions and the District Council shall arrange to educate the societies in this direction and the Government may be requested to render financial help.

5. Resolved that a scheme may be laid out for getting long term loans for a period ranging from 20 to 25 years with a view to reduce indebtedness of the agriculturists.

6. Resolved that the Government be requested that the taxes levied on co-operative institutions under Local Board and Municipal Acts be remitted.

7. Resolved that the Government be requested to amend the Act so as to permit the transaction of the remittance of societies of not less than Rs. 25 through the Government Treasury instead of Rs. 150 as at present.

8. Resolved to take measures to remove as early as possible non-members who hold honorary posts in primary societies.

9. Resolved that the due date for loans to be paid to the Central Bank be changed to some suitable month other than May and June.

10. Resolved that the general body of societies may, with the approval of the Union, sanction honorarium to the panchayatdars. But the Assistant Registrar can interfere and withhold sanction on sufficient reasons.

11. Resolved that the Government may be requested to permit the opening of Savings Bank Accounts in all branch post offices in villages to enable the societies to deposit their collections in such accounts.

CO-OPERATION IN NEW ZEALAND.

" The method followed in letting and carrying out the work under the co-operative system, under the Hon. W. Hall-Jones, Minister for Public Works, is somewhat as follows: When a length of railway is to be constructed on the co-operative principle, the formation-work is divided into sections of suitable size. Where the work is heavy, one cutting and one embankment will be sufficient for a party; but, in lighter works, sometimes as much as half a mile, or even a mile of formation may be intrusted to one set of men. Plans and sections of the work are prepared,

and a brief and simple specification provided. The Engineer who is to have charge of the work then carefully computes the quantities of the several classes of excavation, and other work requiring to be done, assesses the value of the same and forwards his estimates to the Head Office, where they are submitted to the Engineer in Chief for an expression of opinion as to their reasonableness or otherwise. The rates are based on the current rate of wages ruling in the district for similar work with a small percentage added to represent, in some degree, the profits which a contractor would have made, had the work been let by tender in the ordinary way—that is, it seems the price fixed should enable a first—class workman to earn an average wage per day of eight hours slightly in excess of what a contractor would pay him for the same while workmen of less strength and ability would earn proportionately less. There is, it seems, an understood proviso that the work shall not cost more than if let by contract at fair rates, and experience has generally given favourable results in this respect. In this report, I find, when the prices have been approved by the Engineer in Chief, they constitute the basis of the contract with the men, the contract being a “schedule rate” and not one of “lump sum.” The Engineer’s estimate of the quantities is not binding on either the Government or the men, the work done being measured monthly, and the actual quantity executed paid for. The men go to work at these prices, finding their own picks and shovels; but all plants of an expensive character, such as trucks, sails, barrows, etc., are supplied by the government, the price allowed for the work being, of course, largely dependent on the class of plant supplied for performing it. The men are also furnished with tents in the first instance, but they are required to keep them in repairs, or to be at the cost of supplying new ones when the old ones become worn-out or unserviceable. If horses or drays are required, the men make their own arrangements for procuring them, as there is no difficulty in hiring them from settlers living in the neighbourhood. The men also provide their own explosives, or requisition for them on the Government store, in which case they are charged a small percentage of the actual cost, the sum being deducted at the end of the month from the sum payable under the contract. Separate contracts are let for clearing and cleaning, fencing, construction of culverts, and a very similar procedure is adopted with regard to other works. If the contract is to be for the erection of a timber bridge, the Department first takes out the detail quantities of all timber and iron-work required, obtains tenders for the supply of the same, and arranges for delivery on the ground. The value of the labour

It is much easier to be critical than to be correct.—Disraeli

required in the erection of the structure is then carefully assessed and submitted for the approval of the Engineer in Chief, as in the case of earth-work contracts. The number of men required to carry out the work properly and economically is determined upon, and a contract let accordingly.”—*Marshall L. Baker in “the Llano Colonist” 5th April 1924.*

THE GODAVERI DISTRICT CO-OPERATIVE CONFERENCE HELD ON 1st AND 2nd MAY 1924.

CERTAIN OBSERVATIONS BY RAO SAHIB T. SRINIVASA RAU.

A platitude occasionally indulged in by some Co-operators is that the mania of dividend-hunting in co-operative societies should be given up. The President of the Godavari Conference comes within this class of Co-operators. He assumes dividend-hunting to be the sole object of financing institutions and advises that it should be given up. So far as this Presidency is concerned a rule issued under the Co-operative Societies Act limits the maximum dividend payable on share capital invested in societies on the limited liability basis (and financing institutions are societies of this class) at 9 per cent per annum; and no Central Bank can possibly pay dividend at a higher rate than this. It is not understood on what materials the President of the Conference thought it fit to assume dividend-hunting to be the sole object of financing institutions. The co-operative principle in this respect, as enunciated by Mr. Wolff, is that capital should receive exactly the interest which is usual for it in the market and no more. The MacLagan Committee on Co-operation has recommended that in the case of financing banks the rate of dividend might be two or three per cent more than the rate paid on deposits. Viewed in the light of these authorities the 9 per cent rate cannot be deemed excessive. Other provinces pay a much higher rate than nine: for instance, Burma allows 20 per cent, Bihar and Orissa 12½ per cent, the Punjab and Coorg 10 per cent each. In Madras, the rate actually paid occasionally falls below this rate. Taking the Godavari district itself into consideration we find, on examination, that the dividend declared in each of the four Central Banks in that district during the past four years was 9 per cent in three Central Banks during one year, in two Central Banks during another year, and in one Central Bank during a third year. All other years, in each of those four banks the actual dividend declared varied between 3½ and 8 per cent.

The Chairman of the Reception Committee is reported to have pleaded for division of work. The Conference, however, drew the attention of the Department to the unpractical nature of the division made among inspectors into audit and administrative staff, and eventually

resolved that one inspector should be appointed as before for every 50 societies in a Taluk to look after both administrative and audit work. This resolution and the warning to the Department preceding it reveal lack of appreciation of the duties and responsibilities of the Department and the societies. There is nothing wrong in the department having divided its staff into two branches, one for auditing work and the other for administrative work. On the other hand it is the combination that hitherto existed of both the auditing and administrative functions in the same inspectors that accounts in no small measure for the present unsatisfactory state of societies. It is inherent in human nature not to disclose in one capacity its own weaknesses in another capacity. If the same person be responsible both for supervising and auditing, he can, by no means, be expected to faithfully discharge all the duties devolving on him as auditor, which duties require that all shortcomings in a society, including those in supervisory work should be detected and exposed. The difficulties under which the co-operators of Godavari labour are not apparent. There does not seem to be any reason why they should object to inspectors being divided into auditing and administrative sections. Instead of finding fault with the Department for having done so co-operators have every reason to be thankful to the Department for this act of theirs. Under this division of work, if only the auditor does his duties as he ought to, with reference to the instructions contained in that behalf in the MacLagan Committee's report (para 91 page 56), and also in Mr. Hemingway's Manual (page 121), primary societies in their work of management and unions in their work of supervision will receive considerable help. A reference to the authorities quoted will at once convince co-operators that the auditor's duties are so comprehensive that, if the auditor discharges them in an adequate and efficient manner, and if, what is more important, the Assistant Registrar communicates the results of the audit to the society and the union in a suitable form, all that will remain to do to pull up erring and backward societies to a state of perfection will be to correct mistakes, supply defects and omissions, take the necessary action on matters calling for attention and in this manner restore the affairs of the society to a satisfactory footing. Such then being the requirements of the auditor, it is difficult to understand why the co-operators should desire to revert to the old system under which the auditor would be precluded from discharging or, at any rate, would not feel quite free to discharge his duties as auditor faithfully.

I love children. They do not prattle of yesterdays: their interests are all of to-day and the to-morrows. I love children.—Richard Mansfield.

When, relieved of the responsibility for supervision, the inspector is set free to discharge his duties as auditor, and when the matters noticed are communicated to societies and unions in a suitable form, it will be incumbent on these authorities to carry out the audit points and to bring the affairs of the society to a satisfactory footing. In this task of theirs, societies and unions will certainly receive help from the administrative inspectors in regard to matters which they may find beyond their capacity to get through. The services of the administrative inspectors will be available for employment in this direction. Otherwise, there would not be much justification for the continuance of so many inspectors in service in excess of the number required for auditing. In fact, there are, it is thought, Departmental instructions that the administrative inspectors should go to the rescue of societies and unions whenever, unaided by the Government staff, they find themselves unequal to discharge their duties.

The question of overdues has naturally engaged the attention of co-operators. The Chairman of the Reception Committee observed that there is abnormal delay in collection. The Conference advised the Panchayatdars of societies to earnestly try to clear the overdue loans every year before June 30th. This looks more like a pious resolution. Such resolutions there have been in various places and on various occasions but without any appreciable effect. The reason for the ever-increasing overdues almost all over the Presidency is the absence of a systematic method of handling the matter. The proper way to deal with it appears to be on some such lines as the following. As soon after the audit in respect of a year is concluded as possible, each society should be required to consider and classify overdue instalments distinguishing those in which the panchayatdars are quite confident of being able to recover out of the proceeds of the ensuing harvest or even earlier, from those in regard to which they consider coercive processes necessary. In regard to the latter references under Rule XIV should be sent up by the Panchayat. The Assistant Registrar should be requested to dispose of such references as soon as possible so that his decisions may be in the hands of the panchayat of the society prior to the commencement of the harvest. If then payments are not voluntarily made by the defaulters either at or prior to harvests, or if the defaulters do not enter into proper arrangements with the panchayat for payment of their dues on disposal of produce, the panchayat will be in a position to take steps for executing the decisions. These proceedings will, it is supposed, have effect in persuading a number of defaulters to pay up their dues and avert the necessity for resorting to execution proceedings.

The procedure suggested may at the present time, when the arrears are so heavy, entail a rather laborious and difficult business, but cannot be helped. Things, however, will get into working order when once the present heavy overdues are cleared or are considerably reduced.

All this, it will be the duty of the supervising union to get done. And within a month or two of the close of each co-operative year, the union should furnish the Central Bank with a report showing in respect of each society how much of the arrears are expected to be realised without resort to coercive processes and when, and in respect of how much, such processes are called for and the actual steps taken.

The further progress in these directions should be reviewed by the Central Bank every month after getting the necessary information from the unions.

The Central Bank on one side and the federation of unions on the other should see that each union does its duty in this respect in a proper manner. When the question is tackled in this manner improvement is bound to follow in due course of time.

The Chairman of the Reception Committee when dealing with the overdues refers to the woeful neglect of the Executive in not reminding the societies concerned in time. It is presumed that the executive of the financing bank is meant. If only the financing bank, as is already done in at least some Central Banks, communicates to societies and unions an account of the amounts falling due during the previous month and the amounts overdue at the end of that month and if again the financing bank watches the progress of collections in the manner suggested above, the financing bank will not render itself liable to reproach of this kind.

The President of the Conference referred to the necessity for the training of office-bearers of societies in proper and economical management of their institutions. The holding of classes for the training of rural co-operators is long over due. So far the Departmental authorities do not appear to have, for one reason or another, been able to conduct such classes. The President of the Conference suggests that the Madras Central Urban Bank should organise an institute like the Bombay Central Co-operative Institute for training Co-operative workers of various descriptions. There already exists in Madras the Provincial Co-operative Union corresponding to the Bombay Co-operative Institute. It suffers from want of funds and if only the district institutions and

The idea of "masters and men" is out of date. The real description of people in industry should be: "Fellow-workers all."

Mr. J. H. Whitley, M. P.

Government finance it and further also co-operate with it, the Provincial Co-operative Union may find it possible to undertake the holding of a model training class for co-operators in each district, and the district co-operators may then arrange to hold similar classes at several union centres.

Coming to labour societies the Conference resolved that the local Central Bank should finance them, provided the Labour Department undertook the responsibility of clearing dues and auditing the accounts. It is generally understood that the Labour Department undertakes the supervision of societies organised by them including the duty of collection of dues. It is not understood what the Conference means by expecting the Labour Department to do the audit of Labour Societies. The work of auditing devolves under the Act on the Registrar, and the Labour Department, as such, cannot undertake it. If there is anything wanting in regard to the audit of these societies it is to the Registrar of Co-operative Societies that the Conference has to look to for remedy.

One of the resolutions passed by the Conference is that the recommendation of the Assistant Registrar in regard to loan applications of societies should be dispensed with. This is a move in the right direction, but there is no good of doing away with the recommendation of the Assistant Registrar without finding that the authorities on whom the responsibility for recommending loans and sanctioning the same rests are prepared to undertake and duly discharge their respective duties. The union whose duty it is to recommend and the Central Bank whose duty it is to sanction should in the first place, if it has not already done so, acquaint itself with the position of affairs in the society at the end of June preceding, as disclosed by the auditor's report; secondly, satisfy itself whether the matters noticed in audit have received attention; thirdly, by means of a report from the Supervisor acquaint itself with the management of the society since the close of the previous co-operative year up to the date of application for loan; and lastly, by these means and by means of reports, if any, received from the Assistant Registrar or members of the Governing Body, satisfy itself whether the grant of loan is unobjectionable. Unions and the Central Bank should be prepared to do these things if they are earnest in dispensing with the Assistant Registrar's recommendation.

**THE NORTH ARCOT DISTRICT CO-OPERATIVE
CONFERENCE HELD AT WANDIWASH ON 26TH AND
27TH APRIL 1924.**

The Impressions of a Visitor

M. R. RY., RAO SAHIB T. SRINIVASA RAU.

One of the resolutions passed at the Conference was to the following effect: "Resolved that the General Body of societies may with the approval of the Union sanction honararium to the Panchayatdars. But the Assistant Registrar can interfere and withhold sanction on sufficient reasons." Vide report of a Correspondent appearing on page 3 of the 'Hindu' of the 2nd May.

The discussions which took place at the Conference on the subject of this resolution were instructive in one sense, namely, to show what amount of grasp of some questions involved, the co-operators assembled at the Conference possessed. The discussions revealed a consensus of opinion on the part of the co-operators that the secretary or person attending to the scriptory and collection work of the society ought to be remunerated for his labour and trouble. The resolution as originally proposed suggested that the secretary should be remunerated at 3 per cent. One of the speakers suggested that the secretary should be paid a commission for his trouble at the rate of 9 pies per rupee. Some speakers made it appear that they did not mind so much as to the source from which the payment to the secretary would be forthcoming: they only wanted that the secretary should not go without his services being remunerated. Some speakers urged the removal of the present obligation to obtain the sanction of the Assistant Registrar for payment of remuneration: they considered that the sanction of the union would be sufficient. There were yet other speakers who urged that even the sanction of the Union should be dispensed with, as, in their opinion, some unions had not displayed a sense of impartiality in the sanction of remuneration to several societies.

The resolution as finally passed and extracted above would at first sight appear to call for little or no comment. Judging however from the vague ideas entertained by so many speakers, the want of precise knowledge of the various matters connected with the question and also from the want of grasp of the question as a whole, which were revealed by the discussions, I felt bound to speak on the subject which I did with

The world is a looking-glass, and gives to every man the reflection of his own face. Frown at it, and it in turn will look sourly upon you; laugh at it and with it, and it is a jolly, kind companion.—W. M. Thackeray.

the kind permission of the President. The matter is of too great importance to be taken as disposed of by the resolution passed and for that reason I proceed to set forth for the cool and calm consideration of the co-operators of North Arcot the various questions involved. These are (1) whether the secretary of a rural society ought to be remunerated for his labour and trouble in maintaining the accounts of the society and attending to collection work; (2) from what source should the remuneration be forthcoming; (3) whether the question of the amount of remuneration admits of decision by itself or whether it can only be decided along with other items of expenditure in connection with the management of the society; (4) whether the sanction of the Assistant Registrar for the grant of remuneration may be dispensed with; and (5) whether the sanction of the union may also be dispensed with.

Notwithstanding the fact that the resolution has taken the above form, I proceed to discuss the above mentioned questions, for, the resolution as adopted will not solve the real inconvenience and difficulty felt by the co-operators who will still find themselves in the same position in which they stood prior to their passing that resolution. It is for this reason and with the object of enabling the co-operators, not only in North Arcot but other districts as well, to arrive at a workable solution of the various questions involved that I proceed with the following elucidation of the matter.

Taking up question (1) The By-laws of rural societies on unlimited liability basis lay down that the Panchayat shall work gratuitously. There is a proviso, however, that if the Registrar is satisfied that the society has done good work, he may sanction some remuneration to the person doing the clerical work of the society on the recommendation made by the General Body of the society. While this by-law does not prohibit the grant of remuneration to the secretary, it only imposes certain conditions for the grant, namely, that good work should have been done by the society and that the grant of remuneration should be recommended by the General Body and sanctioned by the Registrar. Even the first of the above conditions the co-operators seemed to ignore, their opinion being that the secretary ought to be remunerated. At the Subjects Committee the discussion went to show that the present unsatisfactory state of the working of the societies was in a measure due to the fact that the secretary got no remuneration. Such being the feeling of the co-operators, no useful purpose, it would appear, be served by anyone standing in the way of the secretary being duly remunerated for his trouble. (By secretary is meant the Panchayatdar doing the scriptory and collection work of the society). In fact, this has been the feeling in some other

districts also which I have already noticed and to which I have given expression in my article on "The rate of interest chargeable to members of primary societies" contributed to the last Provincial Co-operative Conference. There can, in the circumstances, be no objection to the co-operators resolving that the secretary should be duly remunerated.

So far there is no trouble which, however, arises in connection with the other questions bearing on this matter. Coming to question (2), viz., the source from which the remuneration should be forthcoming, it is unfortunate that the co-operators in such an advanced district like North Arcot have such vague ideas. They do not seem to realise (and the sooner they realise and recognise it, the better) that the remuneration could only come out of profits, and that profits would be forthcoming for appropriation, only when the interest due to the society was realised. This aspect of the question seems to have received little or no attention. For them to think that in any event the secretary should be remunerated, as the discussions went to imply, is simply to think of the impossible. No business concern can afford to meet an item of expenditure (and the remuneration to the secretary is one of the items of expenditure connected with the management of the society) except out of the profits. It follows therefore, that the desire of co-operators that their secretary should be remunerated cannot be fulfilled unless the interest due to the society is recovered and the society is shown to work at profit. Payment of remuneration in any other event will only mean spending out of capital and this no business-man will ever think of doing.

Coming now to question (3) as to the amount of remuneration, the co-operators did not express themselves very clearly. It was suggested or proposed that the secretary should be remunerated at 3 per cent or at 9 pias per rupee or Rs. 4-11-0 per cent, presumably, of the interest collected. These rates may or may not be suitable according as the margin available between the lending and the borrowing rate is wide or, narrow. Co-operators must realise first and foremost that the question of remuneration to the secretary does not admit of solution by itself; for the remuneration is one of the several items of expenditure connected with the management of a society and cannot be allowed to appropriate to itself more than a reasonable proportion of the aggregate profit. There are other and equally important, if not more important, items of expenditure

The only way in which one human being can properly attempt to influence another is by encouraging him to think for himself, instead of endeavouring to instil ready-made opinions into his head.—*Sir Leslie Stephen.*

connected with the management, viz., (1) the contribution to reserve prescribed by statute; (2) dividend on share capital payable to members; (3) the expenses incidental to the management of a society other than remuneration to the secretary.

As to (1) contribution to reserve, conflicting opinions have been recently expressed by responsible co-operators, official as well as non-official, that the failure to contribute to reserve by a rural society on unlimited liability basis need not be viewed with any concern for the reason that the unlimited liability character of the society is by itself a sufficient guarantee. So many diverse views have been expressed on the question that, while deferring a fuller treatment thereof to a more appropriate occasion I shall now content myself by quoting the following passage from the chapter on "The village society" in Wolff's *Co-operation in India*, p. 176; "There is one rule which certainly should be 'fixed' and staunchly held by and that is that the first claim on surplus, even though it should be to the exclusion of other claims, in all cases must be the claim of the Reserve Fund. A Reserve Fund is an inexorable necessity. You *must* have it. And the larger it is, the better will you fare. You can never have too much. In early days it will need special nursing, such as may call for some sacrifice. But you cannot stint it. This is the rock upon which, according to the parable, you may with confidence set up your house". Such being the views of Mr. Wolff, which I suppose any of our co-operators will not think fit to discard, we must make due provision for contribution to the Reserve when dealing with the manner of appropriation of gross profits of a rural society among various hands of expenditure.

Coming to (2) payment of dividend on share capital: Though it is not obligatory under the statute it is from the point of view of good business management almost equally necessary. The North Arcot Co-operators feel that dividend on share capital ought to be paid. Not only do they feel this, but they further feel that the present rate of dividend (6½ per cent) should be raised to 9 per cent. There is nothing wrong in either of these. We may say so on the authority of none other than Mr. Wolff, who in his book quoted above says (p. 176) that in village societies where there are shares, the shares "will be entitled" (please note the word "entitled") to the "bare current rate of hire for money." And the bare current rate of hire for money charged to members is something more than 9 per cent. At any rate nobody can question the shares in a village society being entitled to dividend at least at the present rate of 6½ per cent.

Coming lastly to (3) the expenses incidental to the management of a society other than remuneration to the secretary. These can more easily be imagined than described: they are, to enumerate only some of them, the cost of accounts books, the cost of remittance of Collections to the Central Bank, the travelling allowance of members attending the General Meetings of the union and the central Bank, the District Co-operative Conference and the Provincial Co-operative Conference, the cost of visiting the District Bank or the Taluk Treasury for receiving payment of the loans sanctioned to the society, the payment of contribution to the Supervision Fund, the fee for affiliation to the local union, the recurring annual delegate fee to the union, stationery, and postage, etc., etc. These are indispensable, while the remuneration to the secretary might be dispensable on occasions when some person is forthcoming to do the work gratuitously. There is again the contribution to Common Good Fund which for the present let us discard altogether as such contribution is only optional.

Ignoring this last item out of account, we have thus to provide out of the gross profits which in most rural societies will be represented mainly by the margin between the lending and the borrowing rate for the following expenses, namely, (1) contribution to Reserve, (2) the dividend on paid-up share capital, (3) the expenses incidental to the management of the society and (4) remuneration to the secretary. Co-operators will do well to work out what this margin amounts to in the case of each society and then determine the minimum proportion to be carried to Reserve Fund, the amounts required for payment of dividend and for meeting expenses incidental to the management. Having made these apportionments, in a reasonable manner, whatever is left no one would grudge to pay to the secretary. No doubt, the apportionment of the gross-profit in the manner suggested might call for some change in the existing by-laws or perhaps even in Rule 9. But we may well take it that the authorities can be persuaded not to refuse to comply with the unanimous desire of the co-operators, provided their desire is shown to be reasonable and worthy of acceptance. Unless the entire question of the expenses connected with the management of a society and the manner in which they shall be met out of the gross profit is considered, as a whole, co-operators may well take it that they will never be able to arrive at a satisfactory decision on the question of remuneration to the

A man without mirth is like a waggon without springs, in which one is caused disagreeably to jolt by every pebble over which it runs.—Henry Ward Beecher.

secretary. They may pass ever so many resolutions which in actual application will remain a dead-letter. I would therefore strongly urge on the attention of co-operators that they had better take up this question seriously into consideration. Let each society work out for itself what its gross-profits will amount to and how it proposes to deal with the gross profits and this will show to them to what extent the present margin between the lending and borrowing rates will let them compensate the secretary. The reserve fund already built up by the society, and the amount thereof will have their own bearing on this question; and must of necessity be considered in this connection.

We come now to the next two questions as to (4) and (5) whether the sanction of the Assistant Registrar or the union is necessary for the grant of remuneration. If only co-operators will deal with the *entire* question in a business-like manner as suggested above and once for all obtain the approval of the authorities, the sanction of both the Assistant Registrar and the Union may be dispensed with. Both these authorities will not in that event grudge to dispense with their sanction.

This being one of the important questions discussed at the Conference I have taken such long space over it.

I shall next proceed to jot down a few other impressions of mine in regard to the proceedings of the Conference. My official connection in the past having been confined to the Ceded Districts and Chittoor, I was very agreeably surprised to find a considerable amount of enthusiasm on the part of the co-operators assembled. My only anxiety was that the knowledge of the co-operators in regard to certain elementary matters (as disclosed by what has been said above) rather stood in contrast to their enthusiasm. This shows the need that exists for holding a class for the training of rural co-operators. This cannot in my humble opinion be deferred any longer. Otherwise, the vast amount of enthusiasm which we find in the co-operators could not be turned to very good account.

Judging from the spacious pandal erected for the Conference, the spacious arrangements made for the board and lodging of the co-operators assembled, several hundreds of rupees should have been spent. I would only beg permission to suggest for the consideration of the co-operators whether they will not think it fit to evince as much interest in arranging classes for the training of rural co-operators. With the necessary training and precise knowledge and due grasp of questions, they will be able to manage their societies with a high degree of efficiency. The classes will have to be held for each union and at each union centre and

will mean expense. I am sure the co-operators will not grudge the expense, which will more than repay itself.

One such class, perhaps the initial one for our Presidency, was recently held at Villupuram. There, a band of most enthusiastic co-operators, chiefly schoolmasters who are connected with the working of the local co-operative union, held a class for the training of rural co-operators towards the end of last month. The class imparted practical instruction in the maintenance of accounts, in the administrative work of the society, and in preparing the annual statements and the Balance Sheet. Every evening there were discussions on various co-operative topics. The work of each person, who underwent training, was examined and certificates were granted to such as were found to possess the necessary attainments.

Certain other resolutions passed by the Conference will be dealt with in a subsequent article.

THE SECOND MALABAR DISTRICT CO-OPERATIVE CONFERENCE.

(Ottapalam 19th and 20th April 1924.)

PRESIDENT :—MR. A. SIVARAMA MENON.)

There are certain traits peculiar to Malabar which co-operators outside that district may well take note of. In the first place, the people inhabiting the western side of the Ghats are subject to natural influences to a larger degree than those on the east coast. Bounteous Nature has instilled qualities of simple and contented living, while it has blunted human effort which always has its full play where it has to fight with Nature. Contact with Nature also breeds the impulsive quality which would like to do things rather than the pondering over the merits and demerits with a keen intellectual shrewdness. If Malabar is to be characterised by any quality more marked than any other, it is this rushing into action and jumping across space. It is no doubt true that leaders among the educated classes engaged in problems of rural reconstruction are as few as in other districts. But when one compares the various ventures undertaken for the benefit of the rural population in the different

Cheer for Coffee Drinkers.

After exhaustive tests covering a period of three years the Massachusetts Institute of Technology announces that coffee is not a harmful beverage, but prepared and used rightly "augments mental and physical activity, and may be regarded as the servant rather than the destroyer of civilization."

districts, it must be said that Malabar tops the list. The Vasumathy Wholesale Society and the Perintalmanna Conveyance Society were started and failed in this district. The workers have caught the co-operative spirit and they would like to experiment in all directions.

2. It is this co-operative spirit to organize rural production and distribution on the co-operative basis that is visible in the resolutions considered and passed by the Conference. Malabar is also peculiarly fortunate in obtaining the services of the Servants of India Society which first came to distribute relief for the sufferers during the time of the Moplah rebellion and later on set the coping stone to it by taking up rural reconstruction work on a permanent basis. The Reconstruction Trust of which Mr. M. S. Madhava Rao, Member, Servants of India Society, is the Secretary, has started two Weavers' societies at Kattilangadi and Puthenthervu about thirty miles from Calicut. Practical idealists always find a congenial soil in Malabar for spreading new ideals among the educated Malayalis and no wonder that the Malabar co-operators and the Reconstruction Trust stimulate new co-operative activities. Three resolutions which were given a prominent place in the debates of the Conference, indicate the existence of the co-operative spirit as opposed to that usually prevalent, of making the most of the credit side for grabbing cheap money.

3. The Subjects Committee considered the question of how best to make efficient the existing weaver societies started by the Reconstruction Trust. On the one side there was a demand to start a number of weavers' societies. On the other side the difficulties in working them were narrated and the point was pressed that the existing ventures should succeed before new ones were started. It was said that a weaver required Rs. 60 worth of yarn and for supplying yarn for 40 weavers a sum of about Rs. 2,500 was required. The President enquired whether it was not possible to work the society by making weekly purchases with the money realised by sales. The question of sale was rather troublesome, as it demanded the same amount of energy, earnestness, and care as of the existing middleman trader. The possibility of sales through existing co-operative societies was explored and rejected as a futile experiment. Mr. K. G. Sivaswami narrated how weavers' societies have succeeded in other Provinces. In the Punjab and Bengal there are weavers' Unions which undertake the marketing of the goods. In the former Province the Department have appointed a manager recruited from the trading community and the Industries Department have given a large grant. These unions consist of societies as members. The Administration Report 1921-22 has recommended the formation of unions consisting of indi-

viduals as members who could be expected to market the goods easily. The latter are to be given a reasonable dividend for the shares invested, the object of this organization being to enthrone confidence in the central bank, as capable individuals are in the union and obtain the commercial ability for the success of the venture. In the end the Conference decided to request the District Union to arrange for the sale of the cloths woven by the societies. Another question that had to be settled in connection with this type of societies was how to obtain outside credit with a view to relieve the indebtedness of the members to the yarn merchant. The limited character of those societies should be changed to one of unlimited and this was also approved of by the Conference.

Co-operators will be surprised to learn that the Malabar Conference have passed a resolution to start a co-operative society for the manufacture of agricultural implements, specially the Meston plough on the co-operative basis and this resolution was brought not by any dreamer but by a practical co-operator, Mr. V. Krishna Menon, the Secretary of the District Bank. He brought the Meston plough before the audience, explained the cost of production of each of the parts, how they can be prepared by the country blacksmiths, and in this manner be not only distributed at a less price to the farmers, but their manufacture would also facilitate their local repairs instead of corresponding with distant agencies. It should be recognised that the resolution has the value of bringing down the present price of Meston ploughs as a result of co-operative competition. The resolution passed at the Conference intends only the formation of a supply society whose object will be to distribute manures and implements and which will operate a production branch for making ploughs.

In this connection it is important to note that the Conference has rightly emphasised the furtherance of agricultural co-operation. The tenant in Malabar is duped of his legitimate agricultural return not so much by the money lender as by the markets. The crops grown and the simple demands of life are quite in correspondence to eliminate the importing middleman trader. Agricultural operations are so simple that they rarely require large credit. Further the system of landholding keeps the tenants in the position of field labourers and this class can hardly be financed on the co-operative system, when very few of them have any title to the land. As a result, the principle of suretyship is strained to yield results which are hardly expected of it. Loans are disbursed more on the strength of sureties who have got ownership of land or possess Kanom rights than on the inherent capacity of the borrower to repay.

The tenant should be made richer by the introduction of subsidiary occupations and by legislation which will ensure the legitimate return from the land. But, considering the different social and economic conditions in the district, it is on the marketing side that the co-operative organization can greatly assist the farmer. Isolated life in the farmhouses, want of proper communications, absence of foresight for stocking the marketable produce to be sold at the dearest market, facilitate a larger return to the sturdy local trader who can walk long distances and to the district wholesale merchant who intelligently understands the outside markets. Pepper, ginger, copra and arecanut are the special produce of Malabar and are in large demand outside the district and can, therefore, be cheaply marketed to the profit of the farmer, if the latter knows how to combine as a class. It is from this point of view that the co-operators in Malabar, understanding that marketing will do preferably more good to the farmer than credit, passed the resolution at the Conference that societies for the purchase and sale of special Malabar products such as arecanut, pepper, copra and ginger be organized at an early date.

The discussion on the subject of agricultural co-operation revealed one fact very clearly and that is that the Agricultural Department cannot undertake any propaganda work except through the co-operative machinery. The demonstrator, Mr. Gopalan Nair, in a lucid speech explained that any improvement in agriculture could be propagated only through the co-operative societies. The fact is that the Department is starving district work by cutting down the travelling allowance of demonstrators and using them in the direct sale of seeds, manures and implements instead of forming agricultural associations and training them through the agency of the demonstrators. This aspect of the question was fully dealt with in his lecture by Mr. K. G. Sivaswami, who exhorted the delegates that they should themselves appoint agricultural demonstrators under their local unions.

Two more resolutions dealt with the question of non-credit. The Conference have requested the Government to depute a special inspector for supervising non-credit societies. The argument urged in support of this resolution was that the ordinary inspector had neither the time nor the capacity to give that attention to productive and distributive societies which they ought to get by reason of the expert knowledge required in handling them. It is not possible to predict how far such an appointment will be really successful in furthering non-credit work. In Bombay the special appointment of an Assistant Registrar for purchase and sale has not been a success. What is really needed is expert managers trained in commerce and banking and possessed with an enthusiasm to develop co-operative

enterprise. Another resolution passed by the Conference requested "that steps be taken to purchase and keep stud bulls at least in every union for the good breeding of cattle." There was a long discussion on this subject as some wanted to found cattle breeding societies in rural centres and others thought that it would not be successful. It is noteworthy that the conference realized the importance of agricultural improvements and specially in livestock, if at all, a larger credit programme is to be undertaken at the countryside.

The Conference did not stop merely with the consideration of questions relating to the increase in agricultural resources and the equitable distribution of profits arising from them. The second obstacle to the development of co-operation, the delegates found in the illiteracy of the tenants and this they tackled and chalked out a programme for its abolition. With a view to educate the adult members of co-operative societies the Conference resolved that night schools should be conducted by the societies with the aid of Government. Mr. K. G. Sivaswami explained the working of adult schools in the Punjab and Bombay and it is hoped that the enthusiasm evinced at the conference for the general education of the masses will continue and result in some active programme of work. Another resolution relating to educational work requested the District Union to organize training classes for co-operators at convenient centres.

What one has to appreciate in the whole proceedings of the Conference is the perfect harmony that prevailed between the District Bank and societies. The former interested itself warmly in educational work and co-operators may note the fact that the Calicut Bank was the first District Bank that generously contributed 2 annas for every hundred rupees of its transactions to the funds of the District Federation. The latter body maintains two propagandists, one for North and another for South Malabar, who are charged with the sole task of propaganda unencumbered by administrative work. By the provision of funds the District Union has been enabled to conduct its own monthly periodical

On the first night of a new play a man in the front row of the stalls got up toward the end of the second act and began to put on his overcoat. This was too much for the actor-manager, who stalked down to the center of the footlights and addressed the delinquent.

"Excuse me, sir," he observed, "but perhaps you are not aware that there is another act?"

"Yes," retorted the stranger, cheerfully, "That is why I'm going."

'Co-operator' in Malayalam. It is cheerful to note that the proposal that the rate of interest should be reduced from 8½ to 8 per cent by the District Bank was accepted by the latter body without any discussion and what more, the District Bank representatives consented to even gradual reductions still further, if the management expenses permitted. The society representatives also had the sense of responsibility to realize the difficulties of the Central Bank and we trust that this spirit of a happy family will continue in other districts as well.

One important subject discussed at the Conference, we have singled out to the end as it has a bearing on the co-operative movement in the whole Presidency and its future development. The resolution is given below in full, as it is self-explanatory and needs no exposition.

"Having in mind the fact that no systematic survey has been made of the economic resources of the Presidency and how they can be conserved on the co-operative basis and that there are economic and social problems which demand a solution if co-operation is to flourish, having also in mind that no gradual transference of powers to non-official organizations is possible except by a true valuation of the present condition of the co-operative movement for purposes of training, educating and fitting up co-operative institutions and remembering the fact that the time has come to take stock of their existing condition, this Conference requests the Provincial Co-operative Union to undertake a Presidency co-operative survey with the financial aid of Government for formulating a co-operative policy and a programme on definite lines."

The Conference is also valuable in that it devoted the whole of the second day evening (April 20th) for the reading of papers and a lecture by Mr. K. G. Sivaswami on "Co-operation." Four papers were read on "Panchamas and Co-operation", "Co-operation in Malabar", "Co-operation in daily life" and "Non-credit work" by Messrs. A. Krishna Menon, K. Venkatarama Iyer, K. P. Gopala Menon and T. P. Velukutti Menon. Mr. K. G. Sivaswami then delivered a Tamil lecture mainly emphasising the following points, that agricultural propaganda can be spread only with the aid of local societies, that co-operators should receive general education, that it is in the invaluable work of building up village life that the Panchayats are engaged, and therefore, they should not measure their work in terms of remuneration, that share capital is intended to save money for the members, and the object of the reserve fund is to form a socially owned capital for each village. He also emphasised the point that the co-operative movement gives scope for all parties, castes and creeds to unite together for common economic pursuits and that non-co-operators should realize that the work of rural reconstruction is being

practically carried out by the co-operators. He concluded with an appeal that it was no use depending on the Government alone for agricultural propaganda and that demonstrators should be appointed by the local unions.

The presidential address of Mr. A. Sivarama Menon which has been printed already was a remarkable performance. The concluding speech of Mr. A. Sivarama Menon couched in beautiful Malayalam mainly referred to the unemployment problem, which required urgent solution.

Co-operators of Malabar deserve congratulations for their successful holding of the Conference at the shortest notice and special thanks are due to Messrs. A. Sivarama Menon and V. K. Menon for the splendid arrangements they made re: the boarding and lodging facilities for delegates.

REVIEWS OF ADMINISTRATIVE REPORTS.

(i) Mysore.

The Report of the Registrar of Co-operative Societies, Mysore, is a very interesting document, because the individuality of the author is seen in every page of it, even though, like any other report, it gives the dry statistics.

The Registrar seems to have concentrated his attention on consolidation rather than expansion, and, therefore, from the point of view of numbers the progress may not be satisfactory; but he seems to have weeded out a number of unsatisfactory societies and it is hoped that the remaining ones that have stood the test will continue to do satisfactory work next year. The working capital, the reserve fund, the deposits held by the Central societies, all seem to have increased though the total number of members and total transactions seem to have decreased just a bit. The Malanad societies have now been placed under a separate Assistant Registrar because conditions there are different from the conditions prevailing in the plains, and it is hoped that they will show decided improvement next year. The Registrar is not satisfied with the progress made by Weavers' Societies or Sericultural Societies, and the Government also in their review draw pointed attention to this fact. The concluding portion of the Registrar's report, where he attempts to diagnose the causes of the present unsatisfactory condition is specially interesting. The illiteracy of the masses and the indifference of the educated are the real causes of this state of affairs, and he hopes to enlist the sympathy of retired officers and officials for propaganda and organization work by recommending to the Government the appointment

of Honorary District and Taluq organizers with the right of drawing travelling allowance according to their status and dignity and he concludes with a definite programme for the coming year. Now that the report of the Committee has been published, we hope the Registrar would be able to make full use of the recommendations of the Committee and give a fresh impetus to the spread of co-operation in the State.

(ii) Ceylon.

The Registrar of Co-operative Societies Ceylon, in his Administration Report for 1922-23, starts with quoting what his predecessor said 10 years ago when the Department was first started in the island: "Ours then is a double task. We have to create a demand as well as provide the supply." That is true not only of Ceylon but of India as a whole. People are too illiterate, too submissive in temperament, too much fatalistic to feel the necessity for an organization to improve their condition, and therefore, the task of the co-operator, who has the welfare of the poor villager at heart, is the same all over the land, i.e., "to create a demand and provide the supply."

The report is a record of progress in various directions and the agricultural societies seem to be doing good work by supplying manure to their members and by promoting competition among cultivators by means of prizes and medals. Kandy Rickshawmen's society seems to have done good work and enabled at least one member to own the Rickshaw he was drawing.

Just a beginning has been made to apply co-operative principles to the industry of weaving. The report says that the demand for leaflets distributed by the Registrar is increasing. A few district conferences seem to have been held and training classes conducted where workers met and exchanged views.

(iii) The United Provinces.

The Annual Report of the working of co-operative societies in the United Provinces of Agra and Oudh is a record of progress. The Registrar, nevertheless, is conscious of the fact that the movement is not yet a living force in the Province and that it is still lacking the earnest and active support which it needs and deserves of non-official zeal and effort. Non-credit societies have the same sorry tale to tell as in other Provinces. The Lucknow dairy seems to have failed. The Benares dairy failed and did no business during the year. The four Ghee societies could not be improved for lack of interest on the part of their members. The Gasipur store could not start work and its registration had to be cancelled. A few Students' Co-operative Societies as in the Muslim

University at Aligarh and the Kayastha Pathasala Store, Aligarh, did not do satisfactory work and the Registrar fears they may have to be closed. Excepting for these inevitable drawbacks the Province as a whole seems to have fared better.

(iv) Travancore.

The Report of the Registrar of Co-operative Societies for Travancore for the year 1921-22 is a record of steady progress. The Central Bank has not yet become a banking union. It lends to individual members also. Vigorous attempts are being made for starting societies for the benefit of weavers, potters, and employees in factories. The scope for credit work does not seem to have been fully availed of. The Central Bank seems to be over-cautious in lending money to primary societies, and they in turn are equally cautious in lending money to members. Most of the primary societies have to depend on their own subscribed share capital, and we do not share the Government's view that this is a healthy feature. Of the many causes for the absence of improvement in the collection work, the heavy work of the inspectors is mentioned as one, as if the inspectors are expected like Revenue Officers to make collections. That shows that members have not assimilated the moral aspect of co-operation and have to be compelled to make payments by an external agency. The Store movement, as in other parts of India, has the same sorry tale to tell. We are glad to note the Government have sanctioned Rs. 2,000 as travelling allowance to honorary Assistant Registrars and as grant for co-operative conferences, and we hope this money will be carefully spent and the people will reap the maximum benefit out of it.

There is great scope for joint farming by individuals and by societies and we hope that the lead given by Calcutta (See our note upon the subject in this Bulletin) will be followed by Travancore in this matter.

There is ample scope for the formation of co-operative societies for the benefit of poorly paid teachers. We know the country is studded with Elementary Schools, and all the teachers of Elementary Schools in a Taluk meet together periodically, and it should be quite easy for them to run a society for their own benefit.

The country has a number of towns that are rising in importance, and we hope each of these many towns will have its own Urban Bank. We are long and not allow the far-off Changanasery to have the unique honour of owning the one Urban Bank in the State.

It is time co-operators in Travancore realize that the movement is essentially a people's movement, and, therefore, they should in their

own interests form Supervising Unions, get their societies affiliated to them, and should form a central union to which these various unions will be affiliated. If such a central organization be brought into existence, that would be the proper body to convene the annual conferences.

On the whole, it is a report of good work done and we hope the next year's report will show improvements on the lines suggested above.

(v) Behar and Orissa.

The Report of the Registrar of Co-operative Societies, Behar and Orissa is an interesting document full of human touches. The material and moral improvement effected by the movement is described in detail, especially the moral elevation of the depressed classes that have come under the influence of the movement. The Provincial Bank seems to have been unable to supply all the demand made upon it; but this seems to have put the district central banks on their mettle and they have been able to collect the money they wanted by local deposits. It is time these District central banks give up the supervising of societies they financially help. In each district there ought to be two organizations, the central bank for financing all the societies in the district and a district federation for supervision of societies. These two might be interdependent.

We are glad to note that co-operative societies have been recognized and made use of as media for propaganda by the Agricultural, Veterinary and Public Health Departments of the Province. There are a few non-agricultural societies for the use of artisans, but consumers' stores in urban areas have the same sad story to tell. Equally unsuccessful were a few societies started for irrigation by power and machinery, and the Government have ordered that such societies should not be started hereafter without previously obtaining the approval of the Development Board.

The movement, as a whole, judged from the point of view of number of societies or number of members or the working capital, seems to have made a steady advance and the Registrar deserves to be congratulated.

Behar and Orissa Co-operative Federation.

We have received a copy of the Proceedings of the Behar and Orissa Co-operative Federation held at Puri in January last. The Address of the Chairman of the Reception Committee and the Presidential address are models of business-like brevity and clarity of thought. They discussed very many important subjects connected with Co-operation in their province and the resolution regarding carrying on a vigorous propaganda for the spread of primary education by means of co-operative agencies deserves special mention.

NOTES AND NEWS.

Recent District Co-operative Conferences in North Arcot and Godavari (April and May 24).

A number of interesting, useful and important resolutions were passed at these conferences. Both North Arcot and Godavari want a freer disbursement of long term loans. North Arcot asks for the grant of a much longer term (20 to 25 years) loans than now obtains. Godavari wants a much larger individual maximum borrowing power (Rs. 2000). Action in these directions is very likely to absorb surpluses in the Madras Central Urban Banks and certain Central Banks.

* * *

North Arcot wants the Secretaries of rural Societies to be remunerated and would dispense with the Assistant Registrar's sanction for grant of remuneration. This question being bound up with the question of the Expenses of the society as a whole does not admit of decision independently of other expenses. This leads again to the question of the adequacy or otherwise of the margin between the lending and borrowing rates. The question as a whole would appear to require careful examination.

* * *

It is a happy sign of the times to find that co-operators in both these districts, as well as in Malabar, feel the necessity for the training of rural co-operators. This matter cannot brook further delay.

* * *

There are certain misapprehensions in the minds of co-operators of Godavari and North Arcot as regards the respective duties of the auditing agency (the Auditing Inspector) and the Supervising Agency (the local union), and as regards the source from which, the extent to which and other limitations subject to which only the secretary of rural society can be remunerated. These exemplify the urgent need for the training of rural co-operators.

* * *

The question of overdues naturally causes anxiety to Godavari Co-operators. A pious resolution that the overdues should be reduced will not help. The question should be tackled in a business-like manner.

The North Arcot Co-operators resolved that measures should be taken to remove as early as possible non-members who hold honorary posts in primary societies. Is this desirable or even necessary? Societies for depressed classes, municipal scavengers, salt loaders, basket makers and others who are illiterate, cannot get on without the help of honorary workers. Does the Registrar approve of this resolution?

* * *

North Arcot adopted a very wise resolution in rendering ineligible for a seat on the Governing Body of the local union the following classes of representatives.—

(i) The representative of a society which has overdues to the Central Bank on 30th June, preceding;

(ii) The representative of a society which has got one or more defaulters among its panchayatdars; and

(iii) The representative of a society, who is himself a defaulter. Would that every union in the Presidency adopt, and not only adopt but also enforce, this resolution.

* * *

An invitation to our Readers.

We invite our readers to make better use of the pages of the Bulletin as the medium for exchanging views and for giving and receiving Co-operative information. The experience of one Co-operator may be availed of by another if they could be brought together and we consider such bringing together of Co-operators to be one of the chief functions of the Bulletin. Our correspondence columns need not be filled up merely by attack and defence of the Government policy or the work of the Honorary Assistant Registrars. They might, with greater advantage to all concerned, be used for useful exchange of views and solving of difficulties in the light of collective experience and wisdom.

* * *

A new Co-operative magazine.

We extend our hearty and co-operative welcome to "The Co-operator", a Malayalam monthly on co-operation which is being issued by the Malabar District Co-operative Union Limited. The second number just to hand is very promising. May we suggest that "The Co-operator" convert itself into a Pan-Kerala journal by voicing forth the views of co-operators in discussing the co-operative problems connected with not only the District of Malabar but of the neighbouring States of Cochin and Travancore as well. We wish all success to this newborn contemporary of ours.

President Coolidge on Co-operation "I have many times declared my conviction that the development of a powerful co-operative movement in this country is one of the needs of this period of economic readjustment. There is need for co-operative organizations among agricultural producers to help them both in selling their products for a better price and buying cheaply. There is likewise need for the organization of urban consumers to give them like benefits. The establishment of a close working relationship between these two groups ought to be the ideal at which the larger co-operative movement of the country should aim."

A worthy example. "The Co-operative News" of the 3rd May gives an account of one Miss Jeanie Crawford who left her share capital in the society of which she was a member as a legacy to the society to be added to its reserve fund.

How many such philanthropic men and women having the real spirit of co-operation are there in this country?

The Coming World Congress of Co-operation. Great enthusiasm prevails all over the co-operative world about the great International Co-operative Congress which is to be held this year at Ghent early in September. The Congress itself is only one item in a huge undertaking, the International Exhibition of Co-operation and Social Work. Over and above the Central Committee, there are various special committees to discuss special problems. There is the Banking Committee, for example, the Co-operative Insurance committee, and the Committee to discuss Women's Co-operation.

We wonder whether India is going to take part in this International enterprise and whether any official or non-official co-operator of this country is going to attend the Congress.

A Retrospect. The 26th April last was the 60th Anniversary of the first meeting of Rochdale Pioneers, who held their first meeting in 1844. 60 years is a pretty long time, and, even though we have not reached the co-operative commonwealth dreamt of by them, it is something to know that at least in England, consumers' co-operation has taken a firm root. As an English journal puts it: "There are co-operative goods conveyed in co-operative lorries, to co-operative stores, and they are sent to the homes of co-operators in parcels tied with co-operative strings—thoroughly a co-operative production from start to finish."

Marvels of Science. 'Truth' says the proverb, 'is stranger than fiction'.

And we find it illustrated in the rapid advance of radio broadcasting. In the United States of America this has reached such a stage that "Persons in the remotest places know the important news of the world hours and even days before their newspapers arrive. Growers get the weather forecast twice daily. The United States Department of Agriculture talks to them through the air. They have their choice of lectures, plays, instrumental music, bedtime stories for the children, book reviews, grand opera, church services and the very latest songs, many of them before they are published or heard in the theatres".

It is used for educational purposes. The Agricultural College at Kansas promises to broadcast instruction in agriculture to boys and girls working in farms and who are unable to attend college.

A tip to agriculturists. The Department of Agriculture, Bombay, has recommended the introduction of Shevri as a fodder crop. They say it is easier and cheaper than lucerne, that it does not require such a regular and constant manuring, that it is capable of resisting the presence of salt in the soil and that it improves the land on which it grows.

[Shevri (*Sesbania aegyptiaca*), Tamil, Karumseibai, Telugu, Suiminta, Sominta].

Co-operative activities at Villipuram. (1) The Co-operative Union at Villipuram is to be congratulated upon the very successful Training Class for village workers which it conducted with the hearty co-operation of the Assistant Registrar and the District staff. The method adopted was so practical that we are sure a detailed account of the Training Class will be of great service to the co-operators in other parts of the Presidency. We hope to be able to publish the detailed account in our next Bulletin.

(2) Simultaneously with the Training Class the Assistant Registrar held a conference of all the inspectors of the District, who had come in connection with the Training Class, and they passed a number of important resolutions at the conference. We draw special attention to the following resolutions, and are sorry that for want of space we are unable to publish the remaining ones:

1. The inspectors resolved that no propagandist work in villages with regard to organization of new societies need be done, as people have already begun to appreciate the co-operative movement and are sending voluntary applications for new societies.

2. The inspectors resolved that each should select one typical co-operative society in his circle and conduct economic enquiries and submit a report.

The questionnaire suggested with regard to the enquiries is an exhaustive one, and if district after district be surveyed in this manner, we would have very valuable data for organization and consolidation of co-operative societies.

* *

Our critics answered.

We have received some replies and protests against our note on Honorary Assistant Registrars which appeared in the March number of the Bulletin. We are sorry we are unable to publish them for want of space. It only shows that there is another side to the question, and that perhaps we over-emphasised only one aspect.

We should be sorry if our note gave any Honorary Assistant Registrar or non-official co-operator the least idea that we are belittling their work.

* *

Chingleput's wise resolve.

In response to a circular of the Assistant Registrar regarding the formation of separate unions for the supervision of Adi-Dravida and Christian societies, especially of those financed by the Christian Central Bank, the district federation of unions of Chingleput resolved at their meeting held on 1-4-1924 that for various reasons such separation is undesirable in the interests of the poor societies themselves, and have made up their mind to shoulder extra responsibility and to provide for extra and more efficient supervision of these societies.

* *

A much neglected field.

The following table gives an idea of the dividends earned by certain Insurance Companies:

The Caledonian Insurance Company	60½ per cent.
Yorkshire	" " 80 "
The Royal	" " 83½ "
The Royal Assurance Company	25 "

That is why we find some of the biggest names connected with business as shareholders and directors in Insurance Companies. How long are we to wait before we can launch a co-operative scheme of insurance, for which Mr. Raja Rao has been agitating for a long time in the pages of this Bulletin?

Some Bengal schemes.

The Bengal Co-operative Quarterly for April last contains a very interesting note on Rural Water Supply and Village Sanitation Problems. The writer points out how most of the village tanks (and in Bengal every village has a number of tanks about it) are uncared for. Weeds are not cleared; silted tanks are not reexcavated; a steady fresh water supply is not kept up. He advocates the formation of societies called Fish and Sanitation Societies, which will take these tanks on lease, breed fish in them and at the same time keep the tanks in a sanitary condition. He works out details of the scheme of fish-breeding and points out that if 20 persons join together and take Rs. 5 each to start with, they could get Rs. 900 at the end of the year and deducting Rs. 380 for working expenses, they could have as net profit Rs. 520. We have to remember that fish is an important article of food in Bengal, even in orthodox families, and we hope, therefore, that this suggestion will prove acceptable to our brother co-operators in Bengal.

Another interesting scheme outlined in the same journal is the Modern Co-operative Agricultural Association, which is intended to tackle the pressing problem of unemployment among the average educated youths of the middle classes. The society hopes to colonize a vast extent of land near Paresnath Hills, grow corn, vegetables, fruits and other articles of consumption enough to maintain the workers and to enable the society to run on sound economic lines. It is the ambition of the organizers that the colony will grow in course of time into an up-to-date agricultural college and dairy farm where students will "earn and learn," which is the motto of Cap. Patavel, one of the joint secretaries of the association. The great Ashutosh Mukherjee (now alas! no more) was the President, and we wish the enterprise all success.

Readers in our Province would remember that the problem of unemployment among the youths of the educated middle classes is as pressing here as in Bengal and we too have in this Province many a fine bit of extensive land fit for cultivation, and we hope the example of Bengal will be imitated by Madras.

* *

A welcome move forward.

Workers in the field of co-operation have always realized the prevailing illiteracy in the country as the great stumbling block in the way of natural progress of the movement. Any attempt, therefore, to exorcise this demon of illiteracy ought to be welcome to co-operators and we, therefore, are glad to know that the Honorable Minister for Education is contemplating to launch a scheme whereby through the hearty co-operation of villagers every village child of the school-going age will be given an opportunity to learn the three R's.

Very good if true We are glad to hear that in the working for the new railway line directly connecting Villupuram with Trichy the co-operative Assistant Registrars of the districts through which the line passes are organizing labour societies and applying to the railway company to entrust them with the contract of work. We also hear that Mr. L. D. Venkataramier, the retired Superintending Engineer, has offered his services as advisor and supervisor. We hope the non-official leaders of the co-operative movement of South Arcot, Tanjore and Trichy will heartily co-operate with the Assistant Registrars, the Labour Commissioner and his assistants and other Government officials, and give the actual workmen an opportunity to combine and get a portion of the profit that usually goes into the pockets of the middlemen. In this connection we draw the attention of readers to a lengthy extract dealing with Co operation in Newzealand which we publish elsewhere.

Wanted an All-India non-official Co-operative organization. Co-operation has taken a deep root in this country. The various provinces have organized themselves each in its own way. But there is no central agency co-ordinating the non-official work of these different provinces. It is mortifying to note in the reports we read of meetings of International organizations that no representative from India attends these conferences. It is true that occasionally the Government sends its official representatives, and non-officials also, for International Labour Conferences. But, if there be a central non-official organization for the whole of India like the Co-operative Union at Manchester for England, it would be consulted by The International Co-operative Alliance and other such international bodies on all matters relating to co-operation in this country. We hope that this matter will receive the attention of official and non-official co-operators all over the country.

We will be very glad to receive the considered views of all those who are interested in co-operation on the desirability of forming an All-India Co-operative Association. It should not be very difficult for us, representatives of various provinces to meet together occasionally in some central place and exchange views. If we are not strong enough to hold All-India Congresses of co-operation, we can at least have informal meetings of co-operative workers from various provinces through a central agency which might be brought into existence.

A request to Co-operators. We intend publishing brief accounts of the lives and doings of prominent co-operators in this Presidency, both official and non-official. We would be devoting a page or two at the most for each person. Those who are in possession of full information about the pioneers of the movement in this presidency are requested to be so good as to co-operate with us and send us brief sketches of the activities of prominent co-operators and also their photos, wherever possible. We hope to begin the series early next year.

INDEX OF CONTENTS

OF

The Madras Bulletin of Co-operation

Volume XV ending with June 1924.

I CO-OPERATION ABROAD:

	PAGE NO.
A Bill for Co-operative Banks in U. S. A.—Co-operative Jottings	71
Anti-trust Act, Canada — — —	72
An Irishman's Scheme of Control of Bank Credit—Co-operative Notes — — —	118
America teaches by its adventurous failures—Co-operative Jottings — — —	116
Co-operation abroad—Address of the Chairman of the Reception Committee — — —	272
Co-operative Citrus Marketing in California by Mr. E. G. Dezelle, General Manager, California Fruit Growers' Exchange —	1
Co-operative Education in France — Reviews —	356
Central Co-operative Banks in Germany—By a Reader —	344
Co-operative Legislation abroad for the year 1922-23 — Reviews	355
Co-operative Marketing in Canada — Reviews —	347
Co-operation in New South Wales — Mr. R. Grievson, General Manager, The New South Wales Wholesale Society Ltd.—	8
Co-operation in New Zealand — — —	479
Co-operation in Russia — Co-operative Jottings —	69
Small Holding Societies in England — Co-operative Jottings —	114
Studies in European Co-operation — C. F. Strickland—Review by S. Doraiswami Iyer — — —	449
The Consumers Movement in U. S. A.—Co-operative Jottings—	116
The System of Farm Finance in Canada — — —	72

II CO-OPERATION IN INDIA:

Co-operation in India — By Mr. C. S. Srinivasachari M.A., M.R.A.S., Junior Professor of History, Pachaiyappa's College, Madras	151
--	-----

Co-operation in Chingleput—A. Rajabadra Mudaliar, Retired Dy. Collector and Vice-President of the Conjeevaram Central Bank — —	164
Co-operation in South Arcot—Mr. R. Srinivasa Iyengar M. L. C. —	159
Co-operation abroad and in South Arcot—By the Hon'ble C. P. Ramaswami Iyer — —	231
Co-operation in Mysore—Mr. Mir Hamza Hudein, First Member of Council, Mysore — —	218
Co-operative Conditions in the Districts of Ramnad and Madura—K. G. Sivaswami B. A. — —	433
Co-operation in the United Provinces—The Resolutions passed at the Eleventh Meeting of the Standing Committee of Co-operators — —	469
Co-operation in Burma, being the Proceedings of District Agricultural and Co-operative Conference combined with Agricultural show and Industrial Exhibition held at Henzada on the 21st and 22nd of April 1924 ...	472
Kumbakonam College Co-operative Society—Annual Competitive Examinations — —	383
Travancore Works a Co-operative Medical School and Dispensary—Co-operative Notes ...	113
The Co-operative Movement in India—A Review by Mr. S. Doraiswami Iyer — —	177

III RURAL AND AGRICULTURAL CO-OPERATION ABROAD AND IN INDIA:

Agricultural Credit in India and other countries -- Rao Bahadur A. Vedachala Iyer — —	20
Agricultural Demonstration in Manitoba—Extracts — —	190
Agricultural Instruction in Canada—By 'D' — —	351
Bengal favours Agricultural Associations on the Co-operative basis—Agricultural Reviews — —	110
Co-operation and the Marketing Conditions in Rural Areas—T. J. Kumaraswamy M. R. A. S. (London) Research Scholar in Economics, University of Madras. — —	53
Co-operative Agricultural Experiments in Canada -- Reviews — —	473
Co-operative Farming Societies—Mr. Saddut Ullah Khan, Dy. Director of Agriculture, Madura. — —	81
Central Banks advance Agricultural Improvements in Behar—Agricultural Jottings. — —	109

Co-operative Farming—Notes and News. — —	124
Co-operation and Agriculture Departments -- By Mr. Calvert—Notes and News. — —	422
Distribution of types of Farming -- Reviews. — —	475
Farming Societies—Sub-Committee Meetings and Resolutions—	316
Grants for Special Agricultural propaganda—Notes and News—	127
How the Supervising Unions can assist the spread of Private Demonstration Farms—N. S. Kulandaswamy Pillai — —	417
Punjab favours Intensive Agricultural Demonstration--Agricultural Reviews — —	109
Rural Reconstruction—Notes and News. — —	123
Rural Co-operation—Principles and Practice— Rao Bahadur A. Vedachala Iyer — —	203
Rural Developments—Mr. K. T. Alwa. — —	170
Report of the Committee on Agricultural Credit Co-operative Reviews. — —	182
Rural Planning in the U. S. A.—Reviews — —	474
Short courses in Agriculture—By the Florida University—Agricultural Reviews — —	111
The Taluq Agricultural Association, Khamagon (Berar)—B. N. Bodle B. A. — —	44
The Place of an Agricultural Demonstrator in Rural Developments—Mr. K. T. Alwa— — —	170

IV. CONFERENCES.

(1) TALUQ CONFERENCE.

Sattur—Srivilliputtur Taluq Fourth Co-operative Conference (August '23). — —	239
--	-----

(2) DISTRICT CONFERENCES.

The Bellary Dt. Co-operative Conference, — —	259
The Third Chittoor Dt. Co-operative Conference. — —	258
The Sixth Guntur Dt. Co-operative Conference — —	240
The Sixth Madura-Ramnad Dt Co-operative Conference — —	358
Resolutions passed at the Sixth Madura-Ramnad Co-operative Conference. — —	385
The Second Malabar Conference—Notes and News. — —	463
The Fifth Nellore Dt. Co-operative Conference. — —	67
The North Arcot Dt. Co-operative Conference—Presidential Address. — —	475

Resolutions passed. —	—	478
The Fourth South Arcot Dt. Co-operative Conference.	—	257
The South Canara Co-operative Business Conference.	—	258

(3) PROVINCIAL CONFERENCES.

The Twelfth Madras Provincial Co-operative Conference	—190 & 350	
The Tenth Mysore Provincial Co-operative Conference.	—	225

(4) AGRICULTURAL CONFERENCES.

The Seventh Agricultural Co-operative Conference, Burma.	—	241
Conference of the Agricultural Co-operative Association of Saskatchewan held in June '23—By Co-operator—Review.	—	349

(5) OTHER CONFERENCES AND CONGRESSES.

Proceedings of the Conference of Bankers held at Madras on 30-3-24.	...	410
The Third American Co-operative Congress -- Co-operative Reviews.	...	182
The British Co-operative Congress—Co-operative Reviews.	...	184
The Coming World Congress of Co-operation—Notes and News.	...	502

(6) OBSERVATIONS ON DISTRICT CONFERENCES:

Godavari	Rao Sahib T. Srinivasa Rao	...	481
North Arcot	—	—	—
Malabar	K. G. Sivaswami B. A.	—	486
Recent District Co-operative Conferences, North Arcot and Godavari—Notes and News.	—	—	492
		—	502

V CO-OPERATIVE FINANCE:

Annual Budget of Local Unions—Notes and News.	—	
A Scheme for Long-term Credit—Rao Bahadur A. Vedachala Iyer	—	194
Crop Loans on Produce Security—By Mr. M. K. Venkatachari, Assistant Registrar of Co-operative Societies, Madras and Chingleput.	—	147
Credit Sales—Sub-Committee meetings and resolutions	—	207
Co-operative Audit—Principles and Practice—By Mr. M. K. Venkatachari, Assistant Registrar of Co-operative Societies, Madras and Chingleput	—	313
Deposit of Cash Balances in Central Banks—Notes and News.	—	327
Difficulties of an Urban Bank Directorate—Notes and News	—	122
		106

Dates of Interest Calculation	—	80
Exemption from Local Taxes—Sub-Committee meetings and Resolutions.	—	317
Exemption from Licensing fees—Sub-Committee meetings and Resolutions	—	318
Government should issue notes on the security of mortgage bonds—Co-operative Notes.	—	115
Interest on the reserve fund of primary societies—Notes and News	—	77
Long-term credit—Address of the Chairman of the Reception Committee	—	279
Limit of Loans to members—Notes and News.	—	76
Land Mortgage Banks—Sub-Committee meetings and resolutions	—	304
Long-term Loans—Sub-Committee meetings and resolutions	—	306
Long-term Loans:—By Rao Bahadur A. Vedachala Iyer	—	393
Loans on security of produce...Sub-Committee meetings and resolutions	...	307
Misuse of Cash Balances...Notes and News	...	121
Refusal of suretyship...Notes and News.	...	195
Remission of Money Order Charges...Sub-Committee meetings and resolutions	...	317
Remission of fees charged by Agricultural and Industrial Departments—Sub-Committee meetings and resolutions	...	318
Short-term Loans—Co-operator	—	173
Sales to non-members—Sub-Committee meetings and resolutions	—	312
The Central Bank and the Local Unions in the Trichy District—Mr. R. V. Srinivasa Iyengar	—	160
The Building up of Reserve Fund in Primary Societies on unlimited liability basis—Rao Sahib T. Srinivasa Rao	—	399

VI. NON-CREDIT.

Building Societies—Address of the Chairman of the Reception Committee	—	277
Building Societies in Malabar—V. K. Menon	—	416
Burma's scheme of housing rural labour—Agricultural Reviews	—	110
Co-operative Life Insurance—By K. Raja Rao	—	415
Notes on Co-operative Life Insurance	—	382
Non-credit work—V. Venkatachari, President, Dt. Bank, Chingleput	—	379

Non-credit work — Address of the Chairman of the Reception Committee — — —	276
Rules for the grant of State loans to building societies — — —	30
State aid to Housing Societies — R. Suryanarayan Rao, member Servants of India Society. — — —	27
Special Registrars for purchase and sale—Sub-Committee meetings and resolutions. — — —	127
The Producers' Society in the Bombay Presidency — — —	88-93
The Co-operative Commission Shop — — —	93
The Manglore Guano Factory Owners' Co-operative Wholesale Society— — —	181
The Milwaukee Plan of Housing—Daniel Hoan (Milwaukee U. S. A.)	106
VII. INDUSTRIAL AND COMMERCIAL CO-OPERATION:	
Credit Trading—Extracts — — —	191
Development of Cottage Industries — Mr. T. Washington — — —	11
Indian Trade during the last year — Reviews.— — —	112
Industrial Democracy; A Plan for its Achievement—By Glenn E. Plumb and William G. Royalance—Review. — — —	213
Organization for co-operative marketing—Mr. R. D. Colquette, Professor of Marketing Economics, Agricultural College of Ontario— — —	129
Principles of Co-operative Marketing—Rao Bahadur A. Vedachala Iyer — — —	84
Plans for co-operative Marketing—Co-operative Reviews — — —	181
To market wheat co-operatively—By Mr. M. Waldon, Acting Co-operation and Markets Commissioner, Province of Saskatchewan, Canada — — —	201
The Control of Industry—D. H. Robertson—Review by Prof. C. S. Sinivasachari.— — —	340
VIII. DEPRESSED CLASSES LABOUR AND CO-OPERATION.	
Contracts to co-operative societies by Local Boards and P.W.D. — Sub-Committee meetings and resolutions — — —	317
Credit accommodation to Agricultural Labourers and to the Depressed Classes — Rao Bahadur A. Vedachala Iyer — — —	371
Forest Fuel — Coupe Contracts by co-operative societies—Rao Sahib M. S. Seshachala Iyer — — —	41
Labour Credit Societies at the Crescent Mills, Bombay, L. G. Gokhale, Auditor of Co-operative Societies, Bombay — — —	46

Labour Unions — Sub-Committee meetings and resolutions. — — —	317
Reclamation of Kallars — The Madras Labour Department. — — —	10
The Co-operative Movement among the Fisher folks in the Madras Presidency—Rao Bahadur V. Govindan — — —	13
B. A., F. Z. S., Assistant Director of Fisheries. — — —	353
Working Class Budgets in Bombay — 'S D' — — —	

IX. MANAGEMENT, TRAINING AND PROPAGANDA.

A Definite Programme — Notes and News — — —	263
Co-operative Propaganda — Obstacles thereto and suggestions for overcoming them — T. S. Mudaliar — — —	465
Non-official responsibilities — Notes and News. — — —	359
Responsibility of the Manager — Co-operative Jottings. — — —	72
Responsibility for organization — Notes and News. — — —	359
Store Management—Richard Henschke (Uitca, New York) — — —	101
Special Inspectors in Mysore — Notes and News. — — —	127
Special Auditors for Stores — Sub-Committee meetings and resolutions — — —	311
Stores and Women — — —	315
The Training of Supervisors—A Co-operator— — —	58
Training of Bank Managers—Sub-Committee meetings and resolutions. — — —	311

X. REGISTRARS AND ASSISTANT REGISTRARS AND THEIR CIRCULARS AND NOTIFICATIONS.

Honorary Assistant Registrars—Notes and News. — — —	388
Registrars' Notifications — — —	32
Registrars' Circular — — —	387

XI MESSAGES OF GREETING.

Messages from Editors — — —	33
Co-operative Union, Sydney— — —	296
Co-operative Union, Manchester — — —	296
Co-operative Union, Canada — — —	297
Co-operative League, New York — — —	294
Messages of Greeting — Sub-Committee meetings and resolutions— — —	308
Messages of Greeting — Notes and News. — — —	359

XII. CORRESPONDENCE.

Dismemberment of Cuddapah District — — —	185
The Poor Boys' Society — — —	185
Supervising Unions — — —	188

XIII. REVIEWS.

Reports of the I. A. O. S. Ltd. for the year ending with 31-3-22		
By Mr. S. Krishnamoorthy	—	342
Report of Administration of the Co-operative Dept., Mysore	—	498
do do Ceylon	—	499
do do The United Provinces	—	499
do do Travancore	—	500
do do Behar and Orissa	—	501

XIV GENERAL NOTES AND NEWS:

Arbitration societies in the Punjab	—	75
A Clear Policy	—	261
Autonomy of Local Unions	—	359
A Request	—	422
Audit	—	422
An Error corrected	—	422
An Example and a Wish	—	463
A Poet on Co-operation	—	462
An American View of Co-operation	—	463
A Loss to the movement in this Province	—	463
Background in Co-operative Report	—	261
Co-operative Land Purchase societies	—	126
Conclusion	—	258
Dr. William and the Co-operator 1828-1830	—	119
Descriptive details	—	265
England Forging Ahead	—	463
Frankness of Exposition	—	265
Flood Relief and Co-operation	—	388
H. R. H. The Prince of Wales' Visit to a Co-operative Store.	—	422
Notes and News	—	37
Reflections	—	266
Some Prominent Co-operators in the Present Cabinet	—	422
The character of Annual Administration Reports	—	73
The Irish Economist	—	193
The District Federations	—	359
The Freedom of Local Unions	—	388
The Task of the Madras Provincial Co-operative Union	—	359
Working of societies	—	267
What we have to learn from others	—	422
What this country needs	—	463

What others think of us	—	463
Notes and News	—	502-508

XV GENERAL PROBLEMS.

Affiliation of Big Town Banks to local unions -- Rao Sahib T. Srinivasa Rao	—	418
An Employee's position in the English Wholesale Co-operative Notes.	—	115
Co-operative societies and trained Maistries—Saddut Ullah Khan, Dy Director of Agr., Madras	—	83
Co-operative societies--Their common good fund--C. Ranganatha Iyengar M. A., L. T.	—	439
Co-operative societies and their economic relation -- By H. Kaufman -- Review	—	441
Co-operative Democracy—by J. P. Warbasse -- Review by Prof. C. S. Srinivasachari M A.	—	415
Co-operation <i>versus</i> Joint stock concern—Address of the Chairman of the Reception Committee	—	271
Co-operators' Day—Notes and News.	—	459
Duties of Central Banks in relation to audit of Primary societies on unlimited liability basis—Rao Sahib T. Srinivasa Rao—	—	427
• District Judge of Cuddapah on the execution of A. R's decrees by Munsiff Courts	—	45J
General Body <i>versus</i> Board of Directors in Urban Banks—Notes and News.	—	195
Suggestions for the Improvement of the Bulletin—Notes and News	—	459
Retrenchment in Bengal—Notes and News	—	78

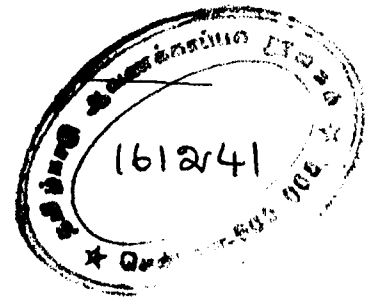
MISCELLANEOUS.

An Invitation to our Readers—Notes and News	—	502
A New Co-operative Magazine	—	
A Worthy Example	—	
A Retrospect	—	
A Tip to Agriculturists	—	
A much neglected field.	—	
A Welcome Move Forward	—	
A Request to Co-operators	—	502
Co-operation—the Law of Life—Address of the Chairman of the Reception Committee.	—	270

Growth of societies	—	—	272
India and Ireland	—	—	275
List of Delegates, Reception Committee members and Donors.	—	—	321
Marvels of Science—Notes and News.	—	—	502
Our Critics answered—Notes and News.	—	—	502
Provincial Co-operative Union	—	—	281
Presidential Address of Mr. G. K. Devadhar M.A., Vice-President, Bombay Central Co-operative Institute	—	—	284
President Coolidge on Co-operation—Notes and News	—	—	502
Rural Conditions—Address of the Chairman of the Reception Committee	—	—	278
Very good, if true.	—	Notes and News	502
Wanted an All-India non-official Co-operative Organization—	—	Notes and News.	502

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The following are the Contents of the Report.

How the Conference began ...	1
I Session ...	2
Address of the Chairman of the Reception Committee ...	3
The Election of the President and Presidential Address ...	9
Messages from Social Service Organisations ...	11
Resolutions ...	15
Vote of Thanks ...	16
Societies for the poorest classes in the City by Messrs. M. K. Venkatachariar and K. G. Sivaswamy ...	20
Deposits and Liability Register by Mr. G. Shriram Babu Naidu ...	23
A Register of Members and withdrawal of share capital in over-capitalised urban banks by Mr. S. Doraswamy Aiyar ...	24
Milk Sellers' Union Calcutta, by Rev H. A. Popley ...	25
The Common Good Fund by Mr. T. K. Hanumantha Rao ...	26
Employees' Co-operative Credit Societies and Stores by Mr. S. K. Yegnanarayanayar ...	27
Markets in Cherries by Mr. K. G. Sivaswamy ...	57
Employees' Societies and Thrift by Mr. S. K. Yegnanarayanayar...	21
Housing and House Sites for the poorer classes by Mr. R. Suryanarayana Rau ...	28
Crafts and Weaving Industry in the City of Madras by the Madras Industries Department ...	32
Weavers' Societies by Mr. K. G. Sivaswamy ...	33
District Co-operative Council by Mr. K. G. Sivaswamy ...	34

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CO-OPERATION MONTHLY

Published by

THE CO-OPERATIVE LEAGUE

167, West 12th Street,

N. York, U. S. A.

1 Dollar per annum.