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ABOLITION OF CENTRAL BANKS—AN ANDHRA SCHEME.

(*Editorial*)

We publish elsewhere in our summaries of recent utterar extracts from leaflet No. 8 recently published by the East Goda District Co-operative Federation, dealing with the part played b central banks in the "Drama of Co-operative Credit". It purpo be the reproduction of an address delivered by the Secretary Alamuru Co-operative Union to a conference of panchayatdars c ed at Chopalla under the auspices of the Alamuru Union. It is and, published by Mr. N. Satyanarayana, the Secretary Federation. Besides his being connected with all Andhra Co-c organisations, he is also a Joint Secretary of the Madras P Co-operative Union and a member of the Board of Manageme M. C. U. B., Moreover, the address was intended to educate chayatdars of the village societies by the union to which th are affiliated. So the educative value of the matters contai requires to be seriously examined by those who are ir co-operative education and propaganda being conducted o We trust our readers will attentively peruse the contents o published by us. The object of the address delivered to tl dars was evidently to present a new ideal of co-op namely, the putting of the consumer of money in r original depositor or a wholesale lender by eli middleman, the central bank, which intercepts a portion of the village society's profit in the interest margin. When the depositor goes to the village society direct, then, between the ultimate consumer, that is, the borrowing rural co-operator and the depositor, there will be only one middleman, namely, the society, which will necessarily have to make some profit in order to work and to that extent, load its members' loan. Where the depositor goes to the provincial central bank, the latter will absorb a portion of the profit and will in that extent be another middleman. If the provincial bank directly finances the village societies, they will be the only two middlemen who intervene between the original depositor and the ultimate borrower. But as matters stand at present, there is a third middleman, the local central bank, which borrows part of its funds from the provincial bank and absorbs another portion of the nutritive profit which ought to go to vitalise the ultimate orrower. It is this unfortunate third middleman, the local central ank, that has come in for the brunt of the attack and the proposal is to olish it altogether. Its place should be taken by a provincial central ık which should finance village societies directly by means of a net- k of branches located in suitable centres and operating over compact ıs so as to bring money within the easy reach of village societies, at of interest which are now charged to central banks.

Ve are unable to agree either with the proposal or with the reasons ich it is supported. We feel that the teaching embodied in the is based on an entire misunderstanding of the principles of co- ve credit system and of the true place of the central and apex ı the scheme of co-operative finance. It is a misapplication of ciples of consumers' co-operation and the distributive store to tion of co-operative finance by a system of federation of anks. Even as matters stand at present, the feebleness of our organisations is due to their economic independence. We e treatment of this important aspect of credit co-operation to ue. In the meantime, we wish to briefly examine the finan- ss of the view expressed in the leaflet that if the central olished and a provincial central bank with a network of their place, the village societies will obtain financial n at a lower rate of interest, virtually at the same rate at s lent to the central banks by the M. C. U. B., that is, s increasing the margin of profits in the rural societies. herwise of this statement will depend upon the working these systems. If a single provincial co-operative h finances about 500 societies with the help of, hes, can run the financial organisation of the

province at appreciably less cost, then the rural societies may be able to get money at a lower rate of interest. It is a truism to say that all the working cost and profits of intermediate agencies, both financing and supervising, should come out of the difference between the borrowing rate paid to the original depositor and the lending rate levied from the ultimate borrower. It is equally a truism to say that all these costs and profits are eventually paid by the ultimate borrower. The ultimate borrower is usually an agriculturist in economic distress and it is to relieve him that the movement is intended. So if a scheme can be devised whereby the burden imposed on him in the way of co-operative loan at a certain rate of interest can be lessened, it should certainly commend itself to co-operators. Does the abolition of central banks and linking up of societies directly with the provincial bank conduce to such economy and retrenchment in cost and result in reduction of interest to village societies, without at the same time effecting any curtailment in the volume of money attracted into the movement? The East Godavery Federation would have done well to collect some financial data and built up its theory on certain ascertained facts before it gave publicity to the leaflet advocating the abolition of central banks. The position of the Andhra central banks at present is this: Their total working capital is 2 crores. They have borrowed only 40 lakhs from the M.C.U.B. So if they are middlemen between the M. C. U. B. and the village societies partially intercepting the legitimate profits of the latter, it is only to the extent of profits on these 40 lakhs. The working capital of the 13 non-Andhra banks is above 3½ crores and they have together borrowed 40 lakhs from the M. C. U. B. With reference to the bulk of the working capital, 4½ crores, central banks are only middlemen between the depositor and the societies and not between the M. C. U. B. and the village societies. Some years ago the Andhra banks were not borrowing from the M. C. U. B. With a little exertion of their directors, it is again possible for them to be self-sufficient in the matter of finance. There are several banks which do not at all borrow from the M. C. U. B. There are at least 12 such banks and some of them with very large working capital, the more conspicuous among them being the central banks at Trichinopoly, Coimbatore, South Arcot and Madura. Among Andhra banks, Vizianagaram, Kurnool, Cocanada, Bezwada, Berhampore and Rajahmundry are practically borrowing nothing from the M. C. U. B. So the idea of the central banks intervening between the M. C. U. B. and the village societies may be virtually eliminated. They intervene really between the urban depositor and the village society. Will their elimination and the transfer of their functions to a provincial central bank advance the movement? The answer to this question will depend upon the answer to two connected questions: Firstly, will the Provincial Central Bank, with the aid of its branches, be able to pool into itself all the working capital needed by the village societies? With the elimination of the Andhra central banks, the two crores of rupees which now represent the liabilities of those banks from the standpoint of deposits and their assets from the standpoint of their investments in the societies, must be found by the Provincial central banks which take their place. We seriously doubt it. The local initiative and enterprise of the independent central banks brought into the movement from the non-metropolitan areas large quantities of shy capital or capital which was flowing through unco-operative channels. The branches of a Provincial Central Bank which will be run by paid subordinates of the Bank and not by non-official directorates, can hardly be expected to bring into the movement as much money as the central banks can do. The head office cannot directly tap to any large extent rural resources. The fact that the M.C.U.B. and the Indian Bank could not attract even in the metropolis much more than a crore of working capital, ought to place some restriction on the optimism of tke East Godavery Dt. Federation. Secondly, can a central bank for the whole province afford to lend to its members, *i.e.*, village societies, at less than 7½ per cent which is the rate at which the middleman central bank lends to them now? We seriously doubt if it could. The working expenses of a central bank which directly caters to 5,000 societies are bound to be much greater than those of an apex bank which deals with only 30 constituent central banks in theory, but only with half that number in actual practice. The volume of business will be of such a magnitude that it requires at least 4 times the establishment of the M. C. U. B. Again, the working expenses of the 18 or 20 branches in the several localities will not be less than those of the present central banks in which a large part of the work is done by a non-official agency. Non-officials of position and status will not be available to serve as presidents or secretaries of the branches and agree to be in a subordinate position to the chief executive officer of the Provincial Central Bank. They will have to be merely paid officers in that case. So the total working costs of the new type of wholesale credit store of money for the province with its branches will not be less and probably be more than what they are now for the M. C. U. B. and central banks put together. From our knowledge of the facts and figures, we are in a position to state that the costs will not be under 3 or 2½ per cent. on the total transactions. Then, what is the average rate of interest at which the new wholesale central bank can get money. We may, on a most optimistic view put it at 5 per cent. To put the average under 5 per cent

will be unsafe. Let us assume that cheap local board money can be had at 3 per cent and Imperial Bank overdraft money at 6½ per cent and other moneys at intermediate rates. Then the mean between 3 and 6½ per cent will be 4¾ per cent or roughly 5 per cent. Add the working cost of 3 or 2½ per cent to this. Then the lending rate to societies will be 8 or 7½ per cent, very much the same as at present. If our data are wrong, we shall be glad to be furnished with more accurate data and to know on what basis and financial calculations a Provincial Bank can ever be expected to accommodate village societies at 6 per cent as the Alamuru Union Secretary told the panchayatdars. We are constrained to say that the picture presented to the panchayatdars had no background of co-operative finance or even of ordinary arithmetical calculations.

We desire to make one suggestion for the consideration of the East Godavery Federation. At present the district suffers from the evil of excessive decentralisation in finance with 4 independent central banks at Cocanada, Amalapur, Ramachandrapuram and Rajahmundry. There are four middlemen where one ought to suffice. So if reform like "Charity" should begin at home, let the exertions of the East Godavery Dt. Federation be turned towards the amalgamation of the 4 banks into one or at least into two, minimise the waste involved in reduplication of financing machinery and effect retrenchment. The East Godavery Dt. Central Bank will then be able to attract its own working capital like the banks in the districts of Trichinopoly, Tanjore and Coimbatore, for East Godavery is not less rich in resources, and will not be the middleman between the M. C. U. B. and the village societies. Then let the dividend on the share capital of that bank be reduced to 7½ or 8 per cent. and enlarge a portion of its profits to be transmitted to the societies. Let the societies be lent money at 6½ or 7 per cent. This will be a constructive line of action which the East Godavery Dt. Federation may usefully try before it embarks upon the more ambitious scheme of abolishing the central banks and bringing about the opposite extreme of excessive centralisation of finance in a single provincial agency.

In conclusion we beg leave to remind the East Godavery Dt. Federation that the present relations between the rural co-operative societies and the central banks are not particularly friendly and that the movement can make no progress if the gulf is widened. The address delivered to the panchayatdars under the auspices of the Alamuru Union and broadcasted by the Federation is one which is calculated to excite hatred and contempt towards the central bank which is roundly characterised as a profiteering middleman, which serves no useful purpose to the movement. May we appeal to the East Godavery Dt. Co-operative Federation not to carry on such palpably harmful propaganda in future? We have so far touched only with the financial aspect of the proposals embodied in the leaflet on the assumption underlying the address reproduced in it that the central bank is a mere intermediary financing agency. We do not grant that assumption. The theory and practice of co-operation as they are being developed in the province are recognising in a gradually increasing measure that central banks have other very useful functions of inspection and supervision, without the due discharge of which the movement is bound to collapse. We shall also reserve the expression of our views on this aspect of the question to a later occasion.

RELATIONSHIP AMONG PRIMARIES, UNIONS, FEDERATIONS AND CENTRAL BANKS— A COMPARATIVE STUDY.

By Mr. R. Krishnaswami Aiyangar,

(President, District Bank, Cuddalore.)

The various types of Co-operative institutions and their relationship to each other in accordance with their bylaws require examination at this juncture seen in the light of the report of the Committee on Co-operation recently published. Each has got distinct functions to perform, and a co-ordinate and co-operative activity of all within their legitimate scope will tend to the betterment of all the societies.

2. At the bottom of all, we have the primaries, rural and urban. The Supervising Unions come next. The Federation is the combination of Unions. The Central Bank is the financing one for primaries and the Apex Bank finances the Central Banks. It is not necessary for me to trace the formation and growth of these institutions from time to time. At the present moment all are in existence and the movement itself is of about a quarter of a century's standing—a pretty big span of time indeed. At page 8 of the report it is remarked that "the agricultural primary credit society is the foundation stone on which the whole Co-operative edifice is built; if these Societies are generally in a good condition, confidence may be felt that the structure is generally sound. But, if they are generally unsound, nothing can prevent the ultimate collapse of the edifice, however good parts of the structure may be.' This is no doubt an accurate statement of fact.

3. The objects of the primaries are summarised as follows:—

(1) To borrow funds from members or others to be utilised for loans to members *for useful purposes*. The Committee find that this has *certainly been attained*. This finding can't be accepted *in toto*. There are however instances of misapplication of funds. There is the representation one finds in the loan applications. But no vigilance is generally kept up by the panchayatdars to ascertain if the money borrowed is really utilised for the purpose for which it was intended. There is no guarantee that the amount is always utilised for legitimate purposes. It is also remarked that "unfortunately, however, many members of primary societies have not yet realised that borrowing involves repaying." This may at first sight appear to be an extraordinary statement of fact as no doubt it is of a sweeping character. But when we remember that the proof of the pudding is in the eating, can

it be said that the Committee overshot the mark in the face of the percentage of overdues that is steadily increasing in recent years? It may be unpalatable, but is nevertheless not quite unjustified in the circumstances. In some cases no doubt there is difficulty in repayment owing to failure of crops and want of seasonal rains, causes beyond human control. But it is too much to urge that as a reason all over. It is certainly traceable to other causes of a different nature.

(2) To act as the agent for the joint purchase of the agricultural, domestic and other requirements of its members and for the joint sale of their produce. A great majority of societies did nothing in these respects. But a number of non-credit Societies have been formed in recent years.

(3) To purchase and own implements, machinery or animals for hire to its members. Not much progress is made in this direction either. The work undertaken is negligible.

(4) To disseminate a knowledge of the latest improvements in agriculture, handicraft and weaving, and encourage its members to adopt them. These are attenpted now by separate societies formed on non-credit basis.

(5) Generally to encourage thrift, self-help, and co-operation among the members. The finding is that with a few notable exceptions but little success has been attained.

4. In a separate communication* I have dwelt on points, a close adoption of which will place the societies on a surer basis. I do not propose to reiterate them here.

5. The Unions where societies are united for mutual supervision and control have been brought into existence for education, propaganda and supervision of societies. Supervision may involve the notion of inspection, but inspection is quite different from supervision, the latter being the effect of the former. There is a good deal of confusion of thought prevailing in the minds of co-operators in respect of this matter. This is said to have "resulted in a good deal of friction, amounting in some cases to ill-feeling, which has been gradually growing between different co-operative organisations in certain districts".† Inspection has been defined "to involve an enquiry into the financial status of a society. This is obviously within the rights of the financial Central Banks; we go further, and place it *among the banks' responsibilities*". Supervision has been defined to involve constant administrative assistance in routine work, advice on financial matters, and general guidance both from the business and

*Vide August Issue. †page 70

co-operative aspects. Unions provide the ideal organisations for the purpose". The several conferences that were held after the publication of the report generally accepted the definition as a sound division of functions among the organisations. A judicious recognition of the distinction and a practical application of the principles in the daily activity of a co-operator will ensure better results. It is remarked that a very large number of unions are not now functioning efficiently, but it is said to be due to lack of adequate funds. It is no doubt true in some cases. A *system of Co-option is suggested as a remedy*. There is considerable force in the suggestions. But they will fail of their objects if the funds are not utilised in the proper way and if co-option is not secured on proper lines. They must carefully attend to the responsibilities indicated at page 71. A well equipped staff is absolutely necessary to carry out these objects. The formation of a distinct cadre of supervisors is a correct idea. Adequate supervision of societies to which office-bearers of unions belong would appear to be quite necessary. It is our unfortunate experience to find even the few societies with which *prominent co-operators and office-bearers of societies and Banks* are connected do not emerge satisfactorily from the test of efficiency so as to serve as examples to others. The Committee have adverted to this aspect of the question. I have repeatedly pointed out to the supervising non-official agencies that members of the governing bodies of unions should of course themselves frequently visit affiliated societies in addition to supervisors. The Committee emphasise this also. The union area should be a compact one, not comprising more than 25 societies in a radius of 7 miles.

6. District Federations have been formed of late in several districts. The Committee urge that the Central Banks should have adequate representation in them drafted from the individual shareholders. This is as it should be. A few Federations seem to be against it, but I hope that wiser Counsels will prevail in course of time.* The responsibilities of Federations, the Committee says, should include the exercise of general supervision over the work of Unions and their supervisors, with special attention to the societies of office-bearers. This would require special adequate staff working directly under them. "We consider that Federations and Unions should be definitely responsible for co-operative propaganda in the villages. Their duties are the co-ordination of the work of local unions, supervision, training, education and general propaganda.

7. At this stage it may not be out of place to place the constitution of the Federation and the Central Bank with reference to

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the supervising unions and primary societies, in juxtaposition with each other. The affiliated primaries are concentrated for finance in the Central Banks. They are likewise concentrated in supervising unions for the carrying out of the duties and responsibility of supervision, education and propaganda. Primary Societies send delegates to the Central Bank to make up the general body of the supervising union. These have no voice except at the general body meetings of these institutions, when they are assembled to discuss matters of ultimate responsibility according to their bylaws. The supervising unions also send a delegate each to the Central Bank, besides sending 2 or 3 delegates to the Federation. They also send a representative to the Board of Management of the Central Bank, which Board forms a part of the constitution of the General Body though not carried out of it as is the case in other private institutions. The Boards, to put it compendiously, are of it but not created by it. And they have certain well defined powers in the matter of administration of Central Banks, their entire administration vesting in the Board. When Unions return directors to the Board of Management whose members become members of the General Body, there is no reason why the strength of the general assembly of the Bank should be augmented by *the addition of delegates from the unions.* But this is, of course, a minor matter. Coming to the Federation, we find that its general body is drafted from the governing body members of the union, its own governing body being chosen from these delegates. The Federation is thus in whole or part composed only of Governing Body members of the supervising unions, exactly the class of persons who become union representative directors in the Central Bank. In Federations where there is no Banks' representation, the society element alone exists. In Central Banks we have the individual element also in the directorate. The constitution is mixed. On the emergence of these facts, it is a matter for serious consideration whether Federations are necessary to co-ordinate the work of unions. Sir L. Samaldas in his presidential address at the Madura Co-operative Conference in 1927 has frankly stated, "I really cannot understand the creation of District Federations working for the purpose of strengthening the unions. If they require any assistance or guidance, as I believe they do, they should come from Central Banks who find part of their money for inspection work. The financial agencies should look after the recoveries of moneys and the co-operative unions should confine their energies to education and propagandist work". The unions and Federations have no financial responsibilities which are possessed by the societies and the Banks. Suppose the movement fails, who is likely to be most materially affected? Not the unions and the Federations, I dare say. It stands to reason and

common sense, therefore, that Central Banks should attend to the work
of consolidation of societies whose welfare is the Banks' stability. The
shoe pinches the Bank only. The Bank is the fittest person to make
itself a success. It is very much to be regretted that this sound aspect
is lost sight of in practice. In the matter of supervision, even
the Federations are not permitted to act directly, but only through the
supervising unions. How is the Federation engine more competent
than the Bank engine especially when the members are most of them
common? I can understand the difference if the personnel of the Board
of Management of the Bank is entirely different from that of the
Governing Body of the Federation. For then each set may view things
in its proper perspective instead of, as it now happens, forcing the view
formed in the Federation on the Bank. Of late this pernicious tendency
makes itself manifest. The Federations by their sheer majority seek
even to control the administration of the Bank, a function that is really
foreign to it. That body is not affiliated to the Bank. Accident
throws many of them in the Banks' constitution, the result of it being
that persons who possess no financial responsibilities dominate the will
of the Bank. Is this not dangerous to the movement, I ask in all
humility? It is no part of the duty of the Federation to bother itself
about the administration of the Bank. The unions too have no part in
it, but the Board composed also of union directors chosen from a territorial area is concerned with it. It is therefore abundantly clear that
the unions are concerned with the administration of societies, that
Federations are concerned with the administration of unions and the
Bank is concerned with the proper working of societies and
unions whom it finances either in the shape of loan or supervision fund.
This analysis leads us to the question of recoveries of moneys lent. Sir
L. Samaldas says, "it is necessary to place on Central Banks a certain
amount of responsibility for the inspection of primary societies affiliated
to them. All the Banks are expected to maintain a paid staff for
inspection whose duty it is to assess the credits of constituent societies,
to check if loans have been distributed in accordance with normal
credits fixed at general meetings, to enquire into applications for
extensions of periods of loans and, where necessary, to stimulate
recoveries. Though this inspecting staff, which is paid by, and I may
emphasise, is directly responsible to Central Banks, a fairly *intimate and
organic contact* has been established between primary societies as
borrowers and Central Banks as lenders and the effect of this close
relationship is easily noticeable in recoveries and in the improvement of
the tone of management. You attempted for some time to deal direct
through supervising unions, but perhaps you were not successful in
evoking response in the shape of responsible control. Now you are

trying to get some kind of touch through the rather complicated machinery of Federations." Mr. Wolff agrees with this view as evident from his letter to the Registrar of Co-operative Societies published in the Bulletin for May. So I have taken the trouble of quoting him *in extenso* to carry conviction to reasonable minds. Has not a clear case been made out for vesting inspection in the Central Banks and *for the erasure of Federations*? What is the good creating unnecessary bodies and then complaining of want of funds? What can be achieved by the Federation can undoubtedly be achieved by theBoard of Management of the Bank through the unions. If the Bank cannot cope with the enormity of the work, let the Federation be pinned to its legitimate scope and take in the Bank's representatives also; for then only will the administration of the Federation rest on sound and scientific lines. It is my firm conviction that if the Federation should exist at all it must have the Bank's element there. As one intimately connected with a Central Bank since its inception for 9 years in the varied capacities of Assistant Secretary, Secretary and President, I am convinced that the views of Sir L. Samaldas are perhaps the soundest if I may say so with respect. I requested the Registrar to publish an annual administration report of the working of all Federations. That will give us an idea of their utility or otherwise.

8. I have been closely perusing the evidence taken by the Committee on Co-operation. If I could recollect, the volume of evidence was strongly against the Federation. It passes my comprehension how the Committee gave a finding in its favour. If the Government were to publish the written memoranda and the oral evidence of witnesses, the public will be in a position to assess the true value of the finding in this regard. The present executive committee of the Bank controls the financial section. The entire administrative and supervising section may be formed within the Board, composed mainly of society directors if so desired. The Committee suggested a common President for both apparently to reconcile the sharp differences between the two. It is in my judgment a weak solution. The real solution lies in its eradication. It is only then that the Central Banks will become complete units in themselves and be made to realise its rights and responsibilities to themselves and to the wider public. As matters now stand, their responsibility ceases apparently after the disbursement of loans to societies on the strength of the recommendations of the unions in the light of antecedent behaviour of societies. No society affiliated to a Bank can complain against the Bank for the grant of loan, it would come with ill-grace from their mouths. If the Banks' activities are ended there and they are made to depend on other agencies for successful working and if they fail, the Bank will only stretch out its

hands and proclaim "Ah, I can't be blamed for this. I had no part or lot assigned in setting my house in order." Is this situation to be accepted with equanimity by the individual shareholders and depositors whose money alone is for the most part locked up in the movement? Is the unlimited liability system, of which so much is made, a panacea for all ills? Let co-operators answer. Of course, I am regarding each society as a legal entity irrespective of their constituting a parent organisation.

9. At the beginning, the department took up the work of collection. That duty was subsequently given up after the formation of unions. Even supervision was withdrawn. Only the statutory functions are now discharged by the department. Owing to want of proper human material in societies and the weakness of the unions in satisfactorily discharging their functions, the formation of a Bankers' Conference to co-ordinate the work of Bankers suggested itself to prominent Co-operators. In May 1926, resolutions were passed entailing larger duties on the part of Central Banks to accelerate the progress of rural societies. The place of unions in inspecting and supervising societies was recognised, but the Central Banks were asked to assist them in their work by undertaking an individual examination of overdue cases in societies resulting in (1) grant of extensions, (2) reorganisation of societies, and (3) reorganisation of the union, and the appointment of an inspecting staff was recommended. This is really a legitimate right and duty of Central Banks. But unfortunately when it is sought to be put into practice, it is resisted by the society section on a misapprehension of the situation. This is considered to be an encroachment on their preserves. They ought really to thank the Bank for the initiative taken in this direction. A feeling of helplessness on the one side and irresponsibility on the other will develop in the Central Banks, if inspection is not allowed to be undertaken by them. Then again, it is urged that Directors can do the inspection but that no paid agency should be employed. Experience has shown that Directors are not able to accomplish this. Moreover, a trained paid hand will be better able to do it than a Director who cannot command the necessary time and who has conflicting interests. What does it matter who prepares the ground when it is the Directors who ultimately take action? The idea seems to me to let in extrafi nance to the unions so that they may come up to the level. It is all right if inadequacy of finance is the only reason that can be urged. Inspection by Banks' establishment has nothing to do with strengthening the financial position of unions. Every institution must stand on its own legs and be properly nourished. But that does not mean that the Banks should not be alive to its responsibilities.

CREDIT CO-OPERATION IN MADRAS.

THE TOWNSEND COMMITTEE AND AFTER. THE PRESENT DAY'S PROBLEMS.

By Rao Saheb T. Srinivasa Rau.

The long looked for Committee has come and gone. Its report and the dissenting minutes of the members thereof have come under the review of co-operators assembled on various occasions, at various centres, by different bodies and from different standpoints. Criticisms and suggestions from individual co-operators have also appeared in the Madras dailies. Sufficient interval has elapsed and calm and cool consideration may well be expected now. Though it is nearly six months since the report was published, the orders of Government thereon have not yet been issued. In regard to some important matters, however, the Provincial Co-operative Conference, the Central Banks' Conference, the Board of Management of the M. C. U. B., and the Andhra Desa Co-operative Conference have all expressed unanimous views. The Registrar at the same time is issuing circulars and instructions, which however, except to the office-bearers in charge of particular institutions, are not available to co-operators generally. Co-operators interested in the welfare of the movement in general, and in particular, the large body of non-member depositors (quasi-official institutions such as local boards and municipalities not excluded) who have invested considerable sums in the movement and whose connection with the movement is solely one of business concern, are all eagerly looking forward to early improvement of a substantial character in the present state of affairs in rural societies.

2. In their statement about the present financial condition of the movement, the Committee state that anxiety is felt on some matters, especially the increasing amount of overdues, and most strongly urge that immediate steps should be taken to remove it. What the other matters are on which anxiety is felt, the Committee mention in different portions of their report when dealing with different matters. What are those immediate steps necessary to remove the anxiety felt on those matters and who is to take them? This, in the words of a member of the Committee, the Hon'ble Mr. Ramadas Pantulu, is an imminent problem with which the movement is at the present moment confronted. It was indeed, to quote the same member again, this problem that led to the very appointment of the Committee. However, the Committee's proposals and recommendations do not help to solve it.

3. No doubt the Committee have allocated responsibilities as between the financing and supervising agencies, the latter being held responsible for supervision and the former's right to inspection being recognised. The responsibilities of the auditing agency have also been impressed upon it and that agency is required to confine its activities to audit proper and do it well. Under normal conditions these recommendations in conjunction with certain others may suffice to bring about the desired improvement. Admittedly however, the present state of affairs connected with the management and supervision of rural societies is an abnormal one, brought on in course of years by neglected supervision and by no means well conducted audit. A number of defects, irregularities, want of adequate security for loans etc., too numerous to mention, and even frauds and misappropriations, have crept into the working of a large number of societies so that their rectification (to begin with) and consolidation (later) are such as to involve a very hard, onerous and protracted task. At the same time the magnitude of the work awaiting to be tackled is considerable in almost every district. Elaborate and effective arrangements are accordingly called for all over the Presidency. Delay in undertaking the work is even dangerous. As time advances, while the volume of work awaiting rectification increases in arithmetical proportion, the difficulty and intensity in the character thereof increases even in geometrical progression. Where exactly we stood in this respect prior to the appointment of the Committee and where exactly we now stand, six months after the publication of the Committee's report, are matters which it is well worth the while of co-operators to examine.

4. The seriousness of the situation had already engaged the attention of co-operators, even before the Committee was appointed. The fifteenth Madras Provincial Co-operative Conference (April 1927) voted for the Unions, Federations and Central Banks co-operating to create a large body of efficient and trained officers consisting of two classes, one corresponding to the grade of union supervisors and the other of a higher calibre, to exercise intelligent supervision and to immediately embark on a scheme of rectification, consolidation and expansion on correct principles of co-operation, besides carrying on the much-needed educative and propaganda work. The Central Banks began to move on similar lines even earlier. The Madras Central Urban Bank actively encouraged these schemes for rectification and consolidation by offering some financial facilities to the Central Banks which signified their consent to carry them out, either by their own agency or through the medium of the district federations. The answers of the Central Banks to the supplemental questionnaire issued by the Committee bear out that

the Central Banks recognised the value of the lead given by the Madra Provincial Co-operative Conference, the Madras Central Urban Banl and the Central Banks' Conference and were prepared to follow it Efforts along these lines had the supreme merit of enabling the finan cing and the supervising agencies to co-operate in creating a body o non-official staff competent and ready to undertake the work of rectification and consolidation. Such co-operation, however, was matter o some time; but before it could be effected—and hardly any time elapsed in the interval—the appointment of the Committee was announced.

5. And with what result? The Committee issued a questionnaire which among others raised the question whether Central Banks may inspect and supervise the societies financed by them or whether supervision should remain with the Unions combined in a federation. The Registrar who was the first witness to be examined by the Committee, in the very opening sentence of his written answers to the questionnaire, characterised supervision by Central Banks as one of the dangerous tendencies of the movement which required to be checked. As co-operators are aware, there was at that time a sharp difference of opinion on the question which resulted in the work of rectification and consolidation already started being proceeded with only to some extent. The additional staff entertained was unfortunately utilised to a larger degree in expansion than in rectification which was more urgently needed. That staff was later also disbanded generally. The work of rectification practically came to a standstill. Both the financing and supervising agencies awaited the Committee's solution of the problem. And after all, as already observed, the Committee's recommendations do not help to solve the problem. Their proposals imply that the work of rectification and consolidation, in other words the clearance of the long accumulated arrears in these respects, should be undertaken by Unions and Federations and that Central Banks should restrict themselves to inspection which power is reduced to a nullity (at any rate so far as the work of rectificatfon is concerned) by reason of certain restrictions which the Committee would impose in the actual exercise of that power. Co-operators, however, have not been slow to discern the danger of thus weakening the responsibility of central banks. In the various Conferences and meetings already referred to, they have expressed disagreement with the restrictions proposed by the Committee and resolved that the Central Banks should be at liberty on their own initiative to take all the necessary steps required to safeguard their financial interests when and where Unions and Federations had failed in that regard. This is the decision of the XVI Provincial Co-operative Conference (April 1928). The Madras Central Urban Bank's Board of Management and the Central Banks' Conference have elaborated upon this resolution and given further directions to Central Banks.

6. Difficulty comes in, however, in the rural co-operators who form the majority in the Boards of Management of Central Banks persuading themselves to distinguish between "inspection," as defined by the Committee and amplified by the various non-official Conferences and "supervision," these two functions being held to be within the respective spheres, the one of the Central Banks and the other of the Unions and the Federation. "Inspection," as accepted practically amounts, in the cases chosen by Central Banks, to rectification and consolidation, but leaves a certain proportion of societies untouched. Rectification and consolidation however covers all societies, but that work comes under "supervision," and falls within the sphere of Unions and the Federation.

The difficulty is neither imaginary nor sentimental, for funds have to be provided, in the main by the Central Banks' Boards of Management *both* for the field and office staff required for the Banks and for a similar staff required for the federations. Further, the scope of the work commonly known as Rectification and Consolidation is not fully realised either as regards its quantity or quality. The result is the provision of inadequate staff in either or both, and confusion or, at any rate, want of clear understanding as to what portion of the work each agency is going to tackle. The difficulty in these respects is only enhanced when the local officials still persist in telling the Boards of Management of Central Banks that the Banks do not require and need not maintain a field staff for inspection. This is not all. There is a further element of puzzle to the Directors of Central Banks. The entire district is divided into two circles, each being placed in charge of an administrative inspector who is expected to visit the worst societies and try to improve them. In other words, the two administrative inspectors, working under the orders of the department, will between themselves hold jurisdiction over the work of rectification and consolidation in the whole district. This work by itself is of a very large magnitude in almost every district; and, besides, the administrative inspector has to attend to his legitimate duty of holding enquiries under Sections 35 and 36 of the Act, in which direction also the work awaiting to be done is by no means small. While the non-official agencies can and ought to undertake the former work, they cannot undertake the latter because they have not got the statutory authority to do so. It is impossible to imagine that, after devoting his time and attention to the latter work, the administrative inspector will be able to spare the required amount of time, if at all he can spare any, for the work of rectification and consolidation. This being so, and speaking from the experience of the past, the announcement of the jurisdiction of the administrative inspectors in regard to rectification and consolidation over the entire district is very likely to weaken the responsibility of the non-official agency chosen for that work, which, responsibility, except under a mutually agreedand well understood programme, stands the risk of being neglected by both. Such a programme does not however now exist.

7. Such then are the present plight and prospects of the work which, the Committee most strongly urge, should be immediately undertaken. Apart from the reasons urged by the Committee for this step, the Madras Central Urban Bank, as the result of its activities in the same direction commenced even before the appointment of the Committee and on the basis of different data, stands convinced that a thorough scheme of rectification and consolidation is most urgently called for. The Madras Central Urban Bank has found on a careful scrutiny of a few central banks recently made by it that the means of knowledge available to lending Banks about the financial condition and activities of the borrrwing societies are of the thinnest kind. No wonder then that that Bank and the Central Banks' Conference have amplified "inspection," by Central Banks in the manner already described.

8. It is not meant that the situation is of the same kind all over the Presidency. The work is at a standstill in some places, neither the Bank nor the Federation having made a move. In some places the Banks appear to think that their duty is done on placing certain funds at the disposal of the Federations, which however feel that the funds furnished are not adequate. In some places the staff entertained or proposed to be entertained is very inadequate. In certain other places it is even alleged that the activities of Unions, already generally indifferent, are tending to become more indifferent by reason of the activities of the Bank or the Federation or both. In some places yet the Bank even considers it unnecessary to obtain copies of the audit reports of societies. In some others, inspection by a paid staff of the Bank is considered derogatory to the self-respect of Unions and Societies. However localities are not wanting where the work has been undertaken on a very elaborate scale and under the guidance of eminent co-operators. The situation is not without hope. Lead has been given and practical action on a comprehensive scale remains to follow. The realities of the situation have to be thoroughly grasped and the work undertaken in all seriousness. The Unions, the Federation and the Bank in each district should collaborate with one another, and on their coming to an agreement as between themselves, all of them jointly collaborate with

the departmental officials and finally resolve upon a programme of action which, while covering the entire ground, will at the same time clearly allocate the respective duties and responsibilities of the several institutions and authorities, so that the utmost benefit may be derived from the activities of all and the work pushed through to completion within a reasonable length of time.

9. I propose contributing a series of articles on the subject. My first article headed "Outlines of A Comprehensive Scheme of Rectification and Consolidation of Rural Societies" has already been published in the July issue of the Madras Bulletin of Co-operation. My second and third articles, bearing on the same subject and headed "Matters for attention by the Agency undertaking the work" and "Government Administrative Inspectors"—How best to utilize their preferred help—appear in the August number. I trust the Bulletin will be good enough to find space for my future articles also.

RURAL RECONSTRUCTION—SCHEME BY MR. V. RAMADAS PANTULU.*

BY MR. V. JAYARAMA IYER

(*President, Dt. Federation, Trichinopoly.*)

We have gone through the scheme of Mr. Ramadas for rural reconstruction with great interest. It is now agreed that no scheme of nation-building can be complete without a detailed programme of rural reconstruction. Experience has proved that life in towns is totally unsuited to the Indian genius and that life lived in villages alone conduces to national prosperity.

We have now only two bodies which can take up this work. The foremost is the Village Panchayat constituted under Act XV of 1920. That is a corporate body having powers similar to Municipalities, Taluk Boards and Union Boards. If only the Panchayatdars realise their duties to their villages properly, the work of rural reconstruction would be easy. But despite attempts made by the Government and otherwise, it is found that these Panchayats have in the past done little or no useful work. With the plenary powers they have, it should be possible to make village-life ideal. But as they have not so far functioned properly, it has become the duty of the country at large to devise ways and means to make them function efficiently. It is perhaps this purpose that the supervisors under the scheme of Mr. Ramadas are expected to fulfil. A large amount of propaganda is necessary to make the Panchayatdars realise how very useful they can become.

The other body that can come to our aid in the matter of rural reconstruction is the co-operative movement. But its usefulness is bound only to be next to that of Village Panchayats. The co-operative movement can at best do only the following things:

(*a*) advance some money from its Common Good Fund to the common affairs of a village;

(*b*) advance money either to start business or to wipe off existing debts; and

(*c*) buy seeds, manure etc., and sell them to the villagers at almost the cost price.

But though finding of money is a very important item in any transaction, rural reconstruction cannot stop with this. The supervisors

* Copy of a letter addressed to the P. C. U.

under the scheme of Mr. V. Ramadas can help in starting elementary schools and village dispensaries. But this again is not full rural reconstruction. Cottage industries, village sanitation, care of temples and innumerable other purposes come within the scope of rural reconstruction. As already stated, this can be done only by the Village Panchayat with the help of the co-operative movement. Education of the Panchayat therefore is the most important thing. But knowing the Panchayat as we do, we despair of the supervisors being able to get at them easily. Panchayatdars hardly ever meet even for their legitimate business and one grows sceptic about the influence the supervisors might have to make them meet often. In their very nature, the supervisors can have no authority over Panchayatdars and if by gentle persuasion or entreaty some supervisor is able to get at these Panchayatdars, it will be very difficult to make them realise the usefulness of the schemes that the supervisor may propound. Though the process is bound to be slow, it has to be commenced, and till a more satisfactory scheme is thought of, this Federation is for adopting Mr. V. Ramadas' scheme.

We are of opinion that Trichinopoly is a good centre among the Tamil Districts and wish to state that this Federation is willing to render such assistance for the working of the scheme as may be required of them. We shall give details of the centres and the work we propose to do on hearing from you.

CONSUMERS' CO-OPERATION.*

BY THE HON'BLE MR. V. RAMADAS PANTULU.

Among the requirements which are necessary to make co-operation a success, two have been emphasized by more than one writer. One is that enlightened educated men should spring up among the people to preach and work. The other is the guidance of the movement by experts. The Triplicane Urban Co-operative Society owes its origin to the springing up among the people of educated and enlightened men to work and preach Co-operation. No doubt they were not so strong as the Rochdale pioneers—I think they were exactly half the number. They were 14 and I find from the handbill given to me that the capital invested by these 14 people was one-half of what the Rochadle pioneers invested. The 14 rice sellers have proved to be pioneers for Madras as the 28 flannel weavers did for England. The second requirement, that of experts guiding the movement, is also being increasingly realised, because we have now practical men like Messrs. Hanumantha Rao and T. S. Subramania Ayyar who may be called experts. We have also experts upon whom the University has set its seal, men like our friends Messrs. K. C. Ramakrishnan and T. K. Duraiswamy Ayyar who are giving us expert advice. Therefore I think the Triplicane Urban Co-operative Society is bound to prosper and give a lead to this country in the matter of the store movement.

The significance of the store is a very difficult problem for us to deal with for two or three reasons. What knowledge we possess of the significance of the store is all derived by a study of literature on the consumers' co-operation as it obtains in countries like England. All of you know that England is the country where the consumers' movement is the strongest and the best. But in England the consumers' movement had its origin in conditions which have no parallel in India. The workman was exploited by the capitalist and was hit at two very vulnerable points. At the point of earning his wage, he was exploited by the capitalist by not being paid enough for his labour. Therefore the workmen organized themselves into Trade Unions to strengthen themselves so as to enforce their will upon their employer. When the Trade Unions became strong and the employers were forced to pay a more adequate and just wage to the worker, what the employers did was merely to add the additional expenditure incurred in paying extra wages to the cost of the products and put up prices to the consumer. Therefore the consumer had to pay back in price of articles what

* An address delivered on the occasion of the Day celebration of the Triplicane Urban Co-operative Society.

little he gained by way of an addition to his wage. Therefore he thought he ought to organize himself—as wage-earner he developed the Trade Union and as wage-spender the distribution store. As the economists would put it, the Trade Union was meant to give a greater means to purchase and the Store a greater purchasing power to his means. The *stores* were distributive in the beginning. The profits accruing from purchases were paid to the consumers as dividends on purchases at the end of fixed periods. These dividends accumulated as membership increased. There were some other people also who were hitting the wage-earners. These were producers who were organizing themselves and putting up their prices for their products. To minimise the loss to the wage-earner by paying excessive prices to the producer, the consumers' societies began to produce and there are now the Scottish and English Co-operative Wholesale Societies which produce in a large scale many of the daily necessities of life of the consumer in England. The movement had a peculiar origin and developed on peculiar lines. But it has its significance which is of universal applicability because even in countries like India we have got people who are either wage-earners or salaried officers or others who get a fixed return for labour of an intellectual or physical character. There are working classes in India and most of us belong to them and we can and are running a co-operative store very successfully though not exactly on the same lines on which the movement is being run in England. A store is comprehensively described by writers on consumers' co-operation as a most efficient method of conducting business, as a movement which is silently re-shaping a part of industrial life and as a school for social virtue. This is a condensed description of a store which I have noticed in some books. Analysing this definition, we see that when it is said to be an efficient method of conducting business it has got an economic significance behind it, when they say it is a movement for silently re-shaping a part of our industrial life it has an industrial significance, and when they say it is a school for social virtue, it has got a social significance. The store thus can be said to have three well-marked points of significance—economic, industrial and social. I shall take up a few aspects of each of these—economic, industrial and social—significances of the stores and try to test how far those aspects have been realised in the Triplicane Urban Co-operative Society.

With regard to the economic significance, it was based upon a very simple device. The device consists in merely selling goods at market price and dividing the surplus on the basis of the custom or patronage and not on share capital. The selling of articles at market price is an absolute necessity to insure against likely risks of wastage, loss in transit, undiscovered defects in consignments, slackness of custom and so forth. Moreover there is also a psychological aspect of this regulation of price. The moment you sell below the market price, you constantly get into competition with your neighbour's shopkeeper. It puts you in a competitive mood and in an atmosphere of strife. That has to be avoided by co-operators. At the end, if you sell your goods only at the market price, you will demonstrate to the co-operators that there is a great advantage in that you are able to bulk your business. In the matter of the paying of dividend on this basis, it was doubted by some people whether the people who got the dividend put it to productive use. It is asked whether it is really worthwhile to put a lump sum of money into the workers' hands instead of benefitting him by selling the articles at smaller price. It was found in practice that soon after the dividend was paid the workers were having larger comforts in the houses. That means they are spending their money in a productive way. Many societies in England make or advance loans to the consumers for building their houses and these building societies get the loans advanced to the workers repaid at the time the dividend is paid. It is thus demonstrated conclusively that this system of accumulating the profit and paying it in one lump sum tended to the productive use of the money. There are certain essentials which make for the economic success of the store. There are three well recognized conditions. Unless those three economic conditions are fulfilled, it cannot be successful. One is that consumers should make their wants known to the store. The idea in making known to the store the wants of the consumers is that no article should remain idle in the store. The second essential point is that the consumers should satisfy their requirements only from the store of which they are members. Absolute loyalty in this respect is necessary. The third point is that the members of the store must interest themselves in the management of the store. When these things are done, a store is a great success. The ordinary trader has got to put up a show. The Co-operative store needs no window dressing show or advertisement, thus saving a lot of money. When you purchase wholesale or produce wholesale, you can effect greater economy. Has the Triplicane Co-operative Society satisfied these conditions? I do not think that the consumers in Madras are in the habit of making their wants known to the store, and they are not absolutely loyal. The test of the success of Co-operation is the extent to which you can non-co-operate with uneconomic and un-co-operative methods. In the matter of taking interest in your society's work, it is very doubtful

whether you in Madras do it to the extent you should. In England the consumers take a great deal of interest in their societies. If we also take interest here, the management is bound to improve.

Turning to industrial improvement, it is now widely recognized that co-operative societies are not merely a series of retail shops, but that they are organizations which are intended to secure to the consumer articles at the lowest possible cost. For this the simplest device is to buy wholesale. A step further is the point where you co-operate in the work of production. Whether it is possible or not for the Triplicane Stores to organize production, it is certainly possible for it to purchase wholesale. There are various difficulties. But this is a problem to be solved. This industrial co-operation has brought into conflict the consumers with various sections of the community. Some people imagine that the producer is interested in getting as much price as possible for his articles and the consumer is interested in paying as little as possible and are always in dire conflict and therefore it will not be possible to organize society on the basis of the consumer. It is an absolutely superficial view. The consumer has the right to decide the price. You have got to hit the producer if necessary. After all producers are also consumers and if they are alive to their interest as consumers, they will find that society can be organized on the basis of the consumers without hitting anybody. An American writer has pointed out that no one else has got the right to determine the prices than the consumer. As consumers we control, as employers we serve and when we serve we ought to get something paid for our labour. What is the co-operators' idea of payment. Their criterion is 'pay us for the work that we do and in judging what we deserve, let human justice determine the value of the labour to your fellows'. Therefore it is the consumer that has got the right to determine the price. On this basis the industrial co-operation is going on and re-shaping the industrial life of Europe. That is all a dream to us to-day, but it will not be a dream if we set about the task in the right method. You must remember that no wholesale society ever caters to those who are not members.

Now with regard to the social significance, it is a very important aspect of the co-operative store which all of us ought to study. First of all it has introduced the working man into the art of self-government. It has raised his status. The second social significance is the one alluded to by Professor Subramania Iyer. It has weaned the people from the habit of credit. The habit of paying cash promoted thrift and made them economically sound. There are some people even now who advocate that credit may be given in the stores. And I have seen one or two articles written by new enthusiasts in the Madras Co-operative Bulletin that credit may be introduced. But I shall repeat for the benefit of such men that the old saying that 'credit to the producer promotes prosperity and credit to the consumer promotes poverty' is as good to-day as at any other time. There is another most important social feature in the store movement. The co-operators believe that the consumers alone are the best men to run utility services and cater to the needs of the people. The co-operator wants a fading State. He believes there is a great social danger in entrusting the State, which is governed by a few vested interests with the functions of utility services. One other social feature of the English co-operative societies is that huge sums of money are expended on propaganda and education. That is a social aspect which cannot be ignored. Here in Triplicane there seems to be no idea of spending money for this work out of their common good fund. One very prominent social feature of the stores in England is the increasing interest women take in this movement. I do not know why there are not many women co-operators here. If women are introduced into this movement they will better organize this co-operative store movement by their sound business sense. I hope the Triplicane Co-operative Society will keep before its mind some of these ideals and the significance of the co-operative store in running it. I ask you my friends to devote more attention to the study of the co-operative movement in all its theoretical aspects. I find colossal ignorance prevailing among many here—among the departmental officials as well as non-officials too. Only by organizing yourselves as consumers can you help the upliftment of the masses.

SOME ASPECTS OF CONSUMERS' CO-OPERATION.*

By Mr. K. C. Ramakrishnan, M.A.,
University Lecturer in Economics, Madras.

The study of figures of purchase made by members of the 'flourishing' Triplicane and Car Street Branches disclosed the amazingly small purchases made by even well-to-do members. The volume of transactions for which the Presidents of the Panchayats claimed credit was to a certain extent swollen by the huge purchases made by institutions like the Victoria Hostel. Again allowance has to be made for the violation of the by-laws forbidding sale to non-members, for it was well known that many of these purchased in the name of members. It would not, in our opinion, be unco-operative to legalise sales to some non-members; only these had to be treated as potential members, half the usual bonus on their purchases being credited towards building up their share capital. It would not at present be a wild guess to estimate *effective* membership at half of the nominal. But it would not be quite correct to attribute the enormity of the dependence of members on private traders entirely to their lack of loyalty to the Store. The Store has yet to take up the supply of such essential requisites as clothing and fuel—milk and various milk products will have to be included in the long run—not to speak of stationery, footwear and certain conventional necessaries. More than that the Store has yet to inspire, rather re-inspire, faith in the quality of some important articles like ghee and gingelly oil. The management cannot altogether be blamed for impure stuff. Adulteration of ghee has become recently so rife—thanks to the unchecked import of various brands of 'vegetable ghees'—that it has become impossible to get pure ghee in the market, though still small quantities are obtainable locally and at a price which the large majority of consumers are not prepared to pay. If rice is not always good and the members turn sometimes in disgust to the *mandies* to look and pick from among the various grades sorted out by individual traders, this again is not invariably due to lack of purchasing skill on the part of the Purchase Committee, but to the lack of standardistaion and grading of produce in the markets of the country and the otherwise justifiable rigidity of co-operative rules.

*An address delivered on the Anniversary and Propaganda day of the Triplicane and Car Street Branches of the T. U. C. S. Ltd. on the 5th August 1928.

After all is said, however, lack of loyalty is undoubtedly the p[...] have cause of small sales and small profits compared with the member[...]adras and transactions. It would not be quite co-operative to penalise the s[...]peat buyers by depriving them of their votes, as the Panchayat Preside[...]ucer suggested, if they purchased below a prescribed minimum. It woul[...] as indeed be more co-operative to expel them if they were deliberately and [...]t continuously indifferent to the store. It is possible, however, to enhance sales by inducing greater loyalty by popularising the work of the store by certain social and industrial activities which are suggested not merely as methods of attracting more custom but as ends in themselves.

Indeed it is necessary to emphasise the social and industrial aspects of Consumers' Co-operation—aspects which are sadly neglected in this country, and by many not even kept in view as distant ends. The central aim of the Rochdale Pioneers was not to be content with saving a few pennies by way of joint purchase of necessaries but the organisation of the powers of production, distributon, education and government, in the interests of consumers and therefore ultimately of the entire community. Though this ideal is yet far from being reached even in England, ceaseless efforts are made by consumers' societies and federations to enlarge the spheres of production of commodities required for consumption and for the provision of education and other social amenities for the members and their families, while the State and Municipalities as 'obligatory consumers' associations' are fast encroaching on the preserves of private enterprise and catering for many material wants of modern citizens on a juster and more economic basis.

We may be permitted to make some practical suggestions intended to sustain and enhance the loyalty of not merely the members but also of their women and children. The co-operative store must stand for a good deal more than a private shop and in the absence of attractive dividends must be particularly anxious to cultivate the affections of members and their families who would remember the store not merely for the good quality and correct weights but also for the social attractions it offers. The celebration of the anniversary day by the branches is a welcome innovation, for that at least is an occasion on which the members meet in a spirit of goodwill unlike in the general body meetings. More meetings of a recreational character might be arranged for and especially women and children's parties. It is necessary not only to earn the goodwill of the housewives, as anyone knows who have studied the history of the British Co-operation—where the women organised in the Women's Co-operative Guild are said to be the soul and strength of the

ment—but also to humour the children; for these when sent [...] to purchase would go to the nearest shop on some excuse or other than to the distant store; besides it is necessary to appeal to them [...] future potential members. Excursions and picnic parties met [pa]rtly by small subscriptions and partly by grants from the Common [G]ood Fund might occasionally be arranged for. It was a happy idea [w]hich prompted the employees of the T. U. C. S. to display their [t]alents in a drama which they enacted recently. It is possible to discover enough amateur talents from among the 5,200 members to supplement the efforts of the employees in this direction and stage plays may be arranged more frequently for the benefit of members and their families and also of non-members who might be admitted on a small fee to cover expenses. Provision of music even by professionals might be taken up on a self-supporting basis, discrimination being made in the fees charged between members and non-members.

Lantern lecturers and popular educational lecturers dealing, for example, with subjects such as health and nuitrition values of various articles of diet, could be arranged for at little or no expense. Discussions might be held on not merely literary and social but also politico-economic subjects of importance to the distributive movement; for instance, we might discuss questions of prohibition or restriction of import of injurious articles used in adulteration, of standardisation of weights and measures, of reduction of railway rates etc. Above all the library of the T. U. C. S., the relics of which are consigned to a shady corner in the Head Office needs to be renovated and largely added to satisfy the literary cravings of the large number of educated members. The apology of a 'reading room,' which is often a verandah or part of a passage, must in every branch give place to a pucca well-ventilated hall with a large number of papers and journals and with a few items of cheap and innocent indoor sports.

We should note that the above are items of consumption of a non-material character for which some members care more than for material ones and that the tastes of many should be cultivated in these directions, if we are to realise even in a small measure the higher aims which in the opinion of the leaders of co-operative thought the consumers' movement ought to stand for.

We may next indicate the scope for expansion on business and industrial lines in which surplus capital might be better utilised than in the much-abused credit branch of the T. U. C. S. It was agreed on all hands that the supply of cloths as are cheap and durable and much in demand might be quite successful with a little care. Shoe and sandal making to the order of store members might have greater chances of success than the products of a workers' society without an assured market. Co-operative pharmacies and restaurants—making and vending wholesome and nutritious foods—might also be tried in 3 or 4 populous and educational centres. Whatever doubts might be entertained with regard to the above lines of expansion, there need be little hesitation in taking up such industrial lines as the manufacture of gingelly oil in the newly designed wooden *chekus* driven by power, flour mills for grinding rice and gram etc. As regards ghee, in which there has been the greatest shrinkage in sales, an obvious way of improvement lies in purchasing butter—in which it is easier to detect adulteration—and melt it here. Installation of rice mills in paddy growing areas will have to follow soon as that would not only check the exploitation of both producers and consumers by speculative millers but also help members in getting rice without excessive polishing which is said to rob rice of the little vitamins it contains.

It is not, however, possible to push production on all lines and especially in the case of artistic industries and in the large field of intensive agriculture. This is an admission made by the most ambitious leaders of the consumers' movement. Apart from the genius of the Indian people for small scale enterprise, the very immensity of our numbers on land, the variety of tastes and customs and so of demand and the absence of funds for large scale equipment ensure the perpetuation of the small unit both in agriculture and in many industries. It is an important but not an insoluble problem to discover the best methods of linking the activities of the store with those of the cottage workers' societies and agricultural producers' associations. With the development of the rail, and more than that of the motor transport, it ought not to be difficult to purchase many of our food materials, including vegetables, fruits and milk, from the agricultural producers' societies and also to act as wholesales for the village stores. We would then be helping in no small measure our brothers in the countryside, instead of paying mere lip service to the latest slogan of Rural Reconstruction.

Many of the above suggestions might appear too fanciful at the present stage of the consumers' movement in the city which has yet to find its feet on solid ground in the limited business field it has undertaken to serve. But even as aids to the achievements of the latter object, it is fervently hoped that the comparatively inexpensive items might be taken up for action in the near future.

TIRUPPUR TRADING SOCIETY AND ITS POSSIBILITIES

BY MR. V. KRISHNA MENON, CALICUT.

A few days back I went to Tiruppur for gaining some knowledge about the working of the Co-operative Trading Society there. This society has been working for the last two years with increasing usefulness in one of the busiest centres of cotton trade in Southern India. The society has an authorised capital of Rs. 1,00,000 composed of ten thousand shares of Rs. 10 each. Traders who deal in produce and rural credit societies and their members within a prescribed area in Coimbatore District are eligible for membership. At present there are 60 societies and 198 individuals as members of the Society and the share capital collected up to the end of April last was about Rs. 17,000. The Society pays advance not exceeding 70 per cent of the value of the produce given under pledge to the Society and assists the members, if necessary, whether they be societies or individuals, in selling the produce in an advantageous manner. All kinds of produce such as cotton, cotton seeds, onions, chillies, etc., are accepted by the Society. At the time of my visit, cotton, cotton seeds, and chillies formed the bulk of the stock. I found these goods carefully marked, numbered and stocked in godowns hired by the Society. These godowns, however, are not situated in one locality and the management finds it difficult to get godowns in convenient centres for the growing requirements of the Society.

I note below a short summary of the procedure adopted by the society in dealing with the members' produce. When a member brings his produce to the Society the person in charge of it receives the produce after giving him an idea of the market value of the produce and its quality and grants a receipt specifying the weight and description of the article received. If the owner requires any advance, it is fixed at a rate not exceeding 70 per cent of its value. These transactions of the Society are periodically placed before its Executive Committee for necessary ratifications. The owner then executes a bond specifying the advance received, showing the description and quality of the goods pledged and authorising the Society to sell the goods according to the conditions fixed by the owner. The bond also contains conditions for indemnifying the Society from unavoidable losses arising from depreciation of goods stocked and loss of weight. The Executive Officer of the Society countersigns the bond and sends it to the Secretary for payment who pays the amount after verifying the entries in the bond. The whole of the stock held by the Society under pledge is insured against fire.

The Society levies usually the following charges and collects them at the time of sale of produce.

(1) 4 pies per bag per month for articles packed in gunny bags.

(2) Insurance charge, proportionate to the value of article. These charges generally are equal to the actuals received by the Society.

(3) A selling commission of 1½ per cent on the value of the articles sold when the Society sells the articles for the owner and ¾ per cent when the owner sells directly the pledged article without the help of the Society, no separate charges being levied for weighing, watching or other incidential charges except stocking while the goods are in the godown.

(4) For stocking, an extra charge of one rupee per hundred bags is collected.

(5) Interest on advance paid is at Rs. 9—6—0 per hundred per annum. These charges are moderate when compared to what the ordinary produce commission agents charge under similar circumstances.

The Coimbatore Urban Bank has no Branch at Tiruppur and the society is somewhat handicapped on this account. The Society therefore has no facility for transferring the pledged articles to the custody of the Bank. The Society has to provide for funds by borrowing, which, according to its by-laws, is now fixed at 8 times the share capital. The Coimbatore Urban Bank has allowed the Society an overdraft of Rs. 1,00,000 and the requirements of the Society are met out of this overdraft. The Bank has allowed the overdraft on the understanding that the value of the goods remaining in the custody of this Society does not fall below, at any time, the amount borrowed from the Bank and that the whole goods are insured for full value against fire. The Co-operative Department has deputed a special Inspector to supervise the transactions of this Society, and weekly returns of stock and periodical statements of insurance are furnished by the Society to the Financing Bank, to the Deputy Registrar and to the Joint Registrar of Co-operative Societies. In addition to these safeguards, directors of the financing Bank pay surprise visits and verify the stock

returns. The total volume of business done by the Society during 1926-27 amounted to Rs. 1,25,000. This year it has considerably increased. There are one or two points connected with the organisation and management of the Society which require special mention. It will be noticed that there are 196 individuals including produce merchants as shareholders against 60 societies. Apparently there is a predominance of the interests of the individuals over those of societies. In reality, however, this disability does not exist. The conditions existing at Tiruppur and the situation of the Co-operative Movement at present render the existence of individual members in the Society a source of strength to the Society. We know that in the organisation and management of Central Banks the individuals occupy a very responsible position and they contribute not a little to the success and efficiency of the Banks. In like manner, it appears to me that in the earlier stages of the non-credit activities of the co-operative movement, co-operation and guidance by individuals is necessary. In fact, the management of trading societies requires a good deal of expert knowledge and it is doubtful whether it is safe to organise societies without promise of help from individuals who have sufficient knowledge and experience in trade. The success of this Tiruppur Trading Society owes not a little to the generous support given to it by Mr. Ramaswami Goundar. Our aim should be to find out such suitable individuals in centres where trading societies have to be established. Another factor which has contributed so far to the success of the Society at Tiruppur is the realisation from the very beginning that all co-operative concerns, especially those connected with non-credit work, should as far as possible conform to local customs and habits. The promoters of the Tiruppur Trading Society had the shrewdness from the very beginning to realise that they should conduct the transactions of the Society in conformity with usages and customs in vogue among commission agents in Tiruppur, adopting however such modifications as are calculated to afford as many facilities and advantages to customers as are compatible with sound business principles.

Conditions in Malabar are specially favourable for formation of such societies. Large export trade of coir, pepper, ginger, and copra has brought into existence a large army of commission agents and middlemen in different stages of the preparation and sorting of materials for export. There is the necessity for a co-operative agency for undertaking some at least of these functions and financing the producers on terms advantageous to them. Co-operative Banking has so far not done anything to go to the rescue of the producer in this manner, Commercial Banks which finance at present the preparation and export of produce are not able to reach the ultimate producers and these worthy classes are, as a rule, victims of dishonest practices by the lower class of middlemen and the development of commercial banking tends to enrich the middlemen more than the producer. Co-operative finance, when properly trained, can step in where large commercial banks cannot finance and always act supplementary to the activities of such Banks to the immense advantage of the producer and I believe the Tiruppur Trading Society will increase its usefulness in future and become an object lesson to those situated in trading centres for the formation of similar societies.

RECENT UTTERANCES

ABOLITION OF CENTRAL BANKS—AN ANDHRA SCHEME*

There is only one fundamental Sutra (rule) to improve the village society : it is to create sufficient margin between lending and borrowing rates in societies. Then only the society will have adequate profit. The Co-operative Movement will collapse in a short time unless every sympathiser of the co-operative movement exerts with his aim fixed on this Sutra. The main obstacle to the attainment of the above object is caused by the Central Bank. The chief aim of Credit Co-operation is to eliminate the middleman. In this view, what is the function which the central banks are discharging? Central banks borrow money from the Provincial Bank and lend it to village societies or carry on business by attracting local deposits as far as they can. What is the work which the central bank is doing? It is supplying money to village societies, is it not? Is there anything more? Among the *dramatis personae* in the credit co-operation drama, there is no other part which can be assumed by the Central Bank. At a time when the central banks were not established in the various places where they are now functioning, the Provincial Bank alone was directly lending money to societies. Then the various central banks which were established later on, began the business of middlemen (intermediaries) for supplying money to village societies. Central banks were established with the object of putting money within the easy reach of village societies. They are working by securing a margin of profit in acting as money lending intermediaries—borrowing from the Provincial Bank and lending to village societies. In that manner the central bank is consuming some portion of the interest margin which village societies are entitled to. The root principle of credit movement is to eliminate middleman business. It is ridiculous that this middleman business should again be transacted in the name of central banks. Cannot the Provincial Bank place money within the easy reach of the village societies if there are no central banks? This business can be carried on by establishing branches of the bank (Provincial) in selected suitable places. This kind of business is being done by all joint stock banks. Imperial Bank is doing that. The Post Office Savings Bank is doing it. We may adopt similar methods and lend money to village societies at the same rate of interest at which the central banks now borrow. Then there will be facilities for village societies to work with adequate interest margin and earn profits. This middleman business in credit movement is to be found only in our country and not in other countries. In Germany, 4,300 village societies were borrowing from a

Complacency is the besetting weakness of co-operation.

* Extract from an address delivered by the Secretary of the Alamuru Co-operative Union at the Conference of Co-operative Panchayatdars convened at Chopalla under the auspices of the Alamuru Co-operative Union.

single central bank known as the Central Raiffeisen Bank. Then central banks were established, one for each province, and branches for tracts of smaller areas were also formed to make money accessible to village societies within easy reach. The following description is given of the business there by Mr Crosthwaite:—

"In the 12 Raiffeisen Unions, the Credit Societies are combined in one Central Bank with a branch for each area and this Central Bank deals only with credit societies."

It is not possible for a single bank to cater for the whole province of Madras.

It was resolved in the Andhra Provincial Co-operative Conference held recently at Guntur that the Andhras should organise a separate Provincial Bank. I desire that the Andhra co-operators should show their individuality and furnish an object lesson to other provinces by establishing a separate provincial bank for the whole of the Andhradesa on a new model and not as a copy of the Madras Provincial Bank. I appeal to the Andhras to establish many branches of the Andhra Provincial Bank in various parts and to suppress middlemen business (central banks), to strengthen village societies and to assist in the spread of the co-operative movement on sound lines.

We should not refer to our friends in foreign countries as foreigners. They are simply brother co-operators. Co-operation should not recognise barriers.

EXTRACTS
FROM FOREIGN PERIODICALS.

MR. RAMSAY MACDONALD ON CO-OPERATION.

(Speech delivered recently before a huge demonstration arranged by the London Society.)

When I came down here and saw first of all that wonderful stores that you have just opened, full of goods and full of people, in spite of the injunction which I saw everywhere to beware of pickpockets, I lost sense of myself in the mass I followed, looking round the evidences of your great success. Then I came to the Town Hall, and that was full of cheery co-operators—and I must say that a cheery co-operator is the cheeriest person you can meet with in life—and I could not resist the blandishments of my friend, Mr. Barnes, when in a most affectionate way he put his arm into mine and said, "Come and see the people who are gathered in the overflow meeting."

It is not very nice to go from the House of Commons to an election. The House of Commons is very dull just now, and we want a little bit of livening on the way; and you are just having that effect on me, so that when I get to Ilford, I will be a different sort of man. We want to make the House of Commons lively and you know how to do it.

I know perfectly well there is difference of opinion in the co-operative movement about politics. I say to you,

"Do not take any politician at his own valuation, but judge him, judge his programme and the party to which he belongs from the point of view of your co-operative principles; and if you do that I will be perfectly satisfied, whether you call yourselves Tory, Liberal, or Labour. Because when you do that you will find that the co-operative movement has always stood for a very high standard of citizenship. The Co-operative Movement is a movement which takes its responsibilities in the State very seriously. You know perfectly well that you can build up your stores, you can have your factories, you can bring your goods from the rising sun to the setting sun and put them upon your counters here; you can exchange with your dominions, with your crown colonies, with every foreign nation on the face of the earth that is producing anything you want to consume; but if the laws are bad laws, if the governments neglect the sorry condition of their people, if the parties' actions only hamper human life and human progress, then all your business ability, all your organising ability, all your massed wealth are hampered in their preparation."

I am not going to enter into questions of what parties you ought to support. I am entitled to do that, but not because I am a member of the House of Commons. My claim is that

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Magistrate: "You are charged with habitual drunkenness. What excuse have you to offer?"

Prisoner: "None, your worship, except habitual thirst."

"I, just like you yourselves, am a member of the London Co-operative Society, and am entitled to the full liberties and privileges of that membership."

But I simply say to you, I do not care what your views are on politics, or on the relationship between the co-operative movement and politics. I simply say this, that in these modern times, with capital massing itself, with business being organised on such an enormous scale, the individual man and woman worker is becoming less and less powerful in determining his own life and his own freedom. His freedom must depend upon his organisation, and when he organises himself for industrial purposes as a trade unionist and for economic and consuming purposes as a co-operator, he comes right up against the practical law of politics, and he must either control the exits and entrances, or they will be controlled for him.

Here I am, not as a politician but as a co-operator, proud as a co-operator, thinking of co-operation, thinking of its progress, its success, its life, its example, of the great blessing that a well-managed and well-run co-operative movement will be to the State.

(Manchester Co-operative News).

CO-OPERATORS' TEN COMMANDMENTS.

Do not attempt to organise a co-operative marketing association until there is a real need for it. Unless the farmers feel such necessity and will support the movement, it will fail. Successful farming co-operative organisations have only grown out of dire necessity.

2. A farmer's co-operative organisation must render better and cheaper service than existing marketing channels if it is to succeed.

3. Members must support their organisation through adversity as well as prosperity, if it is to live and render them service.

4. To succeed in competition with other business organisations, the farmers' organisation must have ample funds to operate on.

5. To be the most successful, the farmers' organisation must be the largest single dealer in the particular field. The larger the percentage controlled by the organisation, the smaller the amount of competition.

6. In times of optimum production, provisions must be made to keep off the market more than can be used. Farm products are not all consumed in harvest time. They should be sold as the consumer can use, and is willing to pay for them.

7. Farm products must be standardised and sold for their value. Only when this is done, is there an incentive to produce more of the best.

8. A capable, conscientious and honest manager must be employed. No organisation can grow larger than its management and board of directors.

Visitor: "And how old are you, Bobbie?"
Bobbie: "I'm just at the awkward age."
Visitor: "Really? And what do you call the awkward age?"
Bobbie (bitterly): "I'm too old to cry an' too young to swear."

9. Co-operative farmers' marketing organisations are business concerns to sell farm products, not people. Different farm products require different methods of handling. Only one or similar commodities should be dealt with by any one organisation. Each organisation should return to the grower the utmost profit possible for the given commodity.

10. Each grower member must at all times be kept fully informed as to all operations of his organisation. The consuming public must be kept informed of the aims and objects of the organisation, so that they will realise that it is not the intention to make food and clothing more dear for them, but rather to ensure to them a dependable supply of standardised products at a price fair both to producer and consumer.

(The S. A. Farmer—Die S. A. Boer, 30th March '28)

MR. KEEN'S NEW VIEW OF UTOPIA,

Life in the Co-operative Commonwealth.

In that Commonwealth, he says, the consumers will control the production and distribution of the necessities of life, and will certainly decide what goods shall be produced to satisfy their needs. Together, 'the consumers will own the land, the minerals, the capital and all the instruments of wealth production; and as a consequence competition will be eliminated, and production will be organised for human use and not for private profit.

There, in that happy land, industry and commerce will be organised; and because of that, waste of capital and labour will be avoided, with the result that less of the worker's life will be absorbed in industrial occupations The workers will therefore have more time to live; and as wealth will be more easily produced, the general standard of life will rise, while education will fit the liberated workers to use and enjoy their leisure, and help them to find delight in all the arts and discover the beauty of the world. Fear will disappear as education spreads, waste and want will be unknown, while in return for service freely given, "man will secure an infinitely greater freedom than the world has ever known."—*(Manchester Co-operative News.)*

THE ESSENTIALS OF CO-OPERATIVE MANAGEMENT.

The members of a new co-operative association often expect too much Seldom can a large organisation be formed without raising hopes too high. This is generally followed by disappointment, which only patient and capable management can overcome. The management must not only be efficient, but it must keep its membership; here lies one of the most important functions of the manager of a co-operative association. He must have such a vision of what a strong organisation can do that his enthusiasm becomes contagious. At the same time he must not buoy up his members with false hopes or extravagant expectations, for such are followed by discontent.—*(H. G. Wheeldon, in the Rhodesia Agricultural Journal.)*

Visitor (to little boy): "Are you and your sister twins?"
Little Boy (indignantly): "'Course not! She's a girl!"

REVIEWS.

1. *The conduct of field experiments by O. R. Iliffe and B. Viswanath, Madras Agricultural Department (Bulletin No. 89).* The subject matter of this departmental publication is almost entirely scientific and is concerned with experimental technique in which great advances have been made. The bulletin begins with a discussion of the general aspects of experiments and proceeds to offer detailed instruction on the selection and standardisation, the size and shape and the actual lay out of experimental plots and points out the precautions that should be taken from the selection of the land to the harvesting and weighing of crops and the methods of estimating probable errors. There is a long chapter dealing with the interpretation of results which is particularly difficult in the case of living plants, as the material under observation is not constant but variable, is susceptible to the influence of innumerable environmental factors which are not easy to control. The book is sure to be of immense value to agricultural officers and teachers.

It is with a sigh of relief we note in this scientific bulletin the emphasis laid on the trite maxim that 'cost ultimately decides the usefulness of any scheme of manuring'. How we wish this simple truth were not lost sight of by some official enthusiasts, nor suppressed by commercial propagandists!

The public—including the legislators—of this Presidency have had little opportunity of studying the working of the experimental stations. The Director of Agriculture who writes the Foreword to the book promises a publication intelligible to the laymen. "At present results are published in the annual reports of the experimental stations and are not easily available to the public. They would be of more value if brought together in one volume carefully edited and correlated and it is hoped in the near future to issue a publication". Need we say that we are eagerly looking forward to the first of the new series?

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2. *Solving Farm Problems by Research* is the title of the annual report (1926-27) issued by the Director of the Agricultural Experimental Station attached to the University of Missouri (U. S. A.). The arresting feature of the report is the attention paid in recent times in America to research on subjects which have yet to be brought within the ken of the activities of the Agricultural Departments in India. The experimental stations are not merely concerned in the application of the physical and natural sciences to the improvement of agriculture but are taking ub for solution problems in agricultural economics such as finance and farm credit, marketing and distribution of farm products, tariffs, embargoes and transportation, farmers' organizations and co-operation and protective legislation. But these investigations are not

New Office Boy: "I've added those figures up ten times, Sir."
Employer: "Good."
New Office Boy: "And here are the ten answers."

confined to America, though she has been the pioneer in many lines. All the modern European countries are beginning to tackle these questions and in the most forward of them - England and Germany - they are worked out with a thoroughness characteristic of those countries.

America, however, is not content with the study of economic factors but has taken the lead in the study of rural sociology. "Whether agriculture is prosperous or whether it is depressed, satisfactory rural conditions are essential to the development of rural civilisation. There must therefore be made a systematic study of rural community organisations and rural social institutions which contribute to a contented and efficient rural population". Home Economics is another interesting field in which research and teaching have been carried on vigorously for sometime past. The influence of methods of handling food on the vitamin content, the value of meat in diet, the effect of temperature and time of cooking on the quality and palatability of meat, the use of Missouri soft wheat flour in making light bread are examples of studies made in this direction.

We do no doubt find in America in some of these spheres more talking and planning and advertising than actual achievement. We also find sometimes plenty of data collected which are not well digested or inferences drawn from figures without much insight into facts that are not capable of statistical measurement. There is, however, a good deal to be said for the ventures into these fields which must bear fruit later if not sooner, instead of turning down cynically all such schemes in respect of our country with the remark that American achievements are not commensurate with the efforts.

K. C. R.

3. *The Co-operative Organization in British India—By B. G. Bhatnagar. (Ram Narayan Lal, Allahabad) 1927. 71/4 × 5. pp. 321.* MR. BHATNAGAR has no doubt produced a fairly readable account of the organisation of the main types of co-operative societies. But the student of co-operation will not find him much of a help for understanding the achievements and difficulties of the different kinds of societies. He does not appear to possess a first-hand knowledge of the co-operative movement but seems to have contented himself with the study of one or two administration reports of the Registrars of the more important provinces. While several interesting types are dealt with, the treatment of none of them could be said to be full or satisfactory, e.g., the anti-malaria societies of Bengal, the arbitration and education societies of the Punjab, the Model Town Society of Lahore, etc. Even the rural and urban credit societies are but meagerly described. The Triplicane Urban Co-operative Society of Madras, the largest and the most successful store society in India, and Navgoan Ganja Producers' Society of Bengal, a very remarkable organisation, are not even mentioned.

V. V. S.

4. *Counter points for Co-operative Employees—By T. Ellison, Published by the Manchester Co-operative Union, 1927.* This small pamphlet of 13 pages gives some practical points and suggestions helpful to those who are engaged in retail trade, especially co-operative retail trade. How to attract customers and retain them permanently, how to please them and satisfy them so that they may not go to the capitalist retail trader again, would be the gist of the number of advices given in the pamphlet. Every employee in a co-operative store or shop will do well to get a copy of the pamphlet and try to follow the good suggestions as best he could, thereby ensuring the popularity of the institution concerned and helping to improve the industrial and social conditions of the country as a whole.

G. S.

REGISTRAR'S CIRCULAR

Subject:—Limitation Act-Amendment. (Dis. G. 3368/27, dated 26th August 1927)

The attention of all Deputy and Assistant Registrars is invited to the following amendment to the proviso to sub-section 1 of section 20 of the Indian Limitation Act IX of 1908 :—

AMENDMENT OF SECTION 20, ACT IX OF 1908.

"For the proviso to sub-section 1 of section 20 of the Indian Limitation Act of 1908, the following shall be substituted, namely :—

"Provided that, save in the case of a payment of interest made before the 1st day of January 1928, an acknowledgement of the payment appears in the handwriting or in a writing signed by the person making the payment."

To section 21 of the said Act the following sub-section shall be added, namely :—

"(3) for the purposes of the said section :—

(a) An acknowledgment signed or a payment made in respect of any liability by, or by the duly authorised agent of, any widow or other limited owner of property who is governed by the Hindu Law shall be a valid acknowledgment or payment; as the case may be, as against a reversioner succeeding to such liability, and

(b) where a liability has been incurred by, or on behalf of, a Hindu undivided family as such, an acknowledgment or payment made by, or by the duly authorised agent of, the Manager of the family for the time being, shall be deemed to have been made on behalf of the whole family."

Deputy and Assistant Registrars are requested to see that wide publicity is given to the revision of the law and that this new provision is fully and carefully complied with.

(By Order)
(Sd) U. L. VENKATA NARASIAH,
Manager.

To All Deputy and Assistant Registrars.
Copy to the Secretary, Coimbatore District Bank.

DISTRICT NEWS.

PROCEEDINGS OF THE CONFERENCE OF THE DELEGATES OF THE CO-OPERATIVE DISTRICT BANKS AND FEDERATIONS OF THE TAMIL DISTRICTS

held at the premises of the District Urban Bank, Coimbatore. On Sunday the 26th August 1928.

PRESENT: 21 REPRESENTATIVES OF FEDERATIONS AND CENTRAL BANKS.

The Conference began its proceedings at 12-30 P. M. on 26th August 1928. Rao Bahadur T. A Ramalingam Chettiar B.A., B.L., President of the Coimbatore-Nilgiris District Co-operative Federation and convener of the Conference, after welcoming the delegates and wishing Godspeed for the Conference, gave a short account of the genesis of the Conference. He said that a number of prominent co-operators wrote to him about the need for a Language Federation and that the Coimbatore Federation resolved that a Tamil Federation was necessary and appointed him as convener to make the necessary arrangements for calling a Conference of representatives of District Banks and District Federations to consider the question and frame the necessary by-laws. Agreeably to the request of the Federation, he said, he issued a circular to all District Banks, and District Federations to meet at Coimbatore to consider the preliminaries of starting a Federation for the Tamil Districts. Out of the eleven District Banks, five replied approving the formation of a Tamil Federation while nine Banks have sent their representatives. Only the Trichinopoly District Urban Bank has replied that it did not feel the necessity for this new organisation but it has sent a representative to attend the Conference. Out of seven District Federations, six have replied approving the policy of forming a Tamil Federation.

Mr. Ramalingam Chettiar then explained the necessity for a Tamil Federation. The movement being mainly composed of a rural population not knowing the English language, and our ideal being to build up rural leadership and train village representatives to do their common matters and thus make the movement self-contained, it was but proper that institutions particularly started for education and propaganda should have a language basis. The Committee on co-operation and co-operators assembled in Conferences have always been urging the same. It was also clear, he said, that the growth of the movement necessitated sectional Federations for different types of Societies and certain prominent co-operators have been urging on him that there should be a Federation which should restrict itself to the agricultural movement.

Doctor: "Well, do you find that your memory is improving under treatment?"

Patient: "Not exactly, but I can frequently remember that I have forgotten something."

Further, he said, the development of District Federations required co-ordination for purposes of education and propaganda and for mutual exchange of experiences among themselves. Also publications and conferences could be efficiently arranged by a Central institution on a language basis. As regards the constitution of such a body, it should naturally comprise District Federations which are the district units for education and propaganda. As this body will have to consider matters relating to the financial requirements of credit and non-credit societies, it was but proper that Central Banks should also have representation in the body. He then requested the delegates to consider the various aspects of the question, and come to sound conclusions on the same. He also thanked Mr. K. G. Sivaswamy for his services in meeting district institutions and explaining to them the need for a Language Federation. He then called on the delegates to elect a Chairman for the Conference.

Mr. R. Krishnaswamy Aiyengar B.A., B.L., (President South Arcot Dt. Bank) proposed and Mr. T. Audinarayana Chettiar, Bar-at-law, M.L.C. (President, Salem Dt. Bank) seconded that Rao Bahadur T. S. Balakrishna Ayyar (President, Coimbatore Dt. Urban Bank) do take the chair and this was agreed to unanimously.

Mr Balakrishna Ayyar then requested Rao Bahadur M.K. Venkatachariar (President, Chingleput Central Bank) to explain the need for a Tamil Federation. As the delegates in the meantime were anxious to know the views of the Trichinopoly District Bank which has expressed itself against a Tamil Federation, the Chairman requested its representative, Mr. E. V. Gopalaswamy Ayyar, to express his views. The latter said that their resolution did not mean that they were against the formation of the new body but that they did not want to commit themselves before hearing the discussions at the Conference. Rao Saheb N. Ramaswamy Ayyar (President, Dt. Bank and District Federation, Madura and Ramnad) explained that, owing to the absence of an Executive Committee in the Federation, they could not meet and the Bank was delayed in taking action till they knew the views of the unions. As most of the unions urged the formation of such a body, he said, that even though he officially represented the Bank, he could be taken as also reflecting the views of his District Federation. He said that it could therefore be taken that both the District Bank and the District Federation in his district were in favour of forming this new body.

Mr. Venkatachariar thereafter gave a short account of the history of the question and the importance of the proposed body to the Agricultural Co-operative movement. He emphasised that the growth of the movement required a revision of constitution of the provincial bodies. The small number of Societies in early years did not raise intricate problems of co-ordination and administration and could not afford to have Central Societies for each type. Paucity of

Forceful Freddie: "I mean to marry your daughter, Sir, and, what's more, I'm going to do it. Do you follow me?

Proud Parent: "Yes, as far as the door."

workers and absence of institutions at the bottom required a large number of individuals in the capital of the province without any connection with societies to express non official opinion on all common matters. But the movement has slowly grown from the bottom. Local unions have become a settled fact. District Federations have been started and are being worked according to local conditions. The time has come to build up a Federation of Federations, thus stiffening the constitution by restricting membership to a single interest and giving scope for rural leaders to exchange experiences. He then outlined the scope of the new Federation. Co-operation, he said, was mainly regional and had its roots in the village society. The new federation should not interfere in internal administration, otherwise the end in view of building from the bottom would be defeated. Secondly, he urged on the delegates to consider whether the time had not come for specialising only in agricultural co-operation, meaning thereby not a revision of constitution of District Federations and Local unions so as to exclude Urban representatives in their constitutions but a restriction of the scope of work of the Language Federation thus avoiding consideration of working of various other types of societies and making the proposed body a smaller provincial union. He said that classification of societies should not be, according to their objects as for instance credit and non-credit, but according to the occupation and the region, as for instance agricultural and non-agricultural, as the object of the movement is the production of fine human beings, and not mere business as commercially understood. He emphasised finally the fact that the new Federation had enough to do in improving the Agricultural Industry by publicity, education, demonstration and propaganda and should define itself in its title as an Agricultural Federation.

Mr. T. Audinarayana Chettiar thereafter raised some questions for the consideration of the Conference. He wanted that the proposed body should define the relationship of the several units in the movement, and desired to know if it should have some control over District Federations. He wanted to know the relationship with the Provincial Union and banking matters. Mr. K. G. Sivaswamy who was requested by the Chairman to speak on the subject replied to the points raised. He said that the new body could justify its existence only by restricting itself to matters of education, propaganda, and

"And what do you propose to do now?" asked the millionnaire of his son who had just completed his education.

The son was born with large ideas.

"Oh," he answered with a yawn, "I think I'll go up to town and get a job of some sort at five hundred pounds per. You understand me, father? At five hundred per!"

His father grinned rudely.

"Oh, yes," he replied, "I understand. You mean at five hundred perhaps."

vernacular publications. There is the Provincial Union to consider common matters relating to all types of societies. Its work would be facilitated by the formation of the sectional federations. There is the Provincial Bank to consider matters of higher finance. The new body would be successful only if it considered the activities of Federations without interfering in details of administration and supervision.

Mr. V. Jayarama Ayyar B.A., B.L., President, Trichinopoly District Federation, urged the need for defining relationships among the several co-operative institutions in existence and Mr. Parameswara Ayyar (Tanjore Central Banking Union) spoke on the subject of a larger representation to Central Banks. A number of other representatives also took part in the general discussion.

The Chairman thereafter adjourned the Conference at 2-50 p.m. to meet after lunch at 3-30 p.m.

As soon as the Conference met, the Chairman said that, as the subject had been sufficiently discussed, the question of starting a Tamil Federation might be formally moved and voted upon. Some time was spent in discussing whether the question of a Federation could be put to vote without defining the main objects. The following proposition was then put to vote and carried unanimously.

1. Moved by Mr. R. Krishnaswamy Ayyengar and seconded by Mr. T. A. Ramalingam Chettiar that a Tamil Nadu Co-operative Federation be formed and registered under the Co-operative Societies Act.

Its main objects shall be to arrange for the publication of a Co-operative Tamil Bulletin, education and propaganda and the holding of periodical conferences.

Mr. T. A. Ramalingam Chettiar then proposed that certain draft by-laws framed in consultation with some of the representatives might be considered seriatim by the Conference. With the permission of the house, the Chairman placed the by-laws one by one for consideration. In the course of the consideration of the by-laws, discussion mainly centred round the following subjects.

(1) The use of the word "Agricultural" for the name of the new body and a definite exclusion of non-agricultural matters.

(2) Headquarters.

(3) Representation and

(4) Funds.

It was agreed that while the main function of the new body should relate to agricultural societies, it need not specifically state it in the by-laws. Coimbatore was decided as the headquarters for the present. Each Federation is to be represented by one representative for every seven unions or a fraction thereof affiliated to it and each Central Bank by two representatives in the general body. In the governing body, every Federation will be represented by one member, and Central Banks by 3 members to be elected from their delegates in the general body. Each Federation is to contribute either from its own funds or by collecting from the unions, a sum calculated at the rate of Rs 7 for each local union while District Banks are to contribute Rs. 50 each per annum Member societies and unions affiliated to District Federations are to be supplied with free copies of a monthly Vernacular bulletin which is to be published by the new body.

United States, with one-fifteenth of the world's population, consumes nearly one-fourth of all the sugar produced on the globe.

All the by-laws were adopted unanimously by the whole house The Conference thereafter adopted the following resolution :—

2. The convener is requested to send the by-laws approved by the representatives present to all District Banks and District Federations for signature in the application and the by-laws in token of their approval.

Rao Bahadur M. K. Venkatachariar proposed a hearty vote of thanks to the chair, and to Mr. T. A. Ramalingam Chettiar for convening the Conference.

T. S. BALAKRISHNA AYYAR,
Chairman.

TRICHINOPOLY: CONFERENCE OF UNION REPRESENTATIVES.—A Conference of all union representatives was held on the 14th of July in the premises of the District Co-operative Federation, Trichinopoly, with Mr. V. Jayarama Iyer, President of the Federation, in the Chair. Besides the union representatives, the Presidents and the Secretaries of the Federation and the District Bank, there was also present Mr. H. M. Hood, and the Deputy and Assistant Registrars, Trichinopoly. The Hon'ble the Minister who was expected to be present could not do so but wrote to the President of the Federation expressing regret at his inability to attend and wishing the Federation all success. The Chairman, after offering a most cordial welcome to the Registrar, emphasised the need for an agency to co-ordinate the activities of the Central Bank on the one hand and the Unions and the societies on the other to secure to the Bank a proper outlet for its surplus funds and to see to prompt repayments of its loans and to secure for its societies a prompt attention to their needs. That agency should be, he said, the District Federation.

1. *Organisation of Supervisors.*—One of the subjects discussed by the Conference was the organisation of the Supervisors into a district cadre and to place them under the control of the Federation. The Chairman of the meeting the Registrar and all the representatives present were in favour of the above. The Registrar emphasised upon the need for giving the supervisors security of tenure if efficiency should be counted upon.

2. *Extension of the area of operations of the Hood Institute*:—The Conference favoured the proposal to extend the area of operations of the Institute to Trichinopoly but Mr. Somasundaram Iyer of Puvalur Union suggested the division of the Institute into two branches, one to be located at Tanjore and another at Trichinopoly for Supervisors and Panchayatdars respectively.

Dewan Bahadur Sir T. Desikachariar. President of the District Bank, said that though at first he had thought that the Federation was superfluous, he now had to acknowledge its usefulness. He promised the Federation, on behalf of the District Bank, all support. Then the meeting closed with the usual thanksgivings.

URBAN BANKS' CONFERENCE, ERODE.

THE FIRST CO-OPERATIVE URBAN BANKS' CONFERENCE OF THE TAMIL DISTRICTS, MALABAR AND SOUTH CANARA.

To all Urban Banks and Audit Unions in the Tamil Districts, Malabar and South Canara.

DEAR SIR,

1. You are aware that the Erode Urban Bank has been taking the lead in organising a Conference of Urban Banks with a view to focus attention on the problems relating to them. A number of Urban Societies of the Districts have approved the idea of the Conference. The Registrar also has been kind enough to co-operate with the Erode Urban Bank and circularise his officers in his circular No G/236/28, dated 16-1-1928 to do the needful in making the Conference a success. Fortunately for the Urban societies in the District of Coimbatore a District Audit Union has been registered and we are glad to say that the lead taken up by the Erode Urban Bank last year in organising the Conference proposed, has now been taken up legitimately as we believe, by the new District Audit Union. The Conference that meets will be called upon to settle a constitution for future Conferences.

2. *The Conference will be held at Erode on 20th and 21st October 1928 and will commence at 2 p. m. on 20th October.* The Conference Office will be at Erode, and in the Erode Urban Baek Building.

We would request you to do the following in connection with the proposed Conference.

(1) In the absence of a Committee authorised by all Urban Banks to attend to the preliminaries, such as electing the President for the Conference, etc., we have decided to adopt the following procedure, as the only practical measure for the 1st Conference that would be acceptable to all and we request you to agree to the course. Each Urban Bank is requested to send to us a nomination paper duly approved by a resolution of its Managing Committee, noting therein names of any three co-operators who in its opinion may be elected as President for the Conference. The nomination paper should reach us not later than September 9th. This Office will re-submit 3 names who have obtained majority preference in order, within 4 days of receipt of the nomination

papers. Each Urban Bank is thereafter requested to refix the order of the three nominees by a resolution of its Managing Committee. The final names should reach this Office not later than 25th September. The object in requesting you to send us the three names is to give us the alternative of choosing either of the three in the order mentioned, if the first or the second nominee is unable to accept the Presidentship. The final list of Presidents will be made out by us in accordance with the majority votes obtained by the nominees. We will then write to the gentlemen concerned in order and finally fix the President for the Conference.

(2) Each Urban Bank is requested to send one or two delegates to the Conference. A delegation fee of Rs. 2 and a boarding fee of Rs. 3 for each delegate shall be paid. This amount should be sent in advance so as to reach us at the Conference Office not later than 15th October. The names of the delegates elected shall also be sent to us so as to reach us before the said date.

(3) Each Urban Bank is requested to send us the resolutions which should be considered at the Conference not later than 1st October. Any useful note on important subjects definitely concluding with a resolution may also be forwarded to us not later than 1st October. The notes and the resolutions received will be printed within 10th October and posted to the delegates. *All communications and remittances may be addressed to the President, Coimbatore Distrtct Co-operative Audit Union, Conference Office, Erode.*

(4) A printed copy of the Memorandum, presented by the Erode Urban Bank to the late Minister M. R. Ry., A. Ranganatha Mudaliar Avl., B.A., B.L., is enclosed herein for perusal and consideration. Co-operation in the Urban areas is a much neglected one in the Co-operative Movement. The views and ideas concerning it are much the same as they were years ago. No co-operator has yet ventured to take stock of the situation and give a proper lead in the matter. The Committee on Co-operation also has not paid its attention to this aspect of the movement. The movement is, at least, as important as the rural one, and if rightly handled can be made productive of much economic benefit. The movement has been, notwithstanding, one of progress in all Urban areas, so far, and has reached a stage when unless properly directed may lead to a set back. It is submitted that it is high time that the situation is well studied and properly handled. Centralisation of Urban finance, defining a constitution and goal for growing Urban Banks, enabling them to secure financial and banking facilities from the Provincial Central Bank and Imperial Bank, creation of District Associations and Language Federations of Urban Banks for education, propaganda and settling of common questions, providing facilities for efficient and concurrent audit, and more than all providing scope for affording training in banking and audit and other matters relating to the conduct of the banks, to the staff as well as the workers of the movement, are some of the most urgent questions that have to be tackled. We, therefore, earnestly beseech you to be

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good enough to respond to our call, to attend the Conference, and render us all help possible in making the proposed Conference a success,

Yours sincerely,

E. S. GANAPATHY IYER, B.A.B.L.,
President.
Coimbatore Dt. Co-operative
Audit Union, Ltd.

K. S. MADHAVA RAO,
Secretary.

COIMBATORE,
11—8—1928.

COOPERATIVE CENTRAL BANK, CONJEEVARAM

(Extracts from the Resolutions of the Board of Management at its Meeting held on the 22nd & 23rd July 1928).

Letter, dated 31—5—28 from the Secretary of the Standing Committee Central Banks' Conference, requesting this Bank to remit Rs. 100 as its contribution for the expenses of the Conference for the Co-operative year 1928—'29 :—

The Board of Management, after devoting anxious and considerable attention to the subject is not convinced, firstly, about the need for the continuance of the Bankers' Conference. As now the M. C. U. B., is practically controlled by the representatives of Central Banks, its Directors as representatives of various Central Banks may quite easily consider all subjects relating the administration of the Central Banks also. If it is at all found that a single representative from each Central Bank is not sufficient to consider in detail any questions relating to exclusively the administration of Central Banks, the remedy appears to lie in providing in the by-laws of the M.C.U B., for summoning of more representatives from Central Banks and forming them into a larger body to consider those problems and tendering advice to the Central Banks on the one side and Directors of the M. C. U. B., on the other whenever necessary. It was expected when the Bankers' Conferenee was taken over from the Registrar's office by the non-officials to the premises of the M. C. U. B. that it was to be conducted as a part of the working of the M. C. U. B., itself. The present development of making the Bankers' Conference practically an institution independence of the M. C. U. B., will not only be a waste of money but is sure to create difficulties in the future in various respects. Therefore the Board is of opinion that there is no need for the continuance of the Bankers' Conference as now developed and therefore does not propose to vote for the money asked for.

3. (*a*) Resolution No. 3 of the M. C. U. B., Board of Management, dated 21—4—28.

"That power should be and is given to the Madras Central Urban Bank to inspect Central Banks which are its members."

Read also Executive Committee Res. No. 1580, dated 12—5—23.

"The Board approves the action of the Executive Committee in having permitted the inspection of the Bank by Dr. Swaminadhan in his capacity as Director of the M C. U. B. This Board will reserve its decision on the general question of inspection by the M.C U.B., of Central Banks till it gets a copy of the report of the inspection now made by the Director and the decision of the creation of an organization for the concurrent audit of all central banks in the Presidency."

3 (*b*) "That every Central Bank should immediately organize administrative section in their offices maintaining a sustained history of societies in their jurisdiction by collecting inspection and audit reports received from time to time and recording the progress of rectification and consolidation work within their jurisdiction."

"That Central Banks should appoint a Field Staff of Inspectors at the rate of one Inspector to one hundred or one hundred and fifty societies for the purpose of inspection of affiliated societies.

"The creation of an administrative section for the Bank has already been approved. The Board considers that no field staff for the Bank is necessary at any time and specially so now owing to the following reasons—

Firstly it is necessary to give some time to the Unions and the Federation and even the Department to see how far they discharge their duties with better funds and better establishment now provided for them.

Secondly: We should get reports, returns and certificates received from these quarters in respect of each society properly sifted to see what improvements have been made, before we embark upon employing a number of ill-equipped men to carry out the same or similar functions in the field as the above mentioned bodies. This sifting can be done only under very intelligent guide and supervision by responsible men coached up for the purpose and having special and interest in the working of the village societies and Unions. This is what is proposed to be done in Chapter V, Rule 13 under administrative section. It will be a needless waste of money, nay it will be worse, if field hands are employed without getting a thorough knowledge of what has been done in societies, and what is expected to be done by each agency working at the societies already. Whether a field agency is necessary or not is not now therefore a matter fit for decision. If after having examined all the records now available from these agencies it ***is absolutely essential*** to supplement the work of these and other agencies it will never be too late to employ field hands.

Thirdly the creation of out-agencies which is now proposed only for (1) affording facilities for receipts and disbursements of monies on behalf of the Bank, (2) for avoiding accumulation of cash balance in the societies, (3) to work up long term and cheap deposits, (4) to hold joint lock and key of the pledged produce of loan and sale societies and (5) to develop grain and crop loans, may also in a way be utilized as our field staff wherever we find that such service is ***unavoidably and urgently*** necessary. The stray inspection by the Manager of an out-agency of any particular society in which we may require any additional information or verification on receipt of any report from others, may not offend the self respect of responsible rural co-operators in charge of the societies and Unions. But if a regular Bank staff is employed for a systematic inspection, those that are sensitive would certainly resent it, while those that are not, may, under such shelter, excuse themselves from such work. The fact that the Unicns and the Federation exert at least to that degree that they have secured for the Bank a 'nil' balance under interest for the last five years with admittedly less efficient staff and inadequate funds, gives hope that they may achieve much better results when these two defects have been largely removed. It is on these grounds that no field staff for the Bank is now proposed. Surely it is not because it cannot find funds for them, but because we don't want to hurt the feelings of those that really help us."

(Sd.) M. K. Venkatachariar,
President, 22-7-28.

CO-OPERATIVE EDUCATION: ANANTAPUR.

The second session of the Co-operative Training Class conducted by the Anantapur District Co-operative Federation was opened by Rao Bahadur N. Gopalasami Iyengar, Dt. Collector, on 30th August. From the report of the first session presented by the Secretary of the Federation on the occasion which we regret we are unable to publish for want of space, we find that out of 17 Government Inspectors, 10 Supervisors, 7 Bank clerks and 7 private candidates (total 41), 15, 9, 5 and 5 respectively (i.e., total 34) came out successful in the examinations, 4 getting first class, 17 second class and 13 third class.

East Godaveri:—Under the auspices of the East Godaveri Dt. Co operative Federation, panchayatdars' Co-operative training classes were held at Chopella, Palivela and Razole during August and the 1st week of September. Messrs. N. Satyanarayana, Secretary of the Federation, Thirumala Rao, the Propagandist of the Federation, G. Veerabhadra Rao, Rural Reconstruction Worker, Alamuru, and a few others addressed the panchayatdars assembled in the places above mentioned. One important feature of these classes was that the occasions were taken advantage of for opening Khadi exhibitions and popularising Khaddhar.

Madras:—The Advanced Co-operative Training Class conducted by the Madras Provincial Co-operative Union was opened this year on the 1st instant by Rao Bahadur G. K. Devadhar President, Bombay Provincial Co-operative Institute, and will be over by about the end of December next. The services of an Assistant Registrar, Mr. Md. Hayat, have been secured from the Department.

Vellore:—A Co-operative Class for training Supervisors, Inspectors and other private candidates was opened by Mr. H. M. Hood, our Registrar, on 17th August at Vellore, North Arcot Dt.

THE ALAMURU LAND MORTGAGE BANK.

A meeting of the Directors of the Bank was held on 22nd August when Mr. Hood, the Registrar, and Mr. C. Bhaskara Rao Naidu, the Deputy Registrar, Rajahmundry were also present. The practical difficulties in running the Bank with reference to investigation of titles, valuation of properties and fixing the instalments according to the repaying capacity of the borrower were discussed at length. Representation was made to the Registrar regarding the inordinate delay caused in the local Sub-Registrar's Office in registering co-operative documents and issuing encumbrance certificates. The Registrar is said to have entered his appreciation of the services rendered by the present Directorate, in the visitors' book.

THE LATE MR. T. K. VENKATARAMIAH,

At the meeting of the Managing Committee of the Tindivanam Urban Bank held on 20th August, the Committee recorded its profound sorrow at the sudden death of Mr. T. K. Venkatramiah who was its President for the last 3 consecutive terms and who was one of the pioneers of the movement in the district.

NOTES AND NEWS.

Simla Conference

There would be held at Simla towards the end of this month some important conferences of an all-India nature which are bound to have a lasting effect on the co-operative movement in general in the country. The Apex Banks of various provinces are going to meet and discuss the financial side of the question; the Registrars are meeting and they would discuss the official side of the movement; representatives of propaganda institutes of Provinces like our own P. C. U. and the Bombay Institute are also meeting and we are concerned in the first instance with the celebration of this meeting.

Though we are not in possession of the final agenda, it is certain that the two important questions of holding an All-India Co-operative Conference and of publishing an All-India Journal would come up for discussion. We hope that these two ideals would be realised.

In order to run these two ventures successfully, an All-India Institute is also necessary. Almost every other important country in the world has got its national institute and its national organ to give the wide world outside accurate and authentic information about the various aspects of co-operative activities within the State. For lack of such an Institute, the state of affairs in India is not given due publicity. Let us take for instance the information contained in the Peoples' Year-Book which is aiming at being a sort of International Co-operative Directory. The account given therein of the progress of the co-operative movement in India is very meagre and does but scant justice to the great task of national uplift that is being carried on in the vast continent. Sometimes an enterprising province that puts itself in touch with the publishers gets an extra line or two in this all-too-brief notice. All these defects can easily be rectified if we have a national organisation and its official mouthpiece.

The mentioning of the Peoples' Year-Book reminds of another point, a long felt want which it is high time we took steps to get supplied. We refer to the publication, exhaustive and reliable, of a Directory of co-operative activities of India. The vastness and significance from a national point of view of the work done would be justification enough for such a venture and let us hope the leaders of non-official co-operation will put their heads together and see that these desiderata are supplied.

Co-operation and Unemployment

The Government of Madras, in pursuance of a resolution of the Legislative Council, appointed a Committee to inquire into the question of unemployment among the so-called educated classes. That there is such unemployment is

too patent and the Provinces that suffer most from this new social malady are the Provinces that are most advanced in the matter of English Education, Bengal and Madras. This social evil is an eloquent condemnation of our present educational system which, at so much cost to the nation at large, is engaged in the mass production of 'unfits'. While on the one hand the resources of the country require developing and the disposal of our produce requires organised marketing, we have on the other a large number of intelligent young men turned adrift in the world after a decade of grinding in an effete mill, unable to earn a decent competence and threatening to develop into a real social menace. One of the ways in which this national waste could be turned to useful purpose seems to be to impress these young men in the service of co-operation.

Confining ourselves to one aspect of co-operation, a very much neglected aspect, namely, co-operative marketing of agricultural produce, we feel confident that each district can, to start with, employ about 20 honest active young men and as this line of business expands, it can give employment to an army of them. We are, in making this cautious statement, excluding practically the whole of foreign trade which are in the hands of huge capitalists, both Indian and foreign. Confining ourselves to inland trade, inter-provincial and inter-district, it is in the hands of a large series of middlemen who could easily be eliminated by an effective co-operative organisation much to the profit of the two extreme links in the long chain, the ultimate producer and the actual consumer.

To show that we are not spinning this yarn from our fetile brain crammed with bookish theories, we state that, during a week's sojourn in Malabar on a co-operative propaganda tour, we were surprised to be informed that arecanut is exported from Malabar to various other districts of the Province to the tune of about a crore of rupees! Pepper, ginger, turmeric, and cocoanut are some other monopoly produce of the West Coast and a well-conducted organisation of co-operative marketing will easily absorb hundreds of our young men.

Will the leaders of Co-operation, official and non-official, and the vast army of the young unemployed turn their attention to this? Let us hope they will.

Two types of Sale Societies.

Hoping these suggestions of ours will take effect in the no distant future, we offer our readers a word of caution in the matter of organising sale societies. Let us get down to the real cultivator and induce him to combine with persons similarly situated to hold up their crop till they get a good price or to put themselves in direct touch with the consumer and thus eliminate the chain of middlemen between them. This process of building from the very bottom would be very slow and for some years to come, it may be, we may not be able to flaunt before the world our big figures. We have to guard against the temptation of getting all sorts of men into the organisation including the comparatively rich man of the village who is the first middleman and who is now advancing money to the poor ryot and compelling him to sell his produce to him at his (buyer's) price. We have burnt our fingers by following such a policy in the credit movement. We cannot say that we sought out the needy peasants who have no capital except honesty and organised them on the Raiffeisen model. In our anxiety to show numerical progress, all people were put in, especially the leading men of the village, with a view to swell up the property statement a device necessitated by the District Bank loan being made to depend upon such a statement loaded though it may be. The result of this policy has been that some rich men appropriate society transactions to themselves and their clique and still run their old trade of lending to poor people at higher rates and the really needy have not been benefitted to the extent desirable.

In this connection, the following extract from the Bombay report for the year 1926-27 would be read with great interest :—

> "There is a wide difference between the two types of Cotton Societies represented by those of the Karnatic and of Gujerat, and this difference prevails in every kind of co-operative sale society. The societies in the Karnatic have very large areas of operation. They have been formed on an individual basis by collecting in the first instance a few important persons in the market town concerned including agriculturists, cotton dealers, landowners and private gentlemen. The society subsequently endeavours to enrol as members the primary societies within its area of operation The cotton of non-members is sold as well, the policy being the greater the volume of business, the greater the turnover and the surplus available for management expenses. The produce is not pooled. The same conditions apply to most of the Sale Societies of all kinds throughout the Presidency and Sind. The Cotton Sale Societies of Gujerat are small group societies. The agriculturists of three or four villages growing a similar strain of cotton combine themselves into a society, pool their cotton and sell it jointly. One of the members with experience of cotton business is appointed as manager, and paid a substantial lump sum to cover the working season of 3 or 4 months.
>
> Although it is admitted that experience of co-operative sale in Western countries shows that the commodity must be sold on a large scale and over a large area to ensure absoluta success and control over the market, the Gujerat societies owing to the cohesion, loyalty and unity of purpose amongst their members are much more co-operative in the true sense than the Karnatic type. During the year they have united themselves into a federation, and it is to be hoped that they will thus attain eventually to the advantages of the western ideal, and will show that the policy of smaller beginnings raised on sure foundations will be justified. Societies of the Karnatic type are beginning to suffer from the results of their over-ambitious policy. The merchant members become the enemies of the society when its business begins to extend and they find their own business curtailed. An enormous membership of all types of persons produces internal dissension. It is difficult in the present state of business education in India to find competent managers, and the society is often in the hands of inefficient and unprincipled outsiders. I have asked the Assistant Registrar to reorganise the whole sale movement in the Southern Division on a policy of (a) membership based on societies or members of co-operative societies, (b) no admission of persons dealing in the same commodites as the society sells, (c) sale of members' produce only.
>
> In the Deccan there are a few societies of the sale union type based on the exclusive membership of primary societies. This is a move in the right direction. The societies are young and at present have to contend with the organised opposition of middlemen."

Comment is needless and we hope when our Province organises sale societies in a large scale they would benefit by the experience of our sister Province.

A Cottage Industry for Ladies.

It is an acknowledged fact that most of the ladies of the middle class waste at least 6 hours a day from 11 to 5 when their husbands and children have gone away to offices and schools and these have precious little to do. Spinning with Charka, if adopted on a large scale, would increase the national output of yarn considerably. But there are other industries also which can be carried on by our women in their own homes and we had the privilege of seeing a small organisation being successfully run at Calicut.

Janaki Ammal of Calicut, an enlightened lady who is also a well known social worker of that town, has started a co-operative society for the making of envelopes. The society had to encounter many preliminary difficulties, but thanks to the co-operation of fellow workers like Rao Sahib V. Krishna Menon of the Calicut District Bank and others, most of these have been successfully overcome.

Manilla covers of the usual size with good adherine gum, neatly cut with machine (and not as is generally the case with such humble beginnings with some corners not being right angles) are made ready exclusively by ladies and the price is cheap i.e., Rs. 2-4 per thousand

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as per 100 if taken retail. We draw the special attention of all ...rators to this and hope they would encourage this cottage in...y. Arrangements are made for stocking the covers in the P.C.U. ... persons connected with District Banks and Federations when they ...me to Madras can purchase and take them home or orders may be sent to Mr. V. Krishna Menon, District Bank, Calicut.

The Personal Touch.

Redtapism is generally characterised as soulless. Even the most vehement appeal when printed and sent is not a fourth as effective as a personal one even though that be done by a person whose strong point is not eloquence. This truth was brought home to us during our recent tour in Malabar. We have been priding ourselves upon the fact that the P. C. U. is a well known Provincial organisation and its offiicial organ, our dear old journal, is a diffuser of light and co-operative culture. We were painfully surprised to note that there are vast tracts in our own province where when the name, P.C.U., is mentioned, people rub their eyes in wonder as to what it is and after some laborious operation of questions and answers are willing to admit that they have a vague remembrance of having heard of it! Our beamlight does not reach far enough and there are thousands of honest co-operators who are responsible for a good deal of the overdues, who refuse to pay the supervision fund and yet are very particular regarding their seats in the Boards of Management of the District Federation and of the Bank, who go on their routine of borrowing and occasionally returning the amount as if our journal did not exist at all! As if all those fine articles we publish and the finer editorial notes did not exist at all! In what a fool's paradise have we been living all these years!

There is only one solution for this state of affairs. Overcentralisation at the headquarters as in some of our sister provinces will not do. Our past traditions were different and we have to build on our own foundatfons which in their own way have been 'well and truly laid.' The only solution is to bring the P. C. U. into more intimate touch with the districts by enabling the members of the P. C. U. to move more frequently in the districts, so that they may attend the meetings of the Boards of Management of Federations and Banks. If too much of centralisation is to be deprecated, too much of the opposite is equally to be avoided. The ideal of each district living in self-complacent isolation is too dreadful to be contemplated. A happy mean is to be achieved and we hope both the P. C. U. and the district organisations would remember these and co-operate to effectively bring about the happy mean.

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