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The Madras Bulletin of Co-operation

Issued every month in two languages—English and Tamil.

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

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MARCH 1928

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AND THE PROVINCIAL CO-OPERATIVE UNION—

THE HON'BLE MR. V. RAMADAS

PRESIDENTIAL ADDRESS AT SALEM CONFERENCE

OF DEWAN BAHADUR R. RAMACHANDRA RAO

CONSUMERS' CO-OPERATION IN MYSORE—

MR. K. L. NARASIMHA RAO

ETC.

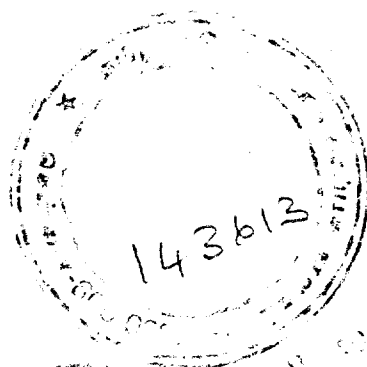
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ROYAPETTAH, MADRAS.

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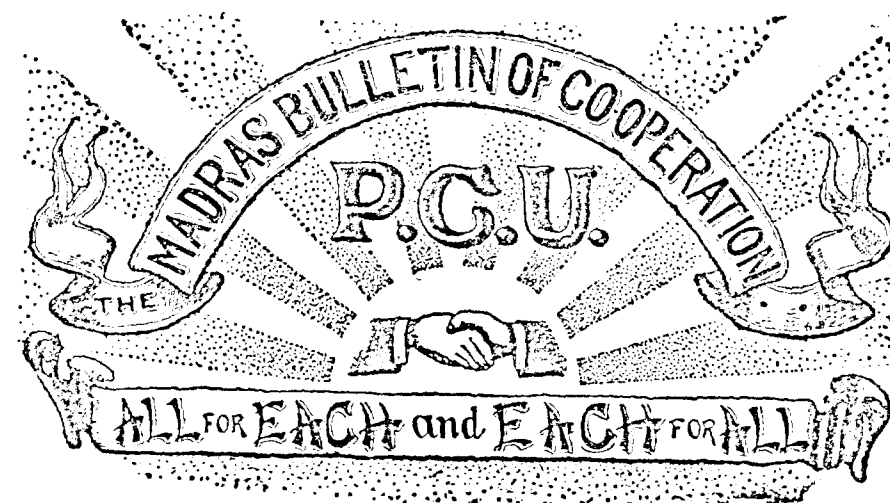
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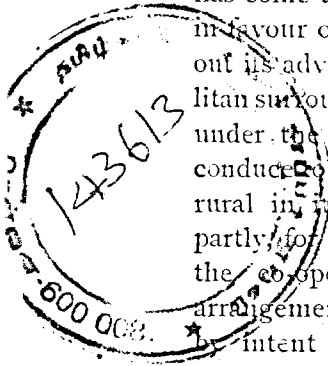
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THE PROVINCIAL CO-OPERATIVE CONFERENCE AND THE PROVINCIAL CO-OPERATIVE UNION

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

More than one fellow co-operator informally discussed with me the question of the future relations of the Madras Provincial Co-operative Union with the annual conference. It is a matter to be decided by the P. C. U. for itself and no one has any authority to commit it to any particular view until final decisions are taken by the General Body of the Union, after due deliberation. A discussion of the main issues involved in the question, in the meantime, will however not be without its use and it is in this belief that I venture to express my own views on the subject. I shall assume that the practice of changing the venue of the Conference every year and assembling its sessions in different



localities of the Province, which was inaugurated in Madura last year, has come to stay. There seems to be a fairly large consensus of opinion in favour of the innovation and it may be conceded that it is not without its advantages. A Conference perpetually deliberating in metropolitan surroundings and in a predominantly urban co-operative atmosphere, under the leading strings of the Executive of the P. C. U., may not conduce to bring out all that is best in the Movement which is essentially rural in its scope as well as aim. This seems to account, at least partly, for the little leeway which the Conference has made hitherto in the co-operative life of the Province. The reaction which this arrangement had on the P. C. U. itself reduced that institution, which by intent and structure was certainly a federation of numerous organisations, to the status of an office of the Conference. Indeed the arrangement culminated in the position that the P. C. U. is to be regarded as the executive of the Conference and that it is in some way bound to carry out its resolutions. I am not disposed to deny, nor is it my purpose to deny, that, by a certain amount of co-ordination of their activities in the past, both these institutions did some useful work as exponents of recognised non-official co-operative opinion in the province. But to assert that their assumed interrelation was ideal or that it tended to the examination and solution of the several problems—specially of the rural variety—from the correct co-operative standpoint, is to make a palpably extravagant claim which can be easily refuted. It is however fruitless to pursue that line of thought any further. One thing is indisputable; whatever may have been the relative position of the Conference and the Union in their relation to the provincial movement as a whole hitherto, a material change has come about, in the situation, with the severance of the permanent venue of the Conference from the headquarters of the Union. The future annual gatherings of co-operators held in environments and conditions which materially differ from those that used to be got up year after year by the Union, in the Wesley College, have clearly new implications and fresh potentialities.

It is too soon to foretell the fortunes of the annual conference in its new orientation. It may no longer be possible to hold it annually on specified dates at regular intervals of 12 months as hitherto. The time and other conditions will, and rightly so, depend upon the convenience of the Reception Committee of the locality which invites the Conference. Nellore which extended an enthusiastic invitation at Madura found itself unable to hold this year's session, for causes entirely beyond its control and finally abandoned the idea in January last. Fortunately, East Godavery promptly and generously came to

the rescue of Nellore and offered to hold the Conference at Rajahmundry, during the ensuing Easter Week as usual. These vicissitudes are by no means peculiar to co-operative conferences. The political provincial conferences of Andhra and Tamil Nadu also take place at very irregular intervals and the advertised dates are not infrequently changed to suit local requirements.

Issues much graver than those involved in the mere changes in the arrangements for the periodic sessions of the Conference seem to arise almost immediately in the wake of its new peripatetic career. With the development of language federations for well-marked linguistic areas, the question of the desirability of or the need for an annual session of a Conference of the linguistic area, being followed or preceded by a session of the Madras Provincial Co-operative Conference, is bound to force itself on our attention sooner or later, perhaps sooner than later. Indeed the action of the East Godavery Co-operators in stepping into the gap and offering to hold the next Madras Provincial Co-operative Conference at Rajahmundry has already provoked a violent outburst from a well-known Andhra Co-operator who roundly condemned the proposal as a retrograde measure, tending to compromise the dignity, autonomy and self-sufficiency of the Andhra Provincial Organisation. He likens the attempt of the Andhras to participate in the illegitimate (dishonest?) gains derived by the P. C. U. on account of the bungling of Andhras to an attempt to benefit by Drink Revenue, devoting a portion of it for Education. The analogy may be limited to the blundering and not to the morals. Extravagance, or unhappy choice, of language may be easily set aside, for what really matters is the sentiment or feeling behind it. The sentiment has caught on with marvellous rapidity. The Andhra Sahakara Sammelanam's Executive met at Bezwada a few of days ago and condoned the act of Rajahmundry for this occasion; but issued a *jahad* that no more shall the Presidency invade the province and no more shall the Madras Provincial Co-operative Conference trespass Andhra soil, after the Easter of 1928. It follows that the act of the Madras Provincial Co-operative Conference will be to the Tamil Nadu, unless it is permitted to have into the wonderlands of Kerala and Karnataka. V regionists of those areas will not profit by Andhra's their frontiers also safe against unwanted or Andhra awakening is not followed up by a quick Organisations from the Provincial Co-operative curious position that while the Provincial C Presidency organisation, the annual Con

Tamil Nadu only. Andhras who ban it may not I presume naturally attend it.

How do these new conditions react on the Provincial Co-operative Union? I am decidedly of opinion that the practice of holding the General Body Meeting of the Provincial Co-operative Union along with the Conference should now automatically drop with the inauguration of the itinerant scheme of the Conference. The P.C.U. is under statutory obligations to elect its Board and the Executive at stated and prescribed intervals under its bye-laws and will be normally called upon once a year to frame its budgets, fix up its annual programmes and review the work of its Board and the Executive. It is obviously impossible for it to discharge those obligations and duties unless it meets with greater regularity than can be vouchsafed to the Conferences. Even if it becomes occasionally possible to arrange for the Conference and the P.C.U. to meet together, the results will be very unsatisfactory. The fag end of a Conference hardly furnishes the facilities, mental equilibrium, environment and atmosphere needed to handle serious co-operative problems which ought to come up before the annual gathering of the P.C.U. and engage its undivided attention, if it is to function as a live factor in the non-official machinery of the Province.

The foregoing examination of the external relations between the Conference and the P.C.U. ought, in my opinion, to suffice to clear the ground for a correct appreciation of their integral relations, if any. *Prima Facie*, there cannot be much of an organic connection between the two institutions which have no necessary intrinsic structural relationship. The P.C.U. is an incorporated business organisation with defined aims and objects and specified methods by which those aims and objects should be attained. One of those methods is the holding of meetings and periodical conferences for the propagation of co-operative ideals and setting up standards of work. The body which organises these assemblages of co-operators can no more impose its own ideals and standards on these assemblies than it can accept the decisions of the assemblies in every case. Their commonness of purpose and goal necessarily result in a large output of conclusions which are acceptable. At the same time, it is common knowledge that co-operative problems are of an acutely controversial nature and admit of more than one solution. Even a cursory review of the past conferences will disclose the fact that on a given problem was not consistently adhered to. The seven co-operators, who constituted the Executive and who were chosen to report upon the work of the Executive and suggest measures for its better

working, started with a determination to arrive as far as possible at unanimous conclusions but ended by producing a report which lays bare fundamental differences on material recommendations. It is well known that there have been radical differences in the outlook of the circles and that of the southern districts in some essential matters. Even among metropolitan co-operators, there is irreconcilable divergence of views on questions substantially affecting the future of the Movement. And too, it is notorious that the Departmental and non-official views on some vital questions are in pronounced contrast. To assert therefore that successive conferences will lay down a consistent policy on which all sections of co-operators will be agreed is to speak without the book. Why then should the P.C.U., which, in the past, organised the Conferences and which may perhaps participate in their organisation in the future, assume the responsibility for the enforcement of the resolutions of those conferences? I cannot understand the rationale of that claim. It is altogether a different proposition to expect the P.C.U. to propagate the main principles underlying the decisions of the conference, without being wedded to the details connected with the actual working of the several agencies. There can be no objection to it. It is indeed desirable.

Let us discard for a moment all practical difficulties in the way of the P.C.U. functioning as the Standing Committee or the permanent Executive of the Conference. What are the theoretical considerations in favour of such a position as that? To be frank, I cannot imagine a more illogical and crude conception. The P.C.U. is conceived as a Provincial Federation of supervising and financing organisations of all varieties (except the rural primaries) and its sole aim is Propaganda and Education of a wholesome character and with no administrative responsibilities. To make it the Executive of the Conference is to inverse their relations. Instead of the Conference being one of its activities, is the P.C.U. to be a part of the Conference machinery? To say the least it is an inexcusable perversion. Again, for the P.C.U. to function as the executive of the Conference, it must itself have no opinions or ideals of its own as contra-distinguished from the Conference or it must revise them annually in the light of the resolutions of the Conference. It will be difficult to find an Executive with such an elastic conscience and such accommodating principles to run the show of the P.C.U. The decisions which are binding on it are those of its own general body, and when they conflict with those of a Conference the former must obviously prevail. There is yet another purely theoretical objection to this conception. Conferences generally, and rightly enough, lay down ideals and goals to be attained. They do not always stop to formulate practical

programmes for the interregnum. If they did so, they would sometimes stultify themselves. The functions of a business organisation are more intimately connected with the accomplishment of immediate objects than the achievement of distant goals. For the discharge of these functions, compromises and partial adjustments of differences, in a manner best calculated to lubricate the wheels of the organisation so as to ensure its smooth running, will be indispensable. This process will at once bring it into conflict with the ideals for which the Conference stands, for no compromise can ever satisfy an idealist. Business organisations live and have their being in an atmosphere of realities, and conferences and congresses are at their best in the inculcation of pure ideals. A failure to grasp this distinction results in a confusion of thought. Some co-operators have pressed on me the analogy of the Indian National Congress and the All-India Congress Committee. The analogy is false, *firstly*, because the All-India Congress Committee is a creature of the constitution of the Congress, while the P. C. U. is not a creature of the Conference Constitution; *secondly*, because the All-India Congress Committee is clothed with administrative control over the subordinate organisations to enforce its decisions, while the P. C. U. is not so clothed, and *thirdly*, because the A. I. C. C. under the Congress constitution is invested with the power of modifying and even reversing the resolutions of the Congress between two Congresses, except when it is otherwise specifically directed by the Congress itself. So the conception of the P. C. U. as the Executive of the Conference is unworkable in practice and indefensible in theory and should be abandoned once for all.

I have so far refrained from discussing the contingency of the Provincial Co-operative Union being dissolved and replaced by separate language federations. When the time for such complete decentralisation of the present spheres of the Union's activities arrives, the problems discussed in the foregoing paragraphs do not of course arise or they may arise in an entirely new form of the relations between the language federation and the Conference of a linguistic co-operative province. My views on this question are the same as those contained in para 51 (page 95) of the recently issued Report of the Madras Committee on Co-operation and I shall therefore content myself by quoting the relevant portion of that paragraph:

"There is already a demand for separate organisations for separate language areas. One already exists in an undeveloped form in the Andhra Sahakara Sammelanam in the Telugu Country. We think that such bodies should at any rate, for the present, be co-ordinated to the P.C.U. in order to secure uniformity, and to avoid overlapping; their

most useful function would be the publication of magazines, pamphlets and other literature, and education and propaganda, generally in the language of the areas. The eventual ideal to be aimed at in this connection is the establishment of separate linguistic unions for each well-marked language area: but this ideal will not be attained at once."

This is the expression of the unanimous view of the Committee.

PRESIDENTIAL ADDRESS

OF

DEWAN BAHADUR R. RAMACHANDRA RAO, C.S.I.,

AT THE

Seventh Salem District Co-operative Conference at Namakal

on Saturday the 25th February, 1928.

GENTLEMEN,

I thank you for the honour you have done me in asking me to preside at this Conference. In some respects, Salem is distinguished in the field of co-operation. When I assumed the office of Registrar, Sir P. Rajagopalachariar specially mentioned to me the names of three gentlemen as those whose kind offices I should specially solicit if I desired progress. Two of them have unfortunately left us. The other is Mr. T. Adinarayana Chetty whose long labours in the cause of co-operation require no advertisement. I had the pleasure of working with him intimately whilst I was Registrar and it was due to him that against strong opposition a District Bank was first opened in India. He has since added to his co-operative knowledge by a long sojourn in Ireland, that land of agriculturists with conditions similar to India, where Co-operation has shown the way to economic prosperity and political freedom. I have always considered it a loss to the nation that he is not a full-time co-operator and that he fritters his time by devoting his attention to several subjects at a time.

Salem is also famous throughout India as the home of that sturdy pioneer patriot, C. Vijayaraghavachariar, who, I am so glad to say, is still with us. Today it has produced that saint, selfless worker, C. Rajagopalachar whose Khaddar work is only one manifestation of the active processes of co-operation. The people of this district are considerably advanced and I hope are not yet divided into cliques—the bane of Indian advance elsewhere. The times are critical and it is open to you to give an object lesson to all India. How to advance in other fields, others will indicate to you. On what to do along co-operative methods, I shall speak a few words.

Now, what is co-operation? At the present moment, a Committee has sat to deliberate on some of the extant co-operative practices; Government is busy remodelling the machinery of supervision; the public, not always disinterestedly, are playing battledore and shuttlecock with Banks and Federations; bankers trained to identify wrongly wealth with money talk about fluid resources and curtailments of the applications of co-operation just in accordance with their limited education. Now co-operation by itself is more or less an exact art. And there must be some reason why people hold diverse views on such subjects. May one suggest that this diversity is due to the fact that people see only one side of the potentialities of co-operation and try to enforce on it rules and practices imbibed by them in their own partial activities of life. The fundamental principles of co-operation are not grasped or realised; and on an imperfect knowledge each sees in it a reflection of his own experience. We have advanced a long way, measured in figures and it is time to take stock whether the progress is sound. If not, however camouflaged the work be or however bolstered it be, by either Government or reputed co-operators, the whole edifice will collapse.

That as a whole potentialities have not developed is clear from the lopsided way the movement has advanced and the curious queries that have been frequently addressed. A gentleman here present once asked me what processes of agriculture can be thrown open to co-operative methods. My immediate answer is all—from the moment of ploughing to the moment of the sale of produce. For ploughing you may secure a Fordson tractor—available only by co-operative methods and wasteful otherwise; for irrigation, co-operative pumping plants work elsewhere. Co-operative societies to obtain pure seeds are well-known. Co-operative granaries in loan societies are now fast being established. And so on.

Even in the discharge of the complicated functions of Government, co-operation will be useful. Except in the departments of research, medicine and Engineering, there is possibly no function now discharged by the State which will not be better or more economically discharged by co-operative methods. Actually in several areas whose needs justify and where the tentacles of a centralised Government have not yet succeeded in throttling local activities, you will find co-operation successfully practised in several forms. In past Indian history, the village remained intact; indigenous governments left the internal affairs of a village alone: and if there be any country fit for intense co-operative activity, it was India. In all time to come, this will remain

the biggest blunder in the British administration of India—its incapacity to understand decentralised administration and adopt the virile village machinery extant towards efficient Government.

Or consider the question of rural reconstruction. Everyone admits that this is possible by co-operative methods. Some go even so far as to identify it with co-operation. But in the methods proposed for amelioration, heretical proposals creep in. For example, obtaining the help of outside money or money from the State. This proposal of negation of self-reliance is quite unco-operative and is only justifiable by the precedents of life now brandished before us and by an imperfect value of correct co-operation.

This leads me back to the question, What is co-operation? Grammatically, the word means working together but much more is implied. It is a pity that a more expressive term has not been chosen for what it means to represent. In the course of civilisation, humanity has progressed through several definite stages, the hunting, the pastoral, the agricultural and the present the industrial. Each stage is a distinct improvement over its predecessor; each when introduced was a revolutionary change and did benefit the humanity of the age; the course of time brought an accretion of corruptions and paved the way to the next change. This is the law of evolution and no one can alter its march. The industrial stage professed to bring more amenities of life; more security of property; greater conveniences by introducing legally correct tokens; and when it was ushered in, we expected an Arcadia. Its further developments brought out its bad points. The necessity of providing mass production led to trusts, capitalism, monopolies, cornerings etc. The world to-day groans under the growth of vested interests. Currency has become the fiddle-string for a few financiers to play on, though it is absolutely clear that it is the people at large who own wealth and the so-called financiers have none. Even production is made to redound to the profit of managing agents and the real producers are not cared for. Governments are dominated by a few who do not scruple to send their fellow-creatures into the shambles of war for their own private ends. All humanity today groans and perspires, sweats and works, breeds and dies for the industrial potentates.

The doctrine of co-operation is the finger-post to the next stage in the evolution of humanity. People here at any rate are disposed to look on it as a petty interesting toy. Have a few banks there; a simpler system of takkavi; without risk of money losses; and Government devotes 2 or 3 pages of their annual reports to co-operation showing it up as an interesting toy to be seen, fondled and passed by. Some speak

of stores; and consider that a few annas saved in middleman's profits—saved notwithstanding amateur management and corruption—is the aim of the movement. A Depressed Class society there, a labourers' forest society here, a conference there, a Committee here—all these are evanescent and ill-conceived phases of a world movement. It is no use shirking its implications. Co-operation is out to break all monopolies, to secure to the actual labourer on agricultural land or in an industrial factory a correct and just return for his work, to teach humanity self-reliance and knowledge that all human beings are children of a common Father. Where God does not intend that even the lowest of these should be treated like an untouchable, it is not open to Man, however highly placed he be, to do so. It is the spirit of co-operation that as launched forth in the recent past is responsible for the feeling of the error of accumulated wealth, of the error of monopolist landlordism, of the error of manipulation of currencies which make the rich richer and the poor poorer, of the error of vested interests that for selfish reasons stifle all attempts of cottage production, of the error of bloated salaries, official and non-official, that gives thousands on the vote of those who pay themselves for the so-called "learned professions," and spares not even a living wage to the toiler, in short of the accumulated error of Industrialism and Imperialism that is now rampant in the world. There may be two opinions as to whether a particular nation can or cannot successfully adopt the new revolution. But if the law of continuous evolution helps, a nation that will not adopt this next ordained phase disappears since the future of the world belongs to co-operative humanity.

It is not the material world alone that co-operation thus challenges. It offers a field for the more highly evolved souls to work on behalf of humanity and to practically work out the truth that all Nature is kin.

It is the vogue now-a-days to offer patriarchal advice that young men should resort to co-operation; it is a duty of the educated classes to help the movement and so on. Co-operation is far above any form of social service, missionary or otherwise. It is certainly far above a dilettante and a leisure-time hobby of the richer classes. It is the moving force of the future. It is to be the hope of poor and down-trodden humanity. The world is now on account of unequal distribution of fluid wealth a constant arena of struggle for bare livelihood; co-operation will once for all end this bitter and time-engrossing struggle now stupefying the human soul. In a world of co-operation, man with the inward spark of Divinity in him will have leisure to think over the real mysteries of the Universe, to recognise Godhead in every atom of living matter and to live a clean life of ahimsa and ordered progress.

Another great advantage in a co-operatively regulated society is the bond of interest that is forged amongst all the members of the human brotherhood. The individualistic civilisation of to-day has fissiparous tendencies; any one who owns an accident of advantage uses it for self-aggrandisement and the worst enemy of man is Man himself. People are hypnotised into the belief that this conduct is natural. But thinkers now recognise, however, that though a ruthless pursuit of one's advantages may benefit a few, the nation as a whole suffers. A most striking example is our own country, India, as it stands to-day. A few highly placed in wealth or power richly exploit; they unfortunately forget that if the manifold exertions they now make be diverted for the uplift of the Indian masses, not only will the standard of the masses be elevated but even those who are exploiters to-day stand to gain more by the increased demands of a nation educated to the higher standard. We also recognise that the tide of human progress ought to be guided as laid down in our books by the Law of Sacrifice. An active life so divided will dissipate the feelings of jealousy and animosity now ruling the world, will, by bringing the intelligentsia into intimate contact with the lives of their less-gifted brethren, instil into them an active sympathy and fraternity; and will, in the masses themselves now sitting sullen and helpless under a load of man-inflicted evil felt but unrecognised how to be shaken off, create a current of new love towards the selfless workers trying to help them to secure their dues.

You should not infer from these observations that co-operation is only a disintegrating factor and is only an alternative system of distribution calculated to despoil the rich in favour of the poor. Far from it; on the other hand, it is the highest constructive art that the human mind can conceive of. By securing to the toiler the due reward of his labour, the toiler feels that his demand is proportionate to his efforts and he puts them forward more intensively than at present. Civilisation is at present so structured that the drone is fed whilst idle out of the sweated labour of the workers and the workers get dissipated economically, because they cannot get full value for their labour; mentally, because his idea of justice jars at some one else reaping the results of his work. If you can ensure to labour its proportionate reward, and co-operation aims at nothing more, the worker puts more energy in his work. Not only that, he begins to love his work because his mind gets permeated with the magic of ownership. The world gets more production; and not only that the mind of man realises the dignity of labour; man gets self-reliant as he need not cringe any more to secure a bare or precarious livelihood; the man of property realises his responsibilities. To him who wishes for increased

material comforts, the message must be to *work more*. To him who feels constrained to work for his livelihood and wishes to consecrate his time for social service or contemplation, the message is 'you can work just enough for food and you need not slave all your time for pittance'. The cutting rivalry of competition and low wages disappears. Production increases and without the harassing struggles for bare livelihood man becomes filled with a divine sympathy for all fellow-creatures and humanity tries to get equipped for the next further stage of progress—a stage not yet visible to our minds as immersed in industrialistic ideas.

Gentlemen, it is usual in addresses on occasions like this to refer to some topical questions engaging the public mind. If, however, these few words of mine have switched on a knowledge of real co-operation, it would scarcely be necessary to suggest solutions. Possibly the solution of several problems either way will be a matter of indifference in view of the ultimate issues involved. For example, take the vexed question of what institution is to supervise—the Bank or the Federation. To my mind, it does not matter which does. The real question is which selection is likely under the circumstances of to-day to lead to efficient supervision in a particular area. If the rivalry is actuated by a desire of patronage and power, neither body is fit to supervise correctly. But if the ultimate body will be guided by the real principles of co-operation visualising in it the future Gospel and the future hope of humanity, it makes no difference which body it is to which this function is entrusted. Meanwhile I cannot help saying, however, that the existing differences cause a great deal of pain to a genuine co-operator and the sooner they are removed not only formally but in inner spirit also, the better it is for this district.

By way of additional illustration, I would refer to the question of short term and long term loans. I understand that the Committee which has just sent in its report has expressed itself against long term loans. Co-operatively it is a heresy to deny loans to any of its members, when the loans are co-operatively justified. I have been pained in seeing letters addressed by the Registrar to the Madras Central Urban Bank limiting the currency of loans to 5 or 6 years. My friend, the Hon'ble Mr. Ranganatha Mudaliar, however, struck a correct note when he said on the 1st February last in the Y.M.C.A. Hall in Madras that "when a society was formed, people joined it with the full belief that their entire needs would be met by the society; and ultimately he found that he had to resort to the money-lender also; it seemed to him", continued the Minister, "that a co-operative society should be so organised as to meet fully the recurring requirements of its

members." You cannot afford to take liberties with sound co-operation. But how to characterise a Registrar who is ignorant of this simple canon of co-operation. There is something wrong in the present recruitment of the Department. It is necessary that only sound teachers should be employed therein. They of all, if insufficiently equipped, have the greatest chance of miseducating. It is to the Minister who, as we all know, is so deeply interested in village improvement, to take drastic and adequate remedies to safeguard that even if a Government red-tape department cannot furnish earnest workers, it will at least cease to miseducate.

This question of loans is of great consequence in this district where the department has, I regret to say, out of petty pique, taken an adverse attitude to the district non-official administration. You have been good enough to consult me in your recent developments and I have in deference to the susceptibilities of and enormous powers for mischief vested in the Department always counselled giving in. Probably owing to my own training, I have even gone too far. But the Department evidently mistakes tactful deference for cringing. At last a question has arisen where if you give in, you may as well cease to be co-operators and convert yourself into mere money-lenders—the question of the maximum borrowing power of societies, the question how far co-operators should be helped, the question who is to judge how much should be loaned and the question of the security for such loans. Co-operatively there can be no doubt as to the answers. So long as a loan is co-operatively justified, the co-operator is entitled to the loan. And the loan is perfectly safe—much safer than if it is backed up by any amount of "tangible securities." The Registrar is ignorant of these principles of co-operation; he insists on what he considers to be the correct security assets as revealed in property statements. Gentlemen, I assure you that no property statement—however carefully it be prepared—furnishes security to the same extent as real co-operation. Nevertheless, descending to the depth of co-operative ignorance now rampant in official quarters, I counselled you to justify your expansions even by means of property statements. Even then the Registrar will not sanction increases and if what I hear be correct, his subordinate officers have been asked not to do so.

In passing, I may remark that even in the matter of property statements he has rejected local valuations—possibly on the ground that an officer inside the purlieus of Chepauk Palace knows more about the price of S. F. 232 in the village of Tolasampatti than a local panchayat. An Indian Civil Servant cannot shed his feeling of omniscience. Is this justifiable in any view? Co-operatively the whole practice is indefensible. Even from a monetary point of view, it is not

justified. The money is yours, it is not for others to dictate to you. Does the Government undertake to bear a part of your losses? Is their audit after all correct? Has any one in the Department to-day any knowledge of the real working of any society? I do not sound any hysterical note of my own but refer you to the official committee recently convened and the volume of evidence put before them. It is for you, gentlemen, to evolve a remedy for this sickening un-co-operative muddle; and it is also for you to carry out any remedial programme with courage, relying with faith on the idea that you work for your brethren. Your capacity to work co-operatively even as against the Department will be the best augury for the future development of co-operation in the district.

You are aware of my own solution—abolish the administrative functions of the Department. I am thoroughly convinced that no department of Government of the present day, working in India, can ever be fashioned so as to deal adequately with fostering the co-operative needs and powers of the masses. Give the Department the passive duty of audit with proper safeguards that correctly trained auditors are employed and continue to be employed so long as they perform their duties accurately. The remaining duties and powers should be vested in the people themselves. The work demands this. Co-operation is under the charge of an elected Minister answerable to the peoples' will. More delegation can be done therefore if you people will realise the glorious potentialities of co-operation and demand scope for self-realisation.

The problem of the day then is how to bring home to the people a vision of the future and how to ensure that the Indian masses do not lag behind when the world evolves on to its next phase of civilisation. Hence is my incessant and insistent clamour for training sound co-operator teachers and scattering them amongst the people. If you do this large-heartedly, all other problems disappear into insignificance. You need not even wait for a reformation of Government to help you. Yours is the strength; you are the producers; all labour is yours and the dynamic world is governed by labour only; all the power of vested interests is an illusion. In each one of you lives a spark of the Divine which on account of man-made laws is dissociated from similar sparks in your brethren. Disgusted and wearying humanity is crying out for a new message to him who has eyes to see. And the message is there written in clean brilliant letters—the Hope of Co-operation. And, Gentlemen, it is for you to realise this glorious vision, to send around seers to prepare the ground for the future and to eventually elevate the country on to the next stage ordained for humanity by a beneficent God.

CENTRAL BANKS AND SUPERVISION.

BY MR. K. G. SIVASWAMY, B. A.

Inspection by Central Banks

The last word has not been said on the policy of supervision. The stage has not been reached when co-operators might consider the question whether finance and supervision should be separated. Separation of supervision and finance not only means that there should be separate bodies for different functions, though the electorate is the same for both, but also that the financing bank can act merely as the advertising medium for obtaining deposits and passing them on to the rural society. In other words the stage should have been reached when the Central Bank will be a mere treasurer of the societies acting according to their will. Such a position would be alright for Germany where most of the capital in Central Banks is that of Societies, and where the latter have attained a sufficient degree of responsibility to conduct mutual supervision and mutual audit and supply a steady contingent of responsible representatives who feel themselves as trustees of the village society. Until this position is reached, disinterested audit should be supplied by the State if Central Banks are properly to discharge their financial responsibilities. But audit alone would be insufficient. Audit may supply reliable and accurate information but not frequent information. This should be obtained by District Banks. The system of paid inspectors controlled from headquarters will not only be a costly machinery but may fail to achieve reliable information. The recent example of the dangers of inspection by Central Banks in U.P. is before us. Further, excepting 3 Central Banks which were first started with individuals, all others were of a mixed constitution formed with the definite object of making them federal banks as early as possible. Even in the first 3 banks, society representatives have largely been introduced. Under these circumstances, the society element was a known factor to the individuals; and the Local Union in one respect is no other than a territorial electorate of the Central Bank charged with the duty of supplying reliable information and ensuring repayments. For discharging this function, a rebate of four annas is paid by Central Banks. It is not given to the District Bank under this constitution to suspend or scrap a Union, for a Union is an indivisible part of the Central Bank. Neither has the stage been reached when the Central Bank can be called 'Co-operative' to merely disburse loans on the applications of societies. It is unfortunate that the 'lender element' in the societies has not been trained both by the Department and the individuals, neither the constitution and procedure in unions nor the official control over Central Banks have been so

shaped as to achieve in the shortest possible time 'the training in responsibility.' Societies do not know their relationship, or misconceive the loans of Central Banks as Government loans or consider that they are the clients of a money lender whom they should obey. In the long run, true knowledge will only be beneficial to the Central Bank. If to-day the Central Bank is financially sound, it is not because of the existence of a general sense of responsibility in the institutions themselves but because of the innate sense of duty in the representatives to manage the Local Unions and the Central Banks. Where the institutions are dependent on personalities, the Central Bank cannot afford to rely on them fully and always for discharging its financial responsibilities. The more and more the 'lender element' is developed in society representatives, the Central Bank will become gradually 'co-operative' and discard its own department for securing the safety of the moneys lent to the societies. But at the same time no Central Bank can possibly 'lift the unions' for they are mostly the Central Bank.

The Central Bank should therefore discharge its financial responsibilities by utilising the union for getting frequent information and helping in collections. No banker will be foolish enough to let things adrift and 'drive a nation into insolvency' and he should get correct information and collect the amounts before it is too late to mend. The Bank, whenever it cannot confide in a union, should test the reports of Supervisors and the information in loan applications by test checks. It should watch the repayments, and when a union does not do its duty, it should immediately take step to collect the dues.

Supervision.

But supervision has not strengthened the societies in such a manner as to be combined with the functions of a financing bank. The co-operative standard should be high enough as not to be weakened by the immediate interests of financial responsibility. Higher supervision, of teaching unions to set right societies and develop them, conducting educational classes, and spreading agricultural improvements, can come only from a paid staff or honorary workers working under bodies having a financial community of interest. The appeal of mutual supervision is to unlimited liability and consequently the development of responsibility in societies and the rapid realisation of a federal bank. The appeal of inspection by the bank cannot ordinarily take this form.

More than all, supervision will lose the healthy inspection and watch of District Banks when the latter make themselves responsible for the soundness of village societies. The interests of the depositor

become compromised to the extent to which the Bank takes the responsibility for the administration of societies. The argument that administration and audit should be separated in the Department holds good also in the case of Central Banks which have a financial responsibility to discharge to the depositors. History, tradition, and constitution of district banks and want of co-operative strength in societies are all against central banks being made responsible for it. Further, excepting very few witnesses, no one from among the individual shareholders has come forward willing to shoulder the responsibility for supervision. Let us grant they are willing. History, tradition and constitution may also be changed. It is quite possible to experiment the policy of supervision with the assistance of individual shareholders stimulated to interest in the village societies and identify their interests with the latter. But the onus of proof lies on those who want this new change, that the principle of mutual supervision is wrong, that the supervising machinery has broken down, and that, even with a reorganised Department to give efficient audit and sound advice, a reorganised Central Bank trained and supervised properly to discharge its financial responsibilities, federations, compact unions stiffened with men, supplemented with funds and provided with a trained staff decently paid and responsibly controlled, and a system of credit service lending itself to easy handling by the primaries, the co-operative organisation cannot function unless supervision is combined in the Central Bank.

It should also be noted that no conference of Central Banks has urged that supervision should be undertaken by them. On the other hand, resolutions were brought forward in the last two provincial conferences that Central Banks might undertake supervision; the one was not pressed and the other was defeated. Since 1921, conference after conference urged on the Department to start district federations.

Attitude of individual shareholders to the federation.

The attitude of individual shareholders towards federations has been one of indifference in the past and support in some districts. Active discouragement of federations began with the diffusion of views in favour of their abolition propagated by one or two prominent co-operators. When once an agitation is set in, you cannot avoid those methods to placate unions by representing to them that federations would control them whereas Central Banks would give them money and leave them scot free. But federations have suffered less by this propaganda but more by the short-sighted policy of individuals whose support could not extend to the length of voting moneys for their efficient functioning. The mental attitude that power and patronage

were being lost and that opportunity to unions to combine and consider common questions may lead to the strength of the co-operative interest in the Central Bank was there, but not to the extent of beating down the federation. The real fact is the individual shareholders were caught with the fear that the Department was withdrawing and as a prelude to it, federations were being formed, and having been spoonfed for years even as regards their legitimate duties, they could not look with equanimity on a body composed of unions which the individuals have never fully trusted. It should be noted that individuals in Central Banks acquiesced at the start in the idea of unions because of the existence of departmental inspectors running a parallel administration of the movement. Really speaking, the Department did not withdraw and has not withdrawn from the exercise of any of their non-statutory powers regarding control of supervision and regulation of the policy of the movement. It did not recommend loans, only when the Central Banks consented to sanction loans without their recommendation. It stopped also its assistance for collections and also the supply of interim inspection reports to the Bank. Frequent visits by Inspectors were not possible with the absorption of the administrative staff in audit work. These are functions which the Central Banks ought to have taken on themselves with the aid of unions. Their dependence on the Department for doing these duties tended to a confusion of thought that federations were to discharge them and consequently they misconceived their functions as those of inspection and assistance for collections.

Central Banks in the federation.

The idea of a district committee for pooling the supervision fund with a view to equalise its burden on all societies was entertained as early as 1912. The working of district councils of supervision in which individuals of Central Banks were also represented has shown that they did not take an active part in their working. It was considered of late that a large inclusion of the individual element from Central Banks in the federation was necessary for the proper discharge of their financial responsibilities and would reconcile any opposition to the combination among unions to improve supervision. But it has not satisfied some individual shareholders, on the other hand they themselves turn back and say that the federation being more or less similar in constitution to the district bank may be abolished. The compromise has not satisfied the federation too. It is felt that district banks cannot discharge their financial responsibilities through a body weighted with unions. There is also a feeling that it would compromise the position of the banks to make its office-bearers those of the federation as well. A mutual

exchange of one or two representatives who are intimately connected with the administration of the Bank and the federation for giving advice on the several questions that come up before them without the right of voting will be helpful to both the institutions. At the same time, the inclusion of Bank representatives in Finance and Education Committees would help the latter in understanding the possible developments of the credit system and the requirements of the Bank regarding the training of supervisors from the financial point of view. If it is found that individuals in the Central Bank desire representation in the central administrative body, there need be no objection to their membership provided they are not committed to responsibilities of supervision by being elected as office-bearers.

FACILITIES FOR AGRICULTURAL MARKETING *

It is true, to some extent, that the reduction in the freight on manures, oil cake, jaggery, grains, pulses and seeds is a step in the right direction to help the agriculturist, but I do not think the reductions made are such as to confer any very substantial benefits on the agriculturists. Sir, I have gone through the explanatory memorandum (appended to the budget) carefully and can say that while the reductions are partially beneficial, they are really not beneficial to the extent of satisfying the just claim of the agriculturists. Again the policy of preventing the export of such useful articles as manures and oil cake ought to be pursued by the Railway Administration in conjunction with the Financial Department of the Government and freights should be so regulated as to discourage their export out of India to foreign countries. The Local Government of my province was the first to raise this question in a prominent manner and the Madras Agricultural Department fought very strenuously against the policy of exporting manures and oil cake to foreign countries to the detriment of the agricultural population of India. I drew the attention of the Leader of the House who is in charge of the Department of Education, Health and Lands in another connection, in the last session, to the subject and he promised to consider the matter. Therefore the Railway Administration and the Finance Department of the Government of India should help in putting an effective check on the export of these vitalising manure and oil cakes. At the same time they ought to make their transport in the country very cheap, in order to reduce their cost to the agriculturist. That will be the right policy.

* (Extracts from the Hon'ble Mr. V. Ramadas Pantulu's Speech in the Debate on the Railway Budget on 23-2-28 in the Council of State).

I have also to put in a word or two on behalf of the co-operative organisations which are engaged in the purchase and sale of agricultural produce. From a study of the co-operative literature of other countries, I have found that various Governments have given facilities in regard to transport and other matters to encourage co-operative societies in the purchase and sale of agricultural produce. Their chief aim is to eliminate the profits of the middlemen and to bring the producer into direct contact with the internal consumer. Such societies would be a great boon to this country and if they are encouraged will amply repay the nation. I therefore put in a special plea that whenever the question of transport rates is considered, some special facilities should be secured to co-operative organisations which deal with purchase and sale of produce.

The Nawab Saheb referred to one very interesting question namely that of affording special facilities to students. I myself intended to say something in that direction, with the addition that similar facilities should be extended to demonstration parties sent out by co-operative and other adult education organisations to teach the agriculturists improved methods of farming and the like. A Committee on Co-operation recently sat in Madras on which I had the honour to serve and that Committee made valuable recommendations with regard to sending out of parties for undertaking rural reconstruction work by educating the agriculturists with the aid of demonstrations, Cinema shows, and other upto-date propagandist methods. A large number of such parties have got to be sent out in the country from time to time and if the Railway Board can see its way to giving facilities for their transport and concession in travelling rates for these groups of men going about with useful apparatus on this important nation-building work, it would be of great advantage and lasting benefit. This would not cost the Railway Board a great deal but will be greatly appreciated by the Rural India.

HOW CO-OPERATION HAS IMPROVED THE SANITATION OF NASIRABAD TOWN.

By Mr. AMAR SINGH.

The fact that local men have true and real sympathy with the people of their own district has well been proved by Mr. B. L. Mathur, Inspector Co-operative Societies, Nasirabad. He is the only Inspector of local breed in this department well acquainted with the customs and languages of the people of this district and as such has gained full confidence of the people of this place. He is more and more trusted by the people for whose uplift he is sincerely trying. Since he returned from Europe after getting training in Co-operative work, he has given

a very good idea of improving the sanitation of this town through Co-operation.

In previous years, the sanitation of Nasirabad was not so good as it is now. The system of giving contract to an individual contractor was the curse of it, who merely thought of his own pocket and not of the dumb animals and the real workers.

The sweepers who worked as his employees did not receive full payment as he naturally kept a substantial sum as his profit. They therefore determined to take up this work in their own hands and avoid their middlemen who was nothing but a mere burden on them. They held several meetings and on Mr. Mathur's explaining then, a Co-operative Society was formed with 25 sweeper members and the contract obtained from the Cantonment on 1—5—27. The Society began this work on an owned capital of Rs. 25 and a borrowed capital of Rs. 1,000 from the Nasirabad Co-operative Central Bank Ltd.

The willing members utilised this amount properly and bought good bullocks and 'Padas'. The Society is since then doing good work with the result that its membership has now risen to 31 and owned capital to Rs. 569.

The Society also borrowed Rs. 292 from the Nasirabad Co-operative Central Bank Ltd., for purchase of grass worth Rs. 192 to feed the bullocks and Rs. 100 for replacing old and weary bullocks and 'Padas' with new and young ones.

It has now cleared all the Central Bank dues and has got a deposit of Rs. 148 in Nasirabad Co-operative Central Bank Ltd., and Rs. 200 with the Cantonment Board as security for good works.

If the society's contract is renewed, the work will go on splendidly as is being done at present. There is neither any complaint about removal nor about the cattle supplied by the society. The following remarks of the Executive Officer of this Cantonment at the time of his inspection of the cattle on 13th November 1927 will show how nicely the society is working without a complaint of any sort from any corner :—

"I inspected the conservancy animals to-day and found them all in good condition. The removal is being carried out very satisfactorily and far better than before under the old contract system. The Co-operative Society receives a fixed instalment from the sweepers monthly and sweepers own the animals. The animals are fed under the supervision of the society. The system in force when I was posted here some years ago was for the C.A. to give the supply of animals out to a contractor at so much per head. I had a lot of trouble when this

was in force as contractors only thought of thin pockets and never of the poor dumb animals who remained half starved and too weak to do the work efficiently. I would suggest the Board renewing the contract; the rate is not by any means too high for quality of animals supplied.

(Sd.) J. H. RELEY IRVING, CAPTAIN, I.A.,
Executive Officer, Cantonment.

In the end after requesting the Cantonment authorities to renew the contract in the interest of public health, I thank Mr. B. L. Mathur for his giving this new idea to this Cantonment as it is liked both by the workers and the public excepting the few whose pockets the scheme has touched.

I would be failing in my duty as a true townsman of this Cantonment if I finished this without expressing my gratitude to Sardar Kartar Singh Sahib Sandu B.A., Registrar of Co-operative Societies, Ajmer—Merwara, who approved of the suggestion of Mr. Mathur and registered this society.

THE NAMAKKAL CONFERENCE.

By DEWAN BAHADUR R. RAMACHANDRA RAO, C.S.I.

The Conference at Namakkal was unique in several respects; several speakers expressed that it started a new era in the history of co-operation in the Presidency. It will be useful if one takes stock of what it denoted. In the first place, the Conference was extremely business-like. It did not, like other Conferences, traverse twelve or twenty or more resolutions. It confined itself to two and only two decisions; and these were debated on at length. Secondly, I could not help being impressed with the interest that the rank and file of the assembled co-operators evinced in the discussions. At the meeting of the Subjects Committee especially, every clause was mercilessly analysed.

2. The first resolution was one of self-help. The Salem Central Bank can to-day after making provision for Reserve Fund and dividend provide for entertaining six Officers on a decent salary. This number will be adequate for one taluk only. The Conference considered that some beginning should be made for adequate supervision. If it was not done, it believed that the existing loans will be jeopardised; on the other hand, if suitable supervision be provided, a safe and large expansion was expected. The Conference felt certain that supervision by Government Officials will never be good in quality and that Government cannot afford to supply the necessary quantity of supervision. Meanwhile, it was District Bank money that was at issue. So whilst welcoming all supervision present and contemplated whether by

Government, Unions or Federations, the Conference was emphatically of opinion that the District Bank should provide from its own resources the necessary staff as supplementary or by way of replacement. This counsel is a highly practical advice, immediately worthy of adoption and I trust that the district bank will realise the situation and approve of the proposed policy. The bank may rest assured that the carrying out of the policy will insure its business, will expand it and can eventually be applied throughout the district. The rest of the resolution deals with the service conditions that the conference considers best to be applied to the new staff.

3. For the sake of conservative co-operators, I may add that the new staff is not an appellate authority and is not intended to replace existing Panchayats and Unions. Their duty will be only to advise these bodies and report to the District Bank. Further, as in the interests of co-operation itself the jurisdiction of each member of the staff will be limited, he will have ample time to study the further co-operative possibilities of each village and to advise villagers on cognate questions of rural re-construction.

4. The second resolution is an appeal to Government to lay down a policy in the procedure obtaining in the matter of the sanction of amendments to bye-laws. When the number of societies was small and the Government staff was adequate in quantity and quality to get into touch with them, it was conceivable to vest this power in the Department. The Conference believed that this touch no longer existed and the Department in which the power now vested under existing law should be given definite instructions. Wherein four bodies, the Panchayat, the Union, the Bank and the Federation, agree on a certain amendment, the Registrar must either sanction the same or else give reasons for refusal to the bank and the federation; and if those bodies both of them persisted in the request for sanction, the Registrar should have no option. This is a modest request and if the Government will not approve of it executively, I hope that some member in the Legislative Council will introduce a short bill to get it through.

5. Attention must also be drawn to the meeting of the Salem Central Bank held at Namakkal. Here I am sorry to note that the atmosphere was very bitter against the Department and sorrier to state that this was perfectly justified. Loans had been advanced on the advice of the Department but had become unsafe. Societies were moribund or worse; and in its own interests the bank employed a safe co-operator, M. R. Ry. Rao Sahib M. S. Seshachala Iyer, with a staff to overhaul the societies. In the limited time given to him, he turned out wonderful work regardless of personal trouble, health and expense

and rectified a number of societies. Naturally when matters were explained and the people at large understood what co-operative credit stood for—for previous ignorance the Department is solely responsible—more members joined and their requirements expanded. Societies sanctioned amendments increasing their maximum borrowing powers; these were approved of by the governing Unions and by the Central Bank; and disbursements were made in anticipation of the Registrar's sanction to save delay as authorised in a Conference of Central Banks. The Registrar however, it was felt, has a prejudice against the Salem people. He declined to sanction the amendments; he did not give any reasons; he did not reply to letters; and he has addressed the Village Societies to pay up the excesses drawn. Of course this action is not that of a co-operator but smacks the conduct of a Military Officer like General Dyer. These rectified societies are the best societies in the district and their overdues are trifling. After full discussion and with a full consciousness of its implications, the general body of the Salem Central Bank resolved to give another chance to the Registrar, and if he did not yield, to go into voluntary liquidation. The members also resolved to re-constitute themselves under the Companies' Act so as to serve the public without hindrance from the "Co-operative" Department. If the Government eventually drives the public to adopt this measure of self-help, it will be the most significant commentary on its real intentions to help the public.

6. I was generally struck with the clear business-like spirit shown by the co-operators. Cringingness and asking for favours were tabooed; the people showed a willingness for self-help and self-work; the general feeling was to take the help of the Department if it helped and to do without it if it obstructed. I was glad to note that about 20 years of co-operative work have developed this attitude and trust that the people will loyally and in all moderation carry it out. May the All Beneficent God give them enough strength and intelligence to do their work in the best interests of the people in the district.

7. For convenience of reference are added below copies of the two resolutions of the Conference and the resolution of the District Bank commented on above.

Resolutions of the Conference.

I. That in order to improve co-operation in quality, quantity and variety, it is desirable to initiate and maintain, in addition to the existing agencies, a staff of co-operative workers on secure terms;

That such workers may be enrolled in an Order for the uplift of the people and no worker shall be enrolled until after a probation of 3 years and approval by the Bank;

That the pay of each member of the Order be 60-5-100 without any travelling allowance;

That when the Bank sanctions recurring expenditure for the Order, such sum shall be paid annually without abatement; and

That ultimately when the order comprises 12 members, the authority over the members shall be the Order; and meanwhile such authority shall be vested in a Board of 3 members annually elected, one by the District Bank, one by the Federation and one to be co-opted by these two elected members, each Board functioning till its successors are appointed. (*Carried unanimously*).

II. That whenever the borrowing powers of a society, maximum or individual, are amended by a society and the amendment is approved of by the Union, the District Central Bank and the Federation, the Registrar should generally sanction the same;

That, if he sees reason to dissent, he shall furnish his reasons to the District Bank and the Federation and if these two bodies even on reconsideration resanction the amendment, such amendment shall be sanctioned by the Registrar; and

That the above procedure shall apply to all other amendments of bye-laws of primary societies. (*Adopted unanimously*).

Resolution of the Salem District Urban Bank Ltd.,

General Body Meeting, Namakkal, 26th February 1928.

Resolution No. 41. "That the General Body is of opinion that the recently sanctioned increased borrowing powers (maximum and individual) are quite necessary in the interests of co-operators and co-operative movement and requests the Registrar to register the increases;" and

"That in case these are not registered, the Salem District Urban Bank Ltd., and the Village Co-operative Societies will be, in the interests of the public, compelled to go into voluntary liquidation, and the public will be advised to start a District Joint Stock Company to cater to the needs of the District untrammelled by a Government Department and to start Joint Stock Companies in villages also to replace Government Co-operative Societies." (*Adopted unanimously*).

CONSUMERS' CO-OPERATION IN MYSORE STATE.

(Continued)

Is it going Beyond Rochdale?

BY MR. K. L. NARASIMHA RAO, B.A., B.L.

(Convener, Non-Credit Committee of the P. C. U.)

In my last article, I have stated all the material facts necessary to understand the working of the Consumers' Movement in Mysore State; and, in this article, I propose to deal with the general principles on which the Movement there is working and make some generalisations and draw a few inferences therefrom, for co-operators to think and act.

The bed-rock of Consumers' Co-operation is said to be the "Rochdale System". And it has been faithfully affirmed and declared oftentimes by co-operators that it does not in the least matter where and at what period a consumers' society is started, provided it is organised on the "Rochdale System". In other words, a true co-operative store, whether it is organised in China or Peru or in Timbuctoo, must be a society after the model of the Rochdale Pioneers or else it is not co-operative. This leads us to put questions: What is the "Rochdale System", and why is so much importance attached to it? Can there be no other systems of co-operation than the Rochdale? And is the Rochdale system the final and the last phase of development in the Consumers' Movement? And these questions must be answered in discussing the general principles of the Consumers' Movement in Mysore State in order to arrive at a correct estimate and sound judgment.

I am of opinion that the Rochdale system, while it is no doubt a good model to begin with, is neither the whole nor the most perfect system which is incapable of being improved upon. And certainly, it is not the last and final phase of development in Consumers' Co-operation. In the last month's issue of the Bulletin, there is an extract under the style 'Beyond Rochdale' taken from the Co-operative Official—and on which the learned editor of the Bulletin has invited public discussion—which supports the view I am holding. And the practical experience of Mysore clearly shows that I am not at all wrong in my view. Further the view I take can be easily sustained on its own merits: and this I intend to do in the course of this article.

Just as I have taken the Industrial and Commercial Co-operative Society and the Bangalore City Co-operative Society as representing the Consumers' Movement there, I will take the Triplicane Urban Co-operative Society of Madras, the biggest store society in India as typifying the Rochdale system, and compare and contrast the principles on which these two types of societies are working towards the same goal *i.e.*, of

benefiting the consumer. The Rochdale system is based upon four broad principles. They are (1) Sale only to members, (2) Sale for cash, (3) Sale at market price, (4) Dividend mainly on sales and not on share capital.

To take the first principle, Membership. The two societies in Mysore freely sell to non-members without any restriction except under special circumstances, as when the stock on hand is not enough even to meet the ordinary demands of their members or when the non-members flock in great and unusual numbers, at a time, merely to avail themselves of the cheapness of certain goods, in the stores at that time, when the price of those goods are abnormally high in the market. The non-members do not get any dividend or profit from their transactions with the Society nor have they any rights or privileges in the management of the society. They only get a fixed commission in the rupee on their purchases, at the time of purchasing, which commission is given to members also when they make cash purchases. This commission cannot be called 'dividend' in any sense. It is only given as an inducement to members to make cash transactions always. As non-members can only buy for cash, they invariably get this benefit while members who buy mostly on credit do not have this direct benefit. The Triplicane Urban Co-operative Society of Madras (for shortness, it will hereafter be called the T. U. C. S.) only sells to members: and if non-members wish to buy they can only buy through members. As the transactions with the T. U. C. S. are always for cash, even this concession of commission they will not have even indirectly through members. In the end, the members may gain some extra dividend, for themselves, on the amount of purchases that have been made through them which ought to go strictly to the actual purchaser. Thus the Consumers' Movement in Mysore is directly opposed to the T. U. C. S. principle of sale to members only. It is interesting here to observe that while Germany follows the T. U. C. S. principle, Great Britain, Prussia, Spain, Belgium, Holland, Italy and France follow the Mysore Societies' principle. Even in Madras Presidency, it is not all societies that are precluded from selling to non-members, as T. U. C. S. The chief object in allowing co-operative store societies to sell to non-members is to increase the society's sales and members' profits. Further when ordinary joint-stock company store societies sell their goods to all and sundry, why should the Co-operative Societies alone shut their doors against all except their members and lose invaluable custom. Does a man become a co-operator when he becomes a member of a co-operative society and ceases to be a co-operator when he ceases to be a member? I think the man who buys regularly from the co-operative stores is a

better co-operator than the man who is a member of the Co-operative Society but rarely buys from the stores. But yet, co-operative theorists say that if you sell to non-members also then very few people wish to be members of a co-operative store and compulsory loyalty cannot be expected from non-members. And further, the non-members, while deriving some benefits from their transactions with the society, have absolutely no obligations to discharge. And the principle, "all rights but no duties," will not be conducive to the growth of the Co-operative spirit. The only effective answer that can be given to these theorists is, the best way of developing co-operative spirit is to invite all people into its fold and gradually train them up to shoulder the responsibilities also, but not to shut its door childishly against the very people who require teaching in co-operation, and keep it open only to those who do not require to be taught, to put it technically.

Sale for cash is the second principle of the great Rochdale pioneers. This principle is absolutely unobjectionable in theory and has very many obvious advantages if followed in practice. To cite a few of them. The capital will never be locked up for a long time. It will quickly rotate and make the business increase, without increase in capital. The interest charges (on the turnover) will be much less. It will avoid a good deal of book-keeping and expensive establishment. It promotes thrift and self-help. There will never be arrears, bad debts and consequential loss to the society. It will not have the demoralising, degrading and degenerating influence of the debtor. Realising the value of this great principle, the consumer societies in almost all countries sell their goods only for cash. And the T. U. C. S. also strictly follows it. But in Mysore state, the two societies most violently break this sound principle. They sell to members, freely and largely on credit. Its credit transactions are by far the larger than its cash transactions. So the question arises, is this sound business in Co-operation? The experience of the two societies in Mysore state has shown at any rate that this is not bad business as is usually depicted by co-operators. The development of all co-operation depends upon proper reckoning of the human side of the Movement (i.e., the human element which contributes so largely to the success of any movement). To the extent the Movement fails to recognise this principle, to that extent its progress will be checked. The managing authorities of consumer societies, in India, must realise that it is extremely difficult for all members to have cash for all their purchases at all times. Most of the members will be monthly paid officials for whom it is convenient to pay their bills as soon as they receive their salaries. It may not be possible for them to keep any money for purchases towards the end of the

month. In India, the lower class and middle class people are so under-paid and their incomes so unsteady and irregular sometimes, that they will not have enough money left after they meet demands of necessities of life. Not very infrequently, even for necessities they will have no money and they have to buy on credit. It is all very well to say to a man who has enough money that he should buy for cash. This is usually so in western countries where it is said by economists that a labourer is better paid than the middle class official in India. But what of those who do not possess cash and whose only income is their monthly salaries? And after all the co-operative businessmen must remember, the ordinary shop-keeper in India usually accommodates his customers with credit, without giving them much trouble, and is taking the risk of bad debts very deliberately and courageously? Yet, by the success that attended his business, he is able to prove that he is doing as much good business as any co-operative society, if not more. When it is so, why not Co-operative societies also give credit? It is for co-operators to think and act.

The third principle is more controversial than the other two. This has been particularly brought into prominence by the co-operators in England, in the form of the question, "Higher Dividends or Lower Prices"? I do not propose to deal with the principle at great length here as I wrote a separate article on it to an English journal. But suffice it to say here that co-operators are no longer willing to follow tamely the rule that they must sell their goods at the market price. The prevailing spirit is, why should not the co-operative stores guide the market rate instead of being guided by the market price? If consumers' stores is not able to dictate price to the market, then there is something inherently defective and lacking of potentiality in the Movement which the co-operators now do not admit. The Mysore Co-operators have defied the Rochdale Pioneers even here. According to their bye-laws, they have fixed a maximum of profit which the society can charge over the cost price. If the market price is higher even than that, it must not charge higher price. If it is lower than that, then the society may charge any profit that they like, over and above the cost price, in order that the stores price may not be higher than the usual market price. But if the cost price itself is higher than the market price, they sell at that high price without bothering themselves about the market price. But on my questioning the Honorary Secretary, Mr. T. Rajarao, on the third point, he told me that such occasions will be very few and they will not be of such a character as will thwart the smooth working of the society. Look at the Triplicane Urban Co-operative Society. It slavishly follows the market price. The result is the members neither get cheap articles nor good

profits; for, though the cost price is low, as a member is charged at the market price he won't get that benefit; and what he has saved on this article towards profits will be lost on another article, where the society to keep its price with the prevailing rate of the market price sells almost at cost price. The time in my opinion has come to explode the theory of selling at market price.

The fourth principle is to give profits not in proportion to share capital but in proportion to the value of the purchases each member makes. It is this principle which distinguishes a joint-stock company from a co-operative society. The aim of the co-operative society is to benefit the consumer. And I really find no justification for any co-operative society to give larger dividends on share capital than on the amount of purchases. To do so, is to go "Behind Rochdale". The interest on share-capital should be very nominal. The rate of interest on share-capital in the T. U. C. S. was only $3\frac{1}{4}$ for a long time and it is recently that it is raised to $6\frac{1}{4}$. But in the Mysore Co-operative Societies it is $7\frac{1}{2}$ per cent. These high rates of interest will make the co-operative societies share-holder's concerns and not consumers' concerns. When I visited the Madura Co-operative Stores, at the invitation of Mr. Ramasubbu, its Secretary, I found that that society has been giving as high a rate of interest as 9 per cent on its share capital and when writing my impressions of that society in the Visitors' Book, I was constrained to remark about the same. The raising of interest from 6 to $7\frac{1}{2}$ per cent on share capital in the Bangalore City Co-operative Society has the immediate effect of reducing the profits to be divided to members on purchases from 4 pies to 2 pies in the rupee. Thus, a visitor with orthodox co-operative views will find shocked at the heterodox principles of Consumers' Co-operation in Mysore State. But its remarkable success there will bid fair to the Movement in future. And the watchword of all co-operators hereafter will be "Beyond Rochdale."

A PLEA FOR GREATER ATTENTION TO NON CREDIT ACTIVITIES.

BY MR. V. JAYARAMAN.

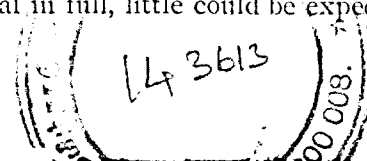
Two decades have passed since the Co-operative Movement was initiated and a Government stock-taking too has just been finished. A very pertinent question was asked of Mr. Hood, the Registrar, by the Committee on Co-operation as to how far the activities of the Movement had resulted in the removal of Rural Indebtedness. He is reported to have said in reply that the lending rate of interest had gone down much as a result thereof. The reduction is a good feature. But,

can it be depended upon either entirely or to a great degree to solve the Big Problem of Rural Indebtedness. The non-official co-operators seem to have suggested in their evidence that Land Mortgage Banks would provide an effective remedy therefor. True, would it not prove a long cry to the villagers, what with the snail's pace at which these banks are being organised?

The indebtedness of the ryot is of triple character, prior, present and posterior. It is such an incubus that like the Old Man of the Sea, it keeps him pressed down now and for ever. The objective of our movement must be and is to attempt to release him entirely from this Thralldom. The emancipation can come to him only if he be helped to reach to his full economic stature. In other words, not until all his sources of wealth are gathered, fostered and conserved for him, will the curse of debt fall off from him.

It is an undisputed fact that our ryot is backward in two very essential things that count for his uplift, economic independence and intellectual development. His method of cultivation remains as unproductive as he is yet conservative. And, it is no wonder that his lands yields leave him little for him to put by to wipe off his debt. It is notorious that land yield here is woefully poor. Mr. Ananda Rao, Deputy Director of Agriculture has pointed out in his article on rice in Italy contributed to the Modern Review that the yield of rice per acre in Italy is 3670 lbs. whereas in our country it is only 1310 lbs., the labour on the fields in Italy being chiefly Manual as in India. Again, the poor ryot is not assured of the full economic value of even this poor yield. With the monsoonic fluctuations or rather failures, his outlay on the fields gets lost sometimes and he is led deeper and deeper into debt.

What does a credit society do for him now. It lends him money. It is expected to induce its members to effect savings and develop thrift. Money is asked for and given for productive purposes inclusive of the payments to get rid of prior debts. The result of its work can be seen in the figures from the Administration Report. The report for 1925-'26 records that in Agricultural Societies, 114.89 lakhs had been lent for productive purposes, out of a total of 167.58 lakhs. It is a good percentage. But one has to ask if there had been any little improvement in the material lives of the borrowers. An answer can be looked for in the Overdues statement. It records under principal 36.15 per cent., under overdue interest 53.87. So, it has to be agreed upon that while members with credit facilities have not been able to raise from their lands sufficient to pay up their interest and their instalments in principal in full, little could be expected of them in the way of effecting



a little saving with the help of these societies alone. In this connection I would commend to the Co-operators, official and non-official, the very reflective remarks of Mr. Watts, the Dewan of Travancore. In his recent Budget speech, adverting to the great disparity in the number of credit and non-credit societies in the state, he remarked. "The pity of it is that the great majority are nothing more than credit societies. Whether a profusion of such societies can in reality foster thrift remains to be seen".

The solution lies in simultaneous and equal if not greater attention being paid to Non-Credit Activities. Sir Horace Plunkett, the father of the Irish Co-operative Agricultural Organisation Society, was said to have argued that if the Cry 'Back to the Land' were to be a reality and not a mere catchword, three things should be done for the ryot. Those are the very things we want. They are Better Farming, Better Business and Better Living. These can be secured for him only through separate organisations other than the present primary credit societies. What they are, we shall consider in our next article.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION.

Resolutions passed at the meeting of the Advisory Body.

24th December 1927.

I. Arrangements for the ensuing XVI Madras Provincial Co-operative Conference:—

Resolved that if Nellore is for any reason unable to hold the XVI Madras Provincial Co-operative Conference, as usual in Easter Week, the Conference may be held on a later date which suits the Nellore Reception Committee better, or at Rajahmundry to which place Mr. N. Satyanarayana has renewed the invitation which he extended to the Conference at the XV Session at Madura. The Conference shall be held not later than the end of June.

(ii) The P. C. U. will arrange to invite to the XVI Madras Provincial Co-operative Conference a few leading co-operators from other provinces in order to discuss the practicability of arranging for an All-India Co-operative Conference next year. The election of the President and the officebearers of the Conference will be left to the Reception Committee formed at the place where the Conference is held.

II. Re-organisation of the working of the P. C. U.:—

Resolved that the P. C. U. do continue for the present to occupy its present premises and request the Servants of India Society to build for them a suitable building in their premises on a guarantee

of continued occupation of the same for a period of five years from 1st January 1928, at a reasonable rent not exceeding Rs. 50 per month.

* * * *

III. Read letter No. C. 212 of 1927, dated 5-11-1927 from the Vellore Dt. Council of Supervision:

Resolved that the general policy indicated therein be accepted.

[The letter referred to above communicates the following:—

Resolution No. 15 dated 29-10-27 passed by the Executive Committee of the North Arcot District Council of Supervision, Vellore.

Subject.—Views expressed in the This Council regrets to see such views Bulletin of Co-operation for July and expressed in the Bulletin of Co-operation published by the Madras August '27 against the District Federations doing rectification and consolidation work. Provincial Co-operative Union, and expresses that it is against practice to write particularly in the editorial

columns of the Bulletin conducted by the Provincial Union against the resolutions passed at the Madras Provincial Co-operative Conference held at Madura and strongly urges on the Provincial Co-operative Union to consider what respect could such resolutions command from the Government as well as from other Co-operative Institutions if the Provincial Union does not treat resolutions passed under its own auspices with the respect they deserve.]

IV. Suggestions to be made before the Committee on Co-operation:—

On the President inviting the opinion of the Advisory Body on certain matters relating to the enquiry that is now being conducted by the Committee on Co-operation, the Advisory Body expressed their opinion on the following matters by a clear majority. On other matters there was no decisive opinion expressed.

1. Supervision Fund.

(a) *Collection*: The Advisory Body agrees to the proposal of the entire supervision fund being collected by the central banks on the basis of the transactions and not merely on the basis of actual interest realised.

(b) *Centralisation and allotment*: The opinion is in favour of the centralisation of the supervision fund in each district in the hands of the District Federation. The Federation, in framing the budget and allotting funds to the various unions, should observe the following rule:—

The 8 annas contributed by the societies should be made over to the unions from whose respective areas the contribution comes. The

contribution made by the central bank alone should be equitably distributed among the unions.

2. Long and Short term loans.

The Advisory Body is in favour of dividing the transactions into Long and Short term on the following basis:—Short Term Loan is one which is repayable out of the next harvests ordinarily within 12 months, except in the case of some crops like sugarcane and betel leaves.

Long Term Loan is one which is repayable out of the savings during a period of years.

The Advisory Body has no objection to the proposal that Central Banks and Societies should maintain separate accounts in respect of the two kinds of transactions.

The Advisory Body however consider that facilities for ten year loans should not be curtailed at least until the Land Mortgage Banks are established in large numbers.

3. Audit of Primaries.

The Advisory Body is in favour of the Audit Report being so revised as to confine the scope of the Auditor's work to essentially financial matters with special emphasis on the statutory duties of valuation of assets and examination of overdue loans. The Supervisory portions of the questions in the report should form the subject of a separate report by the Union Supervisor which will be scrutinised by the Audit Inspector.

(Sd.) V. RAMADAS,
President.

CIRCULARS OF THE P.C.U.

I

(Dated 14th March.)

My Dear Sir,

I am sure that you are aware that the Registrars of Co-operative Societies of the different Provinces of India and Burma hold periodical conferences, evidently to study problems connected with the Movement as a whole. Similarly the Provincial Co-operative Banks also have been, for some time past, meeting periodically to solve questions connected with Co-operative Finance. These Conferences of Registrars and Banks are, I believe, held once in two years. The practice of the Development Ministers of all the Provinces holding periodical Conferences to discuss matters connected with their Departments, of which Co-operation is one of the most important, has also been set up. I understand that all these Conferences are being arranged to meet this year, at Simla, in the first half of June next.

I consider it eminently desirable for select representatives of Provincial Co-operative Institutes to similarly meet periodically, to discuss and solve the many outstanding problems relating to the Co-operative Movement in all its aspects. Since the Maclagan Committee reported in 1914, no attempt was made to take a comprehensive view of the subsequent progress of the Movement and the lines of its development. With the introduction of the Reforms, Co-operation has become a Provincial subject in the transferred departments and there is no near prospect of the Government of India setting up an All-India Commission or Committee for enquiring into the conditions of the Movement and making proposals for its future development. Three different Provinces already set up their own Committees and the reports of the King Committee, the Oakland Committee and the Townsend Committee which sat in the Central Provinces, the United Provinces and Madras respectively, have been published. As guides to co-operative theory and practice and storehouses of knowledge of co-operative principles in their application to Indian conditions, they can scarcely compare with the Maclagan Report. While they are of undoubted value, possessing the advantage of provincial questions receiving detailed consideration, they suffer to a certain extent from the disadvantage of the larger problems confronting the Movement being attempted to be solved in an atmosphere which is sometimes clouded by local controversies of an unhealthy nature, which tend to submerge true co-operative ideals. It is therefore up to the Provincial Organisations to meet periodically, confer and give a right lead to the Movement as a whole in India. The need for such a co-ordination of effort between the Provinces can hardly be questioned.

I therefore beg to suggest that a Conference of select representatives of the Provincial Co-operative Institutes also may meet at Simla in June next. Like the Provincial Banks, the Institutes may also depute two delegates each. If this proposal is accepted, steps will have to be taken promptly for making arrangements for the Conference. The advantages of the Conferences of Official heads of the Co-operative Departments, representatives of the Financing Banks and the representatives of non-official Provincial Institutes, meeting at the same time and place affording opportunities for the inter-provincial co-ordination of thought and effort, are obvious. The Universities of India are attempting to realise the ideal of consolidation of educational effort by an Inter-Versity Board. In course of time, the Standing Committees of these Conferences will form the nucleus of an All-India Co-operative Organisation whose potentialities will be immense. Without such an organisation, India cannot take its rightful place in the International Co-operative Movement. In the march

towards the goal of Co-operative Commonwealth, India will be left miles behind without an All-India Co-operative League. Shall we not take early steps to pave the way for its establishment? At the time of the last Provincial Banks' Conference, an informal meeting of certain representatives, over which Mr. Devadhar of Bombay presided, was held to consider the desirability of establishing an All-India Co-operative Organisation and holding an All-India Congress. Though their necessity was recognised, nothing seems to have been done so far owing to many difficulties in the way. I hope that the proposed Conference will pave the way to the organisation of an All-India Association.

I shall feel obliged if you favour me with your views on the proposal made by me and also with your suggestions regarding the arrangements to be made for the Conference, if you approve of one being held in June next at Simla.

I am, Yours Sincerely,
V. RAMADAS PANTULU,
President, M. P. C. U.

To the Presidents and Secretaries of all Provincial
Co-operative Institutes in India.

II

SIR,

(Dated 9th March.)

The XVI Madras Provincial Co-operative Conference will be held at Rajahmundry on the 6th, 7th and 8th of April 1928 (Easter Holidays) under the presidency of Dr. Radhakamal Mukerjee, University Professor of Economics and Sociology, Lucknow.

It has been the practice in the past to issue a questionnaire on topics of interest connected with the Theory and Practice of Co-operation inviting co-operators to contribute notes and papers thereon and to print them for the use of the delegates of the Conference and of the general public. This year, that practice is slightly deviated from, in view of the fact that the co-operative problems of the province very recently came under the review of a Committee appointed by the Local Government and that the Report of that Committee is now available to the public. I have therefore considered it unnecessary to issue the usual questionnaire to elicit opinions in the ordinary way. I felt that if co-operators are invited to express their views on the several recommendations embodied in the Report, it will better serve the purpose in view.

I therefore request you to select such subjects that are dealt with by the Committee in their Report in which you feel specially interested and to express your views thereon in the form of a note or paper as you choose.

The collection of these views will form a valuable contribution to the literature on the Co-operative problems which will soon come up for a detailed examination in the light of the Committee's Report and the action which co-operators desire the Government to take on it.

Please arrange to send your note or paper so as to reach the office of the P. C. U. on or before the 25th of March '28, so that it may be printed before the date of the Conference.

Yours Faithfully,
V. RAMADAS,
President.

To all Co-operators and Federations, Unions and Central Banks,

III

(Dated 9th March.)

DEAR SIR,

The Non-credit Committee of the P. C. U. requests your special attention to the Report of the Committee on Co-operation with regard to the Non-credit activities of co-operators in this presidency; and invites your views on the Report as well as on the possibilities for development of Non-credit work in your district specially and in the Province generally, as you are undoubtedly aware of the importance of Non-credit work in the growth of the prosperity of our country.

Yours Faithfully,
K. L. NARASIMHA RAU,
Convener, Non-credit Committee, P. C. U.

To all Non-credit Institutions and Co-operators.

XVI Madras Provincial Co operative Conference.

At a meeting of the Board of Directors of the Andhra Rashtra Sahakara Sammelan (Andhra Provincial Co-operative Union) held on the 5th March, 1928, in the Rama Mohan Library Hall, Bezwada, under the Presidency of Mr. Narasimhadevara Satyanarayana, it was unanimously resolved that it is not at all desirable to hold the Madras Provincial Co-operative Conference at any time in any place within the linguistic jurisdiction of the Andhra Rashtra Sahakara Sammelan.

As, however, arrangements have already been proceeded with to a certain extent with regard to the holding of the next XVth Madras Provincial Co-operative Conference at Rajahmundry, it was unanimously resolved to permit the holding of the same for this time alone.

CAMP : GUDIVADA,
9th March '28.

(Sd.) ILLEGIBLE,
Manager.

ANDHRA RASHTRA SAHAKARA SAMMELAN.

EXTRACTS FROM FOREIGN PERIODICALS.

1. Educating the Democracy—Co-operators as Educational Leaders—What Societies give and teach.

Co-operation demands intelligence ; and complete and successful co-operation only becomes possible when men and women are educated, know the power of organised action, and possess the ability and the will to work together for the common good of all.

It follows, as Professor Stuart once said at a Co-operative Congress, that education is a necessity of co-operative life and growth. This is the reason why co-operators and their leaders have always attached great importance to education.

Robert Owen, one of the forerunners of co-operation, was a pioneer of educational reform. William King, another early leader, asserted that co-operation requires a new education and a new character, and the Rochdale pioneers, who hold an honoured place in co-operative history, began educational work almost as soon as they started business in the little shop which they opened over eighty years ago.

Many years before the State accepted its responsibility or made provision for educating either children or adults, Co-operative Societies in Lancashire, Yorkshire, Durham, and Scotland were conducting classes on their own account. These societies formed classes in which their members could be taught reading, writing and arithmetic, and study sciences and the useful arts. They also established reading rooms, in which all their members could read current periodicals, and make themselves acquainted with the news of the day.

The tradition thus begun has continued to this day. Co-operators have always taxed themselves to provide themselves with classrooms, books, and teachers, and no organisation has done more than the co-operative movement to educate the democracy and make the people fit to govern themselves and manage their own affairs. In 1926, Co-operative Societies spent £1,80,000 on educational and social work of different kinds. They would have been spending more had not their movement educated their authorities in the duty of public education.

If the education they provide to-day is unlike that provided in former years, the work is still carried on as energetically as ever, and possibly gains in value as the generations pass.

Most of this work, as carried on to-day, is directed by the Central Education Committee of the Co-operative Union, which is the national educational organisation of the British Co-operative Movement. This Committee prepares and issue an educational programme, prepares text-books and courses of instruction, and organises classes and schools of many different types. In 1926, over 1,800 classes were formed under the auspices of the Union, and in these 32,886 students, including children and young people, were enrolled. Most of these

In 1927 the City of New York spent 95,000,000 in public and private Charities i.e., nearly $1\frac{1}{4}$ times the annual revenue of the Presidency of Madras!

classes were organised locally by societies, between whose own education committees and the Central Education Committee there is close association, but all formed part of the educational work of the co-operative movement.

The chief subject taught and studied in these classes is, as might be expected, the principles, history, organisation, and work of the co-operative movement. The other subjects taught include industrial history, economics, and civics, and a great many technical subjects which all who serve co-operative societies must master if they are to be efficiently managed and administered. There are courses for apprentices and salesmen, managers, and secretaries, and even a special course for co-operators who desire to be efficient members of management committees. This teaching work has greatly increased in recent years, and no co-operator who desires instruction can now complain that he cannot obtain a truly co-operative education.

Since the war, too, the co-operative movement has established a college of its own, where whole-time students are taught by a body of qualified teachers. Other students who cannot attend the college can enrol as members of correspondence courses and be taught through the post while each year hundreds now attend week-end and summer schools organised nationally by the Co-operative Union or locally by societies.

Any reader who wishes to know more about any branch of the educational work named here can obtain full particulars of it from the Co-operative Union, whose address is Holyoake House, Hanover Street, Manchester; but this account would be incomplete without some reference to the part which the co-operative movement has taken in educating the larger democracy. It has long been associated with the work of Ruskin College, the Workers' Educational Association, the Adult Education Committee, and almost every other democratic body engaged in educational work. In short, it may be said that in education the co-operative movement has given the State a lead and helped to make the pace; it has educated tens of thousands of its own members at its own cost; and it has actively co-operated with all who have attempted to make the British people an educated democracy.—(*Co-operative News, Manchester*).

* * *

2. Working Together.

Working Together is the first ideal, as it is the literal expression of Co-operation. It is as distinct from the individualism of competition and the capitalist system as darkness from light; it is based on mutual confidence and respect; it is the pooling of forces and interests which alone can produce the real wealth of nations and the uplifting of the community as a whole. Co-operation replaces the impulse of personal gain by the enthusiasm for the ideal and thus manifests itself as a moral force making for a new civilisation. To those who only contemplate its operations with curious or benevolent interest it reveals itself as an educational impulse of the highest value.

"The best man", said Socrates, "is he who most tries to perfect himself; and the happiest man is he who most feels that he is perfecting himself."

The pioneers of Co-operation were not troubled with the prospect of private profit for themselves, but rather with the grim spectre of want and isolation as the result of the operation of the capitalist system. In "working together" they found their way out of the morass, and were enabled to set their feet upon the rock of independence. They lighted a torch which has passed on its light and heat to myriads of others, which never will be extinguished, but are destined to penetrate to the remotest corners of the earth.

3. Cash Trading.

One of our basic ideals has been very much in evidence of late, the principle of purchasing for cash. Mr. Johanson rendered a service to the co-operators of the world in placing this question in the forefront of his Congress paper. It is a fundamental principle of co-operation, and one on which the material progress of the movement has been built up. Of more importance still is the effect it has had upon the character of the men and women who have built it up. We need not here argue at length the obvious merits of the principle of cash payments. The strengthening of individual character, the happiness in the home which its practice has produced, to say nothing of the unassailable financial soundness of the co-operative societies which it has produced are self-evident. And yet to day we find that principle assailed on the platform, in the press, and in committee room, by those who either crave for big business, or are anxious to support the demand for luxuries on easy terms, and who minister to a prodigality which can only end in disaster. Euphemistic titles such as 'Mutuality Clubs' and 'Deferred payments without Deposit' are simply the gilding of the vice which will lead to the undermining of co-operative character, and the insolvency of the co-operative store. Let us shun them as we would the enemy.

From different quarters there come threats of combines and trusts to break the power of the co-operative movement by underselling our stores, and generally adapting our business methods to other ends. Incidentally it is a great compliment that our methods are worthy of imitation. We have not much fear of the conflict if co-operators are true to themselves, and the first principle is to adhere strictly to the system of trading for cash—(From the *International Co-operative Bulletin of January*).

4. The Need for Unity.

There is an effort in certain circles to make it appear to the consumer that there is a conflict of interest between the consumer and the producer; that if the farmers are fully organised on co-operative lines, the consumer will pay the piper. But this must be taken with a large grain of salt, for, if the co-operative organisations can grow powerful enough to stabilise the prices of farm products, as the prices of all other products have been stabilised, in the end the consumer will be better and more cheaply served than he is to-day. Co-operation is a weapon, and the only weapon, with which

"Enough will carry you", said Sadi, "more you must carry yourself".

the farmer can fight the present economic conditions, which threaten his destruction. It is the only sword he has with which to fortify himself against the ravages of those who prey on him. We can blind ourselves to our fate if we wish. We can pray that our foes will become more lenient. We can only hope against hope that our competitors will spare us some meagre crumbs. If we want to gain for ourselves our rightful share of prosperity, neither silence, hopes nor prayers will gain us anything. For that we must use the weapon to hand—the weapon of co-operation.—(*The Farmers' Gazette, S. Africa*.)

5. U. S. Grain Growers.

The Organisation is a business proposition—on a co operative basis—and based on the fact that the farmer is as able to commercialise his products as are the producers of any other products.

There are some good people who seem to think that the farmer should not concern himself with matters of marketing. There is no more reason why the farmer should be expected to confine his efforts solely to the production of crops, than why the manufacturer should be expected to confine his attention solely to the mechanical process of manufacturing his goods.

The nation cannot be expected to maintain its agriculture on a sound economic basis unless our farmers give attention to the business end of their profession. As producers, they are as good as any in the world. As salesmen, they have been very poor. We have come to a time when agriculture must be put on a sound economic basis. This is imperative if production is to be increased and the people of the country fed at a reasonable cost. (*The Farmers' Gazette, S. Africa.*)

SPECIAL TYPE SOCIETIES.

(Reviews of Audit Certificates of the Department on their working for the year ending 30th June 1927).

13. *The Buntwal Co-operative Building Society Ltd., South Kanara Dt.*—There was no increase in membership but 15 shares were allotted additionally and the amount collected. Interest has not been remitted for Government loans nor any part of the principal outstanding at the beginning of the year under review. The overdues by members to the society under principal and interest amounting to Rs. 576-13-4 and Rs 378-12-0 respectively have not been collected and the society's accounts have shown a loss of Rs. 723 for the year due to the non-collection of the overdues. No meeting of the general body was convened for the whole year while only one Directors' meeting was held and this shows the lack of interest of the members including the Directors. It is hoped that the latter would take more interest in future and show profitable results at the end of the present year.

"Men will face anything, even death, sooner than they will face thought".
B. Russell.

14. *The Panemangalore Gowda Saraswat Co-operative Building Society, South Kanara District.*—There was a decrease of membership by 50 per cent during the year. Nor has the financial working of the society been in any way satisfactory. The society has worked at a net loss of Rs. 1,382-12-0 due to heavy overdues against members. It is satisfactory to note that no fresh loan was issued to the society during the year. It would be well to see that the society's affairs are financially well-conducted before any fresh loans are issued and it is hoped that the management would work with more interest during the present year and show better progress at the end.

* * *

15. *The Mangalore Co-operative Building Society.*—As in the previous case there has been a reduction in membership by 8 out of 21 who remained at the beginning of the year. No amount has been paid towards principal or interest to Government for the loans got from them by the society. The society has worked at a loss for two years ending the period under review and it is high time to see that unless the Directors show good progress during the present year by collecting the heavy overdues and clearing off the dues to Government, the society's affairs are wound up. The Deputy Registrar has remarked that the society was 'dormant' during the year and the Directors, it is hoped, will give a creditable turn to the affairs of the society this year.

* * *

16. *The Calicut Cottage Industries Co-operative Society Ltd.*—Though the society's transactions are very limited, yet its working has been satisfactory on the whole. There were no overdue loans pending realisation. It is hoped that the Directors would enlist more members and collect more share capital and thus make the usefulness of the society better felt and extended to the poor working classes.

* * *

17. *The Tanjore District Co-operative Manure Society, Nidamangalam.*—Membership is open to individuals and societies. There was an increase in membership during the year by 9 but one society member withdrew as it was liquidated. The society purchases bones and also other artificial manures such as superphosphate, sulphate of ammonia, nitrate of soda, groundnut cake, bonechar and fish guano for supplying to the members. It also purchases paddy seeds, green manure seeds and sells them to the members. In fact it has been doing excellent work and its usefulness to agriculturists is increasingly felt and appropriated. Though it has worked at a profit of Rs. 100-13-0 during the year, the previous year's loss has swallowed up the profit of the year under review so that there was a net loss of Rs. 66-6-0 at the end.

* * *

18. *The Tiruppur Co-operative Trading Society.*—Membership is open to individuals and societies. There has been a very appreciable increase

"In one generation if we chose, we could bring the millenium". B. Russell.

in membership during the year as from 4 individuals and 41 societies, membership rose to 141 individuals and 56 societies before the close of the year, and the share capital from Rs. 5,119 to Rs. 14,739.

Credit is being allowed in the case of societies so that there was Rs. 12,013-12-0 outstanding against them for purchases made from the society as against 17,010-2-0 outstanding at the beginning of the year. Advances have been made on pledge of produce amounting to Rs. 1,26,556-13-0 and out of this only Rs. 52,323 has been recovered. It is gratifying to note however that the society's accounts have shown a net profit of Rs. 1,276-13-0 for the year under review, which is not much considering the enormous activities of the society.

As observed by the Deputy Registrar, the possibilities are really greater in store if the societies which have joined 'would bulk their produce and transmit it to the society for disposal and at the same time indent upon it freely for the wholesale purchase of requirements of the members of co-operative societies'.

* * *

19. *Pallapalayam Co-operative Agricultural and Industrial Society, Coimbatore Dt.*—There was no appreciable increase in membership or shares. The paid up share capital of society members is less than half of that held by individuals. It is hoped that more societies will join and share the benefit better during the present year.

The chief item of the society's activities was the crushing of sugarcane and converting them into jaggery. Hulling paddy was another. The net profit for the year was Rs. 614-8-0.

The progress of the society as reported by the Deputy Registrar has been appreciable. The Directors and especially the President of the society, Mr. S. K. Karuppanna Thevar, have been congratulated for their increasing interest in the affairs of the society and it is hoped that marvellous progress will be shown in future years under the guidance of such sincere and willing workers.

* * *

20. *The Trichinopoly Co-operative Labour Society.*—The society has worked at a loss of Rs. 206-11-0 owing to defective supervision in executing a contract secured by the Society under the P.W. D. This year also it is reported that some contracts have been secured and it is hoped that the society would well utilise its previous experience and not only make up the loss incurred last year but show good improvement to justify its existence.

* * *

21. *The Calicut Co-operative Trading Union Ltd.*—The society has worked at a net loss of Rs. 3,547 and the chief causes for the same are reported to have been an injudicious purchase of stock without making even an approximate estimate of the needs of members, the consequent damages of stock and too much of establishment and contingent charges incurred. It is hoped

Teacher: "Now, Bobbie, tell me the names of some stars,"
Bobbie: "Football or film, miss?"

that the Directors would please take stock of the needs of members before purchasing goods and try to reduce the establishment and contingent charges to the minimum of requirement. The accounts and registers are reported to be in a very unsatisfactory condition. We trust that everything would have been by now rectified and that the society's affairs would be shown by the end of the present year to have considerably improved.

22. *The Kovilady Land Reclamation, Co-operative Society, Trichy District.*—A sum of Rs. 218.12-0 is reported to have remained uncollected during the year towards share capital. It is hoped that the amount would have been by now collected.

The society has been doing very useful work and lands in 1924 owing to the floods are being gradually and steadily reclaimed. But it has worked during the year at a loss of Rs. 21.4-0 which could have been avoided if the management had been careful in regard to some items of expenditure details of which are not known according to the Report.

RECENT NEWS.

New Building for Mysore Apex Bank.—H. H. The Yuvaraja of Mysore laid the foundation stone for the new building of the Mysore Provincial Co-operative Bank on the 1st February. It is reported that the building, when completed, would add to the beauties of Bangalore. The function was very successful and impressive.

The Economic Implications of Co-operation.—At a meeting of the Madras Economic Association on 1st February last in the Y.M.C.A Auditorium under the presidency of the Hon. Mr. A. Ranganatha Mudaliar, the Minister for Development, the Hon. Mr. V. Ramadas Pantulu spoke on "the Economic Implications of the Co-operative movement". He observed that the main defects in the movement, such as the lack of scientific knowledge of rural economics, the illiteracy of the masses and the indifference of the educated men towards the movement, were not unsurmountable. With the Government's financial help and the co-operation of the educated classes more could be achieved, he said, by way of ameliorating the condition of the agriculturists.

The Hon. Mr. Ranganatha Mudaliar analysed straightway the report of the Committee on Co-operation as he saw it in proof into two categories, viz., (1) recommendations to be given effect to immediately and (2) those that could afford to wait. He said that it would be his first endeavour to give effect to the first category as early as possible.

"I want some cigarettes for a lady."

"Virginia?"

"No—Sophie."

Co-operative Training in Mysore.—We understand from a report in the Hindu of the 11th ultimo that arrangements have been made to hold co-operative training classes for Managers, Secretaries and Clerks of Co-operative Societies under the auspices of the Mysore Co-operative Propagandist Institute from the 7th instant and that approved candidates would be given free lodging and scholarships.

The Dev. Minister at Erode—The Hon. Mr. A. Ranganatha Mudaliar, our Development Minister, opened the new building of the Erode Urban Bank on the 10th ultimo. In a short address to those assembled, he emphasised the great need for the development of non-credit activities in our Province, and opined that the officials and non-officials should join together if the movement was to advance on right lines. Then he received a deputation headed by Mr. E.S. Ganapathi Iyer, President of the Erode Urban Bank, who wanted that the Bank should be given powers to lend to Co-operative primary societies within its jurisdiction. During the discussion that followed, Mr. Giriappa, the Deputy Registrar, pointed out some technical and legal objections and said that the bye-laws of the Central Bank had been so framed that permission to Urban Banks to lend to societies in their areas would act prejudicially to the interests of the Central Bank.

The Salem Dt. Co-operative Conference was held at Namakkal on the 25th February under the presidency of Dewan Bahadur R. Ramachandra Rao, C.S.I., whose address is published elsewhere in this number. More than 150 delegates are reported to have attended. There was also an Agricultural and Industrial Exhibition held on the occasion. Khaddar cloths of various varieties were among the exhibits and there was also a demonstration of spinning by a member of the All-India Spinners' Association.

The 9th North Arcot Dt. Co-operative Conference—was held at Ramapuram Choultry near Kaveripauk on the 25th and 26th February under the presidency of Rao Bahadur B. Munisami Naidu, B.A., B.L., M.L.C., The Hon. Mr. A. Ranganatha Mudaliar, our Development Minister, also attended it. Various important resolutions were passed and are published elsewhere in this issue.

A Training Class for the Supervisors of N. Arcot Dt. was conducted at Kaveripauk on 23rd and 24th February by Messrs K.M. Singaravelu Mudaliar, President of the District Council and Rao Bahadur V. Murugesu Mudaliar, Secretary of the District Bank on the 1st and 2nd day respectively. The class, it is reported, was well attended, about two-thirds of the unions in the District having sent their supervisors.

Professor (after lengthy explanation of philosophical theory): "And now are there any questions?"

Voice from rear: "Yes, what time is it?"

RECENT UTTERANCES.

(Extracts)

I

MYSORE APEX BANK—FOUNDATION STONE OF
NEW BUILDING LAID.

OPENING ADDRESS BY H. H. THE YUVARAJA OF MYSORE.

It is with immense pleasure that I accepted your kind invitation to do the pleasing task of laying the foundation stone of the building of the Mysore Provincial Co-operative Apex Bank which is the Central Financing Agency of the co-operative movement in our State. As you have rightly mentioned in your address, the necessity for the establishment of such an institution adopting the correct co-operative principles and working solely for the good of the primary societies was clearly foreseen by one of your former Registrars, I mean, Mr. M. A. Narayana Iyengar, and to him this Bank owes its existence. I gladly associate myself with you in the terms of appreciation with which you have referred to the services rendered to the Bank by him and Registrars that succeeded, and by Rajakaryaprasakta Rao Bahadur Mr. M. Shama Rao, who, even after his retirement, has been taking keen interest in the development of co-operative movement in Mysore. I congratulate you on securing the services of so genial a person and co-operator as Mr. M. G. Rama Rao who is now your President and it is my sincere wish that many more non-official gentlemen would come forward to serve in the co-operative movement which affords ample opportunities for patriotic and disinterested men to do useful work for the uplift of their fellowmen.

The Progress of the Bank

Turning to the progress made by the Bank, it is seen that you have to-day a membership of 962, of which two-thirds are society members. You have a total working capital of 15½ lakhs of rupees. The progress so far made, I am glad to say, compares favourably with other institutions of this type in some parts of British India and the Indian States. The growth of public confidence in the Bank is evident from the fact that the deposits held have increased by nearly 60 per cent during the last official year. This steady growth of public confidence is one of the happiest auguries for the future progress of the Bank and of the movement as a whole. You have so far financed 204 societies in the State to the extent of nearly 19 lakhs. One of the first objects of the Bank is to finance rural co-operative societies at cheap rates of interest at the right time to enable their members to make agriculture a more remunerative industry than it is at present. But it is not cheap credit alone that will help the agriculturists who are steeped in debt. The credit must also be controlled, organised and made readily available. You have therefore to make the necessary arrangements for the rapid flow of finance to the rural societies and see

"I've been married thirty years and I spend every evening at home with my wife."

"Ah! That's love!"

"No, it's gout!"

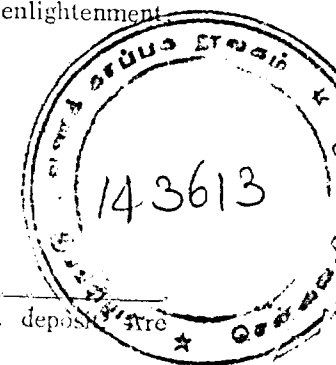
that the credit supplied by you is properly utilized by the borrowers for the improvement of agriculture. Supervision and adequate timely finance should go hand in hand. You must maintain the necessary field staff for the purpose, so that you may have first hand information about the societies financed by you. In this connection, I should like to bring to your notice the necessity for distinguishing between long term credit and short term credit. The object of the co-operative movement is primarily the solution of the problem of Agricultural Finance, i.e., providing capital to the agriculturists for their current agricultural requirements and seasonal expenses. You have to give, therefore, preference to crop loans, produce loans, etc, and I trust you will pay greater attention to lending for necessary and productive purposes than for the redemption of prior indebtedness and large scale agricultural improvements, for which it is now admitted on all hands that a separate agency, such as Land Mortgage Bank, is necessary.

Another point which I wish to bring to your notice is the rate of interest on the loans issued by you. If you really want to afford relief to the debt-ridden suffering agriculturists and artisans, your lending rates should be further reduced, so that the members may get loans from their societies at a rate not exceeding 8 or 8½ per cent per annum.

Now that Government have constituted this Bank as the Apex Bank for the whole State and thereby enhanced its sphere of useful activity, I trust that it will develop rapidly and spread its beneficent activity in such a manner as to give effective relief to the poor and the distressed in the villages.

Need For Workers.

In every field of activity at the present day, we want sincere and earnest workers. There are many people in India who are willing to work for self-aggrandisement, for self-glorification and for selfish and parochial interests. We want real co-operators who are willing to forget themselves in working for a common cause. Much of the misery and degradation around us is due to our selfishness and indifference. In the co-operative field, there is a splendid opportunity for the officials and the non-officials to work in unison and it is my earnest desire that every member of your Bank should feel that he has a mission to fulfil and that it is his duty to work zealously for the enlightenment, economic uplift and social amelioration of the people.



Awkward Rider (to proprietor of livery-stable): "What, a deposit are you afraid I'll come back without the horse?"

Proprietor: "No, I'm afraid the horse will come back without you."

II

RAO BAHADUR B. MUNISWAMI NAYADU

AT THE 9TH NORTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE.

In the opinion of true and sincere co-operators, the immediate pressing problem is not so much the further expansion of the movement as the consolidation and rectification of the work so far done. Time has arrived for an honest and conscientious inner searching and investigation into how far the movement has proceeded on right lines and what defects have crept into it and how to eradicate the same so as to set the erring societies right and provide for non-recurrence of these defects in future. It is common ground that overdues in primaries both of principal and interest have been steadily increasing, and the agency for supervision and inspection of societies has not been as effective as it ought to be. We have therefore to take stock of the position and realise the real implications thereof and set ourselves, as true co-operators, against all abuses that have crept into the movement and be prepared to take such steps as are imperatively called for in the circumstances.

Until a few years ago, the organisation of credit societies, the expansion thereof and their supervision and inspection were entirely in the hands of the Government Department. * * * But it was soon realised that if the movement should be truly co-operative and serve the purpose for which it was intended, the control and influence of the department should be reduced to the minimum and the movement should be broadbased on the willing co-operation of the non-official co-operators. * * * The first step in the direction was, so far as I can see, to enlist the co-operation of men of influence and position by getting them into the movement. Honorary Assistant Registrars were appointed and their services availed of. This served as a training ground for influential men to get into living touch with the movement and helped in getting into the movement a number of co-operators who otherwise may have kept out of it.

The next step was to organise Supervising Local Co-operative Unions to which the organisation and supervision of societies and the education of co-operators were entrusted. The unions were registered as societies under the Act, formed mainly on the willing and voluntary association of primaries and consisting entirely of representatives elected by the primaries.

But unfortunately owing to reasons which I do not propose to discuss here and owing to objections based not so much on the true interest of the movement but on personal and political considerations, an agitation was carried against the continuance of the Honorary Assistant Registrars to which the Government

"Doctor, I'm not well."

"How do you live?"

"I'm as poor as a church mouse and have to work like a horse all day. I'm always as ravenous as a wolf, and I go to bed dog tired."

"You had better consult a veterinary surgeon."

yielded unwisely, with the result that to-day the unions are deprived not only of the help of men of light and leading in the locality in the conduct and guidance of their affairs, but also of the financial help which the unions were getting from the Government in the shape of travelling allowance of the Honorary Assistant Registrars, leaving unions the poorer for it and less efficient both in human material and money. It is a sad chapter in the history of the co-operative movement in this presidency that at a time when the unions were in their infancy and required to be strengthened and helped to discharge their duties efficiently and before they were set on their feet on stable ground, the Government yielded to the misguided agitation. * * * This will clearly illustrate the extreme divergence of opinion on a vital point affecting the administration of the unions. The unions by overwhelming majority of more than 4/5 of their number wanted the continuance of the institution while the co-operators at the top connected with the Provincial Union and the Apex Bank, whose voice predominated in the Conference, were of contrary opinion. This also reveals how there is a deplorable and regrettable lack of mutual sympathy and understanding between the co-operators representing the unions and primaries and those connected with the institutions at the top. Surely it cannot be in the interests of the unions in the co-operative movement that the resolution of the Conference of 1924 was passed. The wearer knows where the shoe pinches.

Further, the resolutions of the co-operative Conference of 1924 recommended that the Government should "make a grant of the amount spent in connection with these appointments of Honorary Assistant Registrars as a subsidy to the Local Supervising Unions to enable them to fulfill their duties in a proper manner *when such fulfilment was not possible for want of funds*". Now what has the Government done? The Government readily accepted the first part of the resolution recommending the discontinuance of the appointment of Honorary Assistant Registrars so far as the bulk of credit societies are concerned but threw into the waste-paper basket the second part recommending subsidies to the unions to such of them as wanted it. * * * The organisation and expansion of local supervising unions were conceived in right spirit. The only alternative to Government control is the transference of organisation, supervision and control to a supervising union composed of representatives of primaries.

Thus it will be seen that "Unions" are indispensable in any sound co-operative credit movement. It symbolises union and the strength derived thereby democratises the controlling agency, infuses an esprit de corps in the rank and file and by the peculiar representative position it occupies, it controls the primaries without impairing their independence and right of self-determination. Its relation to the primary societies is not that of an outside autocrat interfering in every detail and sapping their independence but of a true friend and guide, giving the society the fullest scope to manage its affairs in a true co-operative spirit. In effect, the union occupies a very delicate position towards the society and qualities of the highest order and downright goodwill and sympathetic understanding are required in the executive of the union,

It must be said to the credit of the Department that from the beginning they have been keen and enthusiastic in the formation of the 'Local Unions.' They also followed it up by the withdrawal of supervision of societies through their inspectors, leaving the union as far as possible free to step into the place. But the fatal mistake committed by the Department in thus devolving the powers hitherto exercised by them is the sudden withdrawal of their agency before the unions have been trained to it and without making sufficient provision to see that the union has the wherewithal in men and money to carry its delicate and onerous duties effectively. And if today the feeling prevails not without justification that the unions have failed to give satisfaction in the discharge of their duties with the consequent result of a general deterioration in societies threatening the whole movement with serious disaster if things are not mended immediately, the cause for that lies not in any inherent defect in the institution of "unions", but in the financial bankruptcy of the unions and their consequent incapacity to maintain even the minimum establishment necessary for the effective fulfilment of their duties. * *

In the prevailing ignorance and illiteracy of the masses, it has not been possible to get men sufficiently enlightened and public-spirited to take up the executive work of the society. The panchayatdars require to be trained in the principles of co-operation. Unscrupulous persons get into the executive, who, being themselves defaulters, do not and cannot manage the affairs of the society properly. * * The Government supervision having been withdrawn, the union has stepped in. Here also it has not been always possible to get men of the right type to get into the executive. These men themselves require to be trained in co-operative principles. * * The average income of a union ranged from Rs. 1,268 in Trichinopoly District to Rs. 336 in Vizagapatam District according to the report for 1925-26. These figures bear eloquent testimony to the utter inadequacy of funds at the disposal of Unions and no wonder therefore that Unions have failed to discharge their duties satisfactorily. * * It is high time that the right to call for records for inspection and to require production of cash balances before the supervisor or the President or the Secretary of the Union should be legally recognised and be enforceable on penalty of prosecution. Thereby I do not contemplate the use of this power as a normal feature of the Union administration. Such a provision will be a reserve power and will have a wholesome effect in preventing dishonesty and fraud. * * The real solution lies in the provision of sufficient funds to carry on the administration of the union on a satisfactory basis. The unions have not had a fair chance given to them to fulfil the objects for which they were constituted. The funds that are at present ear-marked for the unions are utterly inadequate and unless steps are devised to supplement their income to the minimum requirements, things are bound to grow worse. * *

One plausible solution of the situation is to reduce the number of unions by at least one half and increase the societies in each union to about 50. In this manner, it may be possible to raise the necessary income. But this suggestion goes against the very principle on which the unions are constituted. The unions

will become too unwieldy and supervision is bound to become more and more unsatisfactory.

Another solution is to raise the rate of interest on loans by primary societies to members and by banks to primaries so that the percentage of contributions to supervision fund may at least be doubled to get the necessary income. This again is unthinkable, because the rates of interest already charged are considered to be high enough and do not admit of being raised.

The position of Central Banks themselves and the margin of profit which they realise are such that, as matters stand at present, the whole deficit can't be made up by the Banks. It may be that as the movement expands and the working capital of societies increases to double of what it now is, the union may get the income necessary. But until then, some aid has to be given to the unions to meet their deficits.

In the circumstances, I find no real solution possible unless the Government give a substantial grant in aid of the resources of the unions after carefully considering their position and the working capital of societies. * *

As already observed, the unions have been increasing in number. The need for co-ordination of their work has been realised early enough. With that view, the District Councils of Supervision were set up and they developed into District Co-operative Federations. * * The chief objects of the District Federation, as above stated, may be classed under the following heads:—(a) Co-ordination of the work of the unions; (b) Securing for the union necessary financial help; (c) Making the unions efficient and effective and (d) Educating and training non-official Co-operators in sound principles of co-operation. * * As in the case of unions, no satisfactory financial arrangements have been stipulated and secured for the District Federations to enable them to have funds necessary to carry out their objects. The whole position has been left most vague and unsatisfactory. One chief source of income of the Federation is contributions from the unions. It is fixed at $\frac{1}{4}$ or $\frac{1}{5}$ of their income from supervision fund. From what I stated before, it will be clear that the unions are left with such inadequate resources as to be incapable of making any contribution to the District Federation. The result has been that while some unions joined the Federation in a District, others kept out of it. And even those that have joined will gladly get out of the Federation if they can. And the hostile attitude of some Central Banks towards District Federations has helped not a little this tendency of unions to break off from the District Federations.

The next item of income that was expected is contributions from the Central Banks. Here again I find that from the outset there has been serious difference of opinion as to how far the District Federation is necessary as a separate institution and whether Central Banks themselves can't satisfy the requirements. * * The matter did not end there. The controversy was carried on with renewed vigour and at the Provincial Co-operative Conference held at Madura in April 1927, the position of the District Federation was again recognised. * * But unfortunately that is not to be. The agitation is

being continued and as will be clear from the evidence given before the Government Committee on Co-operation and from the first article in the latest number for January 1928 of the Madras Bulletin of Co-operation contributed by M. R. Ry. Rao Saheb T. Srinivasa Rao, the indefatigable advocate of Central Banks, the agitation is kept on as vigorously as ever. It may tend to a harmonious working of the two bodies if the President and the Secretary of each body are made ex-officio members of the Executive of the other body. * * * The main question still remains to be considered i.e., the provision of necessary funds to enable the Federation to carry on its work. It will be necessary to have one Supervisor under the Federation for at least four unions i.e., for 100 societies. * * * I have discussed above when dealing with the question of finances of the unions that in the present state of the Central Banks and their working capital, it would not be possible for Central Banks to contribute the whole expenditure involved in the scheme. The Unions cannot be expected to contribute anything. The only other agency, until conditions improve, that can come to the rescue of the Federation, is the Government. * *

The duty of seeing that the movement is worked on right lines and that the interests of the investing public are safeguarded lies as much on the co-operative public as on the Government and has to be shared by both.

We have reached a critical period in the movement so far as credit societies are concerned. The overdues have risen enormously. Societies are disorganised. The work of rectification cannot be delayed any further. The Unions have not got the means to carry out the work satisfactorily and their co-ordination is awfully lacking. The federations stand in a helpless condition as much as the Unions. The two agencies which can afford the funds necessary, i.e., the Banks and the Government, are standing aside, one in active hostility to the Federation and the other helplessly looking on as a spectator. Both however enjoy the privilege of criticising the unions and the Federations and however pleasant that task may be from a purely selfish point of view, they forget their duty as co-operators to come to the rescue of these bodies. It is up to the Department and the co-operative public to meet and see how best they can co-operate and at no time surely is union in co-operation more required than now.

III

MR. E. S. SUNDA AT THE FIRST IDAIYAKOTTAI—MAMBARAI ZAMINS CO-OPERATIVE CONFERENCE.

Rural Areas—Their Merits.—The average villager is any day more practical, more worldly wise and what is more has got a better co-operative outlook than the educated townsman. Individualism has grown to a very undesirable extent in cities and probably I fear that in the near future, a campaign against the city-individualism will have to be taken on hand. The worst villager is still prepared to think in terms

of the village, of the village temple, of the village well and of the village communication with the town. The corporate spirit has not left him. There is less competition in the village, a greater amount of personal knowledge of each other and what is good a greater sense of responsibility to bow to the village public opinion. The villagers may refuse to move; when they move, they do so in a body; they hesitate to censure; if they resolve they heartily do without fear or favour. There is no half way house, no smooth colouring to a venomous motive, no happy smile with a vicious heart. I rejoice to be with my village friends. They are frank and they speak out their mind. They are yet to know the diplomacy, the policy and what is more the insincerity and artificiality of town life.

* * *

Proper Outlook.—Co-operation does not mean figures or statistics. It is the gradual moral evolution of a nation towards an ideal which is distinct and pronounced. Starting of societies is so easy: Granting of loans is easier still. To incessantly talk of overdues and realisation is the easiest of all and it has become almost the fad of a modern day co-operator. What is more the latest recruit to Co-operation talks of 'Co-operative principles' interspersed with technical phrases here and there, with no idea of the moral basis of the movement, gathered from the *Bulletin* or a foreign Monthly. Co-operators should understand when to cry 'halt' and when to wish godspeed in registering societies. Co-operation does not rest with loans, and their realisation. In fact an era of systematic repayment does not and cannot constitute the golden age of Co-operation though it may be a direction towards it. The ideal Co-operator has not to spend all his time doing scriptory work in the bank or in a credit society but has to think of the world in which the other Co-operators are living. He should be a social watch and an agreeable spy to note the Sinner's conduct and try to improve him.

* * *

Co-operation and the Poor.—The Co-operative movement is a mass movement intended essentially for the benefit of the poor and the below mediocre. The rich have a place in it, in that they can extend their helping hand and try to utilise their resources (with little profit) towards furthering the prospects of their brethren. It is not intended at all for the rich becoming richer at the expense of the poor and the State. It shall not be the exploiting field for the aristocrats but it should be purely a medium of intense practical social service. In fact, Co-operation aims at substantial help being rendered to the poor. It gives an organisation, a plank and plan for effectively enforcing these ideals. Should that be prostituted for ignoble ends? The time has come when both the Government and the non-official bodies should refuse to co-operate with pseudo-co-operative institutions that start apparently with co-operative principles and end in furthering the prospects of the rich. I feel serious over this matter as the very basis of co-operation is cut off. A signal instance of such happening may be seen in a Co-operative Building Society established in one of the crowded cities to afford

relief to the below mediocre and house them in respectable small houses ranging in their value from 4 to 6 thousands. *The ideal was to establish a colony of equals in status and dignity, where we can find corporate spirit, a happy village life in the vicinity of the town and above all display of mutual good will and intense mutual attachment.*

Zamins and Co-operation.—A well ordered co-operative organism in a zamin with co-operative societies for set purposes or a big society comprising all persons and various faculties ready to take up and execute all work will further the progress of the Zamin and lighten the task of the administration of the Zamindar. * * * The Zamin Co-operative organism with credit, artisan Building and contractor societies and a huge stores will certainly pave the way towards early realisation of at least some definite relief in money distress in the Zamindari. Controlled and guided by the best men it will surely raise the moral tone of the members. *A Zamindari Co-operative Commonwealth would be a nearer possibility than that of one in the Iyan areas.*

The Federation.—The starting of the federation in the presidency has not been universally demanded by the different parts of the Presidency and the functions of the new body, whatever be their bylaws, have not been clearly demarcated. If anybody has any sense of frankness and fairness, he ought to admit that the Federations in several places have come into conflict with Banks, with the Unions and lastly with the Assistant or Deputy Registrar of the locality. In considering this, attention should be drawn to the fact that the chief heads of one co-operative executive body are always seen in the other and ordinary mortals as they are, they as members of one body always act in consonance with the step they have taken as members of another body. This leads to a copying of the same resolution. Different bodies do not mean generally different detached consideration of the same subject but a rapid copying of the same resolution in the respective minutes books without the courtesy and honour of an amendment. Such an organised action is welcome when the policy is good but when the policy is not all good, the opposition loses the chance of its being heard and also of its being accepted by one body or the other as the personae of the bodies are almost the same. I would strongly urge in this connection that respectable co-operators and men of eminence owe to themselves and to the movement a duty. They should, as leaders, try to bring in fresher blood into the movement and try them in the different types of institutions. They should place them in the Executive and guide them. Whether they do like this or not, co-operation does not begin or end with them. Why should they not with grace welcome, give place to others and be advising factors in co-operative life? Wherever we go in the Presidency, we hear sad tales of elections—this boss encouraging that Union Secretary, that Bank Secretary working against this gentleman's election. If the election fails, the

tragedy of the loan application—rejections come in. This starts in the Union and ends in the Bank.

Greater Purity in Non-official Organisation.—As a body of non-officials engaged in a particular business in a particular locality there should be a settled principle in our policy, in our acts. It should be open, plain and should not be ambiguous. The principle should not be changed except by the framers thereof and for valid reasons. The principles should guide the movement, the executive of a co-operative body. It should never be that successive executives should change every policy of their predecessors. Stability and continuity of policy will be lost and a jumble of acts will be the result if the principles are lost.

The greatest sin that anybody can be accused of is favouritism. If it enters non-official business bodies where character and moral evolution are aimed at, it will sap the life-blood of the movement.

There is no necessity at all for any secrecy in the co-operative movement: that is not the place for intrigue and there is no room for manipulation, but in certain areas we see all of them in one form or other. Hate them and have courage to stampede them wherever you see it. Especially to rural co-operators I appeal they should learn to decide things for themselves. Never take anything from anybody, from any co-operator, urban or rural, without studying facts. Enquire and act as it suits best your convictions. Co-operation deals with all men. Unless the activities are plain and blunt, there is no chance for a mass movement to thrive. If not, secrecy will lead to caucus, to parties and to monopoly of power which generally ends in disintegration and disaster.

Co-operation by its very nature is intended for all. The most unintelligent should be able to understand its technique and formalities. Don't make them grow. Grasp the essence and leave the rest. Tighten the hold for your money but do not worry the poor villager with forms and returns. Don't increase correspondence or memorandums. If you feel that a Society is on the wrong path, straight on move towards it with the sanction of the Executive and set it right. Cease issuing sermons. The ideal Co-operative Reformer's place is before the village society and not at the urban desk or counter.

Unemployment Problem and Rural Reconstruction.—Co operation is not difficult of understanding but extremely difficult in actual practice. We want men who will practise and who will teach others practising co-operation. Fields for co-operation are still open. In continental countries big public works, village industries and railways are in the co-operative societies' hands. To redouble co-operative energy, we want men—especially in India—who are anxious to go into the village stations themselves, there start societies in uncultivated tracts, bring them under cultivation with the suitable

produce and increase the productive capacity of the country. The co-operative banks have enough surplus to loan out for such purposes but persons are not coming out in large numbers. Starting of model modern villages may come in under this experiment and the great panacea of rural reconstruction is possible when only vigorous workers are available. So far as remuneration is concerned, any fifteen societies can easily support a Supervisor on Rs. 40 with his T. A. and this plan if only vigorously pushed forward will afford employment to the many unemployed young men of our land with abundant qualifications. But the recruits should be humble, ready to work with a passion in the villages and what is more stable in the jobs they take up and should not think of pastures new. Co-operative work is capable of expansion and from the standpoint of emoluments alone, it is sure to pay in the long run. With the growth of outlook against honorary service for serious business posts, demands for well-equipped young men are incessant and there is every possibility of co-operative service becoming the most lucrative service in the non-official movements. It is the only movement in India that can think of crores of Rupees within it. It should be properly worked up and when it is done the gradations in co-operative service will be as enviable, if not more, than the Government service.

Continuity of Policy.—A people's movement should not be interfered too often by people at the helm of affairs. It should not be made the field for experiments by men at the top. Quick changes in the personnel of the Registrar has been responsible for several moves in the Department and the movement. A popular Registrar or a Registrar in whose hands the movement is safe should be allowed to continue. In this connection, I may venture to suggest the formation of linguistic Registrar-areas so that respective Registrar may be able to know by himself the wants and attitude of the rural co-operator. Over the Registrars there may be a Registrar-General or a Director of Co-operation. But the Registrars shall have full freedom over the areas.

Work of Retired Officials.—A word about the work of Retired Officials of the Co-operative movement will not be out of place. Many of them are doing excellent work and their zeal for the task is unquestionable. All have respect for them and for their service while even out of harness. But then coming in as non-officials into the movement is not without difficulty. The policy they enunciated while in office is sought to be set at naught now while out of office. When questioned they unhesitatingly said that what they advised was against the interest of the movement and they had to do it as was ordered by the superiors. Out of office they spoke out their mind. People naturally take time to swallow this pill and discreet people fear whether they may not have some other excuse to change their view sometime later. Again, as persons once in office they have their prejudices against persons and things and they are imported into the discussions and correspondence and they do not even hesitate to induce people to defy the authorities of the Department and other co-operative bodies. The work and moves of the retired officials set the ordinary non-official at a disadvantage and in delicate

situations. Disagreement is misunderstood for want of courtesy to an elderly gentleman or is construed as negating his merits as a retired official of the movement. The situation does not end here. Retired officials of respective places disseminate their own ideas and what should otherwise be an uniform movement is now split into different schools of thought, and it is not happy at all to see the spectacle of retired officials with their pet views fighting their battles in the co-operative conferences while discerning non-official co-operators in their supporting speeches quote the acts of the respective officials when in office against their declarations now out of office. We have nothing to say regarding these men but with great respect and regard I invite their attention to this aspect of their activity so that they may act in a way suitable to all and to the movement.

The Young and the Movement.—The movement is cosmopolitan. It knows no age, no caste, no politics, no class and no dignity. It is for each and it is for all. It recognises humanity as the only factor. It has its comrades in the panchama, in the princes. New Zealand responds to the call of Co-operation as eagerly as Turkey does. The Jap, the German, the Oriental and the Occidental, all move in one role of a co-operator. In this dispensation the young student has a definite place. In Bombay for every school there is a co-operative stores and the profits from the purchases made by the students go to swell the coffers of the school or to help poor boys. The running of a co-operative stores trains the young mind in the art of management, control, patience and perseverance. It shall be necessary that every institution (art or technical) has a stores society within its walls supplying the student's wants. * *

THE NINTH NORTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE.

Kaveripauk, 25 and 26-2-1928.

Resolutions.

1. Resolved to request Societies to apply for Short-term open loans payable by the Central Bank over a term of 3 to 4 months to be drawn on as required for agricultural purposes.
2. Resolved to request the Registrar to make proper provision in the by-laws of a rural society prescribing different maximum periods for repayment of loans based on the different purposes (i.e. loans for agricultural and domestic expenses, loans for purchase of cattle, loans for discharge of prior debts etc.) for which the loans are granted.
3. It is resolved to utilize a portion of the reserve fund of societies for the construction or acquisition of buildings for such societies and to request the Government to make suitable amendments to the rules under the Act.

4. Resolved that an Inspector be appointed in each District as 'Execution Officer' with powers to execute decrees or awards in collaboration with the village officers without any expenses for the Society.

5. In Zamin, Mitta and Inam lands, joint pattas are in vogue. If one of the pattadars defaults in respect of land revenue, the entire plot is brought up for auction, notice being served on the defaulter. This prejudices the hold of the society over the property mortgaged by any of the other holders of the joint patta and leads to loss. It is therefore resolved to request the Government to frame suitable rules under the Act to give facilities for the Co-operative Societies concerned to intervene and avoid the sales in proper time, by prescribing notice of such sale to be published in the Dt. Gazette and in other manners as may be deemed sufficient.

6. It is resolved to request the Government to appoint a special Inspector for propaganda and organisation of societies for hilltribes in Javadhi Hills until a separate union in that area is formed and is able to function independently.

7. It is resolved that crop loans and produce loans should be more fully availed of by members of societies and that the Department may kindly be requested to register without delay the by-laws 44 (6), (7) and 53 as soon as resolutions adopting them are received from societies.

8. It is resolved to request the Government to grant financial aid to good village societies for the construction of granaries or godowns for storing or stocking members' produce.

9. It is resolved that the Central Bank be requested to grant loans under proper safeguards to Loan and Sale Societies up to 60 per cent of the market value of the produce pledged, without reference to the share-capital of the society provided the produce is pledged to the Bank with possession.

10. In order to enable the District Council to push through vigorously the reconstruction work it has undertaken and in order to complete rectification and reconstruction of all societies in one year at least, it is resolved that inasmuch as the grant of Rs. 6,000 already given by the Central Bank to the District Council is not sufficient to carry out even half the work, the Government be requested to grant the Council an additional Rs. 6,000 or in the alternative to depute five Inspectors at the cost of the Government to work under the Council for a period of one year.

11. It is resolved to request the Government to issue a general order waiving pensionary contributions and leave allowances payable on account of Government officers deputed to work under audit unions and the District Council.

12. It is resolved that the claims of supervisors appointed by the District Council possessing the required qualifications be considered by the Registrar in filling up departmental vacancies.

13. This Conference requests the Government to make suitable grants in aid of resources of Unions to make them self-supporting and capable of

maintaining the necessary establishment and that the grant be made through District Federations.

14. It is resolved to request the Government to amend the Act or introduce suitable rules under the Act for instituting criminal proceedings against panchayatdars who wrongfully refuse to produce society's records, bonds and cash balance for inspection by the Union Supervisor or Governing Body Members and to give special power to the Union to enforce these rules under extraordinary circumstances.

15. It is resolved to reiterate the request made to the Madras Provincial Co-operative Union to remove members other than those from District Federations or District Councils or those representing Districts without Federations, from its constitution.

16. This Conference disapproves the action of the Madras Provincial Co-operative Union in giving expression through the editorials of its Bulletin to views quite opposed to the resolutions passed at the Provincial Co-operative Conference held at Madura that District Federations are the proper agencies to consolidate, co-ordinate and propagate Co-operative principles.

17. It is resolved that the Madras Central Urban Bank be informed that this Conference notes with deep regret that the closing of the Bank on 3-2-28 as an observance of the Harial connected with the Simon Commission Boycott indicates that the Bank is introducing politics into the movement and that this Conference is of opinion that such a procedure is deplorable inasmuch as other co-operative institutions will take this wrong lead set up by the premier institution.

18. Resolved that the Government be requested to permit deposits to be made by the Official Receiver in the Co-operative Central Banks.

19. This Conference resolves that copies of Village Settlement registers, Village plans and the District Gazette be supplied free of cost to the village societies.

20. Consideration of the resolution from the Vellore Union for holding the next Conference at Vellore accepted unanimously.

21. This Conference places on record its grateful thanks to the Hon'ble Mr. A. Ranganatha Madaliar, Minister for Development to the Government of Madras, for having opened this Conference imparting his valuable suggestions for the growth of the movement.

22. This Conference places on record its grateful thanks to the Registrar, Mr. Hood, and the Deputy Registrar, Mr. Raman Nair, the Assistant Registrar, Mr. Hayat Sahib, and other subordinates of the Department for the hearty co-operation and valuable help they gave to this Conference in their deliberations and expresses its appreciation of the cordial relations existing between the official and non-official co-operators in the District.

23. This Conference also places on record its appreciation of the valuable services rendered by the Agricultural and Industrial Departments in making the Conference a success.

24. This Conference conveys its heartfelt thanks to Mr. and Mrs. C. D. Nayagam for their kindness in attending this Conference and places on record its grateful appreciation of the invaluable services rendered by him for the advancement of the movement on the right lines in this District.

NOTES AND NEWS.

We must frankly admit that we were considerably puzzled when we perused the resolutions of the Executive of the Andhra Sahakara Sammelanam which were sent to us for publication and which we have published elsewhere. We are constrained to remark that the occasion chosen for the passing of those resolutions is neither opportune nor happy. The Conference was enthusiastically invited by leading co-operators of Andhra Desa and a very respectable Reception Committee with an esteemed Andhra Leader at its head was formed and functioning. A great scholar and economist of All-India fame like Dr. Radhakamal Mukerjee accepted the presidentship of the Conference. The session that is proposed to be held at Rajahmundry is in every way a momentous one, coming as it does immediately after the publication of the Report of the Committee on Co-operation and at a time which in many ways is critical in the history of the Movement in South India. Whatever may have been the view of the Andhra Sahakara Sammelanam on the future relations that should subsist between itself and the P. C. U. and on the venue of the Conference, as the chief Co-operative Organisation of Andhra Desa it should have said a word of encouragement to the Conference and extended a welcome to co-operators from other parts of the presidency especially because it had no objection to the holding of the ensuing session at Rajahmundry. Ordinary courtesy and respect for others' feelings alone should have dictated such a course. There would be plenty of time, after the Conference is over, to discuss and decide upon future policy and course of conduct, without wounding the susceptibility of those who were invited to Andhra Desa, and of those who invited them. Indeed even now as a warning to non-Andhra co-operators not to assemble again in Andhradesa, the resolution was wholly uncalled for, because they will not do so without being again invited; as advice to Andhra co-operators not to invite outsiders once again, it might have been given with less ostentation and better grace. Notwithstanding the resolution of the Sammelanam which we cannot but characterise as unfortunate and ill-timed, we have no doubt that co-operators in the Tamil Nadu, Kerala and Karnataka will find a genuine and warm reception from their Andhra brethren. We therefore appeal to them as well as to our Andhra comrades to muster strong at the Conference and deal with the important problems that await solution.

The Andhra Sahakara Sammelanam and The XVI Madras Provincial Co-operative Conference.

As to the merits of the Sammelanam's attitude, we have no desire to revive old controversies at this juncture. We fondly believed that those controversies were buried for the time being, the Sammelanam and the P. C. U. being allowed to work out their destinies, each its own way. We have never disputed the ideal of Linguistic Federations and also did not dispute the need to reconsider the whole position of the P. C. U. as an Apex Body when the Tamil Nadu and other language areas of the Presidency also developed Language Federations. The ideal for which we stand is the one cherished by the Committee. (*Vide* page 95 of their Report). In the meantime, what we cannot understand is the sudden fury into which the Executive of the Sammelanam lashed itself on the eve of a Conference invited and organised by Andhras themselves. We note that the Executive of the Sammelanam had at the same time resolved to invite co-operators from all over India to meet at Bezwada next winter. If this is not improper, pray, may we know why a meeting of the co-operators from all over South India at Rajahmundry wounded its *Amour propre*. We earnestly appeal to Andhra co-operators to sink small differences and make the Conference a success. The motto *unity is strength* is more true in co-operation than in anything else.

The Railway Budget for 1928-29 contains some special points of interest to rural co-operators and agriculturists in general. These items relate to reduction of rates of transport for manures and oil cake and jaggery as well as certain reductions on the East Indian and North Western Railways for grains, pulses and seeds. It is believed that the commodities mentioned are those selected as most likely to respond quickly to a reduction in rates; it is clear that this is the criterion from which to judge whether the present high rates tend to hinder the development of traffic. The extent of the reductions and their effect are set out in paragraphs 19, 20, and 21 of the explanatory memoranda to the budget which are reproduced below:—

Manures and Oilcakes. "19. The rates for manures, and oilcake which is chiefly used as cattle food or manure, vary on different Statemanaged railways; and in view of the advantages, both direct and indirect, of encouraging the use of manure, we propose to bring them down to the minimum of 0.100 pies per maund per mile, on all State-managed railways. It will then cost Rs. 0.2-4 instead of Rs. 0.4-0 to send a maund of manure from Ambala to Lyallpur, and Rs. 0.4-7 instead of Rs. 0.7-0 to send the same quantity from Poona to Nagpur. The transport of oilcake from Calcutta to Serajgunj will cost Rs. 0.1-8 a maund instead of Rs. 0.3-6, and from Karachi to Bhatinda Rs. 0.6-0 a maund instead of Rs. 0.11-2.

This would cost us 15 lakhs in a full year, if we got no increase in traffic from so substantial a drop in rates.

20. The rates for jaggree have increased very largely since pre-war days, and we consider that the following telescopic rates at the owners' risk, which we propose to introduce on all State-managed railways, will stimulate traffic.

Miles.			Pies per mile per maund.
1-100	...	...	0.380
101-300	...	...	0.220
301-600	...	...	0.130
601 and over	...	...	0.110

It means that the charge per maund from Agra to Bhopal will drop from ten annas to seven annas, and from Gorakpur to Lahore from Rs. 1-3-5 to Rs. 0-11-1. It would cost us 15 lakhs in a full year, if the reduction failed to produce a growth in traffic.

21. The scale of charges for the transport of grain, pulses and seeds is on the East Indian Railway up to 97 miles, and on the North Western Railway up to 232 miles, higher than on the Great Indian Peninsula Railway. We propose to remove the distinction, at a cost in a full year of about 12 lakhs."

Commenting on these reductions in the course of the general discussion of the Railway budget in the Council of State on 23-2-28, the Hon'ble Mr. V. Ramadas Pantulu who never fails to avail himself of an opportunity to press the claims of co-operation on the Central Legislature made certain valuable suggestions which we have published elsewhere. We have no doubt that co-operators will not only find the speech interesting and worth perusing but we hope they would take steps to see that effect is given to them by the authorities concerned.

The address which our veteran Co-operator, Dewan Bahadur Mr. Ramachandra Rao's Presidential Address.

We wrote in one of our earlier editorials that Co-operation is business plus something and in that something lies its greatness. Mr. Ramachandra Rao's address is an eloquent defence of this statement of ours.

He draws our special attention to some of the fundamentals of Co-operation with the vision and zeal of a Prophet. He sees in Co-operation not merely a device for the economic uplift of the over-indebted Indian peasant. To him Co-operation is a new Dharma—a new way of adjusting one's relationship with fellow-beings—a basis for a revised structure of society as it were.

It was this high conception of Co-operation that he was pleased to place before the young men who attended the last Training Class conducted by the P. C. U. and we hope that even those who think they know so much of co-operation will have wise humility to read this inspiring address and ponder over the grand conceptions contained therein.

We draw the special attention of our readers to the circulars of the P. C. U. Circulars. President of the P. C. U. inviting opinion on the recommendations of the Townsend Committee. We hope the next Provincial Co-operative Conference to be held at Rajahmundry will concentrate its attention upon this one topic, i. e., the Committee's report, and pass just a few business-like resolutions consisting of (1) a sketch of the ideal to be reached and the general principles to be followed and (2) the work for the Co-operative year 1928-29. It is only then that when we meet next time we will have a standard to judge our work by. Instead of laying the flattering unction to our soul that we have been working strenuously for the cause of Co-operation, we would be constrained to measure our actual achievements in comparison with what we hoped and resolved to achieve in one year.

We are glad to note that one of our pet schemes, an All-India Co-operative Conference, is about to become realised. Our enthusiastic President has circularised all Provincial Co-operative Institutes on this subject and we hope there will be a ready response from all of them and that the 1st All-India Co-operative Conference will be held in the coming June. As our President points out in his circular, there is a tendency even in Provincial Conferences for people to take too narrow a view of the subject. In spite of the fact that Co-operation has become a transferred subject, the main evil it is intended to combat, namely, rural indebtedness, is an All-India problem and all Provinces stand to gain by exchange of ideas and experiences by provincial leaders.

There is an old story in our sacred books that on the day previous to the beginning of the Kali-Yuga, Krishna took Arjuna for a walk and Arjuna was surprised to hear a dispute between two parties, the seller and buyer of a field. It seems a treasure trove was found therein after the transaction was over and the buyer was bent upon handing it over to the seller, as he thought he had only a right to the field and not to the treasure therein and the seller was equally strong in declining it saying he had sold away all his rights. The next day, after the reign of Kali had begun, the quarrel was still going on, but it had taken a different turn. The seller wanted the treasure alleging he sold only the land and the buyer held with equal vehemence that he had bought all the rights. This has a moral to us, with respect to the claim we make on our rights and our readiness to do our duties. The rivalry between Dt. Banks and Dt. Federations should be really as to who shall help the Primaries and the Unions to discharge their functions better, and not as to who shall have the right of appointing the Supervisors etc. We are reminded of a well-known passage in a famous work of Dr. James, the Psychologist of America. He quotes therein a well-known passage

from the autobiography of that high-souled and selfless worker for India, Dr. Besant: "It is everybody's work. Why should I do it?" It is everybody's work. Why should I not do it? The difference between these two attitudes is a real indication of a man's spiritual growth. We sincerely hope that the rivalry between the co-operative organisations would be of a healthy sort, not of a grabbing, competitive nature.

* * *

We draw the attention of our readers to the resolutions passed at the IX. North Arcot District Conference, namely, Salem and North Arcot. The Salem Conference has struck out a new path and has confined itself to only two important resolutions. The North Arcot Conference on the other hand has been as usual passing a number of resolutions.

We have nothing to say in general about the resolutions passed at North Arcot except this. The Co-operators of North Arcot seem to believe in perfect constitutions based upon abstract ideals. They want the Provincial Organisation to be a Federation of federations and they reiterate their old resolution for the exclusion, from the Provincial Co-operative Union, of those other than federations. In this connection, it is interesting to note that the Townsend Committee has realised the need for the co-option of individuals in almost all organisations and recommended that step with regard to Banks, Federations, etc. So long as the modern machinery of election of representatives remains, only a very incomplete and defective method of choosing the best man available for the post, we cannot afford to exclude talent and willingness to serve and swear by the ballot box only.

The President of the North Arcot Conference, in the course of his address, seems to have remarked as follows with regard to a resolution of the 1924 Provincial Conference: "The Unions by overwhelming majority of more than 4/5 of their number wanted the continuance of the institution (H. A. R.) while the co-operators at the top connected with the Provincial Union and the Apex Bank, whose voice predominated in the Conference, were of contrary opinion." We have no idea at all of raking up this old controversy; but in the interest of truth and fairness, we have to tell the esteemed president that it is wrong to say that the resolution about the abolition of Honorary Assistant Registrars was passed at the Provincial Conference of 1924 at the instigation of the Co-operators at the top connected with the Provincial Union and the Apex Bank. We request the Hon'ble gentleman to refer to pages 401—407 of the Co-operative Bulletin of January 1925 wherein the list of delegates who were present at the Conference is given. He would be able to see for himself if he be pleased to peruse the list, that over 95 per cent of persons who took part in the Conference were representatives of unions and societies from the mofussil. To say therefore that the Co-operators at the top got the resolutions passed against the wishes of the union representatives is, to use that well-known Parliamentary phrase, "a terminological inexactitude."

SUPPLEMENT TO THIS ISSUE.

The Thirteenth Kistna—West Godavari District Co-operative Conference.

PRESIDENTIAL ADDRESS.

BY THE HON'BLE V. RAMADAS PANTULU.

Fellow co-operators and friends!

Writers on Co-operation have said that in no country Co-operation ever became a powerful and regenerating force, unless, (i) attention has been devoted to the moral as well as the material necessities of the people, (ii) leaders of education and enlightenment have been found *from the ranks of the people* to preach and work, (iii) effort has been co-ordinated, guided and disciplined by paid and professional experts, (iv) sympathetic encouragement and assistance has been forthcoming from the Government and (v) the members of the Co-operative Societies have been made to think, act and carry out the essential details of the work of their societies *for themselves*.^{*} I may be permitted to add a sixth condition which is essential to the progress of Co-operation and allied movements in India at the present moment. It is the removal of the appalling economic illiteracy of our intelligentia and their supreme indifference to the conditions of rural life. The seriousness of the low economic vitality of the peasant and its reaction on the basic industry of the nation—agriculture—are scarcely realised by them. Whether it is due to our preoccupation with the political and communal problems which have been our perpetual sources of trouble or to the atmosphere and environment created by foreign social and political domination in which we live and have our being and which virtually killed our initiative and constructive genius, so essential for nation-building, the fact remains that we, educated Indians, are passive spectators to-day to the process of rapid degeneration of the best part of the nation, the 75 per cent of our total population, which inhabits rural India, under most depressing economic conditions and in a weak, disunited and disorganised state. This unconcern of the educated Indians to problems of national reconstruction, urban and rural, and their eagerness to flock either to services or to so-called learned professions, always consuming and never adding to national wealth, naturally made them objects of reproach. The example and precept of national leaders like Dadhabai Nouroji, Ranade and Gokhale have not as yet created a living faith in us. Listen to what a friendly Indian Critic says of our educated class.

^{*} Crosthwaite's Co-operative Studies—pp. 37-38.

"This class is ridiculed when it presses for industrial development because it is itself not an industrial class; it must be prepared for similar opprobrium when it agitates for agricultural reform because it is not an agricultural class. The educated community at present is neither Industrial nor Agricultural. It threatens to be a serious parasite on the community and would deserve little sympathy for its present unemployment."*

Activities in the Assemblies and Academies are not marked by any living interest in practical and constructive schemes for the economic uplift of the peasant or the labourer. After hearing to lengthy debates on banking reform in the Central Legislature, I failed to catch a single word from the lips of any Banking enthusiast about the need to improve the neglected condition of the 71 thousand and odd "Peoples Banks" which dispensed rural credit to the tune of about 50 crores to the impoverished and illiterate ryot at his very doors. Turning over page after page of voluminous agenda of University Boards, I find earnest pleas in support of numerous wild schemes for fancy degrees and diplomas in all conceivable subjects under the moon but fail to come across a single sound proposal for the encouragement of a useful and vigorous course in Economics, comprehending subjects like Rural and Social Economics, Railway Economics, Tariffs, Land problems and Co-operation—a knowledge of which will be of real help in the task of our national upbuilding. The truth of the matter is those who are engaged in the task of shaping and moulding the lives and destinies of our young men function in academic surroundings which have no living relation to realities of Indian economic and social conditions of the day. I am striving in my humble way to interest the Madras University in these live problems. Will Andhra co-operators make their influence felt on the Andhra University also, to give a practical turn to its Economics courses and to impart a rural bias to its products. If our Universities do not respond, let us, Co-operators, start a college of our own, following the inspiring examples of Manchester and Moscow. Without active public interest and support behind, no movement, organisation official or non-official, Commission or Committee of enquiry, can ever galvanise into life our national economic consciousness which is in a very moribund condition.

"Generally speaking we consider that the Co-operative Movement in the Presidency has done good. But much remains to be done: the movement has not yet touched, even nominally, the lives of more than 10 per cent of the people; in many respects it requires *correction*, in

*B. G. Sapre's. Economics of Agricultural progress in the Deccan.

some a *change of system* and in some *additional attention*." In these words, the Madras Committee on Co-operation, whose report is now available, have summarized the present position. I am in full agreement with this statement of the *work that lies before us*. It is now up to us, co-operators in the several districts, to ascertain in what respects a "*change of system*" is called for, in what particulars "*correction*" is needed and in what matters "*additional attention*" is required and to take appropriate action in each case. This is after all a restatement of case for *Expansion, Consolidation and Rectification* in different language. I shall illustrate very briefly the action to be taken under each of these three heads, with reference to three of the outstanding questions connected with the Movement.

The most far-reaching recommendation of the Committee, in my opinion, is that relating to the separation of crop finance from other finance. I fully endorse the view that the present system of dispensing rural credit through primary societies for so-called short term and long term purposes is not only financially unsound but also ultimately dangerous to the movement and that many of our present troubles are traceable to it. Its first and foremost defect is that it has no economic background. In the classification of loans as short and long-term, according to the purposes for which they are supposed to be borrowed—which purposes themselves do not always admit of the distinction thus made—no thought is bestowed on the sources from which the loan can or ought to be repaid. The phrase "repaying capacity" is no doubt constantly heard and is presumed to be in the mind of the agency that recommends or advances the loan; but its financial and economic implications are nowhere to be discovered in our monetary adjustments. So long as *emphasis* is laid on purposes alone and not on the resources of the borrower and the sources from which the loans are to be discharged, the slogan of "*repaying capacity*" remains an empty shibboleth of rural finance. The Committee therefore recommended a conscious departure from the usual practice of emphasising the purpose of the loan in defining short and long term credit and adopted another definition. It is this: "Short term loans are those repayable, *in whole*, out of the next harvest; (normally the period of repayment will not exceed twelve months, but in a few special cases, such as sugar cane and betel leaf cultivation, it may extend up to 2 years,) and long term loans are those repayable in instalments, over a period of years out of the annual savings of the borrowers." Any one who knows about our rural economic conditions, will readily admit that money which a ryot borrows for his seasonal crop operations, is often repaid and is

expected to be repaid out of the year's produce. What remains after such repayment alone is the profit of the industry, from which his other expenditure has to be met. It is equally indisputable that a large loan advanced to a ryot for discharging his prior debts or for effecting permanent improvements to his land or purchase of new land and so forth, is rarely repaid and is not expected to be repaid from out of the year's harvest alone. It is usually repaid and expected to be repaid from out of the net savings of the ryot, in easy instalments, spread over a reasonably long period. Suppose a ryot realises by his crop Rs. 250 and that his cultivation expenses amount to Rs. 125 and his maintenance charges to Rs. 100. Then his savings will be Rs. 25. His short term loan according to the Committee's definition, ought to be repaid in full out of the Rs. 250 realised from the harvest, while the available source for the discharge of his long term loan is only Rs. 25. If this principle is not accepted, at least, in its broadest outline—subject to reasonable exceptions—then it seems to me to be impracticable to successfully push forward schemes for financing and subsidising agricultural industry on any other rational basis, which investors or businessmen can understand. It is useless to ignore two facts, namely, (i) that for a long time to come, the village societies will depend for their finances on co-operative central banks, which can attract money and maintain their financial stability only by following well-recognised and universally-tested principles of banking; and (ii) that the system of co-operative finance cannot be perfected and extended to satisfy the ever-growing and limitless demands of rural credit without co-operative banks being somehow interrelated with commercial banks, which will only agree to deal with institutions conducted on well-regulated business principles. These aims are unattainable if the present unscientific system of rural credit of short and long term varieties is persisted in and it will not be long before we find that our path towards progress will be blocked. I therefore make an earnest appeal to my fellow co-operators to examine the suggested change with an open mind and not to be influenced by pre-conceived notions. The new scheme will not in the least interfere with facilities for long term credit, but, as I shall show presently, it will help forward and systematise long term credit much to the advantage of the ryot.

The existing system has already developed serious symptoms of decay. Out of the total amount lent through village societies, only 16 per cent. is lent for so-called short term purposes and out of the remaining 84 per cent lent for so-called long term purposes, the bulk is on mortgages of immovable property, for long term loans are very

seldom granted on personal security or on the strength of sureties. In some districts the proportion of mortgage loans to total loans is as high as 90 per cent and the period so long as 10 to 12 years. The village societies are therefore to-day practically land mortgage banks, a role which they are least equipped to fulfill. The recovery of unpaid overdue mortgage debts in these societies must be, under the law, in the first instance by the sale of mortgaged properties. In another connection I shall state the magnitude of these overdues and what practically insuperable difficulties there are in the way of their recovery. True, events have drifted us into this unenviable position, for which no one in particular is responsible. But I do want to ask my brother co-operators a few plain and frank questions: Did any co-operator at the inception of the movement intend to involve the simple credit mechanism of the village society in complicated farm mortgage business on a huge scale? Does any co-operator seriously maintain that these primaries are to-day in a position to sustain much longer their present role of land mortgage banks and guarantee that the volume of money sunk in mortgage loans can be recovered by them within a reasonable time and with reasonable ease, to be paid back to the financing central banks, in fulfilment of their contractual obligations? Is it in consonance with the dictates of ordinary prudence to add to such onerous and precarious obligations further commitments in the same line? All this money whose recovery is not very easy, on most optimistic estimates, is lent out of deposits which, ex-hypothesi, are repayable on the expiry of short periods ranging on an average between one and three years.

I am not pessimistic by temperament or training, nor am I accustomed to present things in alarmist aspects. But at the same time, I wish to be on my guard against being lulled into a false sense of security and I desire to strike a similar note of warning to others. Considerations urged above are lightly brushed aside by a school of rural co-operators, who seem to take shelter under two comfortable doctrines. *Firstly*, with the unlimited, joint and several liability of the ultimate borrowers, whose liabilities to the society are but one-eighth of their assets, why should any one ever raise the question of the safety of the money lent out by central banks? *Secondly*, is not the flow of co-operative money perennial and indeed does not the stream broaden, deepen and lengthen as it flows along? Therefore why contemplate a run or raise a bogie? It is difficult to convince the unconvinced. But let me furnish the answers to these questions at least for those who are prepared to consider them. The so-called unlimited liability is in reality a contributory liability which operates only in the liquidation

stage. Again the realisation of such unlimited liability security on any large scale, rapidly, would be impossible. Furthermore, the enforcement of it would in any case result in the ruin of the members for whose benefit the societies were formed, specially those who did not default. A serious thought given to these aspects of unlimited liability will show how unsafe it is to rely on it in justification of over optimistic calculations, in the ordering of our finance. Then coming to the unceasing flow of deposit money, let us not forget that unlike a water stream, which flows only in one direction, the monetary stream flows in a circle. So long as the outflow returns back in the form of inflow, the money circulates. Once the inflow stops, or seriously drops off, it automatically diminishes both the volume and velocity of the outward circuit. If depositors in central banks realise the difficulties involved in the recovery back of their money from its ultimate destination and the delays and risks attendant on its realisation, naturally they will seek other venues of investment. Again when an occasion for a run comes, it will be such that every one will find himself in a tight corner. It is precisely when the depositor has to fall back upon his deposit, and is anxious to withdraw it, that the borrower to whom it is lent out will find himself unable to repay. The co-operative banks have not yet weathered serious financial storms and to build too largely upon their unassailability in a monetary crisis, is improvident in the extreme.

Let us therefore pause for a while and reflect in an enquiring mood. To swear by the history of the Movement in this province and the so-called lines along which it was hitherto conducted, is to refuse to examine whether we acted rightly in the past. Our history is only two decades old. Our guides were men who were themselves experimenting, without experience of an Indian Past and with no clear vision of an Indian Future. The MacLagan Committee did not countenance the converting of a village society into a land bank for the sinking of short term deposit money for long term on mortgage securities. The later Committees which sat in Central Provinces and United Provinces and Madras have all recommended a change in the system of short and long term rural credit in order to avoid obvious pitfalls in our finance. It is therefore unwise not to take counsel at this juncture. If, as a matter of fact, we have been on the wrong track, every further step we take in our march along that track will lead us further away from our goal. So the Poet truly says,

"When people are once in the wrong
Each line they add is much too long;
Who fastest walks but walks astray
Is only farthest from the way."

The real opposition however to the suggested change in our credit system is based on two apprehensions, which I shall try to show are not well-founded. *Firstly*, it is feared that the change will lead to the encouragement of short term loans and discouragement of long term loans and that any sudden departure resulting in cutting off long term loans will seriously prejudice the ryots. *Secondly*, if all the credit needs of members are not attended to by rural societies, then the ryots will resort to the usurious money-lenders for the satisfaction of wants to which the societies do not cater and their position as debtors to co-operative banks and the mahajans at one and the same time, will make their already bad condition worse, if not intolerable. These are undoubtedly very weighty considerations and if the Committee's proposal lands the ryots in that position, then it ought to be rejected. But the proposal, *instead* of encouraging one form of credit and discouraging the other form of it, seeks to place both forms of credit on a stable and sound and unassailable basis. To begin with, the Committee does not advocate a revolutionary change. It pleads for evolution. The scheme to be worked out is briefly this. The Village Society both by reason of its simple financial mechanism intended to be handled by lay management and by reason of its working capital being almost entirely derived from short term deposit money, is best fitted to satisfy the short and intermediate term needs of the ryot, the bulk of which will be crop finance, which should be lent out on personal security and suretyship basis and easily recoverable without recourse to the elaborate procedure involved in obtaining and executing mortgage decrees by the sale of immovable properties. The societies may lend for periods ranging from 1 to 6 years and not more. The system whereby (crop) short term loans can be dealt with separately from other kinds of loans will help the ryot to obtain the money he requires urgently for his cultivation expenses, with greater dispatch and less trouble than now. Even such short delays as may be inevitable to any system under which each loan is preceded by an application can be avoided by societies preparing forecasts of their year's cultivation requirements and getting them approved sometime before the commencement of the cultivation season. The central banks can, by this means, fix suitable "*limits of credit*" to their constituent societies and remit to them, without any further formalities, from time to time, such money as may be asked for by the passing of a promissory note, up to the pre-arranged limit. Once carefully estimated the forecasted amount will differ very little from year to year. The evidence tendered to the Committee, as well as personal investigation, established that on account of absence of such facilities, the ryots resort to money-lenders for short

term immediate needs even in localities where societies exist. It was further ascertained that the money rate for short term loans in many districts was higher than that for long term loans and that as a matter of fact the real loss to the ryots was much higher than that involved in the rate, as money-lenders often insisted on crops being sold to them at pre-arranged unfavourable prices or else required payment of their dues immediately after the harvest of crops, when prices were low. It is unquestionably true that short term loans are of great economic benefit to ryots. Adequate short term accommodation *will provide an extra margin of profit* out of which the ryots may reduce their long term indebtedness. That personal and surety loans are more punctually recovered on the whole is established by an examination of figures. These features of short term loans will also assist the finance of the movement, especially in times of stress, as it will facilitate the discount and rediscount of promissory notes by Central Banks, for Commercial Banks prefer to discount short term paper definitely relating to short term produce transactions.

Then coming to real long term credit, that is, credit extending to periods exceeding 6 years, it is well to recognise **Land Mortgage Banks.** once for all that village societies are not the suitable agencies for dispensing such credit and the sooner they are disentangled from it the better. This form of credit in order to subserve the real and larger needs of the agriculturist must be advanced for a sufficiently long number of years and recovered in small dribbles from the margin of his annual profits or net savings. The object can be achieved only by the accomplishment of two things: *Firstly*, devise means for attracting real long term money into the movement, say, money repayable in 25 or 30 years. *Secondly*, establish credit institutions equipped with management possessing business capacity and expert knowledge required to investigate titles, evaluate lands, assess the credit-worthiness of borrowers and so forth. In other words, promote a sound scheme of *Land Mortgage Banks*. Unless and until you do it, your long term credit problems will not be solved. Our present 10 and 12 year loans are too long from the societies' financial standpoint and too short from the borrowers' financial standpoint. It is neither here nor there. I am convinced that the arbitrary rule permitting the loaning of 50 per cent of Central Banks' short deposits and 75 per cent of Madras Central Urban Bank's similar deposits for 10 or 12 years is absolutely indefensible. I am not behind any co-operator in the province in wishing to see a net work of Land Mortgage Banks established as soon as possible on a sound business basis. It is only by

the wise distribution of functions of short and long credit accommodation between village societies and land mortgage banks that we can grapple with the problem of rural indebtedness. Remember that in our province alone, agricultural indebtedness is between 90 and 100 crores of rupees. People who speak of satisfying all the credit needs of indebted ryots should realise that the ideal cannot be attained with the aid of village societies alone. If in any given manageable area, there are good rural credit societies and also a strong Land Mortgage Bank, then we can launch an experiment in that area of taking over all the indebtedness of the ryots living therein and see how far we can work up our scheme of redeeming agricultural indebtedness in practice. In the course of pulling up the village societies and confining them to their legitimate activities, it may become necessary that the money sunk in the long term mortgage loans may have to be found by the Land Banks. The banking area of the Gudlavalluru Land Mortgage Bank may be selected for the experiment if the village societies in that area are pulled up to the mark and are fitted for the task of satisfying the short term credit needs of the agriculturists therein. May I suggest that the village of Kavutharam whose agricultural debt is estimated at 3½ lakhs be immediately taken up for experiment. The Kistna Central Bank and the Madras Central Urban Bank will, I have no doubt, do all that they can to find the necessary short and long term money for the experiment.

The above is an outline of the logical development of the Committee's scheme. It is entirely an evolutionary process that the Committee had in view. To remove any misapprehension of the Committee's aims, let me quote the short para in which they summarise their proposals on this head:—"It is of course an indisputable financial principle that short term deposits should be invested in short term loans. We consider that every effort should be made to provide long term credit through the agencies of Land Mortgage Banks *at the earliest possible date*. When these facilities have been sufficiently provided co-operative institutions should confine themselves to short term loans to be repaid by annual instalments in periods not exceeding at the most 6 years. In the mean time as ten-year loans have been such an integral part of co-operative finance, we fear that their abrupt discontinuance would create a dislocation in the movement. We however emphasise the fact that safe finance demands that genuine efforts be made to attract long term deposits, so that periods of deposits will as far as possible synchronise with those of loans." What is the alternative to this scheme? Nothing better is possible in my opinion if our aim

is to finance not only a few individual ryots but agricultural industry as a whole.

I shall now pass on to matters which require *correction*. It was scarcely disputed by any witness examined by the **Correction—Audit.** Committee, that the deterioration of the primary societies, which are the pivot of the movement, was largely due, among other causes, to the utter inefficiency of official *Audit* and thorough ineffectiveness of non-official *Supervision*, in their comprehensive sense. It was common ground all through that audit and supervision required severe *correction*; the only question was how to correct them. I do not propose to deal with audit as it is at present conducted or as proposed to be corrected by the Committee, not because the topic is less important than supervision, but because it is less controversial. I shall therefore merely indicate the main improvements recommended by the Committee. Audit as defined by the Act "involves an examination of overdue debts if any, and a valuation of the assets and liabilities of the societies". It was found that these statutory duties were not either carried out or only very very imperfectly, if at all. Indeed the Committee discovered to their surprise that the so-called audit report which was an elaborate document with more than 100 questions to be answered contained no question the answer to which required an actual valuation of assets and liabilities and examination of overdue debts. In order to remedy these defects, the form of audit report is so amended as to eliminate matters not pertaining to audit proper and to ensure that the statutory duties are actually carried out in answering the relevant questions. These objects are secured by insisting on verification of (1) cash balance, (2) genuineness and regularity of all security bonds, personal as well as mortgage, (3) property statements, with the aid of general body meetings of societies and independent enquiries, (4) statements of liabilities against the Central Banks and deposit receipts in the hands of depositors when possible, and (5) overdue debts with reference to their being good or bad and the steps that are being taken for their recovery. Dealing with the complaint of central banks regarding the non-availability of audit reports to them and the consequent handicap in estimating the credit-worthiness of their constituent societies, the Committee recommended that audit should be divided into two parts, preliminary and final; and that societies should be audited in two groups, one to be audited for the year ending June 30th and the other for the year ending December 31st, taking care to see that the audit operations are so conducted that, as far as possible, societies are visited for preliminary and final audit at intervals of about of 6 months without at the same time fixing too rigid time tables which might result either in their being departed from or in

audit work being unduly hurried. These audit reports are recommended to be supplied free of cost to societies and unions and central banks. These reforms can only be carried out with the help of an adequate audit staff, adequate in number as well as in equipment; such reorganisation is therefore recommended so as to give one Audit Inspector for every 60 societies. If the corrections outlined above are carried out, Audit will certainly improve in efficiency.

The question of supervision is one which presents greater complexity and its solution has unfortunately proved a veritable apple of discord among co-operators. On its theoretical side, however, there no longer exists any justification for controversies of an acrimonious character. It is time to forget past differences. With the final acceptance of the position that "co-operative practice as well as co-operative convenience pointed to the local supervising union as the body which was best capable of conducting supervision at close quarters" and with the logical extension of the federal idea culminating in the unions in a district being federated into a district federation or council of supervision, we have brought into existence a system, the central idea of which is the allocation of *supervisory* and *financing* functions to separate but intrinsically interrelated organisations. Whether by direct election as in unions, or by indirect election as in federations and banks, it is the self-same societies that are represented on the management of these bodies. It is up to the supervising bodies to avail the help of the financing agencies to strengthen the business side of Co-operation in the societies and up to the financing bodies to avail the help of the supervising agencies to strengthen the moral side of Co-operation in the societies. Then the "lender sense" and the "borrower sense" will both be developed simultaneously. It is the duty of both the sets of organisations to work in unison for the attainment of this goal. People who assume the role of leaders or guides—be they officials or non-officials—who exploit either the lender instinct or the borrower instinct in the rural co-operator, to promote their personal ends or to propagate their pet theories, do incalculable disservice to the movement. Nothing is more easy than to set up antagonisms and inflame passions by laying wrong emphasis on one or other of the untrained instincts or ill understood rights of the village co-operator. Those who do not realise the value of promoting harmony have merely to seriously reflect on the consequences of the prevailing disharmony. Who suffered by the antagonisms between the federations and banks? Is it not their common master and elector, the society, that was hit? Is it not the old story of the man being starved to death in the quarrel between the mouth

and the hand? What is the financial condition of village societies to-day? I shall not weary you with figures; 75 per cent. of them are practically dormant or are dying. The record of Kistna and West Godavery is not so bad. Your proportion is between 25 and 30 per cent according to the returns of your 3 banks, between whom 700 societies are financed. It means of the 700, about 200 are thoroughly inert. A critical examination of two central banks recently conducted by the Madras Central Urban Bank and a general examination of other banks conducted by the Committee on Co-operation disclosed serious state of affairs which it is folly to ignore or allow to continue. The Banks with few honourable exceptions, possess no reliable record of the history of the societies they finance and no means at their disposal to assist the societies to collect the appalling overdues. There is no means of knowing the real worth or life of the securities on which moneys were lent. The heaps of unexecuted awards and decrees against defaulters which are nearing the figure 50,000 and the growing number of liquidations only remind the famous dictum of that eminent Judge Sir V. Bhashyam Iyengar that the real troubles of a creditor commence after the decree is obtained. What is the effect of all this on the agriculturist for whose benefit the movement is intended? He is literally starved for financial accommodation though his needs are multiplying. Is it because there is no money in the banks? Not in the least. The Central Banks and the Madras Central Urban Bank have been surplusng and have been shutting their counters against the inflow of deposits by lowering the money rates and other banking devices. Why? Because the societies are not functioning so as to absorb the available money. It is thus clear that the societies are the victims of insufferable wrong resulting from the mal-adjustment of the links between the several agencies—all set up by themselves or in their name.

How to regain the lost ground and to rectify the organisations? That is the imminent problem. Nothing but a sustained, vigorous and well planned programme of rectification and consolidation will bring about a change for the better. Who will plan and execute the programme? I once again repeat that the financing and supervising agencies in order to undo the mischief that resulted from their past neglect and antagonisms, should combine and put their joint shoulders to the wheel. The lead given by the Madras Central Urban Bank, the Central Banks' Conference and the Provincial Co-operative Conference hitherto has been on the right lines. Just as it was begun to be put into execution, there came a break in its onward march. How or why I do not propose to discuss now. The essence of that programme is this: The financing banks must, without a moment's further delay, employ an administrative staff indoors to

compile a reliable record of the activities and financial condition of the societies to enable the bank to keep a constant watch over its constituent societies all the year round. The Banks must also employ a field staff to inspect the societies, stimulate collections and otherwise safeguard its financial interests. Supervision may be left to unions, making every effort to strengthen them. The personnel of the staff should be organised on a satisfactory basis. Two grades of officials, one of lower grade to satisfy the Union Supervisor's standard and one of a higher grade to satisfy the Administrative Inspector's standard, must be trained, equipped and harnessed to the task. In addition to this normal programme, a special staff should be employed in each banking area to carry on the work of rectification and consolidation. It is a dull, tedious, prolonged work which may extend over several years. But it must be done. Where federations and unions are willing to do the work, it is best for the Bank to collaborate with them and that the special agency works through the unions. But when it is found that unions and federations are either incapable or unwilling to handle the situation, speaking for myself, no obstacle should be placed in the path of the bank to do the work. Some one must do it. It is here that I feel that the Committee failed to give a proper lead. I am in emphatic disagreement with the Committee that the Bank should derive its power from the Registrar in this behalf. I have argued my case in my minute of dissent and am content to leave it there to be judged by my fellow co-operators. But leave that alone, it does not matter. When once people seriously enter on constructive work, they will soon forget their differences and the feelings engendered thereby, in the pleasure of effort in their all-engrossing task. The magnitude of the task is so immense as to keep all of us engaged in it all the time; but no task is too arduous, if we set about it in right earnest.

"Be not afraid!"

This very hour begin the needed task to do,

The unseen forces wait to help thee on the way.

Write "Can" and "Will" upon thy banners large and true

Thy way will brighter grow into the perfect day.

Be not afraid!"

I shall now pass on to the non-credit branch of our activities which requires much more attention than we now give.

"Agriculture is by far the most important industry of the Presidency and that great benefit can accrue to the agriculturist by proper application of Co-operative
Additional attention to Non-Credit work.

methods in certain. Societies for the better farming, for the co-operative purchase of manure, ploughs and the like, for the co-operative sale of crops, for the provision of finance to enable the cultivator to withhold the crops for the market at the harvest time (this is the peculiar function of loan and sale society) all offer means of increasing the cultivator's income." In these words, the Committee introduce their paragraph on non-credit co-operation. It is a mistake to suppose that credit co-operation can thrive and make great progress by itself, without other rural conditions, which adversely affect the ryot's life, being improved by the non-credit activities of the varieties mentioned above. In fact there is a much larger and more humane field of work for those who wish to devote their talents and energies to non-credit activities. The loan and sale society is becoming more and more popular and should be encouraged to begin with. Its beneficial activities will stop an appreciable drain on the cultivator's finances, in the shape of loss on account of low prices, middlemen's profits and so forth. Their success requires that provision should be made for village granaries for storage of pledged produce in an adequate measure. If you can secure the crop in the harvest field and save it from the grip of the creditor or the forward purchaser, or from being carted to an unfavourable market to meet the otherwise unsatisfiable money needs of the producer, and store it for him and lend money on it so that it may be profitably disposed of when the market assumes a favourable turn, you would have done the greatest good to the ryot. Once you let the crops pass away from the threshing floor into other hands, it is not possible to save the ryot from the creditor and middleman. If the ryot's village is not a favourable place for securing his produce, the granaries should be put up in the nearest neighbouring village where better facilities exist. The railway administrations and transport agencies, the local bodies and other authorities who hold the key to communications by land and water, should all be made to interest themselves in the cause of the ryot. The Committee rightly point out that the non-credit work has been a neglected field hitherto and calls for additional attention which will repay amply. The Provincial Co-operative Union has now organised a separate sub-committee to do propaganda in connection with non-credit co-operation and the Andhra Sahakara Sammelanam will do well to adopt a similar course.

It is a matter for great regret that certain fissiparous tendencies are manifesting themselves in the movement. I beg of my fellow co-operators not to allow communal or political differences to invade the co-operative organisations. Of all forms of associated effort, co-operation is not only

Dangers to be averted.

the most equitable but also the most sacred and let it not be made profane by the touch of factious spirit. Let the present unenviable condition of our local bodies serve as a serious warning to us. I am told that in this district in a few villages, rival societies are formed not because a single society became too unwieldy to cater to the credit needs of all the villagers, but because of disagreement between co-operators. Nothing is more suicidal to co-operation than rivalry. Co-operation is the direct negation of competition and its glory consists in its claim to gather under its sheltering wings people who are engaged in, as well as, those who are made victims of competition. Let us remember that we are building a co-operative commonwealth for the benefit of not only ourselves but also of our posterity. Let not the future generation say that the young plant of co-operation was killed by their short-sighted ancestors acting in an unco-operative spirit.

It has given me great pleasure to find that the Andhra Sahakara Sammelanam is being whipped up into active life once again. Let me state what I consider to be the proper line for the Sammelanam to adopt. Until the Andhra Province gets its own Registrar and co-operative provincial autonomy, the Sammelanam may well maintain useful relations with the Madras Provincial Co-operative Union to their mutual benefit. The time will soon come when Tamil Nadu will develop its own Language Federation. The whole question of the interrelation between the language federations may then be considered and decided upon. Even then the scattered language federations which have no kind of co-operative link between them will be weak units in any organisation. "Union is strength" is a motto which applies not only to individual co-operators but also to co-operative institutions. English and Scottish Whole Sale Societies are shining examples of the federal idea. Whether the South Indian Language Unions should be federated into a compact South Indian Organisation or whether they should all be federated into an All India Organisation, is one which should engage our attention in course of time, after we develop our respective language federations and not till then. To aim at individuality is altogether another proposition from aloofness. The tendency is not only to nationalise but also to internationalise co-operative institutions. So let the movement in Andhra Desa work out its destiny not in a spirit of exclusiveness or in an atmosphere of hostility, but in a true co-operative spirit of

"EACH FOR ALL AND ALL FOR EACH."

CO-OPERATION AND SELF-HELP

CO-OPERATION

"**Co-operation** leaves nobody out who works. Those who do not know this do not understand Co-operation; those who do know it and do not mean it, are traitors to the principle. Those who mean it and do not take steps to secure it, or are silent when others evade it, or do not advocate it when occasion offers, are unseeing or supine. Co-operation touches no man's fortune; seeks no plunder; enters into no secret associations; it contemplates no violence; needs no trades union to protect its interests; it subverts no order; envies no dignity; it accepts no gift, nor asks any favour; it keeps no terms with the idle and it will break no faith with the industrious. It is neither mendicant, servile, nor offensive; it has its hand in no man's pocket, and does not mean that any other hands shall remain long or comfortably in its own; it means self-help, self-dependence and such share of the common competence as labour shall earn and thought can win."

HOLYOAKE.

SELF-HELP

"Lack of good credit is the root of the small man's helplessness, and this credit can only be provided if the small man by **self-help** organizes himself to obtain it."

SCHULZE DELITZCH.

