

of capacity shown. What is the great want from which the Co-operative Movement in India still suffers? The realisation of responsibility. Hence, for one thing, those truly alarming and unabating overdues. Now the best, and I consider the only true, teacher of responsibility, is responsibility brought home—as, in our case it can be only by fellow members. The enlightened and advanced fellow members of co-operative societies can bring home the sense of responsibility—in meeting engagements and in watching and influencing fellow members, a hundred times better than superiors. And the example of such perfected societies is likely—I think I may say may be trusted—to act as leaven among the entire movement, which common action, under self-determination is sure to produce common opinion, the common acceptance of settled principles, such as we see in action, for their benefit, in the great European Co-operative unions. And that is not all. To quote but one piece of evidence. The recent embarrassing over-accumulation of cash balances has made it clear that the rules laid down by the MacLagan Committee, good as they were for the time of their composition, have grown too narrow and rigid for the present era. European Apex Banks have wider fields for investment of their funds open to them. As we advance in the perfecting of the movement, we ought to give the advancing movement power to shape its course more and more in accordance with its own riper judgment. We shall have to advance carefully, of course, tentatively and with caution. But at one time or other, we shall certainly have to advance. There will be plenty of work, more useful work, left for our deserving Registrars and their staffs.

Indigenous Traditions—Bed-Rock for Modern Co-operation.*

CANNING COLLEGE,
LUCKNOW,
30th October 1928.

Dear Mr. Editor,

I have received some interesting communications from Dr. G. Fauquet, Chief of the Co-operative Service, League of Nations, regarding my address before the XVIth Madras Provincial Co-operative Conference.

As the point raised in these viz., the necessity of establishing the Co-operative movement on the bed-rock of the old and indigenous habits and practices of co-operation, is significant not merely in India but also in other countries, I shall be obliged if you kindly find a place for these letters in your Bulletin. It is unfortunate that the movement is not seen from this angle in our country.

With best compliments,

Yours truly,
RADHA KAMAL MUKERJEE.

INTERNATIONAL LABOUR OFFICE,
LEAGUE OF NATIONS
GENEVA.

17th September 1928.

Dear Sir,

I have read with much interest in the Madras Bulletin of Co-operation for last April, your presidential address at the XVIth Madras Provincial Co-operative Conference, and particularly the statement of your ideas on the advisability of utilising as a basis for modern co-operation the indigenous traditions of co-operative practice which are a legacy of ancient rural communalism.

I have myself had some opportunities of expressing the same opinion, and you are probably aware of the fact that not only in Italy, Japan and Russia, but also in Bulgaria and some other countries, modern forms of co-operation have been traced back to ancient and indigenous forms; again, in the French Colonies for instance, especially in Africa, old customs of collective activity are being utilised

* Some interesting and useful communications received by Prof. R. K. Mukerjee from the Chief of the Co-operative Service, League of Nations.

as the support for organisations gradually developing into modern co-operative societies. A friend of mine—a Danish Co-operator—has undertaken to find out some connection between the present form of Co-operation in Denmark and the traditions that may have derived from the customs established in the small self-governing village societies which existed in that country towards the end of the eighteenth century.

Perhaps you may find some interest in the attached copy of a letter I wrote to my friend in this connection.

Yours faithfully,
(Sd.) DR. G. FAUQUET,
Chief of the Co-operative Service.

DR. RADHAKAMAL MUKERJEE, M.A., PH.D.,
Professor of Economics and Sociology,
University of Lucknow, Lucknow. Inde.

COPY.
S. 18/3918

8th Feb. 1928.

To

MARINUS JENSEN ESQ.,
Roskilde
Højskole.

Dear Mr. Jensen,

I was very glad to hear from you and to learn from your letter that you are intending to carry out researches into the origins of Co-operation in Denmark. It would certainly be extremely interesting to ascertain whether and how far the modern Danish co-operative movement owes some of its characteristics to the old institutions of the village communities.

In France, the co-operative butter-making societies, such as those in the region of Charentes and Poitou, began to grow up at a definite date. The first was founded in 1887. They were the means of ensuring the revival of a whole district by the substitution of dairy production for the cultivation of the vine, which has been ruined by the phylloxera. They are therefore entirely modern institutions. It is probable, though I cannot affirm it as a fact, that the example of Denmark played a part in their creation, and perhaps also a certain practice in co-operation already existing in the district in the form of rural co-operative bakeries.

On the other hand, the co-operative cheese making societies of the Jura, commonly known as "fruitières", have a very ancient origin. Unquestionable documentary evidence proves their existence in the

thirteenth century. It is only recently that the majority of them have replaced their customary regulations by written regulations modelled on the legal provisions governing modern co-operative societies in France. According to the custom of the "fruitieres", every owner of cows residing in the village was bound to deliver his milk to the "fruitiere". Some years ago a tribunal recognised the validity of this obligation, which according to the judgment of the court, was based "on a custom in force from time immemorial". I am inclined to think that the "fruitiere", which permits of the manufacture of cheeses of *very large dimensions* by bringing the milk into a common fund, had its origin in times even more remote than those indicated by historical documents. It should perhaps even be referred to an epoch anterior to the dissolution of primitive communities into separate house-holds. This is only a hypothesis, but it nevertheless supplies an answer to the question: "if the fruitiere is a necessity owing to the fact that each individual produces too small a quantity of milk to make a large cheese by himself, how did the custom of making large cheese grow up?" My hypothesis replies "Because the habit of making large cheese was adopted at a period when the herd itself was common property and when consequently the joint manufacture of a single cheese of large dimensions did not meet with any obstacle of a social character." On this theory the "fruitiere" would be a survival of primitive communism due to the persistence of traditional *technique* in an environment which in the course of centuries has evolved *socially* from primitive communism to the conjugal family and private property.

This hypothesis, which can only be regarded as a mere conjecture so long as there are no means of verifying it, was suggested to me, partly at least, by P. Apostol's book on the *Artel and Co-operation in Russia*, a French translation of which appeared in 1899.

Apostol, in studying the co-operative group known in Russia as "artels" was led to recognise two distinct origins for these institutions. The following extracts from his work clearly show his idea:—

"Certain co-operative associations with an economic object, similar in form but different in the spirit which animates them, are met with at the two antipodes of civilised life, that is to say, at the present time and at the remote period in which human society was just beginning to take shape. Those of modern origin have risen from a reaction against the individualist economic system. Before the idea of constituting and disseminating them could arise, it was necessary to pass through a period of complete triumph of individualism.....On the other hand, the co-operative associations proper to the lower stage of civilisation are the products of primitive communistic system."

".....The dissolution of domestic communities compelled the fractioned families to continue to carry on collectively (that is to say, grouped in "artels"), a number of branches of economic production. In fact, the very progress of the artels has often been an index of the advance towards individualism."

We find exactly this double origin in the "fruitieres" of the Jura and the French Co-operative butter producing undertakings of the Danish type. The "fruitieres", however, in spite of their ancient origin, more and more acquire the legal structure and all the characteristics of co-operative societies of modern origin.

The distinction drawn by Apostol brings out clearly the complex character of a co-operative association which creates a common undertaking but on the basis and for the benefit of independent private economic units. It appeals to mutual assistance and solidarity, but, unlike the primitive communities, it does so in order to combine without absorbing the individual wills whose autonomy it respects. This complex character is common to all co-operative associations, whether they derive their origin from an incomplete evolution towards an individualist economy, or, on the other hand, from a reaction against the consequences of individualism.

It may, however, be a reasonable question whether societies which have preserved in their manners and customs some survivals of the institutions or legal notions, or even merely the mental habits of village communities are not more apt for co-operative action than societies in which the development of an individualist economy has broken every institutional or mental bond with community economy.

The foregoing observations were directly suggested to me by the references in your letter to the old Danish village institutions, but I must return to the question which you have asked me and which is connected with our conversation in Manchester. I will therefore develop and make more clear the idea which I think I expressed to you in the course of our conversation.

There is no doubt that the example of the English co-operative societies exercised, especially after 1860, an influence on the beginnings of the co-operative movement in Denmark, as in other countries of the Continent, which is rendered incontestable by clearly ascertained facts, the data of which are known.

What was contributed by the English example was, in fact, of a complex character and it is possible to distinguish three elements in it:—

(1) the demonstration of the success which the poorer classes could derive in practice from association for economic objects;

(2) an aggregate of rules of which the principal was the division of profits in proportion to purchases;

(3) a conception of co-operative action going beyond its immediate objects and connecting the co-operative movement with the general social movement for class emancipation.

If we consider points 2 and 3, we must recognise that the English example could only be utilised in Denmark subject to the modifications imposed by the transition from an industrial to an agricultural country.

In the first place, as regards point 3, the development of co-operation in a peasant environment was necessarily associated with a different order of ideas from that which animated the co-operative movement among the English working classes.

As regards point 2, it should be observed that the rule of distribution of profits in proportion to purchases, which was invented and re-invented several times before the success of the Rochdale Society universalised it, was only formally applicable to co-operative supply societies. The Danes generalised the rule by applying it to selling co-operative societies. In the absence of any precedent for imitation, the Danes therefore invented this generalisation for themselves.

Moreover, certain details in the organisation of the Danish co-operative societies are, subject to proof to the contrary, Danish inventions. This is the case, for example, with the mechanism by which a society is constituted without capital, by means of an initial loan, the progressive amortisation of which forms a reserve for the benefit of the society, which is periodically distributed among the members in proportion to the operations carried out by each of them during the period under consideration. This system, which the Americans designate by the term "revolving fund", was borrowed by them from the Danish co-operative societies.

Another peculiarity of Danish co-operation is that Danish co-operative societies have, as a rule, a simple and not a multiple function: one society for each object. This rule has become, in the United States, the "commodity plan" or, in other words, organisation "commodity by commodity."

With a more perfect knowledge of the Danish co-operative movement one could no doubt point out other features of organisation which the Danish peasants have invented for themselves. If, however (and this was, I think, the idea which I expressed to you), the Danish co-operators have been able to invent and apply rules of operation which are, at the same time, ingenious and strictly in conformity with the essential nature of co-operative institutions, this is due to the fact that they have not been in any way hampered by Danish legislation.

In most other countries, at the commencement of the movement, co-operative societies lacked a legal basis, or even came into conflict with restrictions on the right of association, while, on the other hand, a whole system of legislation had already been developed to meet the needs of joint-stock companies. The result was that co-operative societies had to adapt themselves to legal provisions which were very imperfectly suited to their character. More than this, in countries in which legislation relating to joint-stock companies reached a mature state of development at an early date, it introduced even into the minds of the masses legal notions which weighed on the imagination of co-operators themselves and hindered the spontaneous and independent development of legal notions which were genuinely co-operative.

The Danish co-operators, on the other hand, were able to be their own legislators free from external influence. The regulations of their societies are the direct and unmingled expression of their own conception of co-operative law. The aggregate of these regulations thus constitutes a monument of independent popular legislation.

I am,

Yours very truly,

(Sd.) G. FAUQUET,

Chief of Co-operative Service.

THE PRIMARY CO-OPERATIVE SOCIETY

BY PROF. B. B. MUKHERJEE,

(*Professor of Economics, G. B. B. College, Muzaffarpur.*)

Mr. Wolff has very aptly remarked: "It is the local society, that single brick in the bottom layer upon which the intended fabric is to rest, which makes the safety of the organisation." We have seen about 25 years' Co-operation in India and during this period, the progress quantitatively estimated has not been inconsiderable. In 1925, there were in British India 10 members of primary societies per 100 inhabitants, and there was one society in every 7 villages and one member out of every 86 villagers. It may claim to have succeeded in providing a large amount of capital at reasonable rates of interest and in organising a system of rural credit which, carefully fostered, may yet relieve the cultivator of that burden of usury which he has borne so patiently through the ages. It has not, however, been able to secure a definite place in the village economy. It has not been able to arrest the break-up of the village organisation, it has not made the village Bania and the village Bepari unnecessary, neither has it been able to draw to its fold the richer and more educated members of the village people who can be counted upon to exercise a healthy influence on the members. Mostly, those persons who are hard pressed either by the money-lender or by the landlord come to the society for help, and the well-to-do cultivators keep out of the society as the principle of unlimited liability stands in their way. This principle is undoubtedly very sound, but what is the value of the liability of a member whose property is saddled with an increasing volume of debts both to the society and to the outside money-lender? Unlimited liability ceases to have any significance if the member is so much encumbered that very little can be realised when he is sold up. Does it not result in throwing off the burden of one insolvent member on a more solvent one? What restraining influence can the latter be expected to exercise on the former who comes with a heavy load of debt to the society? Unlimited liability is suitable for areas where the inequality between the rich and the poor is not very marked, but in many of our villages, the gulf between the rich and the poor is getting wider; hence it is very difficult to induce the rich villager or the prosperous cultivator to combine with the impoverished ryot or the struggling peasant under the terms of unlimited liability. Luzzatti had the genius to perceive that though this principle was suitable for the Germans, it was alien to Italy, "where there were greater extremes of rich and poor, who could not have been induced to co-operate on a basis of unlimited liability." This unwillingness is mutual; on the one hand, the richer people are not willing to pledge

all their assets because they have so much and the poorer man is equally reluctant as he fears that the default of one or two rich members may result in his losing everything. That is why we find that Pomerania and Saxony in Prussia solved the problem by taking recourse to limited liability.

The remedy therefore lies in providing two types of liability in the same society, unlimited for the poorer members and limited for the well-to-do cultivator; the liability of the latter may be placed at a high figure, say ten times their shareholdings and loans can be regulated accordingly. The fact that the liability is limited will induce them to join and take an active part in the society while to the Central Bank or to any outside financial agency, the material basis for the liability of the society will be less fluctuating and more definite.

The primary society to be effective must perform the same functions in the village which are now being performed by the village Bania and the village Mahajan, in other words, it must help the member to improve his economic conditions by enabling him to purchase articles of necessity at the cheapest rate and to sell his produce at the highest possible rate, besides giving him the facility of cheap credit. This is what the village Bania is doing and unless the society affords all these facilities to the members, what they gain in the shape of a lower rate of interest, they lose more in having to pay a higher price on their purchase from the Bania. That is why we find that in most of our ten year old societies the economic condition of a majority of the members has not improved, debts incurred six or seven years ago for the purpose of effecting land improvements have not been repaid and the indebtedness per member has increased after several years of membership. A very small percentage may be said to have forced themselves from indebtedness and the almost invariable tendency is that once they are free from debt, they are anxious to resign their membership as the society does not offer any attraction from them. It is therefore imperative to change the type of our societies. The single-purpose society cannot bring about the economic improvement of our members. We require in its place a society which will combine credit Sale and Supply. The ability of an agricultural community to improve its economic condition will depend upon the amount of money which it secures for what it sells outside the community minus the amount of money which it pays for what it buys from outside the community. It is on the balance of money in the community as the result of these functions that its economic well-being depends. Success in this direction will then require that the community shall so produce and market as to bring the largest possible amount of

money in exchange for its produce and so buy as to send out the smallest possible amount of money for the things that are necessary to keep up the process properly. Hence it is an imperative duty to eliminate any wasteful process of distributing supplies and also of marketing the commodities. It is not desirable to have in one village a number of societies composed of the same set of men performing these functions quite independently of one another. It is also uneconomical and vexatious. The management of such an All Purpose Society cannot of course be left to the average Sarpanch of our societies, but if the co-operation of the more educated villagers can be secured, then with the assistance of a paid clerk, it can be managed without any difficulty. Sale may be undertaken on the commission system and supply on the joint indent principle. The Central Banks too will have to undertake the duties of wholesale supply and wholesale marketing for their societies, or Central Wholesale and Supply Societies with adequate financial assistance from the Central Banks may be started.

Thrift is included in the objects of the primary society, and it is being encouraged by means of shares and deposits. Share money is realised in annual deposits carrying in most cases a dividend while deposit is stimulated by a high rate of interest. So far deposits proper do not exceed more than 12 per cent of the capital of the society and instances are not uncommon where we find societies with a membership of 30 depositing only Rs. 12 during the year. One of our leading Central Banks has 222 societies with a membership of 5,729 under it, but the deposits of members in 1927 amounted only to Rs. 3,777 of Rs. 17 per member. This is partly due to the fact that the villagers have not yet realised the necessity of money deposits as money economy has not yet displaced grain economy completely in the villages. They have cash with them twice a year, when they sell their produce and a major portion is taken up by the purchase of articles of necessity, payment of rent and the repayment of old debts. Attempts have been made in several provinces to stimulate thrift by opening Savings Bank accounts in the societies, but the results were not encouraging. Further deposits are not developing owing to the difference between the rates of interest on deposits and on loans; members have to pay, say, 15 $\frac{3}{8}$ p. c. on their loans while on their deposits they do not get more than 8 p. c.; thus it is uneconomical to divert their surplus funds for deposits while these could be utilised in liquidating their debt. The best methods of encouraging deposits would be to start grain deposits. Every member must deposit at harvest at least 2 seers per maund of the principal crops grown by him and these should be collected and stored by the Panches, then after some months when market is favourable, the deposited grain can be sold and the money credited to his deposit account. The cultivator

is familiar with the system of grain payments to the village servants and if the tendency towards speculation is checked and some standard crops are selected, this system is likely to work well and it may further encourage the standardisation of crops in the long run.

Thus we find that it is possible to improve the primary society by

- (1) providing for limited and unlimited liability in the same society,
- (2) converting the credit societies into All Purposes Societies and
- (3) introducing grain deposit where the system of money deposit has not succeeded in encouraging thrift.

The Tenth Co-operative Registrar's Conference.

Simla, 28th September 1928.

OPENING SPEECH.

BY THE HON'BLE SIR MUHAMMAD HABIBULLAH.

It gives me great pleasure to welcome you to the summer capital of the Government of India. The Tenth Conference of Registrars of Co-operative credit societies and of others interested in the co-operative movement was to have met last June. It had to be postponed owing to the desirability of including in the deliberations the important recommendations affecting the co-operative movement made by the Royal Commission on Agriculture. I am glad that it has been found possible to convene it a few days before the meeting of representatives of local Governments whom the Government of India have invited to meet in Simla on October 1st to consider the more important proposals made in the Report of Lord Linlithgow and his colleagues. Your views on the Commission which are included in your agenda will, I feel sure, be of the utmost value to the Agricultural Conference. I need not dilate, Gentlemen, on the value of these meetings of which the present, as I have already stated, is the Tenth. They afford an invaluable opportunity for taking stock of the general co-operative position for reviewing the progress made and the difficulties to be overcome for exchanging impressions and opinions and concerting plans for the future. As successive Committees and Commissions have pointed out, the co-operative movement is pregnant with beneficent possibilities for the country. I sincerely hope that it has also a great future before it. If that future is to be as fruitful as we wish it to be, if the movement is to play its proper part in the upliftment of the agricultural population in India, the more often those engaged in this branch of national activity come together the better.

Gentlemen, I shall not presume to discourse to you on matters of which each one of you is, I am sure, an accomplished master. Mine is the knowledge of the amateur though, as one deeply solicitous of the welfare of the cultivator, and as Member in charge of the Department of the Government of India in which both Co-operation and Agriculture are included, my interest in the subject is earnest and profound; but it often happens that the views of the layman however defective in technical perfection are not devoid of some value. They help to keep the expert in touch with the wishes and requirements of the lay public whose interest the expert serves. It is in this spirit that I venture to make a few general observations for your consideration.

One of the most significant conclusions which can be drawn from the perusal of the Report of the Royal Commission on Agriculture is

the vital importance to the agriculturist of the Co-operative movement. Whether it is finance, which is the life-blood of every material activity, or the marketing of agricultural produce or the organisation on a basis of joint endeavour of agricultural operations or of the amenities of rural life, co-operation can be a most helpful and progressive factor. The Commission have emphasised this in more than one chapter of their Report. They have also made suggestions as to how the two departments can be brought into closer and more harmonious relations. I have no doubt that these proposals will receive careful consideration at your hands. Any concrete proposals which you can put forward to extend the scope of the co-operative principle in the treatment of rural problems will prove of material help in promoting the well-being and prosperity of those who live in a rural environment and whose mainstay is agriculture. This aspect of the matter is doubtless clear to you all. In drawing attention to it, I may even be risking a statement of the obvious; but I feel that it is one of those self-evident propositions which lose nothing by repetition. I notice from your Agenda that you will give special consideration to the Commission's recommendations on the subject of Land Mortgage Banks. This is a subject in which, to judge only by the attention which it constantly receives from the Legislature in the shape of resolutions and questions, public interest is considerable. It is also a subject in regard to which the formulation of a sound policy is essential to advance. The Commission, I am glad to note, have endorsed the Resolution which you passed in regard to the matter at your last meeting, but they have a number of suggestions which require careful examination. Land Mortgage Banks are intended to play the same part in the affairs of the landed proprietor as the Co-operative credit movement in the form in which it exists in most Provinces to-day plays in the life of the cultivating tenant. If agriculture is to progress, facilities for securing funds for productive activities must be found both for the landed proprietor and the ryot. The two are actually indispensable partners in a common enterprise. It is therefore hoped that the future of Land Mortgage Banks will receive your special attention. The question bristles with difficulties but difficulties exist only to be removed. No body of men perhaps in India is better qualified than you to suggest means of overcoming the obstacles that may stand in the way of sound and steady progress. The Government of India and I am sure all Local Governments will await with expectation the results of your deliberations on the subject. You are doubtless concerned with other matters besides those to which I have referred but I do not propose to detain you with comments on these. The time at your disposal is limited and you must be anxious to get on with the serious business of the day. I shall again repeat my expression of welcome to you

all and wish the Conference an interesting and fruitful session. As the Agricultural Conference which opens on the 1st of October will be greatly interested in the conclusions which you reach regarding those recommendations of the Commission which are included in your Agenda, I hope that you will consider these items first. It is our intention to place these conclusions before the other Conference so as to give the Honourable Ministers and other provincial delegates an opportunity of considering them jointly. This will materially help them and the Governments whom they represent in determining in what manner and stages and how far the principles and practices of the Co-operative movement can be enlisted to further that synthetic work of rural reconstruction which, as the Royal Commission has pointed out, is essential to the uplift of the Agriculturist in India.



RAI BAHADUR J. M. MITRA, M.A.

PRESIDENTIAL ADDRESS

BY RAI BAHADUR J. M. MITRA, M.A.

(Registrar of Co-operative Societies, Bengal.)

I thank you for the honour you have done me by electing me as the President of the Tenth Conference of Registrars of Co-operative Societies. I realise that I owe the honour to the fact that I am the most senior among the Registrars present here to-day and that I can claim a longer association with the movement than most of you present here to-day. I can assure you that I greatly appreciate the compliment which you have paid me.

We have just listened to a most illuminating and inspiring address from the Hon'ble Sir Muhammad Habibullah and as we have a heavy programme of business before us, I know that you are anxious to get to work at once. I propose therefore with your permission to depart from the practice which has hitherto been followed and refrain as President from making any general observations of a lengthy character at this stage. I would however like to draw your attention to the most outstanding recommendation of the Royal Agricultural Commission regarding the co-operative movement. The Commission rightly point out that the sole object of the co-operative movement is to make the individual member of the primary society a better man, a better farmer, and a better citizen by reason of his membership in the village society. If the movement fails in any of these directions, it is bound to fail in its first purpose. The Commission therefore rightly stress the necessity of paying more attention to the education of the members than is now the case. And we must educate the educator and we must devise means for the entertainment of a sufficient and efficient staff to undertake the supervision of societies for the purpose of educating the individual member. Different Provinces have adopted different systems of supervision. While I deprecate strongly the craze for uniformity which is manifest in certain quarters, I do feel that mutual discussion and interchange of ideas would help us in removing difficulties where they exist and in strengthening the different systems which have been evolved in the different provinces in the light of local circumstances.

Sir Muhammad Habibullah has pointed out that one of the most important among the various recommendations of the Commission in which the Government of India and Provincial Governments are particularly interested is the question of the establishment of Land Mortgage Banks and provision of long term loans. I have not the slightest doubt

that your deliberations will help each province to devise a comprehensive scheme either for the establishment of Land Mortgage Banks where they do not already exist or for strengthening the Land Mortgage Movement where it has already been started.

One of the criticisms very often levelled against the movement is that it is one-sided. It is now however recognised that this criticism is overdone. We have it on the authority of the Royal Commission that there are good reasons why the movement is still predominantly credit in its character. We all recognise however that the time has come when along with the consolidation and expansion of the credit side of the movement, we should develop in other directions. And the most important direction in which we ought to develop is the co-operative marketing of agricultural produce. I am convinced that unless co-operative credit is aided by a sound system of co-operative marketing, we shall not be able to effect any appreciable improvement in the economic condition of our members. Even in America which has a highly developed system of agricultural credit and where the farmers may be regarded individually as the most efficient in the world, the need of the farmers binding themselves on co-operative lines for the sale of their agricultural produce and thus effecting an improvement in the exchange value of their agricultural produce has been keenly felt. Most of the provinces have already taken steps to initiate co-operative marketing of agricultural produce and we may look forward to a rapid development on sound lines in this direction.

We have been reminded by Sir Muhammad Habibullah that the Commission has laid considerable stress on the necessity of a close co-ordination between the co-operative department on the one hand and the department of agriculture and other departments connected with rural life in India on the other. I am sure we all realise this and the fact that without such co-operation it will be impossible to change the outlook of the cultivator and to improve his standard of living. We must be prepared to allow our works to be judged by the results we achieve in these two directions, viz., the change in the outlook of the cultivator and improvement in the standard of his living which we are able to effect.

CONCLUDING REMARKS.

We have now come to the end of our labours. On behalf of Mr. Darling, Secretary to the Conference, and also on my behalf, I offer you our sincere apologies for the imperfections of arrangements. I was elected president on a moment's notice and Mr. Darling had no man under him to whom he can give orders. I am sincerely sorry for all the

inconveniences which you have suffered ; and at the same time I am very grateful to all of you for the assistance you have rendered to me in bringing the conference to a successful termination. Expedition and harmony have been the main characteristics of this Conference though I believe we have not missed any single point of importance in any of our discussions. On your behalf I would specially like to thank Mr. Darling, Mr. Collins and Mr. Hood, the conveners of the three sub-committees. Without the able spade work which they did in sub-committees, it would not have been possible for us to finish successfully the work of the Conference within such short time. The ability shown by Mr. Hood in drafting has been of the greatest assistance to the Conference and we may particularly recommend to the Government of India that Mr. Hood be placed in charge of the drafting section of the Government of India. I do not wish to trouble you with lengthy concluding remarks but at the same time I would like to warn all co-operative workers against two or three tendencies which are becoming manifest. The first is the invasion of a commercial spirit into the management of our apex and central institutions. The second is the wrong use of the expressions "Officialization of the movement and non-officialization of the movement." I would ask you to remember that officials are here as co-operators and I believe that most of the non-officials are here as co-operators too. As regards the future guidance of the movement the question is not officialization or non-officialisation of the movement, but the great question is the democratisation of the movement, that is to say, how to hand over the guidance of the movement to the very persons for whom the movement is intended. We often forget that. Some non-officials come and say "We ought to non-officialise the movement". But do they ever come and say "We want to develop village leadership and we want to hand over the movement to the people for whose benefit the movement has been designed? Non-officials are apt to look upon themselves as trustees of the movement and so far as surrender of power is concerned, they often take up the same attitude as officials. It is as much difficult to wean away from officials an institution once entrusted to their care as it is from non-officials when they run a movement on behalf of other people. With these few remarks and again thanking you for the honour you did me as your president and for the great assistance you rendered to me in bringing this Conference to a successful termination, I wish you all good-bye.

Co-operative Central Banks in the Madras Presidency.

(Review of Administration Reports for the year ending 30-6-1928.)

BY THE HON'BLE V. RAMADAS PANTULU.

Administration Reports of ten Central Banks for the year 1927-28 have reached us and are now available for review. The Reports received are fairly representative of the business of Central Banks. Five are from Tamil districts and the other five from Telugu districts.

Bank Balance Sheets are generally examined from three points of view: *firstly*, what is the proportion of owned capital to borrowed capital? *secondly*, what is the proportion of the advances to borrowed capital? and *thirdly*, the size and nature of the Reserves—in other words, fluid resource maintained.

Scrutiny of the Balance Sheets of Co-operative Central Banks from the aspects indicated above is rendered unnecessary because their business is regulated by law or executive control on certain well defined lines; whereas no such restrictions have been imposed on non-co-operative Banks. Central Banks can borrow only up to ten times their share capital plus reserve fund. Owing to the low margin of profits, Central Banks cannot but invest the whole of their funds in advances to Societies. The size and character of fluid resource to be maintained is laid down by the Local Government under the powers vested in them by the Co-operative Societies Act. So, an examination of the Balance Sheets from the traditional standpoints is purposeless. This review will therefore turn the spotlight on the more important items relating to the progress of the Banks and is so arranged that the Co-operators and other readers will be enabled to acquaint themselves at a glance with the trend of affairs in these institutions.

The following statement exhibits the position of business as on 30-6-1928 of the ten Banks referred to above :

BANKS.	No. of Share-holders.		Paid up share Capital of		Total of paid up Share Capital.	Reserve and other funds.	Working Capital.	Loans outstanding against Societies.	Overdues.		Loans issued in 1927-28.	
	Individuals.	Co-operative Societies.	Individuals.	Co-operative Societies.					Principal.	Interest.	Long term.	Short term.
Vizagapatam	...	...	...	...	96,272	25,311	12,33,514	8,53,204	1,74,103	4,234	Rs. 6,300	Rs. 7,44,353
Nellore	74	374	27,350	1,24,659	1,52,009	35,249	17,28,253	15,54,311	2,06,615	13,579	2,92,886	4,88,285
Bezwada	39	151	24,700	35,851	60,551	9,859	6,70,573	5,38,567	73,144	2,410	1,52,970	1,92,194
Chittoor	84	285	36,585	1,20,322	1,56,907	18,809	10,52,050	8,59,938	4,42,615	14,914	1,64,244	29,800
Cuddapah	55	175	...	...	67,645	17,034	6,41,875	5,95,836	1,65,518	12,114	...	...
Coimbatore	180	577	1,17,890	1,19,026	2,36,916	1,42,470	34,27,980	25,87,115	3,61,241	5,912	8,75,466	3,06,080
Madura	103	524	75,000	1,42,573	2,17,573	1,03,537	23,57,870	16,18,465	3,35,162	14,547	5,87,620	3,43,376
Tanjore	252	253	70,190	69,161	1,39,351	30,484	12,79,064	9,03,804	2,98,439	2,978	2,36,016	3,21,138
Kumbakonam	124	325	...	...	1,17,159	42,000	15,66,199	12,42,454	1,61,854	730	5,68,626	3,45,486
Salem	100	446	80,000	99,533	1,79,533	1,18,299	23,82,411	22,92,410	5,55,935	11,174	9,85,600	1,08,171

It will be observed that in every one of the Banks except Tanjore Membership and the Society Shareholders far out-number the Share Capital. individuals and the Banks are to that extent practically controlled by the affiliated Co-operative Societies. In point of paid up share capital also, the 'societies' contribution far exceeds that of the individuals, except in the case of the Tanjore and the Coimbatore Banks where the amounts contributed are nearly equal.

The Reserve Funds of the Coimbatore, Salem and Madura Central Reserve Fund. Banks are about a lakh each. The other Banks have small Reserve Funds. The Bezwada Central Bank has in particular a very small Reserve Fund in proportion to its working capital. The size and nature of the Reserve Fund is the measure of the ability of the Central Bank to bear losses. Considered from this aspect, none of the Banks, except at Madura, Salem and Coimbatore, can bear even a small loss of about Rs. 50,000.

The aggregate Working Capital of these ten Banks is Rs.1,63,39,789. Working Capital. About 38 per cent of the borrowings is from local bodies. Funds of Primary Co-operative Societies lodged in Central Banks are not appreciable in the case of the Cuddapah, Nellore and Bezwada Banks. The Bezwada Central Bank has 151 societies affiliated to it and the Reserve Fund investment of all these societies in that central bank is only about Rs. 8,500. The majority of the societies working in the area of the operations of this Bank must be at least over 5 or 6 years old and it is very strange that these societies should have built up such a small Reserve Fund. The matter seems to require attention. In the Salem Bank, nearly a third of the borrowed capital is from societies. Madura, Coimbatore, Tanjore and Vizag. hold fairly large amounts of deposits from co-operative societies.

The Banks at Vizianagaram, Coimbatore, Madura, Tanjore and Kumbakonam have large *surplus funds*. While the first three have invested their surpluses with the Provincial Bank, the two latter have invested in Government Promissory Notes. The Nellore Bank had a small surplus which it invested in a Joint Stock Bank in preference to the Provincial Bank, a tendency which it is desirable to avoid in future.

The greater proportion of the loans issued by the three Circar Loans to Societies. Banks is for short term, while in the case of other Banks, a much larger amount of long term loans has been issued. Probably, the figures of some Banks' transactions under overdraft accounts allowed to Societies have been included under short term loans. It would be more accurate and informing if

these are shown separately from the transactions under short term loans for fixed periods.

Short term loans ought to be popularised amongst the Tamil and the Ceded Districts Societies. It cannot be said that the ryots of these districts are not in need of short term loans to the same extent as the ryots in the Circars.

Overdues have risen and no Bank seems to be in a position to check the rise. Of course, a certain amount of Overdues. overdues is inevitable in agricultural finance; but the overdues should not be unreasonably high, and the upward tendency should not be a normal feature. In the case of the Chittoor District Bank, nearly 50 per cent of the amount of loans outstanding is now overdue. Though the proportion in the case of the other Banks is not so high, yet the amounts involved are rather high and are rising from year to year.

The Reports of Coimbatore, Cuddapah, Madura and Tanjore give an interesting analysis of these overdues. Information about the number of borrowers and number of defaulters are given unionwar, together with amounts concerned. The other reports do not give similar information.

It would be interesting if the Banks publish an analysis of these overdues according to the duration of their pendency—for instance, how many societies have not paid instalments for one, two, three or four years and more, together with the amounts involved, may also be made available. This will be a truer index of the position.

The action taken with regard to collection of overdues ranges from a mere expression of a hope that the Unions will strive to reduce the overdues, to some form of direct action by the appointment of Bank staff. Salem, Nellore and Tanjore have appointed Inspectors, while Chittoor and Cuddapah have not yet made up their minds as to the exact lines on which they are to tackle this matter. Madura, Bezwada and Coimbatore exhort the Unions to take effective steps for the reduction of overdues.

This has already been dealt with partly. The Report of the Salem District Bank states that an Administrative Section Inspection and Administrative Section. has been opened. The Report of the Chittoor Bank states that the work of the Administrative Section had to be held in abeyance as the General Body did not sanction the necessary budget. The Reports of the Coimbatore and the Nellore Banks show that a few Societies were inspected by the Directors. None of the Banks appear to have instituted a regular system of inspection of societies, as recommended by the Townsend Committee.

The Registrar of Co-operative Societies has also recently circulated a model by-law for adoption by Central Banks in regard to this matter of inspection of societies.

Central Banks and Federations.—The Report of the Coimbatore Bank states that the Bank made a substantial grant of Rs. 10,000 to the Federation to carry on the work of rectification and consolidation of societies. The Report adds "the higher staff employed in the Federation started on its work from February and it has rectified some bad societies. This has materially assisted the Unions in their collection work also."

The Report of the Salem Bank states that the Federation "has not begun to function seriously till the last day of the year. They have agreed to give the District Bank the representation the Bank asked for. It is hoped that the Federation will function during the current year and relieve this Bank to a very large extent of the work of improving the work of the Unions and Societies in the district." None of the other Reports contain any reference to the activities of the Federation.

General.—The form of the Administration Report of some Banks is capable of improvement. The Vizagapatam Central Bank has published nothing but the Registrar's Audit Order and the Balance Sheet. No Report of the Board accompanies that document. The Reports of Coimbatore, Madura, Cuddapah and Chittoor Banks furnish interesting reading and enlightening statistics have also been given. It may not be out of place to suggest that the Reports of our Central Banks should be standardized to a certain extent, or at any rate material information may be given in a standard form for facility of reference and review.

The Report of the Royal Commission on Agriculture in India.

BY MR. K. C. RAMAKRISHNAN, M. A.,
(University Lecturer in Economics, Madras).

THE REPORT.

The report, with all its faults, is bound to be for many years to come the most authoritative record on the wide subject of rural reconstruction. It was natural for the Viceroy to call it 'the most complete and creative document' that was ever published on the welfare of the Indian agricultural population. Even the Indian press and the public which had condemned the report in general were taking up piecemeal several parts of the report and basing their appeals for rural development on them.

The Commission's work was unique in more than one respect. The terms of reference were the widest on record. They covered practically the whole field of rural life, many aspects of which had never been subjected to a survey of this kind. The necessity for the inclusion of land revenue and land tenure in the terms of reference was questionable in view of the recent enquiry into the former by the Taxation Committee and the utter unsuitability of an all India survey for the latter. But as the Commission was not precluded from indicating in a general way the bearings of these questions on productive efficiency and prosperity of the farmer, its scant reference to these matters came in for severe comment. The student of economics found both the questionnaire and the report defective in respect of attention paid to problems of agricultural labour—which are not merely those of supply and demand but should include efficiency, methods of remuneration and the scope for their settlement as small holders on cultivable lands.

ITS TERMS OF REFERENCE.

But even as they were, the terms were so inconveniently wide that the Chairman characterised the position of the Commission as follows at a luncheon in London in June 1927: "The Commission's terms of reference were very wide; and it was no exaggeration to say that it would be impossible to complete the extensive enquiries within 15 years, when the evidence will be out of date. The Commission tried to achieve a happy mean between interminable delay and superficiality",

No wonder then that while we have a massive volume which is a mine of information on varied but allied subjects and is full of stimulating suggestions, we have also presented to us a long list of topics for further investigation by experts in different fields.

More than even the Report, the ardent student of rural economics welcomed the 15 volumes of evidence which contain, along with some matter unworthy of publication, plenty of raw materials for the research worker. The Commission has set up in India a precedent in publishing the volumes of evidence long before writing their report to elicit the opinion of the public, which unfortunately did not avail itself of the opportunity in this case.

UNANIMITY A DISTINGUISHING FEATURE.

The unanimity of the report is another distinguishing feature in these days of majority and minority reports, and this in spite of the fact that it contained such strong and independent members like Messrs. Calvert and Kamat whose contrary view-points may be gathered in the volumes of evidence. Dissenting notes of members have been consigned to the position of foot-notes. This speaks not a little for the tact of the Chairman and the earnestness of members who must have felt that a divided report would carry less weight with the public and the Government.

The conception that rural problem is one that transcends mere agricultural improvement, that it is not merely agricultural or economic, but involves questions of education, health, amenities, etc., all of which need to be tackled together, has for the first time in India found a very important place in a State document. The Commission has not lost itself in the bewildering range of topics. It has managed to give a clear lead in many matters and pointed out insistently what ought to be the central aim in all endeavour at rural development. It bases its hope for the transformation of village life on the change in the psychology of the Indian peasant, on his acquisition of 'the will to achieve a better standard of living.' The implications of this view of life need not be gone into now.

UNWIELDY UNEVEN AND MONOTONOUS.

It must be said that the bulk and style of the report are somewhat forbidding and explain the anger of the public and the press. The report is cumbered with descriptive details, which it would have been better to have carried over to the appendices, in the manner of that excellent report in England of the Agricultural Tribunal of Investigation with its extremely valuable memoranda at the end. While the style is uniformly lucid, it is often diffuse and monotonous, and the

array of dry facts and tiresome reiterations, partly necessitated by the interconnection of topics, have alienated the general reader. One finds in a few chapters the language of romance, in some the dignity of style associated with reports of Royal Commissions, but in most dull prose reminiscent of the special crop committee reports. There is an unevenness about it all which indicates that it is a contribution of several heads. This might be inevitable to some extent, but the mere reduction of bulk of the main report—the abridged report reads like a synopsis—would have popularised it.

FAIR IN TREATMENT BUT INCONSISTENT IN RECOMMENDATIONS.

The Commission as a whole has been essentially fair in its estimate of the work of the Government and voluntary bodies. It adopts a conciliatory tone throughout in spite of the strong views held by some members, e.g., in respect of the influence of urban and educated classes on rural life. It has not spared the Government of India or the local Governments for their want of a definite policy and firm faith in rural development. It has criticised the Agricultural Department for its lack of attention to the dry areas and crops, to horticulture and to agricultural engineering; the Education Department for its failure to tackle the question of the relapse into illiteracy and the consequent great wastage in rural education; the Irrigation Department for its negligence of minor irrigation and excessive caution in the case of major works; and most of all the Industries Department which, it plainly says, has not so far justified its existence in respect of the development of rural industries.

But one feels also that it has unwittingly covered up certain departmental defects. There is an impression created that all is well, for instance, with the administration of *taqavi* loans, while civilian witnesses themselves have admitted their inadequacy and misapplication. Apart from the inordinate attention paid to the official side of Co-operation, the unique preponderance of credit societies in India is justified while in almost every other chapter advice is tendered for the adoption of co-operative methods in carrying out any scheme. The impolicy of unrestricted export of oil-seeds is defended in the interests of a section of producers as though the rest were not educible as consumers in this matter. This may be construed as an evidence of the lack of that aggressive manifestation of goodwill to agriculturists which has characterized the Governments of Germany and Japan and recently of Italy, and is, if one is not mistaken, the key-note of the village uplift movement in the Punjab.

RECENT UTTERANCES.

SIMLA AGRICULTURAL CONFERENCE.

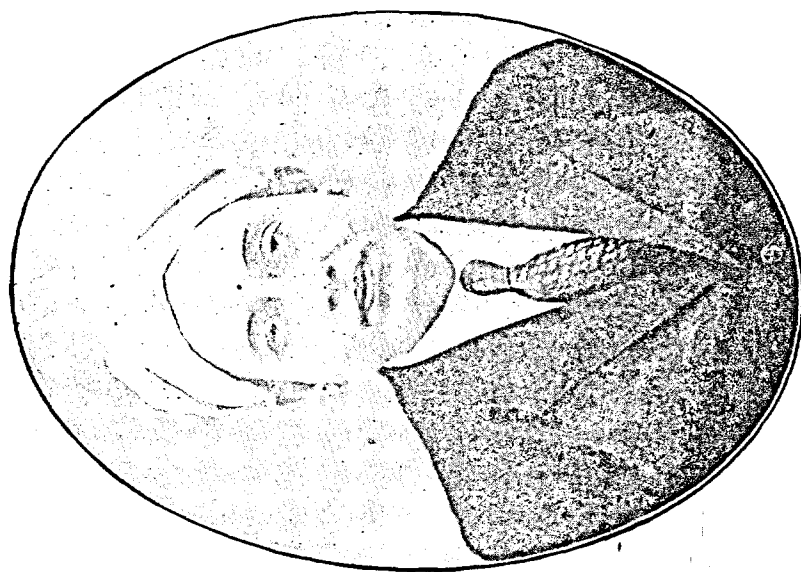
LORD IRWIN'S OPENING ADDRESS.

Before a large gathering of delegates from different provinces of India and Burma and in the presence of Sir Muhammad Habibullah and other officers of the Department of Education, Health and Lands, Government of India, H. E. the Viceroy opened the Agricultural Conference on the morning of the 1st of October in the Council of State Chamber at the Viceregal Lodge. His Excellency was received by Sir Muhammad Habibullah and Mr. G. S. Bajpai at the entrance of the Chamber and conducted to the dais.

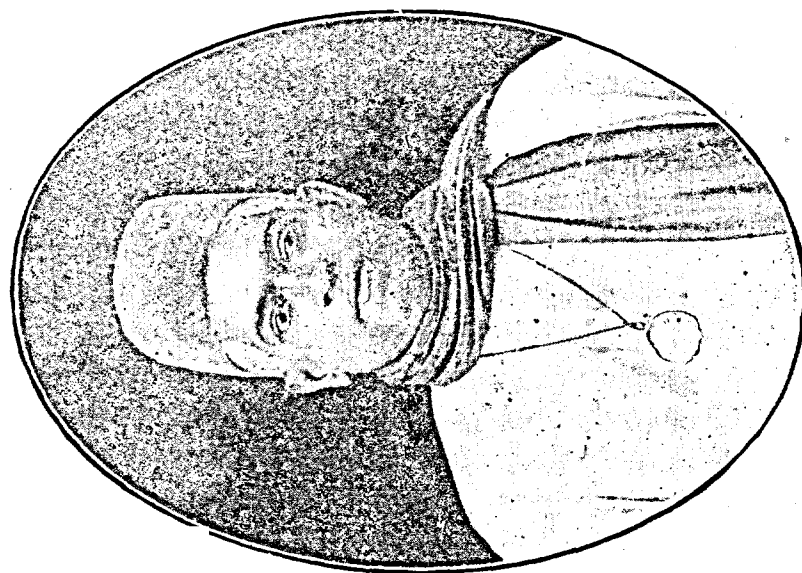
Sir Henry Moncrieff Smith and the Hon'ble Mr. V. J. Patel were present in the visitors' gallery.

His Excellency Lord Irwin opening the Agricultural Conference, welcomed the presence of representatives of several Indian States, described the Linlithgow Commission's report as representing the most complete and creative document affecting the welfare of the agricultural population and spoke of the broad unity of outlook which was an outstanding feature of the report. Co-ordination of effort offered the magic key to success in achieving their common object and while much of the work must fall directly upon the local Governments, the Government of India would willingly give whatever assistance it could. Scientific research was the life-blood of economic progress just as it had proved in Java and other progressive countries. Agricultural research therefore offered a sphere in which the Central Government could help the provinces through existing agencies, if the provinces were willing to co-operate in the manner recommended by the Commission. The Government of India were of opinion that some such organisation as a Central Council of Agricultural Research recommended by the Commission should be established and, subject to the approval of the Assembly, would endeavour to provide any organisation that might be set up with such funds as their resources would permit. Such a central organisation would not, in any way, curtail or restrict the freedom which the provinces enjoyed in agricultural administration.

Concluding, His Excellency observed: 'No ideal could be more humane in its nature, more moving in its appeal than the ideal of kindling in the breasts of seven-tenths of the inhabitants of the sub-continent a desire for a better and a fuller life.' (*The Hindu, 1st October.*)



THE HON MR. SETHURATNAM IYER, M.L.C.,
(Who opened the South Arcot Dt. Co-operative Conference).



MR. A. RANGANATHA MUDALIYAR, M.L.C.,
(President, Urban Banks' Conference, Erode).

THE TAMIL DISTRICTS URBAN BANKS' CONFERENCE

Erode, 20th October 1928.

PRESIDENTIAL ADDRESS

BY MR. A. RANGANATHA MUDALIYAR, M.L.C.

Dear Friends,

You will all agree with me, I am sure, that the idea of organising conferences of this kind has not been conveyed a day too soon and our thanks are due to the authorities of the Erode Urban Bank and all those associated with them in having whole-heartedly worked for the successful inauguration of the conference to-day.

It is true that, in the early stages of the Co-operative movement in this country, attention was confined more or less to rural areas and the problems relating to the agricultural classes living therein. And considering that the vast majority of population in our country depend on land and its produce for their livelihood, and that their economic condition is by no means satisfactory and that their power of resistance even in a year of draught, leave alone severe draught or famine, is negligible, it is as well that attention in the beginning was paid almost exclusively to the agricultural classes and their problems. But it was not long before it was found necessary to deal with Urban areas and those residing in them and their problems. As a matter of fact, I think it next to impossible, specially in a country like ours, that people can be separated into two water-tight compartments, as Urban and Rural, or Agricultural and Non-agricultural, or that their respective problems can be dealt with as if each had nothing to do with the other. That is why in the terms of reference made to it, the attention of the MacLagan Committee was directed not only to an examination of the audit, inspection and management of *all* classes of Societies, but care was taken expressly to say that the Government of India did not limit the scope of the enquiry of the committee in any way and that it might consider and make recommendations regarding any important aspect of the Co-operative movement. The committee also recognised the importance that must perforce be attached to other branches of Co-operation than that relating to agricultural credit "both at the present time and still more in the near future". They believed that great developments might be expected in Industrial Co-operation and in the application of co-operative principles to many branches of agricultural organisation, and that it was not impossible that those developments may in time surpass even the rural credit institutions in importance. These other forms of Co-operation were, no doubt, at the time of the report by the MacLagan Committee, yet in their early infancy. The progress since made is

undoubtedly encouraging, but I hesitate to affirm that it can be considered sufficient or satisfactory. As against 50 Non-Agricultural Credit Societies mentioned in the report, we had in our province 1,115 societies at the end of the year 1926-27. Yet, as I shall presently show, it is no exaggeration to say that, no more than the fringe of the urban problems has so far been touched.

I have said above that it is difficult to divide the population exclusively into agricultural and non-agricultural classes. According to the census of 1921, the population of Madras is about 42 millions of whom actual workers form about 20 millions. Of these 20 millions, the ordinary cultivators living by land, either as owners or as tenants, number about 9 millions, while the others who are also dependent mainly on land for their livelihood but work as farm-servants or field-labourers number about $4\frac{1}{2}$ millions. A small fraction of these millions dependent on land—roughly about half a million—supplement their income from land by devoting themselves to some industry or other as a subsidiary occupation, and there is absolutely no doubt whatsoever that a very large proportion of the rest of the agricultural population have fairly enough leisure, during parts of the year, if not all the year round, to engage themselves in some profitable minor industry or other if only they could be properly guided and employed in them.

Of the remaining actual workers, $2\frac{1}{4}$ millions are engaged in industries of one kind or another and yet another million and three-quarters in trade, public service and other miscellaneous services. It will, therefore, be readily conceded that, considering the many millions of people actually employed in industries, trade, etc., and a no less agricultural population ready to take to some industry or other, as a supplementary if not as their main occupation, the existence amidst us of 1,115 societies with a total membership of a lakh and eighty thousand can hardly afford us the satisfaction that our urban problems are being even seriously considered.

A comparative study of the figures of the last census with those of the previous one shows conclusively that industries, specially cottage industries, are slowly but surely losing favour with our people.

The question, therefore, arises whether this decline in industries cannot be arrested and whether they could not be made remunerative which they are not mostly, at present; and to my mind, one of the most potent means for the regeneration of these industries lies in the application of the well established co-operative principles to their management. We may examine any country we like, where the co-operative movement—be it of a rural or urban character—was founded and has taken root and spread and invariably we find that the founders of the

movement had each in his own country to face problems similar to our own, and all their efforts in the co-operative field were motivated by a desire to find a solution for them. In the early part of the last century, the condition of the English labourer was by no means an enviable one, and it was to alleviate the misery and degradation of their unfortunate class of people that Robert Owen, William Howarth and the Rochdale Pioneers started their co-operative schemes of various sorts. In France, it was the ever-increasing distress, and discontent of the poorer classes which drew the attention of Buckey, Proudhon and Louis Blanc and made them consecrate themselves to the task of improving the condition of the working classes. In Belgium also, we are told, as in several other countries, the year of general unrest, i.e., 1848, was responsible for the first Credit Union. Huber of Germany, one of the great apostles of Co-operation in borrowing and a finance has placed on record that his ideas on Co-operation were influenced in part by his having been a witness to "the condition of the working classes in many national, political and social conditions" and in part by his practical experience in the operation of that new strength available in Co-operation. Similarly it is said of his great contemporary Schulze Delitzsch that it was the grievances which he discovered by reading the petitions from various working men's organisations that urged him in all his co-operative work. In Italy again, we read that among labourers and small farmers usury was rife and 100 per cent interest for every three months was not uncommon and it rose to 100 per cent a month in the case of small ones. Luzzatti took to Co-operation in Italy to put an end to conditions of the above sort.

A study of the movement in these countries would show that it has taken deep root in them and witnessed a remarkable progress. It is not indeed the case that the progress of the movement has reached its zenith in any of them and that all that remains to be done is only to maintain the progress already made. But the good results already achieved have convinced the State and the people concerned of the efficacy of the Co-operative remedy to cure the numerous ills they are subject to and they are evincing a commendable determination to develop and spread the movement in all possible ways.

What has been done in other countries, it should be possible to do in our country too, where indeed the need is perhaps greater than in any other. Lest I should be considered to be using exaggerated language, I quote and make no apology for doing so, rather a lengthy extract from the note of the then Director of Industries, Mr. Cotton, published in the last census report:—

"Under the sub-head 'textiles' there has been a decline from 1,406,286 to 1,127,114 which is chiefly due to the fall under cotton ginning, cleaning and pressing from 59,253 to 20,844 and under cotton spinning, sizing and weaving from 1,118,628 to 6,87,083. In regard to the makers of rope twine and string, there was a fall from 74,294 to 14,444; under silk spinning and weaving from 74,773 to 34,984 and wool carding and spinning and weaving woollen blankets and carpets from 37,415 to 17,497. Tanners of hides and skins and makers of leather articles, feather and bristle makers, brush makers etc., have fallen from 1,32,232 to 69,797; basket makers and builders working with bamboos and reeds from 2,22,301 to 145,319, makers of implements and tools from 1,58,072 to 1,33,556; workers in brass, copper and bell-metal from 41,871 to 26,381. Under the head "ceramics" the fall is less marked from 249,413 to 226,753. Under the manufacture and refining of vegetable oils the total is 39,979 and for mineral oils 130 making a total of 40,109 as compared with 53,302 for the combined group in 1911. Under "food industries" there has been a fall from 619,298 to 545,517."

I take it you are all gathered here to discuss and decide what part your Urban Banks might play to alleviate the condition of the urban population especially that of the poor labourer, the workman, the petty trader and the small industrialist. And naturally in an assembly like this where people have given a lot of their time and labour and made other sacrifices in the cause of the urban co-operative movement, I should be guilty of an impertinence if I tried to anticipate your solutions for the various problems confronting you. But this much I may be permitted to say, viz., that to my mind the whole of the Co-operative Movement is one organic whole and that unhealthy rivalries and jealousies between rural and urban societies, the district central and urban banks are entirely out of place in an organisation like ours. When the movement was first initiated, naturally there was a uniformity and a homogeneity about it, which it was impossible to maintain for ever. Problems which we had laid aside for future consideration can no longer be so postponed, without weakening the whole co-operative movement; and new problems are continually cropping up and insistently clamouring for attention and solution. Again numerous and apparently conflicting interests press themselves on us in the course of our work so that it appears sometimes as if one branch of our work cannot progress and show results except at the expense of another and perhaps equally important part of it. It is well therefore that in this bewildering multitude of interests and problems we should recall to our mind the great motto of our movement, "All for each and each for all." This principle is applicable not only to members of our society or to

societies merely of one class like agricultural or non-agricultural, credit or non-credit, but by all the members connected with the entire movement and all the societies comprised in it. We should realise that the methods may vary according to the different organisations and types of societies but that the purpose of them all is one in our movement.

I see from your questionnaire and the replies you have received thereto that your minds are seriously exercised about the scope, development and functions of the urban banks.

Our urban banks are now mostly institutions for receiving deposits and lending money as ordinary loans to members. Yet, when one looks around and sees the work that corresponding institutions elsewhere are doing, one cannot but be struck with the fact that receiving deposits and lending money as ordinary loans are but a fraction of the real work of an ideal urban bank. The banks of Europe, be they based on the German, French or Italian model, do not certainly limit their activities merely to receipt of deposits and disbursement of ordinary loans. Herrick and Ingall in their book on Rural Credits have the following on the Schulze-Delitzsch Peoples' Banks of Germany.

"A Schulze-Delitzsch or peoples' bank does strictly a banking business receiving deposits, extending credit, buying and selling securities on commission for members, and sometimes making collections for them. Chattel mortgages, pledges of not easily perishable personal property, warehouse receipts, bills of lading, collateral and bankable paper are frequent, but the most customary and desirable security is the endorsement of two or more friends, usually fellow members. The Peoples' bank gives all kinds of credit. It makes loans on an I.O.U. or promissory note and discounts book debts and bills of exchange. But the two methods which seem to be preferred are accepting bills of exchange and granting advances on current accounts or cash credit."

The powers of a local credit society of France are thus described. They "are to receive deposits with or without interest; to make short term loans for distinctly agricultural purposes; to accept or discount such paper at a regional bank; to make long term loans out of moneys received under the law of March 19, 1910; to pay out and collect money on account of their customers; to contract loans necessary for creating or increasing their working funds. The reserves may be kept at a regional bank or a public savings bank." As regards the regional bank, it may discount the negotiable instruments of members of local credit societies within its territory upon the indorsement of such

societies, make loans to such societies, receive deposits, issue notes upto a limit...and rediscount all its bankable paper.

The business of the Italian People's Banks is reported to embrace "all kinds of banking transactions. They may receive deposits from outsiders and even extend credit to non-members. The indorsement of one or two members is the preferential security...cash credit is frequently practised but the acceptance and discounting of bills of exchange are the modes of according credit generally used...Bills, notes, and drafts for the smallest amounts pass through the people's banks."

Some idea of the practical working of the Urban Credit Societies in Japan may be had from the following statement of the amount of rate of interest on various loans of the Kobe Society in 1920:—

	Amount outstanding.	Rate of Interest.
Overdrafts on current account	yens 406,550	6.5 ... 13.8
Ordinary loans	" 36,500	9.6 ... 10.8
Discounting of bills	" 928,897	6.5 ... 13.8

Of the outstanding amount under the discounting of bills, 346,632 and 314,737 yens refer to Promissory notes and Bills of exchange respectively, without material security. There were altogether 555 cases to which the money obtained by the discounting of bills was put, and in 467 cases, the object of discounting was commerce, in 60 cases manufacturing industry, 16 cases purchase of land and buildings, and 12 cases repayment of their debts.

I think I have said enough to show that there is plenty of scope for the extension of the activities of our urban banks. I would invite you to consider all these points. I would ask you further to consider whether educational, social or other activities might be undertaken by the Urban Banks in addition to their other work, what part women of the land might be persuaded to take to the usefulness of our banks, what all might be done to conserve the savings, weekly or daily, of small wage earners and even children of humble people.

One other point about which there seems to be plenty of feeling in the urban circles is what one might call the joint jurisdiction of the urban bank and the central bank in the same area. And yet, if we are true to our co-operative ideals, there should be no difficulty in coming to an agreed arrangement between them. Undoubtedly there are areas now in our province where the urban banks are quite strong and have the necessary material and man-power to look after all the co-operative activities in their respective areas. I do not see any reason

why the district central banks should be jealous of them. Rather like wise parents they should rejoice in that their offspring have grown so strong and sturdy that they can stand on their own feet and be entrusted to go their own way. Nay, more than that, they should realise that unwholesome restraints on sons and daughters who have grown into manhood and womanhood are likely not only to be resented but would in the end prove beneficial neither to the young nor to the old.

But in saying that the urban banks in many places can well be trusted to look after all the co-operative activities in their areas, I do not for a moment suggest that they should cut themselves off entirely from the central banks on the one side and do away with all the other co-operative banks in their respective areas on the other side. It is not all urban banks that are financially so strong now that they can dispense with the services of the Provincial and the District Central Banks. Such a state of affairs may be reached hereafter but it does not exist now. Nor should I be taken to imply that the urban banks hereafter should take upon themselves the duties and functions that are now being discharged by all the other Co-operative Societies in their areas. I think these societies have distinctly a place of their own to fill and it would be disastrous to weaken their position or sense of responsibility. But they may well look to the urban banks within whose areas they are situated for financial aid and I mean no offence to anybody when I say that such an arrangement may possibly lead to a more careful scrutiny of the applications received for loans and their speedier disposal also.

Naturally, therefore, the urban banks, at least the more prosperous of them, would be interested not only in the growth of their own membership, ever increasing deposits, etc., but in the successful establishment and sound growth of as many types of societies as there is room and need for, in their respective areas. For this a certain amount of vigorous propaganda would no doubt be needed. And whatever be the agency to which you are going to entrust this work finally, I am strongly of the opinion that propaganda to be really effective should be based on knowledge. Let me illustrate what I mean. Sale and Loan Societies, we are all agreed, are useful. But how many of us are able to carry on an intelligent propaganda in regard to them? Have we made any attempt, except perhaps with regard to cotton in which foreign merchants also are interested, to trace the progress of our chief products right from the time they leave the ryots' land to their final destination, the prices they fetch at different stages, and the charges incurred from time to time in connection with their transport, and to suggest practical ways in which additional profits may be had by

securing better prices or by saving unnecessary expenses in transport, brokerage, etc. Take again the case of "Lungis". The business in it has increased enormously in recent years. And yet, it is doubtful whether there is any improvement in the lot of the original manufacturer of these cloths proportionate or otherwise to the undoubted increase in their sales. Can we not take up this question and find out how many hands the cloths pass through and the addition put on their price every time they come to a new hand until they are finally absorbed in their ultimate places of delivery and suggest ways and means by which they could be disposed of, more to the advantage of the manufacturer than is now the case? It is unnecessary to multiply instances of this sort. We have no literature worth mentioning on these lines.

This and similar work has to be done urgently and I do not see why the co-operative department should not take it up in right earnest at least now if they have not already begun to do so. I feel strongly that at present the Registrar of the Co-operative Societies has too unwieldy an area and work of too varied a character in it, for any single individual to successfully attend to all that needs to be done in the province. Assistants may be given to him. But that would not solve our difficulty. With all his assistants, the Registrar would still be responsible to the Government for all the work in the province and no conscientious officer can shirk it, by throwing it all on his assistants. The assistants, conscious as they could not but be that all their proposals have to be approved by the head of the Department who more often than not takes charge of the Department with a blank mind on all important co-operative questions, are not likely to show much of initiative or resourcefulness in initiating new lines of co-operative work or tackling the various problems that may arise from time to time. The province should be split up into parts, each with its own registrar of the same status and powers as the others. If one particular registrar shows more initiative and makes more headway in his work than another, steps should be taken at once to find out whether the look of corresponding progress in the other areas is due to any avoidable reasons. I think it should be easy for the Government to devise arrangements by which work in the different parts of the province might be properly guided and co-ordinated.

There is yet another kind of propaganda which, in our anxiety to discover what is wrong outside us, we are apt to forget and that is the successful management of the several institutions committed to our care. I always feel that none of us, holding any position whatsoever paid or honorary, exalted or low—are free to act as we like without regard to the consequences our acts are likely to have. The great

Shri Ramachandra denied himself the happiness of the company of his chaste and beloved Sita, because, indeed, one of his subjects thought he was not setting a worthy example to his people. You would have read in the course of your studies on co-operation how the failure of the People's banks of Poerre Joseph Proudhon and of a majority of co-operative factories established as the result of the agitation carried by Louis Blanc did much in France to prevent for a long time the development of Co-operative banking and other real co-operation. Great is therefore your responsibility but great also is your privilege. You are the pioneers and builders of the Indian nation. You are laying the foundations and building thereon truly grand though perhaps slowly, the grand office of India's freedom. I warmly congratulate you, therefore, in this high honour which is yours of working for our Motherland. Do nothing to lower the movement and therefore our Motherland in the eyes of the public. Japan has made remarkable progress in Co-operation and her Government, with a view to profit by the lessons to be learnt from the Societies which had failed, has investigated the causes of their failure and made a list of them. An analysis of that list shows that by far a larger number of Societies failed because of the death or retirement of important or highly efficient officials, fall of membership, and discord among members, apathy and misunderstanding, than because of any other cause. The dropping off of members and want of harmony among those still left only indicate that the members fail to realise adequately their responsibility and duty to their Societies. There is a tendency, specially when you have a large membership, on the part of some to think and act on the principle that everybody's business is nobody's business. We should fight against this spirit of laxity. As regards the collapse of some of the societies with the disappearance of their prominent officers, I take it as an encouragement and a warning to us—an encouragement because it shows what even one sincere and earnest individual can do for his less fortunate brethren in the Co-operative field, and a warning because we should not let ourselves think that any man is good enough for any office in a co-operative society but should choose always the best men we can for those offices. True, this should always be our guiding consideration in regard to selection of officers of any society whatever its type be, but it should be doubly so when we are dealing with urban banks such as yours. Your chief officers should be men of character and sound judgment. I shall not take up your time by enumerating here the functions and responsibilities of the members of the managing bodies of the urban societies or what their qualifications should be. But I cannot resist quoting from Mr. Hall's Handbook for members of Co-operative

committees the concluding paragraph of what he has written on the "Qualifications of members of committees."

"Above all the committee member must be prepared to put his society first and himself second. A co-operative society is a combination of a trading institution and an organisation for social service. The committee member must not seek his position for his own sake but for the sake of the society. He should be willing to lead if his fellow-members so desire; but he must be willing to serve as well as to lead. Too frequently, members join a committee for the sake of the few shillings they thereby gain; and it often happens that a person who has met with misfortune or has become too old to follow his ordinary trade is elected to the committee "to find him a bit of a job and a bit of pocket-money". These are wrong motives. A person should be elected to the committee because of his fitness for the position and for no other reason."

If this is what is expected of an ordinary member of the managing body, how much more careful should we be about the choice of the Secretary and the President who are the official mouth-pieces and the Chief Executive Officers of the Society!

I shall not detain you any longer. I know how ill-equipped I am for the task before me. But, yet, out of your love and affection for me, you have chosen to bestow on me the great honour of presiding over your first conference. I know I can count on your continued support and sympathy in the discharge of my somewhat responsible duties as President of this great conference. And I thank you from the bottom of my heart for the honour you have done me this morning and can only say in return that I shall strive my best to deserve however slightly the trust you have reposed in me.

SOUTH ARCOT DT. CO-OPERATIVE CONFERENCE

Vridhachalam, 30th October.

OPENING ADDRESS

BY THE HON. MR. M. R. SETHURATNAM AIYAR,
Minister for Development, Madras.

I am extremely thankful to you for the honour you have done me by calling upon me to open your conference to-day. I am one of those that have faith in the great possibilities of the co-operative movement. The principle underlying the movement is no new thing to us. From long time past, we had, in our villages, co-operative bodies for common purposes and common ends. The principle of co-operation can be applied and worked in all departments of human activity. It teaches self-reliance, thrift, self-sacrifice and service. It broadens life's outlook and fosters a spirit of mutual trust and goodwill.

The movement has no doubt made progress but it is not considerable. I am of the view that more of propaganda work is necessary to broadcast the gospel of Co-operation. I am glad to tell you that the Government are doing their best in educating people on the advantages of Co-operation. The Government are giving a large subsidy for training rural co-operators by Federations as inspectors, clerks and supervisors, by holding regular classes.

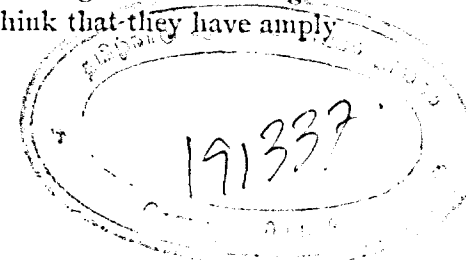
The village societies—be they credit, agricultural, or stores societies—are the basic units. All other bodies are composed of these units. Special attention should therefore be paid to these village units and they should be worked properly and kept in a stable condition.

Land Mortgage Banks.

The removal of rural indebtedness is one of the chief objects of co-operative societies. This object has not been so far realised. In this connection, I should say that the public did not come forward to take debentures to strengthen the existing land mortgage banks. The Government are however considering the proposal to form a central land mortgage bank with headquarters at Madras to centralise debenture issue. When this is started, the problem might be solved to some extent.

Utility of Federations.

May I, in passing, refer to the Federations that are springing up in several centres. They ought not to be treated as extraneous bodies. From practical working, I find that Federations are useful. They co-ordinate the work of the Unions, rectify bad societies and help the collection of overdue. From my personal knowledge of the working of some of these Federations, I am inclined to think that they have amply



justified their existence. So long these bodies recognise they have a common purpose, there could be no clash of interests. I would request you not to view these Federations with disfavour. If you will only kindly co-operate in their work, I am sure the results would be all that is desired. To make these Federations really representative, you might take in members from the rural area. I am glad to find that the South Arcot Federation is making an attempt to fulfil these objects.

Supervision

The question of supervision has been engaging the attention of all those concerned with the co-operative movement and the officers of the department are anxious to do everything in their power to foster the growth of an efficient supervision over the various forms of rural co-operation in the interests both of the ryots and of the financing banks. Co-operative supervising unions are certainly not considered to be, in any way, a failure but in many cases they require to be strengthened and with the advent of Federations for each district it is hoped that the stronger unions will show a true co-operative spirit in assisting and guiding the weaker ones. I should also think that better salary and security of tenure would bring in better class of supervisors.

Departmental Work.

Complaints have been received by Government that the existing organisation of the department causes difficulties to co-operators, owing to the fact that there is only a junior officer for each district, while a Deputy Registrar has to deal with three or four districts. A scheme is now before Government for providing a responsible officer for each district and for increasing the inspecting staff, so that the business of the department may be transacted more expeditiously.

Conclusion.

In your district there has been an all round expansion in membership, share capital, deposits, loans and reserve fund, both in the agricultural and non-agricultural societies, though there has been a fall in the membership in the agricultural production and sale societies and non-agricultural credit unlimited societies.

Co-operation is not the monopoly of any caste or set of politicians; but it is a common platform on which all castes and all politicians—to whatever school they may belong—may co-operate and combine for doing solid substantial and useful public work.

I shall be glad to render any service, however humble it might be, which would tend towards the progress of the movement.

I wish your conference success and I declare it open.

The Development Minister's Address

RAO BAHADUR A. VEDACHALA IYER.

The Hon'ble Mr. M. R. Sethurathnam Iyer, the Development Minister, has, in opening the South Arcot Co-operative Conference held on the 30th October, given out the views of Government on some of the topics which are engaging the attention of the co-operators in the Presidency.

(1) As regards Co-operative Education, the Minister said that the Government are giving a large subsidy for training rural co-operators by Federations as Inspectors, Clerks, and Supervisors, by holding regular classes and that the Government are doing their best in educating the people on the advantages of Co-operation. The Government subsidy to federation is, I understand, of two kinds. The one is a lump allotment to hold instruction classes in local unions and the other a lump provision for holding co-operative classes for training men for the post of supervisors and inspectors. The former is intended to educate the panchayatdars of societies and the governing body members of local unions in their duties and responsibilities and the latter to produce men fit for undertaking the duties of inspectors, supervisors, bank clerks and managers. This kind of help by the State was begun *only since 1925*, and the working of these arrangements has to be made efficient. The instruction classes to the Panchayatdars by the federations, (which after all were formed with *haste* subsequent to 1926), have to be suitably modelled and carefully worked out by really competent people even though the cost may be more than what at present is spent on such work conducted by *men of inferior capacity*. The other classes for producing men capable of being appointed as supervisors and inspectors are considerably better than the system adopted by Government for training its men, but are capable of considerable improvement to secure the object in view. This class is said to be conducted by the Federation, but the fact is that the arrangement is a convenient fiction for the department controlling the classes by its *own men* with a subsidy to non-official agency. Such training or instruction classes should be for a period of *six months* and should be conducted with adequate equipment in the shape of an up-to-date *library* in each school. There should be an elementary course and an advanced course, the latter following the former for a further period of *three months*. Whether such classes should be held in every District or for groups of Districts, it is a question of financial detail. What has to be secured is a thorough

grounding in the ideals of Co-operation and in the principles and practices of co-operative activities.

As regards the rural classes held at union centres the period should be at least a month and a half and the panchayatdars who attend such classes should be permitted to get their expenses reimbursed from the funds of the society. This aspect of improving the scope of rural instruction classes requires careful scrutiny by the non-officials and Government. The desired result in this direction would be satisfactorily secured, only by securing for each local union area really capable supervisors *well equipped and on adequate pay*, whose duties will be to educate in each village, the village co-operators in their duties, privileges and responsibilities, and to serve as *guide, philosopher and friend*, and give expert advice to the co-operators in place of the present system of using them as mere supervisors of accounting and audit.

The Government should feel no unwillingness as it has done in the past to give financial subsidy to local unions through District Federations to secure trained and expert staff under each. This seems to be the only way, in which the village societies, "the basic units" of the co-operative edifice, can be worked properly and kept in a stable condition as desired by the Minister.

(2) The Minister observes that the removal of rural indebtedness one of the chief objects of co-operative societies, has not been realised. He also notes that the public did not come forward to take debentures to strengthen the existing land mortgage banks. It may be noted that the absence of public sympathy, or rather the apathy of the depositing public, was due more to the faulty constitution of mortgage banks which were not sufficient to create confidence in the public. The floatation of a Central Mortgage Bank at Madras, is a step in the right direction. After some experience, such central financing land mortgage banks will have to get started in districts to meet the demand of the rural population both in the direction of redeeming them from old debts and for *effecting permanent improvements* involving large outlay and capable of giving better produce and increased income.

This latter object involving long term finance will do more lasting good than the mere redemption of prior indebtedness. Private creditors should only be made to advance money at reasonable rates of interest and it is of doubtful public utility to get the co-operative machinery burdened with the clearance of heavy indebtedness. *Increased production, augmentation of savings by thrift and improved arrangements for carrying on agricultural industry on efficient lines*, are the means to remove prior indebtedness.

(3) *Utility of Federations.*—The Minister notes that "they are springing up in several centres, and ought not to be treated as extraneous bodies. They co-ordinate the work of the unions, rectify bad societies and help the collection of overdues. From my personal knowledge of the working of some of these Federations, I am inclined to think that they have amply justified their existence. So long these bodies recognise they have a common purpose, there could be no clash of interests. I would request you not to view these Federations with disfavour. If you will kindly co-operate in their work, I am sure the results would be all that is desired. To make these federations really representative, you might take in members from the rural area."

As there are some misconceptions in the above statement, it would be well if they are pointed out. The District Federation is purely composed of representatives of unions, both in the managing board, and in the executive committee; and local unions are unions of *credit societies only*. They are expected to do some duties connected with co-ordination of the work of local unions, so far as credit activities are concerned. To make them representative, federations should bring in representatives of all co-operative activities, and not *members* from the *rural area* as mentioned by the Minister. All of them are representatives of rural areas, in regard to credit activities. The scope of the working of District Federations should be enlarged by bringing under its influence *all co-operative activities in the District, and all co-operators*. It must be an association of co-operators, which must have on its board and executive committee persons really competent to manage the movement in the District *in all aspects* except the administration of finance, as the District Central Bank brings into its fold all persons interested in the co-operative movement and all co-operative institutions, and handles finance. The District Central Bank, however, undertakes inspection wherever necessary, to satisfy itself about the solvency of the institutions to which it has given credit accommodation. No one interested in the welfare of the co-operative movement will view the Federation with disfavour, if the working of it is broadbased giving scope for utilising all the human energy in the District inclined to assist the movement. It is the duty of the Government to look into this question more deeply and shape the Federations suitably so as to secure the co-operation of all and to make them really useful for the movement. The Federations practically get their revenue from the local unions and could not be very useful with limited money and limited brain resources.

(4) The Minister states that "a scheme is now before Government for providing a responsible officer for each District and for increasing the inspecting staff, so that the business of the department

may be transacted more expeditiously. The drafting of a responsible officer for each district to take charge of all co-operative activities for serving as a guide, is an urgent necessity ; but he should not be a mere *administrator* to control his subordinates, or a *head auditor* who controls his audit staff and supplies statistics to the Registrar. He should get into personal touch with co-operative institutions, and be really helpful to co-operators without in any way interfering with the *autonomous working of co-operative institutions*. He should not come in between the District Bank and the Society, or between the Society and the District Federations, except when they court his assistance. Outside interference really damages the growth of co-operative organisations.

(5) The Minister points out that "Co-operative Supervising Unions are certainly considered to be in any way a failure, but in many cases they require to be strengthened; and with the advent of Federations for each District, it is hoped that the stronger unions will show a true co-operative spirit in assisting and guiding the weaker unions. I should also think that better salary and security of tenure would bring in better class of supervisors."

The local unions could not, even the best of them, afford to maintain a highly equipped supervisor as their funds are meagre. The District Federation should arrange for keeping such men to work in the area of 2 or 3 local unions, while the union supervisors would work for the societies in each union continuously and by frequent visits. The work of the union supervisory staff should be supplemented by the superior supervisory staff entertained by Federations.

It is hoped that Government will arrange, by granting adequate subsidy, the efficient working of District Federations and local unions, as such a course will be merely helping those who wish to help themselves in a self-reliant spirit.

The Need for a Diet of Vitaminous Substances *

BY THE HON'BLE JUSTICE V. RAMESAM.

The diet of one of our members, who is admittedly an authority on the subject, consists of plenty of green vegetables, some cooked and some fresh, the fresh ones being taken after being soaked for some 3 hours in lime juice and salt. He uses Malabar Night Shade (Pasalai) since it is believed to contain more of the vitamins, plantains and tender cocoanut every day, and fruits and nuts in moderation. He has given up all cereals.

Now let us examine this diet in the light afforded by the discovery of vitamins. The green vegetables which consist of both leaf vegetables and fruit vegetables supply the "A" vitamin and "C" vitamin in abundance. The "A" vitamin promotes growth and the "C" vitamin prevents scurvy. The "B" vitamin which sustains life's activities is afforded by the nuts in the night. Pulses should be taken in undevitalised form. Now, people are in the habit of purchasing their pulses in the form of broken seeds which deprives them of the outer layer and the "B" vitamin. If the pulses are purchased in full seed form and kept in that shape until the day of cooking, the substances are not lost. Further, if these pulses are soaked in water for 24 or 36 hours until they arrive at the germinating stage, the "A" vitamin is increased and the "C" vitamin is also developed. By this method, the pulses furnish all the three vitamins. Now they are also rich in proteins and starches. It is a rule in *dietetics* that two different kinds of starches should not be eaten in the same meal. Cereals are rich in starches and contain proteins in small quantities. Here I may observe that, after Dr. Chittendour's researches, we need not be anxious of the quantity of proteins. I would therefore keep the cereals and omit the pulses, with this reservation that twice in the week I would follow the member's method, i.e., use the cereals and omit the pulses. We thus see that one of the faults of the meals of South India is the combination of cereals and pulses at the same meal. Another is that they do not use enough of green vegetables.

Refined sugar contains no vitamin and it is poison and not a food and the people of India spend twenty crores for purchasing this poison. Brown sugar (jaggery) is less objectionable. The member does not take sugar and coffee like other people but takes only butter-milk in the

* Substance of a lecture delivered at a General Meeting of the Madras Vitamins Co-operative Stores on 24-10-28.

morning. He thus avoids the uric acid poison of coffee and in its place takes the life-prolonging bacilli (such as *Bacillus Acido-philus* and *bifidus*) of the butter-milk. Here we may observe that it was recently discovered that *Bacillus Bulgaricum* of Metchnikoff is not the life-prolonging bacillus. Bacilli are plant organisms and not animal organisms. The "C" vitamin is lost by drying or heating fruits and vegetables and is preserved only if they are used fresh. Tomatoes and dried peaches are an exception to this. The potatoes do not lose the "C" vitamin if boiled for 15 minutes.

Another object attained by the use of the fresh vegetables is that they are not so much softened as when cooked. This ensures better mastication and gives exercise for the teeth—the lack of which is the cause of the early decay of teeth in modern civilisation.

He begins the day with exercise which gives him hunger and not appetite. Owing to this real hunger, he is able to satisfy it by the proper kind and quantity of food-stuffs, i.e., he takes only vitaminous food-stuffs in such quantities as does not cause any overloading.

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SPECIAL TYPES.

THE MADRAS VITAMINS CO-OPERATIVE STORES LTD.

BY RAO BAHADUR M. K. VENKATACHARIAR.

The Madras Vitamins Co-operative Stores was registered on 30-4-28. It was started formally on 10-6-28, with 20 members being present. The Hon'ble Justice V. Ramesam and Yogi Sri Vaishnava Dasa were elected as President and Secretary respectively. On 18-6-28, the first meeting of the Board of Directors was held and I was directed to audit the society from time to time. Justice Ramesam resigned as the Registrar observed that his election as a Director might not be in accordance with the Government Servants' Conduct Rules and Dr. Muthulakshmi also resigned as she had engagements outside the town. Dr. S. Rangachariar and Mr. K. L. Narasimha Rao were co-opted by the Board in their stead and Dr. Rangachariar was elected as President. This has been ratified at the last General Body Meeting.

Justice Ramesam was kind enough to accommodate the society in his premises and allow a shed to be repaired and used for the pounding of paddy and putting up the necessary apparatus. He has also permitted about two grounds of his open land for cultivation of greens of specially vitaminous value. These are free from rent. But for this generous help from the venerable gentleman and his personal supervision, watch and help to the work of Yogi Sri Vaishnava Dasa, nothing could have been done. We can't be adequately grateful to him and the Yogi for all this.

Now what we find is, the membership has grown to 52; each taking only one share though the Yogi has since raised his shares to 50.

A garden with greens of specially vitaminous value has been brought into existence. Dr. Rangachariar and Justice Ramesam have set the example of getting some greens daily both from the garden and by purchase at the market through the Yogi who selects the best ones brought to the market by personal examination. I have also joined them. He thus supplies daily greens and vegetables of the best sort to us. He will be willing to do so for any other member. The only thing wanted is that a deposit of Rs. 5 at least should be made and some arrangement should be made to take the things from the premises of the society.

We have got the very best variety of good paddy from the Agricultural Demonstrator at Trivellore. Another consignment has been got from Valarpuram from the Co-operative Society there. The member in charge of the Society is an enthusiastic old co-operator by name Mr. Rayappa Naidu

The Alberta Pool Elevators announce that they have earned this year one million dollars more of profit than last year's and all this money will go into the pockets of farmer-members who sold their grain through this agency.

and he will supply in future the best paddy direct from the village to the society whenever needed.

The principle of vitamins theory according to our friends is that green rice should be fresh pounded to be most useful.

Already the Yogi has been supplying some members with such fresh rice with the full vitamin coating, ground in a most suitable manner. Any members needing the supply should also deposit the cost and arrange for delivery.

At the last meeting some formal amendments were passed. They are not quite material ones.

The accounts as found on 24-10-28 are as follow:—

<i>Liabilities.</i>			<i>Assets.</i>		
	Rs.	A. P.		Rs.	A. P.
Share Capital	... 290	0 0	Paddy and other provi-		
Reserve Fund	... 4	10 0	sions	... 265	4 5
Common Good Fund	... 4	14 0	Trade accessories	... 81	8 11
Trade Advance	... 10	0 0	Cost of shed repair	... 31	5 6
Due to Yogi Sri Vaish-			Sign Board, etc.	... 8	6 0
nava Dasa	... 198	3 2	Deposit in Bank	... 218	6 0
				604	14 10
			Loss to be recouped	... 64	12 4
Total	... 669	11 2	Total	... 669	11 2

Thus we see that the society on date is working at a loss owing chiefly to initial expenses. Our members should go in for the use of the vitaminous articles freely.

Insect pests and weeds destroy one-third, sometimes more, of the world's food, and the British Marketing Board has approved a capital grant of £25,000 besides contributions over a period of years to establish research investigation to oust the foe. There's plenty for science to do when it turns from destructiveness to help mankind.

EXTRACTS.

(i) THE PROBLEM OF AGRICULTURAL CREDIT.*

Agriculture is the world's greatest industry. In consonance with other industrial producers, agriculturists must borrow. World competition becomes increasingly keener with every advance in scientific and intensive production and improved and cheaper transport facilities. But every improvement in agricultural technique accentuates the need for more extensive credit. Larger expenditure upon manures, fertilisers, implements and machinery becomes necessary. In almost every agricultural country legislation has been enacted to place further credit facilities at the disposal of agriculturists. What difference exists between agriculture and other industrial enterprise, which necessitates separate credit provision?

The conditions which surround agriculture place it in sharp contrast with the economic organisation of modern industry. Separate credit provision results from the difference in structure between agriculture and other industrial undertakings.

Agriculture is an industry of slow turnover, the major portion of the farmer's receipts being acquired in summer and autumn. Seasonality of turnover is more marked in agriculture than in other industries. In spring, when the farmer must incur heavy expenditure preparing for the setting of the autumn crops, his returns are practically nil.

A marked element of uncertainty, peculiar to agriculture, widens the cleavage between it and other industries. Weather conditions have a prevailing influence on the qualities and the quantities of crops. Live-stock is likely to be affected with various unforeseen ailments. Notwithstanding improved scientific methods, the broad fact remains that agriculture is liable to severe losses due to peculiar and unexpected causes.

Agriculture involves separate operations. This complexity causes difficulty in keeping an exact system of accounts. The elaborate system of cost accounting required tends to render cost accounting too complicated and too expensive for the average farmer. Inability to furnish a balance-sheet and profit-and-loss account periodically places the agriculturist at a disadvantage when applying for a bank loan. Failure to arrive with any degree of accuracy at the farmer's financial position results in loans being made at high rates.

* With special reference to Ireland:—Ed.

Nothing is so weak as the farmer single-handed, nothing so strong as the farmer united—Sir Henry Thornton.

From Co-operation and Market News, Saskatchewan.

The results of the Industrial Revolution are not reflected to any great extent in the economic organisation of agriculture. The Industrial Revolution, however, heralded a new era in other industries. Concentrated production in large units replaced the former privately owned concerns. Modern joint stock industry was conceived.

Such organic changes in the structure of industrial enterprise introduced new financial machinery. Shares and securities to attract the funds of the private investor were provided. Markets for these securities were established by the evolution of the London and Provincial Stock Exchanges. Simultaneously, the requirements of corporate industry led to a very extensive development of the banking system. The Bank Act of 1884 and the growth of the cheque system placed further credit facilities of the disposal of joint stock industry. It may be said that joint stock industry, besides introducing new and expensive appliances for concentrated production, also installed separate financial machinery to serve its own ends.

The amendments of the company law and the introduction of the principle of *limited liability* made the field of joint stock industry a still more attractive form of investment for the savings of the private individual. Not only had he the security provided by the association of several individuals for the purpose of elimination of waste, but he had the further assurance that his liability was limited to a definite sum.

Agriculture is not financed or managed on the joint stock plan. It consists of a number of relatively small-scale units, each of which is administered by one man. The farmer must depend on his own resources. The private investor is not attracted. The farmer has derived relatively slight advantage from collective industry. The physical nature of agriculture has prevented collective concentration into productive units. The forces of combination are, however, making themselves felt. The co-operative movement for purchase and sale is growing apace. In the development of the co-operative systems for the obtaining of agricultural credits, a parallel can be traced with joint stock industry in erecting a financial structure, based upon collective security and joint sharing of risks.

Agricultural credit may be classified under two main headings: (a) short-term, (b) long-term. Short-term credits, of several months maturity, are needed in connection with the cultivation and reaping of crops, etc., expiring at periods up to three months. Long-term credits, of several years' maturity, are needed for more permanent improvements, such as drainage, buildings, etc.

A Jewish gentleman boarded a street car with his small son and handed the conductor a single fare.

"Why, how old is that boy?" asked the conductor.

"Four."

"Well, he certainly looks more than four years old."

"Hm! Am I responsible if he worries?"

Irish agriculturists depend, to a large extent, for credit upon the joint stock banks. Other sources of credit are: (a) shop-keepers, (b) professional money-lenders, (c) co-operative credit societies. Space limits me to dealing only with the joint stock banks as credit suppliers.

The directors of a joint stock bank are primarily concerned with securing profits for the share-holders. This entails a rapid turnover of funds. The banks accept deposits at call or short notice. Funds cannot be locked up for prolonged periods, lest sudden withdrawals be made. Responsibility to share-holders and depositors ensures that all loans are made with extreme caution and for short terms. Bankers consider loans of from three to four months' *maximum* maturity as most compatible with their interests. Agriculture, being an industry of slow turnover, usually requires advances for more extended periods. The time element introduces a difficulty in the granting of agricultural loans by the joint stock banks.

The security which agriculturists usually have to offer for advances is no longer considered first-class by bankers. The deflation in land values since 1920 has made the banks very cautious. Many bank credits granted during the boom period against land values are now insufficiently covered. Several such credits may now be considered bad debts. It seems natural that the banks should be slow to commit themselves further to any great extent on the security of land. The legalisation of chattel mortgages on produce and live-stock by the Agricultural Credits Act of 1927 will, however, aid in breaking down the dams which have stemmed the stream of the banks' agricultural credits in the past.

The "moral risk" attached to advances to farmers, as pointed out by the Banking Commission, must be removed by the farmers themselves. No honest agriculturist can countenance the boycotting of realisation sales.

Other difficulties and inconveniences are attached to agricultural bank loans, such as (a) borrowers' obligations to sureties, (b) loss of time in travelling to the bank, (c) publicity, which the farmer abhors, and (d) the desire of banks to open large accounts where possible.

Generally speaking, it may be said that large land-owners experience less difficulty in obtaining bank loans than smallholders.

No data relating to the total credits given to agriculture by Irish joint stock banks is available. An analysis of advances has been made by Lloyd's Bank for 1926. The following figures (*Lloyd's Bank Monthly*, Feb., 1927) are interesting:—

	No. of Accounts.	Amount (millions).	Average overdraft.
Personal and Professional ...	79,847	£43'5	£545
Agriculture ...	20,987	£18'5	£881
Retail ...	21,668	£13'2	£610

Green: "Can your wife perform on any instrument?"

Gableigh (wearily): "Yes, she plays a lot on the ear-drum."

If similar figures dealing with Irish bank loans were available, I believe it would be shown that Irish banks are much more sympathetic to Irish agriculture than their critics would make us believe.

Irish agriculture, now about to be co-operatively organised, will need credit more urgently than ever. Absence of adequate credit facilities will place the co-operative societies in the same predicament as the individual farmer who is unable to obtain working capital. Glutted markets, to obtain ready cash, will result. The concentration of borrowers into co-operative groups will mollify the difficulties at present attached to the obtaining of agricultural loans from the banks. The Agricultural Credit Corporation, about to be set up, will also place extra credit facilities at the disposal of agriculture. Other credit sources will be the co-operative credit societies. I believe that the co-operative tree of Irish agriculture, invigorated by adequate credit streams, will in the near future bear fruit as sweet as that produced in other countries. (William J. McLoughlin.)

(From the Irish Statesman, 14th January.)

(ii) THE PURPOSE OF AGRICULTURAL REFORM.

The purpose of agricultural reform is three-fold: better farming, better business, better living. As between these three 'betters', the first two are means, the last is the end; and the end is more important than the means. But it is on the means that we must act in order to achieve the end. Better farming concerns production, better business concerns distribution. One is not more important than the other in the long run; but *as the technique of production is for the time being ahead of that of distribution, we do well to concentrate to-day on the latter.* Furthermore, production is primarily and necessarily an individual act; but distribution ought not to be, if it is to be efficient. Therefore group action rightly begins with co-operative marketing. (Professor C. R. Fay.)

(From the U. F. A., of September 15th.)

"You say financial troubles brought you here?" asked the hospital visitor. "Why, that's hardly possible!"

"It's a fact, though" retorted the patient. "I was crossing to the other side of the street to avoid one of my creditors and saw another creditor on the other side. While I was trying to escape, a car hit me."

(iii) THE ENRICHMENT OF PERSONAL LIFE.

In reply to an inquiry by a Y. M. C. A. Secretary, Dr. John R. Mott gave the following:—

For the enrichment of one's life mentally, I would emphasize the following practices: (1) The reading thoughtfully each year of at least one of the really great books of the world. The number of such work is not as numerous as is often supposed. (2) The writing each year of at least one paper on a subject calling for a great deal of research and original preparation. (3) The teaching of a class in some subject necessitating very thorough study and mastery of the subject. (4) The development of the habit of meditation or reflection. (5) The going apart each year for a period of two weeks, if possible, for hard study, preferably under the guidance of some inspiring teacher who stands for the most thorough processes.

For the enrichment of a man's life physically, I would counsel the following: (1) The taking of an unhurried vacation of one month each year away from all suggestion of one's ordinary work or calling. This should preferably be next the heart of nature. (2) The habit of keeping on the average one day in seven for physical rest. (3) The habit of working without worry and without nervous tension or strain. (4) Some simple form of setting up exercises persistently followed.

For the enrichment of one's life socially, I would recommend: (1) That the worker cultivates a group of friendships among men of entirely different callings from that followed by himself. (2) The mingling with the best social circles to which one may have access. (3) The having as an intimate friend some wise social mentor to whom one may turn from time to time to obtain light on delicate, yet important, questions of social procedure.

To enrich one's life spiritually, I consider the following essential: (1) The observance of the morning watch—that is, the beginning of every day with unhurried meditation upon the Word of God and in prayer. (2) The habit of ejaculatory prayer. By this I mean the habit of looking to God many many times each day as opportunities present themselves. (3) The acquiring of the habit of reminding oneself under all occasions and circumstances of the presence of God. (4) The reading and re-reading again, and again and again of the great historic books of devotion. (5) The constant reading of Christian biography. (6) The losing ourselves in the service of men who are in special need.

Lady (in Drug Store): "I want some insect powder".

Polite Clerk: "Will you take it with you."

Lady: "No, I'll have the bugs call, and you can give it to them."

FOREIGN NEWS.

Kentucky's Livestock Train.—The Bulletin of the Agricultural Commission of the American Bankers' Association for October contains a series of photographs illustrating the effective way in which the importance and the value of livestock were demonstrated to the people by Kentucky's Second Livestock Special. The itinerary included 55 towns in 52 counties and covered 2,000 miles in three weeks' time. Local committees were organised weeks in advance for making the necessary arrangements and to attract crowds on the day the special train visited each town. Leading bankers and businessmen, the county agent and the key banker made up the committee in a town.

Sheep, hogs, beef, and such others were exhibited each in a separate car. Purebred animals were exhibited. It is said that there was a cow exhibited in the dairy car, a huge and beautiful animal milking 8 gallons of milk per day. At each stop a registered ram or boar is said to have been presented to the local committee, provision being however made that each animal was to remain in a county for at least two years. There were types of animals given away by local committees also to the propagandist train. An exhibit car equipped by the College of Agriculture, Kentucky, showed the value of good breeding, feeding, and management in livestock production.

The success of the special is said to have been due to the hearty co-operation among a number of agencies such as the State Department of Agriculture, the College of Agriculture, Department of Education and other institutions, governmental and non-official. The purpose of the train is stated to be "to set folks thinking of what benefits would accrue from the introduction of a better grade of livestock into the community".

The interest shown by the visitors is evident from the fact that 70,000 people viewed the exhibits. 175,000 to 200,000 pamphlets are reported to have been distributed.

Passenger: "Are there half fares for children?"

Booking Clerk: "Yes, under twelve."

"That's all right, I've only five."

DISTRICT NEWS.

Co-operative Education at Donakonda, Nellore District.—A two days' training class for the panchayatdars of societies affiliated to the Donakonda Co-operative Union was held at Donakonda on the 14th and 15th instant, under the auspices of the Nellore District Co-operative Federation. The Assistant Registrar of the District, the Federation Secretary, Mr. Ramakrishna Rao, and a few officials and non-officials were present and imparted co-operative knowledge to those assembled. At 8 p.m. on the first day, a very pleasant function was held by Mr. and Mrs. J. A. Curtis in their bungalow compound at which the panchayatdars and the inmates of the Boarding Home and the staff of the local school gathered to listen to their music and other items of entertainments. Songs composed by Mr. K. John, late President of the local Mission Co-operative Society, with Co-operation as their subject, were sung and well appreciated by the audience. At the next day's meeting, the condition of each society was enquired into in detail, its audit certificate reviewed, and remedies were suggested for any defects noticed. The panchayatdars were taught how to write up the society's accounts and to prepare the annual statements. The classes came to a close with a few speeches on Co-operative subjects and closing remarks by the Federation Secretary.

Madura Co-operators' Association—Opening of new premises.—The pleasant function of opening the new premises of the Madura Co-operators' Association came off on the 5th instant. Among those present were Mr. H. M. Hood, our Registrar, who opened it, Rao Sahibs Manickavasagam Pillai, and N. Ramaswami Iyer, Mr. K. R. Venkatrama Iyer and others. Mr. L. B. Cobbald, I.C.S., District Collector of Madura, presided. The genesis and progress of the Association were described by Mr. E. S. Sunda and many leading co-operators spoke on the occasion. Mr. Hood emphasised the need for such public places of co-operative interest and unselfish workers who would spread knowledge of co-operation among the masses and strive towards the attainment of a vast co-operative commonwealth.

New premises for the Conjeevaram District Bank.—The new building of the Bank will be opened by His Excellency Lord Goschen, Governor of Madras, on the 4th December at 10-45 a.m. There will be also a General Body Meeting of the Bank at the new premises at 2 p.m. on the same day.

EDITORIAL NOTES.

We crave the indulgence of our readers with regard to the very late publication of our October number. It was partly due to the fact that we attempted to put in very much more matter than we give every month and partly also because the Post Office refused to recognise in our Journal the old *Bulletin* in a new garb and wanted separate sanction for treating this as a Journal entitled to postal concession. All this took some time and we hope our readers will excuse us the delay. They will find ample compensation in the very excellent matter which we have supplied to them in plenty.

Co-operators in this Presidency will be glad to note that one of our former Presidents, Sir K. V. Reddi Naidu Garu, has been appointed by H.E. the Viceroy to be his agent and representative in South Africa. Sir K. V. Reddi Naidu is called upon to occupy a very exalted office with the correspondingly onerous responsibilities. He is to be the guardian of the interests of the many thousands of Indians settled in that far-off land—interests which are very often threatened by the uncompromising attitude taken by the white inhabitants there. The responsibility is all the greater in as much as the illustrious predecessor of Sir K. V. Reddi has created high traditions which it would be Sir Naidu Garu's duty to maintain. His intimate acquaintance with the lives and conditions of the masses and his innate sympathy with their hopes and aspirations will, we hope, enable him to do justice to the high office to which he has been called. We wish Sir Kurma all success.

Any national movement to be strong and effective should be a spontaneous growth and not a hothouse exotic brought from outside and kept on under peculiar circumstances. The Co-operative Movement in this country has often been styled an exotic, being a gift of the Mabhlap Government and incapable of healthy growth of its own accord; hence the solicitude of the Government to increase its staff and their apprehension about the future of the movement if their guiding hand be withdrawn.

In our last April number we referred to certain salient features of the Presidential address of Dr. Radhakamal Mukerjee and showed how

he struck an original note in pleading for basing the Co-operative Movement in our country on indigenous institutions. We are gratified to note that a high authority in Geneva shares our views on the point and has written to the learned Doctor how in European countries attempts are being made to trace the present Co-operative Movement to some older form of indigenous combination. We commend the correspondence on the subject which we have published this month to the careful consideration of our readers.

The general idea prevalent in this country about a rural co-operative society is that it is intended to accommodate the agriculturist with credit. That the organisation ought to discharge other functions as well, that its aim should be to cater to the needs of the agriculturist in all possible ways, get him the things he wants as cheap as possible and help him to realise as much as he could by the proper sale of his produce are things the significance of which we are slowly beginning to realise after 25 years of experience. Even now these aspects are looked upon more or less as being in the experimental stage; they are clubbed together under a comprehensive title of 'non-credit co-operation' which is kept distinct from Co-operation proper, i.e., the credit movement. In some provinces there are special officers appointed to look after this tender hothouse plant.

Let us see what co-operators in another part of the world have to say. We extract below a few sentences from a note on 'Character of Co-operative Associations' from a well-known American Journal. "A Farmers' Co-operative Association is a business organisation. Its purpose is to engage in activities incident to the marketing of the products of its members or the acquisition of supplies for them." These seem to our American brethren the natural functions of agricultural co-operation and not accommodating farmers with credit.

The real fact is they have understood the secret that a slight increase or decrease of the rate of interest does not ultimately matter much; that what really matters is that as 'consumer' the farmer must be benefitted by getting his articles cheap and as 'producer' he must get the best price for his produce and attempts should be made in both these operations of buying and selling to avoid as many middlemen as possible. That is the real co-operation and not playing the role of a benevolent sowcar.

¹ Agricultural Co-operation, U. S. A., Sept. 1st.

"A subject nation has no politics." While we agree with the statement to some extent, we have a right to complain that Co-operation is not making itself felt as a force in the politics of the country such as they are. Our political elections are fought and our political parties are run on other principles than the opinion candidates and leaders have on such important topics like Co-operation and Education. To the best of our knowledge no politician worth the name has sought the support of his constituency on what he has done or hopes to do for Co-operation. There are some among our politicians belonging to various parties who are ardent workers in the field of Co-operation; but even they do not make Co-operation one of the planks of their political platform.

It is refreshing therefore to turn to the U. S. A. where the parties on the eve of a general election approach the voters with their programme of work if they be returned. "We pledge the party to foster and develop co-operative marketing associations through appropriate government aid", says the manifesto of the Democratic Party. "We promise every assistance in the reorganisation of the marketing system on sounder and more economical lines, and where diversification is needed, government financial assistance during the period of transaction."* Let us hope that at next election party pledges would give a prominent place to Co-operation.

Mr. Wolff's note on the Townsend Committee's Report, which occupies the place of honour in this issue, is on the whole a correct appreciation of the Committee's work. There are two points in it to which we wish to draw the special attention of our readers. Dealing with the distinction made by the Committee between Long and Short term loans, Mr. Wolff characterises it as arbitrary and says that "it does not by itself respond to co-operative principles." The Committee laid itself open to this criticism more by the manner in which it expressed its conclusions than by the implications of the conclusions themselves. The Committee no doubt also dealt with the importance of the purpose and the duration of the loan as well as the repaying capacity of the borrower, but did so in such an inartistic manner as not to make it easily intelligible. Mr. Wolff's test as regards the limitations on the amount and the period of the loan, namely, the resources of the society, however, justifies the Committee's recommendation that dispensing of

* The Scoop Shovel, Sept. 1928,

loans for periods beyond 5 years through village credit societies should be discouraged. The owned capital of the societies forms but a very small fraction of their working capital. The bulk of their resources is derived by borrowing from Central Banks. The Central Banks in their turn subsist upon short term deposit money for their working capital. The resources of the societies therefore do not justify the liberation of long term credit to their members beyond five years, even if Mr. Wolff's test is liberally applied. We therefore hope that the ideal of gradually curtailing the ten year loans and encouraging loans for shorter periods will be worked up to. This is entirely a question of resources as Mr. Wolff puts it. It is unsound banking as well as bad co-operation to lend out short term deposit money for long term purposes and for inordinately long periods.

The other point in Mr. Wolff's note on which we wish to lay emphasis relates to mortgage credit. Mr. Wolff says "the objection to mortgage credit is not really that mortgage loans are likely to be asked for long periods but that the security offered in their case is a very inconvenient one. Mortgage credit requires distinct organisation." We have often urged in these columns that mortgage credit should not become a normal business of rural societies, as it is tending to become more and more. The inconveniences of mortgage security for advances by banks are well-known to bankers. The current month's issue of the Banker's Magazine, London, has something very pertinent to say on this question and we wish to extract the relevant passage in the hope that it will be found interesting and instructive to our readers:—

Agricultural Credits.

"That agricultural land is not always an ideal security from the banker's point of view seems rather to be suggested by the section of the report of the Public Works Loan Board which deals with advances under the Agricultural Credits Act, 1923. It appears from the passing of the Act up to March 31st last, the Board have advanced, after obtaining valuations and approving the titles of properties offered as security, 1,179 loans, amounting to £4,612,611. On March 31, 1928, the instalments of principal and interest in respect of 121 loans for a total sum of £. 605,400 were in arrear for sums amounting to £. 19,410. The Board, in their report, "desired to draw attention to the fact that in spite of very careful valuations made on a conservative basis, 10'26 per

cent of the number of loans advanced and 13'12 per cent. of the amounts advanced were in arrear on March 31, 1928." These percentages compared with 5'28 and 6'99 respectively on March 31, 1927. The sharp rise in the percentages in the course of last year is obviously a matter for concern. The Board also point out that in their last annual report they drew attention not only to the difficulty of realising at a forced sale 75 per cent. of the value put upon the property, but to the difficulty of obtaining any reasonable offer. In twenty-one cases in which the Board has been compelled to take action since the passing of the Act, there were eight in which no sale could be effected, and the properties either have had to be let at a rack rent or have remained in hand. In the thirteen cases in which sales have been effected, eight have resulted in losses and in only five has a loss been avoided.

In seven of the thirteen cases in which a sale has taken place, the terms perforce included a condition that a substantial portion of the purchase price would be left on mortgage. The Board then proceeds to set out particulars of the various cases in which there has been foreclosure. In several cases where no sale was possible, the properties have been let at rentals which are insufficient to meet interest charges on the loans."

Rai Bahadur J. M. Mitra who presided over the recent Conference of Registrars, in his concluding speech which we publish elsewhere (vide page 269) made some interesting remarks on what he termed the "wrong use" of the expressions "officialisation of the movement" and "non-officialisation of the movement." While we are in agreement with him that the objective to be pursued is how to hand over the guidance of the movement to the very persons for whom it is intended and that "democratisation" may perhaps be a more appropriate word in that context, we are constrained to observe that his references to non-officials who "are apt to look upon themselves as trustees of the movement" and are loath to "surrender power to the people of the country itself for whom the movement is intended" are capable of misconstruction. The theory of trusteeship by non-officials has not yet been heard by us. Non-officials who are not themselves co-operators and not members of one co-operative organisation or another, do not ask for any devolution of powers on themselves and where those who are in some way connected with an organisation ask for it, they seek the devolution on the institutions and not on themselves in their

individual capacity. An outsider who intervenes with a claim for non-officialisation in the sense that power should be placed in his hands must indeed be a rare phenomenon. If the reference is however to individual co-operators who are attached to the movement not so much to actually participate in the benefits of the societies, but to help the movement by joining the societies and placing their knowledge and influence at their disposal, then we must respectfully but emphatically express our disapproval of the implications of the reference.

Co-operation can spread among the masses no more than any other social, economic, religious or political theory and practice can, without some form of non-official leadership. Men who are endowed with moral and intellectual gifts and animated by a desire to serve the people are indispensable for the spread of the Movement. In India it has become a settled habit with those in authority to vigorously shut out all light from "outside" as they call it. Take the organisation of labour as an instance in point. The insistence on a workman alone leading his fellow workmen has led to men who have been entirely devoting their lives to one of the most important items of national reconstruction being looked down upon as unwelcome intruders and refused admittance into Trade Unions and labour organisations. The authorities refuse to recognise their leadership and resent their guidance of the Labour Movement. In the matter of organising peasants in the sphere of agricultural finance and co-operation, the position is not far different to-day. Non-official workers in the field who have no other aim than serving the best interests of the movement are distrusted and their work is discredited. This official attitude towards honorary non-official work is practically endorsed by the Royal Commission on Agriculture, whose language is conciliatory but whose recommendation is firm. They definitely say that "supervision" and "education" should be in the hands of the official staff "upto the point at which they (the members of societies) will be competent themselves to undertake its (staff's) duties and so to dispense with its (staff's) services." May we in all humility ask why the duties of "Supervision" and "education" should not be in the hands of non-official workers upto the point at which members of societies will be competent to undertake them? The reasons given by the Commission are more

diplomatic than true. It is impossible to accept the Commission's assertion that official staff is better equipped for the task than non-official workers. We are credibly informed that in Madras even the nominal control of the District Federations over the higher training classes now run at five centres in the Presidency will soon be got rid of and the training schools completely officialised. This, it must be remembered, is in direct violation of the unanimous recommendation of the Townsend Committee that training and education should be left to non-official agencies and entrusted to the Provincial Co-operative Union and that the Union should be subsidised by the Government.

If it is only officials and official commissions that discourage non-official honorary work, it may be possible to controvert that view by means of some intelligent and informed propaganda. But some non-officials too who have taken upon themselves the role of the championship of "Rural Co-operators" have started the same slogan and are unconsciously playing into official hands. A prominent co-operator who retired from service after a distinguished career in the department, speaking of the Madras Provincial Co-operative Union recently, said: "Paucity of workers and absence of institutions at the bottom required a large number of individuals in the capital of the Province without any connection with societies to express non-official opinion on all matters". This is of course utterly inaccurate as a piece of history or as a statement of fact. But what we are more concerned with is the implication of the assertion and the resultant gulf that is sought to be created by an untenable and ill-conceived distinction between what are called "urban co-operators" and "rural co-operators". It is being widely preached that men living in towns are incapable of understanding the rural problems and are inherently unsuited to organise the peasantry or to safeguard their interests. This will of course fit in with the official policy admirably, for it has always been its dogma that the educated Indians did not represent the masses in any matter affecting the weal of the country. This is a proposition to which no Indian who has a correct vision of the destiny of the country can subscribe. Any observations therefore which lend support to this trend of thought are calculated to do great harm to the movement. We know that Mr. Mitra always stood for non-official initiative and minimum of

official control and we believe that the advice tendered by him to non-officials to ask for development of rural leadership and the handing over of the movement to those for whom it was intended, is well meant. But there are people who are only too ready to misconstrue the advice and seek support in it for their pet theories and prejudices and we have therefore considered it our duty to point out its potential dangers.

DEBATE ON THE RESOLUTION

REGARDING

The Report of the Agricultural Commission in the Council of State,

17th September 1928.

*The Honourable Sir Phiroze Sethna (Bombay: Non-Muham-
madan) :—*Sir, I beg to move :—

"That this Council recommends to the Governor-General in Council to expedite the consideration of the Report of the Agricultural Commission, and to take such steps as may be necessary to give prompt effect to its recommendations, particularly to those which have a direct and intimate bearing on the uplift of the agricultural population."

The object of this Resolution speaks for itself. It is to expedite the consideration of the report of the Agricultural Commission by Government with a view to taking prompt action on its recommendations, particularly those which have a direct bearing on rural uplift and which can be given effect to without such preliminary work as will necessarily involve delay.

I do not know whether I can assume that the Honourable Members of this House have all of them been able to find time enough to peruse the report. It is a voluminous report extending over 750 pages, and it is true, much time has not elapsed since its publication. It will not therefore be surprising if many Honourable Members have not yet been able to peruse it and bestow on its contents that close and careful attention which its importance, its wide range and comprehensive character entitle it to. It is not unlikely that because of the very voluminous nature of the Report some of us, who are not specially interested in the subject matter, may feel inclined to relegate it to the limbo of oblivion. It is therefore desirable to tackle the Report and its recommendations, before its freshness has worn away. Moreover, the questions dealt with by the Commission are so important, and some of them, of such an urgent nature, that the sooner action is taken the better. To the main Report is appended what is called an abridged report. It is a summary of the main Report, intended to reach the general public. Its defect however

is that it does not give in a handy and convenient form the recommendations of the Commission. The average person will be content to know what just those recommendations are, and the value of the abridged report would have been enhanced, and it would have been a self-sufficient document if an appendix had been attached thereto giving under each head in a serial form all the important conclusions reached by the Commission and also all the important recommendations made by them.

While, Sir, I just said that there has been no Appendix attached to the abridged report, I find from the home papers received by last mail yesterday that such an appendix has been prepared. Mr. Harold Cox, who was a regular contributor to the columns of the "*Sunday Times*", in its issue of August 28th writes as follows :—

"The Royal Commission on Agriculture in India has just issued an appendix to its previously published report. As a rule appendices to official reports are rather heavy reading, full of dull figures and solemnly stated facts. In this Appendix, of necessity, both these rather unattractive features are to be found, but in addition the various authors have brought out a number of most interesting facts in a way to appeal to the general reader, and in dealing with many of them have often adopted a pleasantly light tone that one hardly expects to find in an official report."

I have not yet got a copy of this Appendix in India so far. Mr. Cox goes on to say ;

"This substantial volume is divided into chapters, each devoted to one of the provinces of India, but with minor differences the essentials of the agricultural problem are much the same through the Indian Empire."

It means therefore that this Appendix is a substantial volume in itself and does not answer the purpose which I thought an appendix would have served.

Some critics who are ready to express their opinions immediately a document is published, whether there is time enough for study, reflection and digestion or not, have compared the deliberations of the Commission to the proverbial mountain in labour and some have bemoaned the entire absence of any originality or novelty in the recommendations made by the Commission, as if nothing is valuable which is not original or novel. Whatever such critics may say, there is no doubt that the Report of the Commission is marked by a thoroughness and a patient and profound investigation which invest it with more than ordinary importance and value. It is a unanimous report agreed to by both the European and the Indian members of the Commission. Such being the nature and the value of the Report, it will be a thousand pities if it does not result in prompt tangible action that will achieve the object with which the inquiry

by the Commission was set on foot and lead in a steadily increasing measure to the general improvement of the material, educational, civic and moral condition of the agricultural population of this country. Sir, many people have lost faith in Commissions and Committees because of the paucity of actual results they lead to, and cynics are apt to say that Commissions and Committees are appointed not because the Government really want to tackle the problems referred to them but because that is the most convenient time-honoured way of shelving inconvenient questions. I sincerely hope that in this case, at all events, the voice of cynicism will be utterly silenced.

The recommendations of the Commission cover a very wide field ; they refer to every question and aspect bearing on rural uplift, the improvement of agriculture and the promotion of the welfare and prosperity of the rural population. It is not possible to refer to them or to discuss them in my speech on the present occasion, nor is it necessary for the particular purpose I have in view to-day. The total number of their conclusions and recommendations under different heads is 667. They relate to (1) the organisation of agricultural research ; (2) agricultural improvement ; (3) the sub-division and fragmentation of holdings ; (4) demonstration and propaganda ; (5) animal husbandry ; (6) forests ; (7) diseases of livestock and their control ; (8) irrigation ; (9) communications and marketing ; (10) the finance of agriculture ; (11) co-operation ; (12) the village, *i.e.*, conditions in the village and amenities of village life ; (13) education ; (14) rural industries and labour ; (15) horticulture and plantations ; (16) statistics and (17) agricultural services. Besides there are a few conclusions and recommendations under the heading "Miscellaneous".

Now, the question is, what should be done with a view to expediting the consideration of, and decisions on, the Report, so that practical work can be promptly undertaken. What is wanted is the framing of a programme to be worked out steadily, say, during the next five or ten years by each Provincial Government and also by the Central Government. This programme must be carefully thought out and steadily but firmly worked so as to complete it within the scheduled period. Obviously therefore it will be necessary to sift the recommendations of the Commission and to divide them into categories according to the priority to be given to them, having regard to all these considerations immediate or far-reaching which will have to be taken into account in finally determining priority. I see in the Press that His Excellency the Viceroy has convened a Conference of Ministers in charge of Agriculture and heads of the Agricultural Department to consider the Report and probably to devise the procedure to be adopted so as to achieve the very object with which I am moving this Resolution. This is a step in the right direction, and I hope

the Conference will be a thorough success and bear the expected fruit. What I would suggest, Sir, is that the Government of India should circularise to all the Provincial Governments asking them to appoint a Committee of non-official and official Members of their respective Legislative Councils to consider in particular those recommendations of the Commission which are of a provincial nature and with the assistance and co-operation of such a Committee, to frame a programme of rural uplift to be carried out steadily within the next ten years. The Government of each province should consider this programme and then should submit it, as finally approved by the Government, to the Legislative Council for its sanction and adoption. A similar Committee of the Indian Legislature should be appointed with the same object in view, to consider in particular those recommendations which are of an All-India character. All this should be done as soon as possible within a time limit that should be rigidly observed by each Provincial Government. If such a time limit is not enforced, and things are allowed to drift with endless redtapeism, the result will be that the initial momentum of interest and enthusiasm will wane, the labours of the Commission will be washed, its Report will be condemned to oblivion and we shall remain practically where we are. In a matter like this, prompt and steady action is absolutely essential. We want all Governments to be up and doing in the matter, to show something of the initiative, the activity, the personal interest and zeal, the tenacity of purpose which characterised the late Lord Curzon when he undertook his twelve tasks and applied himself to the question of agricultural reform. Fortunately His Excellency the present Viceroy is known to take the keenest interest in agriculture. We may well expect him therefore to evince the same energy, zeal and tenacity of purpose that marked his illustrious predecessor, Lord Curzon, and set all the available forces in motion, so that steady progress can be made to the attainment of the great ideal which we all have at heart, *viz.*, elevating the masses of India to a decent level of existence as men and as citizens. If this is done, His Excellency's Viceroyalty will surely create a landmark in the development of this country of which he will have good reason to be proud.

Sir, the problem of promoting the welfare and prosperity of the agricultural population of India has since the new orientation of British political policy in India received additional importance. The Reforms have begun the process of enfranchising them and in course of time we may look forward to the enfranchisement of a large proportion of them so that with the growth of a responsible system of Government, our Councils and our Executive Governments will be responsible to them and they will have their due share in controlling and determining national affairs. That they are becoming a real and growing power has been

recently evidenced in my Presidency by the fact that the Government of Bombay have thought it expedient to hold over the Small Holdings Bill which they had introduced in the Legislative Council, out of regard for the opposition shown to the Bill by the agricultural population. Their attitude in this particular case may not be just the kind of expression of public opinion which we should desire in a sound, enlightened state of public opinion. But even in advanced democracies of the West public opinion has, at times, vitiated by the same ignorance, prejudice and unsoundness. This new life opened out to the masses of India has been well described by the late Mr. Montagu and Lord Chelmsford in their Report on Indian Constitutional Reforms. They say:—

"We are not setting about to stir 95 per cent of the people out of their peaceful conservatism and setting their feet upon a new and difficult path merely at the bidding of the other 5 per cent nor would that be our reason, whether the articulate minority were 20 per cent or one-half per cent of the whole. Our reason is the faith that is in us. We have shown how step by step British policy in India has been steadily directed to a point at which the question of a self-governing India was bound to arise, how impulses, at first faint, have been encouraged by education and opportunity, how the growth quickened nine years ago, and was immeasurably accelerated by the war. We believe profoundly that the time has now come when the sheltered existence which we have given India cannot be prolonged without damage to her national life, that we have a richer gift for her people than any we have yet bestowed on them, that nationhood within the Empire represents something better than anything India has hitherto attained, that the placid, pathetic contentment of the masses is not the soil on which such Indian nationhood will grow and that indeliberately disturbing it we are working for her highest good."

The stirring has begun, the dry bones are heaving with the new life. The Indian agriculturist is ceasing to be a mere tiller of the soil, he is becoming more and more a political animal also. He is yet in his infancy as a political animal, but his birth has taken place and he is sure to grow to adolescence and youth in his new birth. The movement for uplift therefore must take account of him as a complete man, of his condition in all its aspects, economic, social, moral and political. The Commission is perfectly right in saying that it involves a psychological change. Such a change is not impossible of attainment, but it can be brought about by a suitable system of education demanded by the change, by raising him from poverty to plenty, by raising his average income by elevating his general standard of existence and by the play of those new forces of Government, administration, political education which the new political ideal and the reformed constitution have set in motion. I am not sure that the political aspect of the problem has been envisaged in its entirety

by the Commission. But it is a factor which must now necessarily be taken into consideration. Be that as it may, the recommendations of the Commission constitute the most valuable and the most comprehensive contribution we have yet had to the solution of this problem, and I do hope that the Government will lose no time in expediting the whole matter so that the goal will steadily, with increasing advance, be attained. With these words, Sir, I commend the Resolution bearing in mind a paragraph which appears on page 673 of the Report and which says:

"If the inertia of centuries is to be overcome, it is essential that all the resources at the disposal of the State should be brought to bear on the problem of rural uplift. What is required is an organised and sustained effort by all those departments whose activities touch the lives and the surroundings of the rural population."

This is the crux of the whole Report.

The Hon'ble Mr. V. Ramadas Pantulu (Madras: Non-Muhamadan): Sir, I beg to move the amendment that stands in my name, namely:—

"Add the following words to the Resolution:—

—'such as those relating to the establishment of Central Land Mortgage Banks for the issue of debentures, the introducing of legislation to guarantee interest on the debentures issued by such banks and to add those debentures to the list of Trustee Securities under the Indian Trust Act.'

My Honourable friend, Sir Phiroze Sethna, wanted me to make a small verbal change in the above amendment, *viz.*, to substitute the word "including" for the words "such as," so as not to unduly emphasize a particular recommendation; and if you will permit me, I will do so. My Honourable friend, Sir Phiroze Sethna, referred to the criticism that has appeared in the Press, namely, that the Report is on the whole a disappointing document. I may at once say that the critics who have put forward that criticism are not really disappointed with the absence of anything new in the actual recommendations made by the Commission. The Commission has made very useful recommendations. If I have understood the critics aright, what they are disappointed with is the fact that similar recommendations had already been before the Government and the people for a long time past, but that it was found impossible for the Government or the people to give effect to those improvements which the Commission have again reiterated and that the Commission has not suggested ways and means for giving effect to their own recommendations. Many of their recommendations for improving the agricultural conditions in this country and the lot of the agriculturists are not new. They were time and again urged upon the Government and the people

but the Government of India found it impossible to give effect to this reform in agriculture either for want of finance or for lack of co-ordination between the Provincial Legislatures and the Central Legislature or for other reasons; and the agriculturists who were advised to improve their condition also found themselves unable to improve their condition because they had no finance. These two potent factors always stood hitherto against any effective agricultural reform being carried out in this country. The recommendations of the Commission, valuable as they are in themselves, will suffer from the same serious defect which recommendations of a similar nature have hitherto suffered from: and the Royal Commission not having put forward any financial proposals to back up their recommendations, there is a widespread feeling of disappointment in the country that the recommendations are bound to be a dead letter as similar recommendations have hitherto been, because the Government of India have not realised their duty to find finances and the people have no financial resources to put into effect these very valuable recommendations. In the provinces the Development Ministers have often complained that their nation-building departments have actually been financially starving and there is no prospect of either the Provincial Governments or the Government of India finding adequate funds for giving effect to the recommendations of the Royal Commission most of which will cost huge sums of money. Therefore some of us who feel very greatly interested in agricultural reform are bound to confess to a feeling of pessimism that the Report is not going to lead to any better results than similar efforts in the past. If the Government of India and the Provincial Governments will however take up the matter in earnest and will find the finance to give effect to these recommendations, as they ought to, we may expect some good to come out of the work of the Commission. There is one recommendation, Sir, in the Report which is of a very far-reaching character, namely, the constitution of a Research Council to bring to bear upon agricultural development in India the latest scientific knowledge on the subject which is itself of the greatest importance to this country. Therefore, that recommendation of the Commission is to be welcomed. But, Sir, after reading the details of the recommendations relating to the constitution of the Council of Research, I find that it will not be possible for us to accept those recommendations *in toto*. However, the Commission itself has said that legislation should be introduced to constitute the Council of Research, and it will be for this House to examine in great detail those recommendations when the necessary legislation is introduced.

Now, Sir, coming to the subject of my amendment, which forms one of the most important recommendations of the Commission, I shall with your leave say a few words. The main causes for

the backwardness of the agriculturist in this country and for the backwardness of the Indian peasant are his chronic indebtedness and his ever-growing burden of unproductive debt. Neither the State nor the politicians in India seem to have recognised that agriculture like other industries requires capital and credit, and that the most outstanding problem of rural economics in this country is the supply of cheap and productive capital and credit to the cultivator. That is the fundamental question affecting the condition of the agriculturists in this country. The State unfortunately in this country has not risen to a sense of its responsibility in this matter. Sir, after a fairly careful study of the conditions of other self-governing countries I have found that there the State fully recognized its duty to finance the cultivator who produces not only the food but all the national wealth from the land. The agricultural and co-operative banking systems have been assimilated with the banking system of the State and ample finances are provided for the agriculturist. But in India the problem has not even been tackled. Therefore the recommendations of the Commission on agricultural finance are very vital, and I hope the Government of India will take them up very seriously and earnestly. The co-operative movement has been trying to provide funds by finding capital and credit for ryots, but hitherto the co-operative movement has been supplying only short term funds merely for the purpose of financing the cultivator to enable him to run his industry from day to day. The co-operative movement has not yet been able to find long term credit for the agriculturist for making permanent improvements to his lands or for liquidating prior debts and so on. It has been found impossible in practice to supply that kind of credit through the ordinary village co-operative societies which are organized only to give out short term accommodation. Long term finance can only be supplied by what are known as Land Mortgage Banks and the Commission therefore has laid great emphasis on the need to organize Land Mortgage Banks. At present we have a few Land Mortgage Banks, but they are primary banks operating in very small areas. If you merely multiply these primary Land Mortgage Banks, not only will they not be able to attract all the long term money, but by offering competitive rates of interest will make long term money dear. Therefore, the Commission have very properly said that each province should contain a Central Land Mortgage Bank to raise money on the strength of debentures. The issue of debentures is one of the most remarkable devices of modern finance, to mobilise land values, for otherwise land is immobile credit. Debentures issued by small village banks, however, are not likely to have great value in the market. Therefore the recommendation of the Commission to establish provincial Central Land Mortgage Banks is of

the utmost importance and value to the agriculturist. And the Commission further say that the Government, in order to make the debentures attractive, readily negotiable and marketable, should guarantee the interest on those debentures and also should add those debentures to the list of Trustee Securities under the Indian Trust Act. That is the least the Government can do. The farmers in the country want money, and there are men who are prepared to advance money as an investment. The most useful intermediary organisation to link them up is a mortgage bank. It can attract long term money on very favourable terms and can find ample resources for financing the agricultural industry of the country. Therefore, the Government should take up this recommendation promptly and work it up and give such assistance as they can. With these words I commend the Resolution of my friend, Sir Phiroze Sethna, and my amendment to this House, and I appeal to the Leader of the House not to raise technical pleas but to accept it if he possibly can.

The Honourable the President: Amendment moved:

"That the following words be added at the end of the Resolution namely:—

"including those relating to the establishment of Central Land Mortgage Banks for the issue of debentures, the introducing of legislation to guarantee interest on the debentures issued by such banks and to add those debentures to the list of Trustee Securities under the Indian Trust Act."

The Hon'ble Khan Bahadur Sir Muhammad Habibullah (Education, Health and Lands Member): I have heard with the greatest interest the speeches of my Honourable friends, Sir Phiroze Sethna and Mr. Ramadas Pantulu. I shall not venture at this stage to deal exhaustively with the observations made by them on the details of the report which will receive the consideration which they deserve, but I may say at once that the Government of India welcome the anxiety displayed by them to expedite the consideration of the Report of the Agricultural Commission, and to take such steps as may be necessary to give prompt effect to its recommendations, particularly to those which have a direct and intimate bearing on the uplift of the agricultural population, and the establishment of central land mortgage banks. It is unnecessary for me to stress the point that the report is pregnant with immense possibilities for the advancement of Indian agriculture and the improvement of the lot of the Indian agriculturists. Indeed, the Government of India recognized the need for prompt action the moment the Report was published, and have already taken effective steps, as I shall presently show, to secure its early consideration.

As Honourable Members will doubtless recognize, agriculture being a transferred provincial subject, the great majority of the recommendations concern the Local Governments primarily, and responsibility for giving effect to them lies upon such Local Governments. It is indeed true that a good number of the recommendations concern the Government of India themselves, while some others affect both the Government of India and the Provincial Governments. The line of demarcation of responsibility in respect of many of the recommendations is not, however clear in all cases. As a preliminary step, therefore, to facilitate the consideration of the Report by both the Government of India and the Provincial Governments, the Government of India, on the 23rd July 1928, invited all Local Governments to send representatives—to be chosen by the Local Governments, but including the Provincial Ministers of Agriculture, if possible—to a conference with the representatives of the Government of India at Simla on a date which has since been fixed for the 1st October and following days.

The objects of the Conference are several. In the first place, the Conference is designed, as explained above, to determine which recommendations primarily concern Local Governments, which the Government of India, and which concern them both. Until the vital question of responsibility has been settled, progress cannot be sure or definite. Secondly, to determine the order of priority, the line of action, and the time of inception of Co-operation, where co-operative action on the part of the authorities responsible for giving effect to the recommendations, is desirable or necessary. And, thirdly, to endeavour to arrive at a common determination to put into force, as soon as occasion permits, those recommendations of the Commission which are finally approved by the authorities concerned. In suggesting the Conference, the Government of India have been careful to see that its objects are not misunderstood. There is no intention whatever of asking the Conference to reach binding decisions on recommendations, the majority of which are obviously for the decision of the respective Local Governments. In brief, the object of the Conference is rather to secure personal discussion and common consultation about the recommendations by the Commission and the best method of giving effect to those of them which are approved. Honourable Members will agree that a conference conducted along these lines cannot but yield useful results and promote the objects which my two Honourable Friends, who have spoken before me, have at heart.

In conjunction with this Conference, it is proposed to hold also a Conference of Co-operators to discuss the recommendations of the Commission which deal with co-operative matters of the nature specifically referred to by the Honourable Mr. Ramadas Fantulu in his amendment.

The ordinary biennial Conference of Co-operative Registrars was to have been held this year any case, but its scope has been extended specially in view of the Commission's Report, and the principal item on its agenda will be the recommendations of the Commission about co-operative matters. The Government of India have no doubt that this Conference, like the Agricultural Conference, will be very useful in determining the action which the Central and Provincial Governments should take on many of the Commission's recommendations.

The proposed holding of these Conferences by no means exhausts the action which the Government of India have taken on the Report. They are already considering those of the recommendations which concern them primarily, such as the proposal for the establishment of an Agricultural Research Council, and recommendations which concern other Departments besides that of Education, Health and Lands, such as the recommendation for the perfection of methods of protection against the import of destructive insects and pests, have been referred to the Departments concerned for opinion. It would thus be obvious to Honourable Members that, in view of what I have stated already, it is not possible for me at this stage to announce any conclusions on any of the recommendations, as it is not proposed to reach such conclusions before the Government of India have had the advantage of consultation with the representatives of the Provinces at the proposed Conference. I can assure Honourable Members that, as soon as possible thereafter, the Government of India will decide what action should be taken on the recommendations which, if accepted, it is for them to enforce, and the method which should be employed in doing so. The Government of India have no doubt that Local Governments will do the same in the case of recommendations with which they are concerned.

I regret that I am not able to tell the House more than what I have indicated in the course of my brief speech. I will, however, venture to emphasise that the Government of India were not at all remiss in the matter of applying themselves to a consideration of the ways and means before they could reach conclusions. I need not assure Honourable Members that they fully share the desire already expressed to give prompt effect to the recommendations contained in the Report, particularly to those which have a direct and intimate bearing upon the uplift of the agricultural population. Let me again emphasise that consideration must precede action. In all these circumstances, I hope that the Honourable Member will withdraw his Resolution not only in the light of what I have said, but also on my assurance that no time will be lost and no efforts spared to expedite action on the recommendations of the Commission,

The Honourable Colonel Nawab Sir Umar Hayat Khan (Punjab : Nominated Non-Official) : Sir, I always say this against my friend, the Honourable Sir Phiroze Sethna, that whenever he deals with a subject he deals with it in such a way that he does not leave any scope for others to advance arguments, because he brings them all up. The most vital thing, after what has been done, is the amendment of my friend from Madras, for which we are very much indebted to both. I have always said, Sir, that if there was any one class which was absolutely forgotten in the way of help it was the poor zemindars; and of course, as has been said, they do feel it. The only thing that is most needed is money, and my Honourable friend from Madras hit the nail in the right place when he mentioned that. You cannot do anything unless there is money. Previous to our present Government, the laws were not stable and as the various Governments had to get something out of the agriculturist, what they did was that whenever there was a dispute between an usurer and a zemindar the unwritten law that they had, which was much better perhaps than the present one, was that they always saw that the man who was working in the fields must live and his family must live also. They gave the usurers as much money as they thought he should get. Now there are stable laws and things are different. On the one side Government dues which are always increasing have to be paid and then the money-lender takes away the rest. It is no use whatever improving agriculture if what the tiller gets out of the land does not go to him but to the *bania*. In reality I would make bold to say that this class, since the advent of our best Raj, has been practically sold to the usurers and there is no way of helping them except to buy them back and that can only be done by the banks. There are certain banks which have no doubt proved very useful, but they are on such a small scale that they cannot serve all those who want money. There are lands which are very valuable but they are mortgaged. The agriculturist, having no money, cannot get them back. We have in the Punjab a Land Alienation Act by which lands have been saved from being alienated, but unfortunately those who interpret the law belong to families, as they are called, which are carrying on this very money-lending business. The law is naturally interpreted against the agriculturists and that is one of the great difficulties we have got hitherto. Though the land cannot be alienated, it can be given away to a moneylender for 20 years. If that happens, how is the agriculturist to eat? Naturally he gets more and more into debt. After 20 years it will again go to another money-lender. The agriculturist will be compelled to steal and go to jail as he cannot possibly live on the land. It is not only for the Provincial Government to come to our aid but it is for the Central Government to help us also. If the Central Government does

not come to the help of 90 per cent of the population, who are agriculturists simply because they have been divided into various provinces, I do not think the Government is doing the right thing. After all, this Resolution has been brought forward not to give effect to every recommendation in the Report. As the Leader of the House has said, this Conference which will be convened will pick out the best recommendations which ought to be acted upon at present. That is what is meant by this Resolution and I do not see why it should not be adopted. I appeal to the House in the name of 90 per cent of the population to show them their kindness, to show them that the House feels for them. I would ask the House not only to adopt the Resolution but also the amendment moved by my friend from Madras. It has been said that the Resolution should be withdrawn. After all this is an appeal of mercy to the Government of India. In practice they are going to do exactly what is asked for in this Resolution. When both sides have come to an understanding, I do not see why the Resolution should not be adopted. I appeal again in the name of 90 per cent of our stricken brethren to the House that the whole House should come forward and see that this very good Resolution and very good amendment are carried.

The Honourable Mr. Mahendra Prasad. (Bihar and Orissa : Non Muhammadan) : I rise to support the Resolution moved by the Honourable Sir Phiroze Sethna and the amendment moved by the Honourable Mr. Ramadas Pantulu. The subject is of great importance as it affects the agricultural interests of the population. The recommendations of the Commission should be considered as soon as possible, especially those relating to the Central Land Mortgage Banks. The system of short term credits under the Co-operative Act has done its work very well. But they cannot be of much help so far as long term credits are concerned. The chief reason to my mind is that the rate of interest which the borrowers have to pay from rural societies is so very high that it cannot be of any help to persons taking large loans for long terms. The rural societies cannot give loans to their members at less than 9 per cent which I think is very high and cannot be brought down unless land mortgage banks are established. The land mortgage banks will have to raise money by issuing debentures which do not carry so high a rate of interest as short term deposits. If the Government guarantees interest on debentures, as proposed by the Honourable Mr. Ramadas Pantulu, the interest on debentures will be very low and money so raised can be lent out to borrowers at 6 per cent or even less. In order to keep down interest, it will also be necessary to add the debentures to the list of securities under the Indian Trust Act. The greatest service that the land mortgage banks can do is, in the words of the Commission, to lower the

rate of interest, and it is for this reason that their establishment is of the greatest possible necessity. The Honourable the Leader of the House has asked the Mover to withdraw his Resolution. I do not see any reason why this Resolution should be withdrawn. The views of this Honourable Council will be of some help to the Conference which meets on the 1st October in coming to a decision.

I therefore think that there should be no difficulty in the acceptance of this Resolution with the amendment.

(The Honourable Sir Phiroze Sethna was about to rise in his place.)

The Honourable the President: I see the Honourable the Mover of the Resolution is rising in his place, from which I assume that he is not attempting to bring the Resolution to a vote prematurely, but that his intention is really to ask the leave of the Council to withdraw the Resolution. That of course is a matter which is entirely in the hands of the Council, and I should therefore now call upon the Honourable Member only if that is his intention.

The Honourable Sir Phiroze Sethna: It is not, Sir.

The Honourable The President:—Then I propose to allow the debate to continue.

The Honourable Rao Sahib Dr. U. Rama Rau. (Madras: Non-Muhammadan): Sir, Agricultural India to-day is immersed in chronic indebtedness. As rightly observed by the Royal Commission on Agriculture "the most powerful obstacle in the path of rural development and the most crushing burden on the people is indebtedness". Co-operative societies in India have done immense good, no doubt, in rescuing the people from the hand, of merciless usurers and money-lenders, but at the same time it must be pointed out that they have not tried to redeem the agricultural population of this country to the extent they ought to, on account of the numerous defects and limitations under which they are functioning at present. They are helpful only in advancing small loans for short periods with prompt recoveries. To my knowledge only such co-operative societies as have been formed in urban areas and those by the Government employees and others who have a fixed monthly income or daily wages to count upon, thrive well, inasmuch as prompt repayment is possible in these cases. The purely rural co-operative societies, where the members are mostly agriculturists, do not reap the full benefit of co-operation. Prompt repayment of even small loans taken from the co-operative societies becomes impossible, as money can be had only at certain seasons of the year by the sale of their produce, and the money lender is looked up to for help to discharge the debt of the society in the interim period.

Oftentimes, lands and personal properties are pawned at a usurious rate of interest and with the successive failure of monsoons and the consequent failure on the part of the agriculturist to repay the debt and redeem the lands and properties pledged, they naturally pass into the hands of the moneylenders. The establishment of land mortgage banks is, in my opinion, the only effective means of saving the agriculturists from utter destruction. Loans are required by the agriculturist not only for the improvement of his lands but also for meeting marriage ceremonials and other expenses, and such loans are usually large in amount and cannot be repaid within a short interval. There must be land mortgage banks in every taluk to which the agriculturist can run at any time of the day, mortgage his land, borrow money at the same rate of interest as in credit societies and pay back the debt in annual instalments along with the *kists*, spread over a number of years. There should no doubt be a central financing body in each province which should issue debentures. Government should guarantee interest on the debentures. A sinking fund should be arranged with a view to secure the redemption of the debentures on the expiry of the period. The Imperial Bank should be asked to assist the floatation of debentures and as the repository of State funds should be invited to make advances under section 20 of the Trust Act against mortgages taken by a mortgage bank and endorsed in favour of the Imperial Bank. All existing concessions in the form of exemption from stamp duties, registrations fees, etc., which at present swallow up a fairly large proportion of the money borrowed, through private agency, should be continued in favour of mortgage banks. These wholesome recommendations made by the Conference of Registrars held in Bombay in 1926, and approved of *in toto* by the Royal Commission on Agriculture, should be given effect to forthwith, and this amendment of my friend the Honourable Mr. Ramadas is none too soon nor too drastic to be shelved. With these few observations I strongly support the Resolution with the amendment.

The Honourable Mr. P. C. Desika Chari (Burma: General): Sir, I do not want to give a silent vote. Honourable Members are aware that I wanted to move a Resolution for the establishment of land mortgage banks and for the necessary steps being taken by Government with a view to relieving agricultural indebtedness. I am glad that the Government is making earnest attempts to give effect to the numerous recommendations of the Agricultural Commission's Report, but I am anxious because they have to consider the question of priority of the various recommendations, that is, as regards the order in which they have to give effect to many of these recommendations. I know, as Honourable Members of the Council know, that the Indian peasant is not in a position to get relief from the heavy load of debt which is practically oppressing him and which

makes it impossible for him to think about the ways and means of improving his standard of living, and I submit that it is our duty to impress upon the Government that the want of capital being the great obstacle in the way of the agriculturist improving his position, it must be the first duty of the Government and of those who take a part in the Conference for giving effect to the recommendations of the Royal Agricultural Commission to see that the first place is given to the question of the establishment of land mortgage banks. Sir, I find that the Royal Commission has made certain specific recommendations with reference to the establishment of such banks, but I find that they have been a little over-cautious in making those recommendations, and at the same time I do find that their overcaution is not because of the fear that such banks will not be popular or will not be a safe investment, in fact I find in the latter portion of their Report they seem to apprehend that the debentures are likely to compete with State loans and that as in other countries where land mortgage debentures have been issued, such debentures issued for the purpose of financing the land mortgage banks in India are likely to be very popular and there is absolutely no doubt that they will be more popular than the State loans themselves. Under these circumstances I am surprised to find that they say with an apology as it were that there should be a stage of preliminary inquiries before Government starts the land mortgage banks. So I think it is high time that these banks were started, because, without capital, without long term loans, the Indian agriculturist cannot thrive; and of course as everybody who is interested in the safe and proper working of agricultural banks will agree, the agriculturist who has to take loans from these banks should be made to understand that they ought to keep to regular engagements and that they will be obliged to pay regularly all the instalments as they fall due. But at the same time unless you establish land mortgage banks which can give long term loans extending, say, over a period of forty years, it is not possible for the Indian agriculturist to be in a position to pay regularly year by year the instalments due from him. The proper object to be kept steadily in view for starting land mortgage banks is to see that, as far as possible, these loans that can be given by them should be for as long a duration as possible, possibly covering 50 or 70 years, so that the Indian agriculturist may be in a position to pay regularly of course after paying the land-tax, without feeling the burden and the oppression of the debt. Unless the agriculturist gets capital, all the other recommendations, whatever the Government may do, will go in vain, because the agriculturist will not be in a position to take advantage of any of these agricultural improvements which may be worked out either by research or by any other

means or by taking action on the various recommendations of the Report. I therefore submit, Sir, that it is the duty of the Government, as of those fortunate people who will be called upon to give their advice to Government in this matter, to see that they insist upon this programme of land mortgage banks being started early. If capital is forthcoming the agriculturist's outlook on life will be brightened. It is only then that he will think of improving his land and have before him the ideal of a higher standard of living; otherwise it is absolutely impossible. Now the agriculturists are desperate, more especially the small agriculturists. From generation to generation they have been going on shouldering this huge burden of debt and they have not sufficient interest in cultivating the land because an agriculturist thinks that he has been born to that standard of life to which he and his fathers have been accustomed. It is impossible for him to take interest because he knows full well that he has to work from morn till eve, wish one meal or perhaps not even one full meal, in the course of the day; and at the same time he knows that whatever he cultivates goes to the moneylender, who is entitled to insist upon his interest. The principal is very rarely paid up and unless the peasant is immediately relieved of all this burden, it will be impossible for him to improve his position in any manner. I therefore welcome this amendment that special attention should be directed to the establishment of central land mortgage banks for the issue of debentures and the introducing of legislation to guarantee interest on such debentures which should also be added to the list of trustee securities under the Indian Trust Act. I hope the Conference and the Government will consider other means to improve upon the recommendations made by the Royal Commission in this matter. But if they cannot take a larger view of things, if they will at least give effect to these specific recommendations made by the Royal Commission after an elaborate inquiry, that will go a long way towards improving the condition of the agriculturist. I have therefore great pleasure in supporting the Resolution as well as the amendment. I hope that this Council, which has always been known to take an abiding interest in the agriculturist, will vote for this with one voice, so that the people who meet in the Conference, including the provincial representatives of various Governments, may be impressed with the fact that this House, which is primarily composed of people who are in intimate touch with the agricultural classes, think, and think rightly, that the first and most important consideration ought to be directed towards the relief of agricultural indebtedness by the establishment of land mortgage banks.

The Honourable Major Nawab Mahomed Akbar Khan (North-West Frontier Province: Nominated Non-Official): Sir, it is indeed very

fortunate for the agriculturists of this country that after an exhaustive and painful inquiry into all aspects of their life, the Royal Commission on Agriculture has now succeeded in preparing its Report as to the present condition of the Indian agriculturist and suggesting ways and means to improve it. I believe that every careful reader of the Report will not fail to appreciate the labours of the members of the said Commission for which they rightly deserve the highest gratitude of the agriculturists and land-owners of the various provinces in India. Now, Sir, the question of improving the deplorable condition of all those engaged in agriculture is of vital importance to this country. At present I do not want to go into the details of the miseries under which the agriculturists are labouring, as they are well known to every Member of this House. What I have to say in this respect is that immediate steps ought to be taken to relieve them of their present embarrassing condition, for I think that the betterment of their condition will bring peace, prosperity and contentment in India as a whole. Nearly 80 per cent of the population of this country is composed of agriculturists and land-owners and if suitable measures are taken to enable them to live a life of contentment and peace, it will surely help greatly in finding a solution of the ever increasing problem of unemployment in India. The agriculturists and landowners are so closely connected with each other that under no circumstances could they be independent of each other; so that if the agriculturists are better off, their betterment will surely result in bettering the condition of land-owners and *vice versa*, and the betterment of this large section of the people will naturally have its effect on the public revenue. The Royal Commission on Agriculture has come and gone and its Report to ameliorate the condition of the agriculturists has been published by this time. It is now for the Government to see to the uplift of the agriculturists by giving effect to the recommendations made in that Report, and the sooner they are given effect to the better it will be for all those concerned.

Sir, I associate myself entirely with and support the Honourable Mover of the Resolution as well as the Mover of the amendment. I do not think that any of us who have anything to do with the agriculturists will hesitate to support this Resolution. Sir, personally I would be satisfied if the Leader of the House takes some action on that Report. A good deal of money has been spent on the Report and it is a very exhaustive Report. Personally I will be satisfied if the Report does not become a dead letter. If the Leader of the House makes representations to the various Governments and takes some action himself I will be quite satisfied. The pretext is often put forward that there is no money. But I say, Sir, that where there is a will there is a way. We all know that if Government want to

raise capital, the money can be easily found from Great Britain, America or other rich countries and even in India. If the Leader of the House takes action on the Report, I can assure him that he will earn the gratitude of all the agriculturists throughout India.

With these remarks, Sir, I strongly support the Resolution and the amendment.

The Honourable Mr. G. S. Khaparde (Berar Representative): I propose that the question may now be put.

The Honourable Sir Phiroze Sethna: Sir, in my reply I shall be as brief as possible. In the first place I would like to remove a misunderstanding which seems to prevail in one part of the House. Some Honourable Members have asked me if I adhere to the strict meaning of the wording in my Resolution. I have said "to take such steps as may be necessary to give prompt effect to its recommendations." They interpret this to mean that I expect Government to give effect to every single recommendation. In my opening remarks I observed that there were as many as 667 recommendations. I cannot expect Government to give effect to every one of the 677 recommendations even in as many weeks. I quite realise this. My Honourable friend the Mover of the amendment and myself will be more than pleased if they will give immediate effect to the recommendations on the points that he and myself have laid stress on.

Now, Sir, the next point is that my friend Mr. Ramadas Pantulu found fault with me for taking to task some of the critics of the Report and he observed that the critics were not so much against the Report as against Government themselves who for years past have done nothing. Perhaps there is force in that contention, and I am reminded of the Report of Dr. Voelker, the agricultural authority, who published his Report as far back as 30 years and whose recommendations have been entirely endorsed by the Agricultural Commission. It is a pity that Government have taken no action on his recommendations till now except that perhaps on the recommendation of the Chairman of the Agricultural Commission a C. I. E. was conferred on the learned Doctor in the last Honours List in recognition of his long forgotten services of 30 years ago.

My Honourable friend the Leader of the House has made an appeal to me that I should withdraw this Resolution. I fear I cannot do so for a very good reason and it is this. My Honourable friend, the Leader, in the course of a very elaborate statement, which has given entire satisfaction to the Honourable Mr. Ramadas Pantulu and myself, has, as far as I know, gone even beyond what we both of us asked for. Therefore,

instead of my withdrawing the Resolution, which would be paradoxical after Government accepting and going beyond what we had asked for, I, in my turn, appeal to the Leader of the House to convince the Indian public that it is not always that the Government of India oppose the wishes the public and that in matters of great public importance like this, the Government of India do at times see eye to eye with the public. I trust therefore that not only the Leader of the House but all the Members of Government will vote in support of the Resolution and we will carry it unanimously.

The Honourable Khan Bahadur Sir Muhammad Habibullah: Sir, when I addressed my appeal to my two.....

The Honourable Sir Arthur Froom (Bombay: Chamber of Commerce): Sir, on a point of order, might I have your ruling in connection with the speech just delivered by my Honourable friend Sir Phiroze Sethna? My reading of the Resolution is that, if it were accepted, it would commit the Government to give prompt effect to *all* the recommendations of the Agricultural Commission's Report. That is my difficulty, Sir.

The Honourable the President: The Honourable Member's difficulty is, I think, solved by the fact that the adoption of a Resolution by the House is after all merely a recommendation to the Government. There is no commitment.

The Honourable Khan Bahadur Sir Muhammad Habibullah: When I addressed my appeal to my two Honourable friends opposite, I did not in the least expect any single Member of the House to understand that the Government were opposing this Resolution. I tried to show in the course of the brief statement which I made the action that the Government of India have already taken in the matter and the steps which they contemplate for the future. I think I convinced the two Honourable Movers of the fact that the Government had, long before either the proposer of the original Resolution or of the amendment had tabled their respective motions, taken the necessary action in the matter (Hear, hear) and I am pleased to hear that the Honourable Sir Phiroze Sethna recognises that the Government have not merely complied with the recommendation that he makes but that they have even gone far beyond that recommendation. While that is so, Sir, I expected that the Honourable Sir Phiroze Sethna will not have any objection whatsoever to the withdrawal of the Resolution, seeing that the objects he had in view, the intentions that underlay his Resolution, were more than fulfilled. It was only the other day that we

were told by a friend on the opposite side who moved a similar Resolution on land revenue that his intention was merely to rouse sleeping dogs. Both in that case and in this it is not the rousing of sleeping dogs but it is an attempt to rouse watchful dogs. So, as I said, there is no object in my two Honourable friends opposite pressing for the adoption of this Resolution. But I see that not only on their part but generally on the part of other Honourable Members also who have spoken on this Resolution there is a desire that the Government should accept it. Well, as I have said, I am not opposing it. As I have said repeatedly, I am doing everything that this Resolution asks us to do and more. In view of these circumstances, Sir, I have no objection whatever to accept the Resolution.

The Honourable the President: The original question was;

"That the following Resolution be adopted:

"This Council recommends to the Governor-General in Council to expedite the consideration of the Report of the Agricultural Commission, and to take such steps as may be necessary to give prompt effect to its recommendations, particularly to those which have a direct and intimate bearing on the uplift of the agricultural population."

Since which an amendment has been moved:

"That the following words be added at the end of the Resolution, namely:

"including those relating to the establishment of Central Land Mortgage Banks for the issue of debentures, the introducing of legislation to guarantee interest on the debentures issued by such banks and to add those debentures to the list of Trustee Securities under the Indian Trust Act."

The first question what I have to put is that that amendment be made.

The amendment was adopted.

The Honourable the President: The question then is:

"That the Resolution, as amended, be adopted."

The motion was adopted.

