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The Banking Inquiry.

(Editorial).

The proposal for the establishment of a Reserve Bank for India, which emanated from the Report of the Royal Commission on Indian Currency and Finance, naturally brought into prominence the place which co-operative banks should occupy in the general banking system of the country. The Reserve Bank Bill, as originally framed, made very little provision for co-operative banks. The financing of agricultural operations and the movement and the marketing of crops were sought to be helped through the commercial banks, with the Reserve Bank as their Banker. There was, however, some ineffective provision permitting the purchase, sale and rediscount of Bills of Exchange and promissory notes bearing two or more good signatures, one of which may be that of a co-operative bank, drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops and maturing within six months from the date of their purchase or rediscount. In the course of the shaping of the Bill in the Joint Select Committee of the Central Legislature, a few more facilities were vouchsafed to co-operative banks, besides providing for their representation on the directorate of the Reserve Bank. As the Bill could not, however, be successfully piloted through the Legislative Assembly, the attempt to give the co-operative banks a place in th ly Banking System of the land also collapsed. Recent information fro ve Delhi, however, inspires us with the hope that the scheme will em revived in the near future. Co-operators should, therefore, be alert a at not fail to press their case before any Committee or Commission t big- may be appointed to inquire into the working of "Banking" in In can If the question of relieving agricultural indebtedness is to be serio n the tackled, if the State is to discharge its duty properly to the culti resent by providing capital and credit for agricultural industry which is the mainstay of the people in India, and by preventing the economic deterioration of the soil from which the bulk of the revenue is drawn, and if the problems of national rebuilding are to be really solved, the Government cannot ignore the question of agricultural and co-operative finance or to refuse to find a place for it in any reorganisation of the scheme of Indian Banking. It is gratifying to note that the Indian Provincial Co-operative Banks' Association has already put itself in communication with the Finance Department of the Government of India and made a reasoned demand for representation of co-operative banks on the preliminary conference in connection with the Banking Inquiry. The letter addressed by the Association to the Secretary of the Finance Department of the Government of India puts the case for the co-operative banks in an informed and convincing manner and we therefore take the liberty of reproducing it below.

" SIR,

As directed by the Committee of the Association, I have the honour to communicate below resolution No. 10 passed at the 2nd All-India Provincial Co-operative Banks' Conference held at Simla on the 26th and 27th September, 1928 ;

" Resolution No. (10.) 'This Conference is of opinion that Co-operative Banks should be adequately represented in any inquiry that may be set afoot in India by the Government in regard to the development of banking in India.'

" In his remarks addressed in December last to the Federation of Indian Chambers of Commerce and Industry, the Hon'ble Sir George Schuster suggested 'that there should be an inquiry for the purpose of considering the development of Indian Banking system in order that it may provide adequate assistance to Agriculture, Industry, Commerce etc.' In an agricultural country like India, the importance, immediate and prospective, of agricultural finance, must necessarily be very great, and with a view to provide for safeguarding the interests of the existing Co-operative Banks and for their future expansion along proper channels, adequate representation of the financing agencies of the co-operative movement is essential, on the committee of inquiry for banking facilities in the country.

" The co-operative movement has made very rapid progress du-ing recent years. In 1926-27 there were in British India some 76,000 and i Indian States about 12,000 co-operative credit societies with a total embership of over three and a half million members and a total work-g capital of over 67 crores of rupees. The internal organisation of co-operative credit system is fairly well developed with the village ieties grouped under local Central Co-operative Banks and the latter rated into the Provincial Banks at the apex.

" In the year 1926-27 the total number of Central Banks working itish India and Indian States was 568 with a total working capital of over twentythree and a half crores of rupees. In the same year there were eight Provincial Banks in British India and one in Indian States with a total working capital of over 7 crores of rupees.

" The future of banking in India is mainly dependent on the extent to which co-operative credit is fostered in rural areas. The Imperial Bank of India with over two hundred branches has succeeded in providing banking facilities only in important mofussil centres of commerce and industry. Commercial Banks are still more backward in this respect. It is only the Co-operative Banks, urban and rural, which have succeeded in supplying banking facilities to minor towns and villages in which by far the largest number of the population of the country resides. Even if the Imperial Bank of India and the big Commercial Banks decide to open more branches, they cannot successfully develop the areas now served by Co-operative Banks, as their branch expenses must be prohibitive in comparision to the small business they may get in such areas.

" It is therefore with the co-operative institutions that the future of banking in India is indissolubly connected. The Indian villager and petty trader is naturally disinclined to take his small savings to big banking institutions for deposits and has greater confidence in co operative institutions under local control and with local connections. Knowledge of the co-operative system is now widespread, thrift in rural areas is being encouraged and training in the handling of money and the elementary principles of banking is being given. Banking facilities under the organisation of co-operative credit which commands confidence of the rural population, if given, will succeed in bringing money out of hoards with an appreciable gain in the financial strength of the country. But the Indian farmer will have to be assured of a quick investment and speedy realisation before he could be persuaded to part with his savings. The Post Office Savings Banks and cash certificates have several restrictions which prevent the small and illiterate investors from utilising these opportunities.

" Co-operative Banks are more suitable agencies than Commercial Banks for providing banking facilities in the mofussil. Co-operative Banks also possess several advantages over Private Banks and bankers, the most important of which are their permanency and their centralised control and audit. Experience has shown that private banks and bankers in the mofussil usually degenerate into usurious moneylenders which, due to the heavy indebtedness in the countryside, are very difficult to control.

" Before the co-operative banks and societies can successfully undertake the duty of providing facilities, it will be necessary to remove some of the restrictions imposed on their operations and provide them facilities for a more prompt remittance of funds than are existing at present. The State is and must remain for a long time to come, the biggest banker in the country. The co-operative bank, urban and rural, can more successfully develop the use of modern credit instruments in the mofussil if R. T. Rs. can be issued direct on sub-treasuries. The present procedure of R.T.Rs. on treasuries and cash orders on sub-treasuries usually involves a delay of nearly a fortnight which is too great a period for banks working in the mofussil. In addition it will be necessary to permit approved co-operative banks, after taking all due precautions regarding the safety of State money, to use the funds of the treasuries and sub-treasuries within specified limits.

"In view of the importance of co-operative banks in connection with the question of Agricultural finance and banking facilities in the mofussil, I am directed to request you to be so good as to invite the Hon'ble Mr. Ramadas Pantulu, Member, Council of State, and President of this Association, to the preliminary discussions on the subject of Banking Inquiry."

An examination of the banking systems of some modern countries will disclose the great benefits of making agricultural finance an integral part of the Banking System of the country. In Australia, for instance, provision is made for dispensing short term rural credit by the "Commonwealth Bank of Australia" which was established in 1911 and substantially strengthened since then. By the amendment of 1925, a separate department of rural credit was created as a part of the "Commonwealth Bank" and this new Department is provided with ample funds from various sources to finance agriculture. In the Dominion of New Zealand, an even more forward step was taken by making provision for dispensing long term mortgage credit to agriculturists by the New Zealand Bank. By a special enactment, a "Long Term Mortgage Department" was added to the State Bank of New Zealand. The Union of South Africa has a dual system of State Banks in relation to rural and non-rural credit. A "Land and Agricultural Bank" established by the Union Parliament in 1912, preceded the "South African Reserve Bank" established by the Currency and Banking Act in 1920. In the year 1926, Act XL of 1926 was passed to extend the powers of the Land Bank and to provide for the formation of a network of what are called "Agricultural Loan Companies" and "Rural Credit Societies." The Act empowered the Central Board of the Land Bank to raise and use funds for financing these companies and societies. The Irish Banking Commission which reported a few years ago, said "If agriculture be regarded as representing 80 per cent of the material of the Free State, other forms of business are relatively only one-fourth as important," and proceeded to point out how it was imperative for a predominantly agricultural country like Ireland to establish banking institutions whose duty shall be to adequately finance the needs of co-operative societies and agricultural enterprises. The conclusions of the Irish Commission have a special value and application to the conditions of India. We therefore hope that the projected Banking Inquiry will not only give ample facilities to co-operators to press the claims of the co-operative banks, but will also result in making co-operative finance and the peoples' banks integral parts of the financial and banking machinery of the country.

The Second Dadar Co-operative Conference.

Dadar (Bombay), 23rd February, 1929.

PRESIDENTIAL ADDRESS

BY

THE HON'BLE V. RAMADAS PANTULU.

BROTHER CO-OPERATORS, LADIES AND GENTLEMEN :

It has given me genuine pleasure to accept your kind invitation to preside over this Conference. I had at first some hesitation to accept the position, because I felt that I was ill-equipped to guide your deliberations, my knowledge of your local problems being merely of an academic character ; but on second thought, I considered it unwise to throw away the opportunity which you generously afforded me to be in the midst of Bombay co-operators and to acquire some first hand knowledge of the movement in your city and province. I have therefore come here more as a learner than as a guide. Nevertheless I hope I shall be in order if I exchange some of my thoughts with you.

THE ROLE OF CO-OPERATORS IN NATIONAL RECONSTRUCTION.

The apathy of the Public and its Causes

The Co-operative Movement in India has not, as yet, drawn into it the masses, nor does it count the intelligentia among its votaries in sufficiently large numbers. So far as I am able to ascertain, this apathy to the movement is due to two important causes. *Firstly*, programmes of political reconstruction of India, which engage the attention of the nation, do not make sufficient provision for the social and economic readjustment of urban and rural life of the people on a footing of social and economic justice. The educated and the politically minded Indians, generally speaking, pay little attention to purely economic movements as contra-distinguished from political movements. It is hardly realised that it is impossible to enthuse the peasant and the labourer, who are the backbone of the nation, over schemes of nation building, unless and until such schemes actually begin to react favourably on the conditions of their daily life. *Secondly*, there is an impression, rightly or wrongly, that the Movement is an official or semi-official activity, which does not afford scope for non-official initiative, management and control. If the movement is largely in official hands to-day and not sufficiently democratised, it is mainly due to the indifference of the people for whom it is intended. The movement being essentially socialistic in its implications, there can be no atmosphere for its intensive or extensive development without a real spirit of discontent being roused among the masses with their present condition. Co-operators in western lands were able to organise themselves because the pioneers of the movement in those countries succeeded in developing a spirit of economic revolt against capitalism and landlordism and other vested interests which operated as serious obstacles to the emancipation of the worker and the peasant. Co-operation in India therefore wants men who preach true social ideals and who create an atmosphere which favours their widespread acceptance.

Nationalise Co-operative thought.

It is, however, a matter for gratification that both these causes are being gradually removed. It is being increasingly realised that the social and the economic uplift and organisation of the peasantry and the labour should form an integral part of our political programme and the trend of opinion in the Congress organisations and of the resolutions of the Indian National Congress bears sufficient testimony to a change in the angle of vision in this direction. Once the problem of economic reorganisation is seriously tackled, the value of co-operation as a powerful aid to such reorganisation cannot but be recognised. There will soon come a day when every leading politician in India will become not only a believer but an active propagandist of the Co-operative Movement. It is difficult to find an alternative to Co-operation as an aid to national reconstruction in the economic sphere of the life of the peasant and the worker. If I had time, I would have liked to demonstrate to you how Communism and State Socialism are not good substitutes in India for Co-operation if it is of the right type, in other words, if it is Swadeshi in intent and purpose. Co-operative association for the satisfaction of our needs by encouraging the import and sale of foreign goods, implements or fertilisers, merely serves to strengthen foreign productive and distributive agencies to the prejudice of true economic interests of India. Co-operative organisation, which promotes our own productive and distributive endeavours alone, can subserve national ends. Co-operation is an integral part of national economics. To Bombay belongs the distinction of developing a vigorous and independent school of national economics, represented by such eminent scholars and workers as Prof. K. T. Shah and V. G. Kale. I hope that Bombay will similarly teach other provinces the way to make co-operative effort move along paths leading to the material and moral progress of the people of India.

A PLEA FOR DEMOCRATISATION OF THE MOVEMENT.

De-officialisation.

Whatever justification there might have been in the past for the movement being officially directed and controlled, the time has, in my opinion, now arrived when the Registrar's functions should be made to approximate to those of the Registrar of Friendly Societies in England with suitable modifications required by local conditions. I am convinced that with the exception of the functions of Registration, Audit and Liquidation, all other functions should be assumed by the people for whose benefit the movement is intended. I must not be understood as suggesting that the department is reluctant to part with power and to transfer it to non-official hands when people come forward to assume responsibility or that team work between official and non-official agencies is not necessary or desirable. While non-officials have shown keen intellectual appreciation and study of the movement, it must be admitted that they were hitherto content to leave the practical shaping of the institutions to other hands. Many prominent witnesses who gave evidence before the Linlithgow Commission definitely attributed the weakness of our village organisations and absence of organised life in rural areas to the supreme indifference of the educated sons of the soil to the practical aspects of the life of the villagers who constitute the majority of the population and produce the bulk of the national wealth. We must wipe out this stain by giving unmistakable proofs of our being alive to a sense of corporate life and civic responsibility, by assuming the direction and control of our co-operative and other rural uplift organisations. I have been recently reading through the latest report of your Registrar on the working of the co-operative societies during the year 1927—28. I was perplexed to find, in more than one passage in that report, the reiteration of the efficacy of a single remedy for all your co-operative ills. Whenever he found that particular organisations failed to function properly, he asked for additions to his staff to set right matters and to promote the efficiency of the failing institutions. In an essentially peoples' movement, I wonder why the idea of strengthening non-official enterprise in diverse ways was not advocated and why spoon-feeding was indulged in. But when so august a body as the Royal Commission on Agriculture could not shake off the official mentality and view the movement through non-bureaucratic glasses, why deplore the mentality of Registrars? The Bombay legislators, too, appear to have little trust in the efficacy of popular control and management but possess an abundance of faith in the powers for good of the Registrar and his official army. Otherwise I cannot understand why your Co-operative Societies Act of 1925 should have proceeded on less democratic lines than the Indian Acts of 1904 and 1912. We, in Madras, would never have agreed to place such drastic plenary powers in the hands of the Registrar or to subject our non-official organisations to such a degree of interference in their internal management by the departmental staff, as you have done in Bombay. Bombay has all along demonstrated its ability to run its organisations efficiently and is one of the few advanced co-operative provinces. Indeed the leading co-operators of India, like Sir Lallubhai Samaldas, Mr. Devadhar and many others, are from your province and it is they that can be said to be true pioneers of the movement in India. Is such a province to work out co-operative policies and programmes under the provisions of an Act which is so devoid of democratic background as your Act of 1925 is? I hope non-official co-operators of the Bombay Legislature would take the earliest opportunity of so amending the Act as to make it a real instrument of progress.

Fundamental reasons for democratisation.

My plea for democratisation, however, rests on more fundamental grounds than those of mere management, control and administration of the institutions. In order to induce a peasant or worker to change his old methods and adopt new ones, we must necessarily create a feeling of discontent with the present weak, disorganised and economically crippled condition of his life. Many delicate issues of a political and social character are patently involved in such preaching. The theory of the British administration in India has always been, and is, that the cultivator and the labourer are better off under British Rule than before and that the popular notions about the economic deterioration of the masses are unfounded. This British theory has to be controverted. Again the evils of foreign competition and exploitation, the effects of the destruction of our cottage industries, the growing displacement of India's raw products in the world markets by those of other countries, have all to be unequivocally put to the masses before they are awakened to the seriousness of the situation and convinced of the need for their economic organisation. May I ask, in all humility, whether it is permissible for an officer of the Co-operative, Agricultural, Veterinary or Revenue department to preach such ideals to those who are supposed to be entrusted to his care for co-operative organisation? Is it open to him to point out how silly it is to carry cotton from a Bombay village by land and sea to England or Japan, turn it into cloth and bring it back to India to be sold perhaps to the same villager who produced the cotton of which it is made and plead that it is for Indian consumers' benefit? Obviously not. Call it village uplift, rural reconstruction, nation-building or what you will, it is in the inception largely, if not almost entirely, a psychological process. Without changing the mentality of the peasant and the worker, you cannot bring about a change in his outlook on life or in his standards of living. The official is the last man who is serviceable in this all-important process. The foremost Indian Civil Servant of the day, His Excellency Sir Malcolm Hailey, had the fairness to admit this fundamental truth of the British administration. In his foreword to Mr. Brayne's excellent little book "Village Uplift in India", in attempting to answer the charge that the Indian Government failed to deal with the problem of the improvement of the conditions of rural life, Sir Malcolm makes the following candid confession: "But the charge is to this extent true, that we have never made a direct and a concerted attack on this problem; we have never deliberately attempted to effect that change in the psychology of the peasant and in his social and personal habits without which it is impossible materially to improve his conditions of life. The reason did not lie entirely in the immensity of the task. It was obvious that we should have to encounter an enormous dead weight of conservatism and apathy; *there were many who not unreasonably feared the result of preaching to the villager that discontent with his own conditions of life which was necessary to their improvement; and not many of us, to tell the final truth, have had the missionary spirit necessary for the enterprise.*" What is true of the official's unfitness for reconstruction of rural life is even more true of his unsuitability to reorganise urban industrial life. Can a co-operative officer or an officer of the Labour Department be expected to tell the workers in the mill areas of Dadar and Parel, how they and their Indian employers were ruined by foreign industrial exploitation and why it was necessary for them to organise both as wage-earners and as wage spenders to withstand the foreign onslaught? If the workers are employed in Railway workshops or in other British industrial concerns, will the officer have the freedom, even if he had the honesty of purpose, to tell the employees that the conditions of their labour were unsatisfactory, that their wages were low, that their housing provision was inadequate, that insurance against risks was insecure and that they should combine on a co-operative basis to wrest from the hands of their British employers what was legitimately due to them? Without ample liberty to preach such ideals of social and economic justice to the workers, any attempt to organise them is futile, if not hypocritical. I believe I have said enough to convince impartial men and women that an essentially people's movement like Co-operation cannot be usefully run in India by the State and its officials, The Irish Co-operators always preached against British controlled Co-operation. Mr. G. W. Russel, the famous A. E. says "The creation of a harmonious life among a people must come from within. It can never come by the imposition of an external law by another people. Never did master and slave work in true unison, no matter how benevolent the master or how yielding the slave. So the problem of creating an organic life in Ireland, a harmony of our people, a union of their effort for the common good and for the manifestation of whatever beauty, majesty and spirituality is in us, must be one we ourselves must solve for ourselves." Sir Horace Plunkett says much the same thing. Even in free countries where the interests of the State are largely identical with those of the people, unlike in present India and old Ireland, co-operators never countenanced spoon-feeding by the State. The State in many countries, however democratic it may be in theory, is not wholly free from the influence of anti-social vested interests. So Dr. Warbasse, dealing with Co-operation in Republican America says; "There can be no such thing as State controlled and administered co-operation. It is an impossibility. . . . It is hypocracy for a government to represent that it is doing co-operatives a kindness to take them under the limb of the State. It is the sort of protection that smothers." If that can be true of America, how much more should it be true of India where vested interests, which cannot be reconciled with co-operative democracy, tightly hold the reins of the Government? The plea for democratisation of the movement is therefore broadbased on incontrovertible political and economic factors.

Experience of foreign countries.

TRUE CO-OPERATIVE IDEALS.

If people really desire a transference of power and control into their hands, they must develop true co-operative ideals. Co-operation knows no distinctions of caste, creed or community. In the language of European co-operators, this great ideal is described as the "principle of religious and political neutrality." It is based on the desire for the satisfaction of the common economic needs of all those who associate together on a voluntary basis. The Russian attempt to infringe this principle by the assertion that the co-operative movement can play a positive role only by becoming exclusively proletarian and by adopting the principle of class war is emphatically discountenanced by international co-operative opinion. In India the roots of the tender plant of co-operation will be destroyed if the *virus of communalism or class antagonism* is allowed to invade the movement. I was therefore not a little grieved

Arrest communalism and Sectarianism.

to read a passage in your Registrar's report for 1927-28 that, in the management of non-official organisations, "considerations other than those of business efficiency and qualification are still allowed to have an undue sway" and that questions connected with such management "provide the most fruitful occasions for quarrels and intrigues amongst members of the managing board." He was evidently referring to communal differences. As a thoughtful writer on Co-operation says, "difficulty about compacts does not lie in *making* them, though that is often difficult enough, but in *keeping* them alive and fruitful after they are made." Communal or sectarian quarrel is violently opposed to the religion of co-operative compact. I therefore appeal to you to take prompt and effective steps to arrest this tendency and to instal co-operation in the temple of Akbar's dream :—

> " A temple, neither Pagod, Mosque nor Church
> But loftier, simpler, always open-door'd
> To every breath from heaven, and Truth and Peace
> And Love and Justice came and dwelt therein."

CO-OPERATIVE NEEDS OF BOMBAY CITY WORKERS.

I must now address myself to some problems which are of immediate concern to you. Your Institute whose area of operations comprises practically the largest part of the mill area of Bombay (Dadar and Parel), with no less than 115 co-operative societies, though many of them are not affiliated to you, has exceptional opportunities for service and peculiar obligations to discharge to the movement. The large working population of the Bombay City North is committed to your charge and in order to justify your existence as a co-operative organisation in the midst of teaming labour population, you must give proofs of some constructive co-operative endeavour to help labour in its struggle for social and economic emancipation. The best and the most beneficial forms of co-operation, in western countries, have largely been directed towards organising the workers and strengthening their position as wage earners to get adequate return for their labour and as wage spenders to get an adequate purchasing power for their wages. There are various channels along which you can make your co-operative effort flow to achieve that end; and you have already marked out some of them, such as consumers' societies. Your Registrar gives a very gloomy account of the progress of the consumers' movement and assigns causes for their failure. It seems to me that the causes are however such as can be removed by propaganda and education of the

Consumers' Societies.

right type, to promote which your Institute is peculiarly well circumstanced. With some effort the labourer can be taught the benefits of regulating his expenditure on a systematic plan and of abandoning the habit of purchasing on credit. The gospel that "credit to producer promotes prosperity and that credit to consumer promotes poverty" should be assiduously preached. The benefits of a co-operative store will become evident to the people when once they are weaned from the credit habit. To use your Registrar's language, "the average purchaser of commodities is a very gullible person unable to appreciate the cumulative effects of smaller weight and lower quality that he almost invariably gets when he buys on credit from a grocer." When the temptation of the grocer's credit is removed from his way and he is habituated to the Store, he readily perceives the very benefits to which he was blind so long as he did not buy for cash. That is our experience in Madras and I have no doubt that what has been achieved and what we hope to achieve in Madras can be equally well achieved in Bombay also. In Madras, the store ideal has found favour with the middle class men who have monthly incomes and who are intelligent enough to appreciate the advantages of a co-operative store. Your Institute will, therefore, find excellent material in the middle class men and women of Dadar and Parel to be organised as Consumers. Organise a Central Co-operative Store and open branches of it all over the area so as to attract the custom of these men and women, in fact place the store at their very doors. I therefore earnestly hope and pray that the attempt to organise the middle classes and workers as consumers will not be lightly abandoned because your past experience has not been very encouraging. Unflinching zeal and perseverance will ultimately crown our efforts with success.

Social amenities

We, co-operators, must remember that the contribution made by British co-operators is notable for two out of many elements of Co-operation and that those two elements are of universal applicability and are within the reach of those who care to pursue them with determination. They may be stated in the words of a well-known Co-operator as (1) "The demonstration of the success which the poorer classes could derive in practice from association for economic objects" and (2) "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.*" Under the second element a great deal has been done not only to promote thrift but also to provide education and other blessings of life to the workers. By joint action the co-operative societies in your area can make provision for various social amenities

to their members, which will be greatly appreciated, and which will make the movement popular.

Anti-Drink Propaganda.

Poor as these workers are, treading the margin of subsistence, they indulge in some forms of wasteful and reckless expenditure. One such wasteful channel through which their hard-earned slender wage runs out is the drink and the use of drugs. I am told that, roughly speaking, there are two liquor shops in every furlong, specially in the mill areas and labour centres. Even if this is an exaggeration, it cannot be wholly incorrect in essence. Here again, you will notice that a co-operative officer cannot carry on anti-drink propaganda to keep out the labourers from these taverns. Much less can he agitate for the closing down of these shops, for they are opened and managed under the direct supervision of the government. The entire burden of weaning the labourer from his pernicious drink habit, therefore, falls on the shoulders of the non-official co-operative organisations. If the members of your Institute tackle this one problem, they will earn the lasting gratitude of not only the labourers of Bombay city, but of the whole of India.

Credit facilities—Peoples' Banks.

The credit facilities available to labourers are very few and unsatisfactory. The grip which the money lender has upon the poor peasant and the worker, is one of the serious obstacles to their redemption. A fresh danger in the shape of a new class of money-lenders has invaded both rural and urban areas. I am distressed to learn that the menace exists even in the city of Bombay in the mill areas and labour centres. As a matter of fact, this class of money lenders derives its monetary resources in Madras from the Imperial Bank of India which is the free repository of the Indian Taxpayers' money as the Bank for the Government. It is an irony of fate that this very money of the struggling taxpayer should again flow to him through these usurers at absolutely ruinous rates of interest. The Government finds itself unable to interfere with them, or to prevent the Imperial Bank from lending to them at cheap rates of interest because it is mainly a commercial bank. Ordinary banks and the State do not finance workers. The remedy therefore lies in the organisation of peoples' banks in your area or in strengthening and remodelling your existing credit institutions into properly equipped peoples' banks to liberate credit on sound and humane terms to the labouring classes.

Muncipal Employees and Depressed Classes

Another class of poor workers, among whom Co-operators should spread the benefits of the movement, are the muncipal employees and depressed classes. Societies can be organised for their economic betterment. One interesting experiment was made in the Madras Presidency by successfully organising the scavengers of a muncipal town on a purely co-operative basis. I am sure you can think out many lines of action suited to local needs.

Co-operative Housing of City Labour.

I desire to suggest to you for your serious consideration another form of co-operative enterprise which appears to me to be full of potentiality and promise in the matter of the amelioration of the condition of the workers. Among the amenities which labour in our cities sadly lacks is housing convenience. The problem of housing labour is not yet seriously tackled. It is not necessary to describe to a Bombay audience the misery of the workers' life in the chawls and the need to abolish the slums and the tenaments to which they are relegated. What the employers and the State so far failed to do, the co-operators may still attempt, at least they can set an example or lead the way even if they cannot accomplish a comprehensive scheme. Co-operative housebuilding has so far been largely limited in its scope to schemes for enabling middle class men with fairly steady sources of income to acquire house property for themselves or to promote the construction of houses to be let to middle class men. The housing needs of industrial workers, consistent with their capacity to pay for them, cannot obviously be met on the existing plan. It requires a collectivist effort of a different type altogether. A housing society may, in my opinion, be usefully organised on a truly co-operative plan for the purpose of constructing a block of buildings consisting of 1,000 or 1,200 rooms and capable of accommodating about 400 families of workers as tenants thereof on payment of moderate rents. The terms of tenancy may be so arranged as to permit the tenants, if so desired, to eventually become the owners of the rooms in their occupation or to merely occupy them as ordinary tenants of the society so long as they continue to pay the prescribed rent. The success of the scheme necessarily depends upon the capital expenditure on the concern and the return that may be reasonably expected in the shape of net rents on the buildings. This is an entirely business proposition to be worked out with due regard to the local conditions that determine the outlay, the return and other financial factors of the scheme. At the same time, there are certain considerations which weigh in favour of the scheme, at least from an *apriori* standpoint and they stand good until our critics have disposed

them off by a process of actual investigation of facts. If the capitalists who build for profit are able to get a satisfactory return on their outlay which makes it worth their while to invest money in building schemes, there is no *prima facie* reason why a venture from which profit making is eliminated should not be a financial success. A housing society of the kind must be in a position to charge less rent than a capitalist landlord ordinarily does. Now that the life time of your Rent Act has expired, the enhancement of their rents will be a live issue to the city tenants and schemes which show a way out to the victims of rent-exploitation ought to be welcomed. Again a co-operative tenancy in which the tenant gets, in addition to freedom from eviction and enhancement, an option to acquire ownership in his apartment on easy terms, certainly offers greater attractions and is bound to be more popular than tenancies at will under landlords.

An American Experiment.

Co-operators elsewhere have indeed demonstrated the possibility of a scheme of collective housing of workers. The Amalgamated Clothing Workers of America who organised what is known as "Amalgamated Housing Corporation" recently completed a five storied building in a New York suburban area, with 1,185 rooms in which 303 working families are accommodated. The maximum limit of the rent for a room is fixed at 11 dollars while similar rooms cannot be obtained elsewhere for less than 25 to 30 dollars. Further more, a promise is also held out that when the Housing Corporation reduces its obligations, the rent will be further reduced below 11 dollars. The rooms are said to be large and airy besides assuring privacy to the occupants. The Americans with their thorough going methods and high standards have equipped each apartment with electric light, hot and cold water, and bath rooms with modern fixtures. A milk supply station, the profits of which are shared by tenants, a co-operative grocery, several laundries, a co-operative dining room, an assembly hall to seat 400 persons, a music room, a branch of the New York Public Library, a children's play hall, a church, and co-operative buses to take the tenants' children to the nearest school, are some of the amenities provided to the tenants. The whole picture looks to us like a veritable romance. Yet it is an accomplished fact. (For a description of the Scheme, see Co-operative News of Australia for January 1929).

The financial aspects of the scheme may perhaps be of more immediate interest to you than a description of the physical features of the house, for the American standards of luxury are not attainable to us. The scheme was financed by the famous Metropolitan Insurance

Company of whose varied and beneficient activities co-operators in India are, I have no doubt, aware. It lent the bulk of the money required for the construction at 5 per cent to the Amalgamated Housing Corporation. The acquisition of an apartment by a tenant required an investment of a certain sum of money in the form of stock in the A. H. Corporation. As required by the State Housing Law, the stockholder tenants were obliged to supply ⅓ of the capital necessary for construction of the apartment; to help workers to thus become stockholders, a special fund was created with the help of certain credit organisations to advance loans to the stock holders for the purchase of the stock. Any worker may buy stock in the A. H. Corporation and obtain an apartment. He may sell his stock at any time, but only to the Corporation, and give up his apartments. No profits can be made on such sale, only the original amount invested on the stock being returned to him. The A. H. Corporation also obtained exemptions from the City and the State taxes and was thus enabled to fix a low rental. There is nothing in these financial arrangements which can be said to be beyond the resources of the people of Bombay. What co-operators in a suburb of New York did, the co-operators of Bombay can attempt to do. The question is, will they attempt to do?

Co-operative Development Chawls.

If a building scheme of the kind I described is not considered feasible at this stage, then the possibilities and the desirability of an alternative scheme may be explored. Instead of embarking on a venture of construction, will it be more advantageous to obtain on lease suitable blocks of buildings for accommodating workmen and to let them in convenient apartments to the tenant members of a housing society to be formed with that object? It is a question which is obviously beyond the competence of strangers like me to answer. It can be answered only by those who have an intimate knowledge of the various local conditions. My purpose will be served if you give a serious thought to the alternative suggestions made by me, with a view to investigate into them and work any one of them which is found practicable.

The Royal Commission on Industrial Labour.

The services of the Royal Commission which will soon be set up, as His Excellency the Viceroy announced the other day, to inquire into the economic conditions of Labour, should, in my opinion, be availed of by Co-operators. The Commission should be induced to examine the potentialities of the Co-operative Movement to solve some at least of the problems connected with the life of the workers. To accomplish this object, co-operators should in the meantime carefully study the economic conditions of the workers and their co-operative needs, and collect

accurate data and prepare an informing memorandum to be presented to the Commission. Evidence may also have to be tendered to substantiate the memorandum. I hope your Institute will depute some of its members to this duty. Let us not be distracted by controversies over the real inwardness of the Whitley Commission or speculation regarding its bearings on the recent report of Messrs. Purcell and Hallsworth, to the British Trade Union Congress, on the deplorable condition of Indian Labour.

SUPERVISION AND AUDIT.

Promote efficiency and prevent frauds.

The promotion of the efficiency in the working of your constituent societies, and detecting and preventing frauds and defalcations, are tasks which should be thoughtfully handled. What arrangements do you propose for their accomplishment? The methods are well-understood. It is constant and friendly supervision and impartial and efficient audit that are needed. The question is whether your Institute can, or ought to, undertake any supervisory and administrative functions or whether it should confine itself to educative and propaganda work. I find that, in the matter of supervision, your Province is rapidly approximating to Madras. Your local supervising unions are increasing in number and supervisory functions are being eliminated from your Taluka Development Associations. You are also setting up miniature District Federations as we call them; only you call them District Supervisory Boards, "to review and examine the work of Union Supervisors" and make them compact bodies, consisting of the Assistant Registrar of the Division, a representative of the Institute and a representative of the Financing Bank. I am of opinion that you will do well to fall into line with the scheme and arrange for the work of supervision being carried out by the trained and paid staff of one or more local supervising unions for the city area, yourself being represented on the District Board of Supervision for the City. Your work may most usefully be confined chiefly to propaganda and education.

OUR FUTURE.

Service through co-operation: economic necessity.

I have perhaps said much that appears commonplace to you. Nevertheless, periodical stock-taking of co-operative ideas and achievements is a necessary process at the present stage of our progress; that is my justification. Our message has, by no means, yet gained wide acceptance. I have often been treated, even by well-educated critics, to vehement disapproval of some of our results and methods. But assuming our critics are right, they forget that no endeavour, however great, ever produced good results alone. Devas and Asuras collaborated to find Nectar and churned the Ocean of Milk; they did find Nectar, but they also found poison. The vast silent Ocean of Indian Life is being stirred to-day by movements, great and small, in the pursuit of the Nectar of National Self-Realisation. The Co-operative Movement is one of them. Its impact on our social and economic life, at present, is no doubt small; but it is inevitable that it should gain volume and velocity in its march until its momentum is felt all round. The reason for this optimism is to be found in inexorable economic laws. As Apostol points out, co-operative associations are found at the two antipodes of civilised life, at the remote period when there was village communistic system and at the present time when there is a reaction against the individualistic economic system. The Law of Diminishing Returns from Land calls for co-operative effort for production and distribution on sound economic basis. So it is with Industries. Service to the masses is most effectively rendered through the ideal of co-operative association. A recent writer on *Constructive Citizenship* says, "without a co-operative transaction loyally and completely fulfilled, the love of man is a waning and vanishing force." The future call of economists and politicians, who are tired of capitalism and individualism, is bound to be for "continuous effort to maintain the vitality and fruitfulness of union." It, therefore, falls to the lot of co-operators to discharge their obligations to the Motherland and fulfil the expectations of the Nation with an abiding faith in the movement and a religious devotion to social service, for

"Thou must be true thyself
If thou the truth would'st teach.
Thy soul must overflow, if thou
Another soul would reach." Morsel.

V. RAMADAS PANTULU.

Overdues in Societies.

By Rao Bahadur K. Nageswara Rao Pantulu.

"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."

So says the highest authority on co-operation—Mr. Wolff, in his criticism of the Townsend Committee's report.* The absence of genuine co-operative spirit in our co-operative movement formed always the burden of my sayings in public.† I referred to it in my note submitted to the Provincial Co-operative Conference held in April 1928 at Rajahmundry. I referred to it again at a considerable length in my speech as President of the Vizagapatam District Conference held at Bimlipetam in June last. I made some suggestions; but they did not attract any attention, presumably because they are opposed to the present trend of public opinion. But, I make bold to repeat them once more (quoting extensively from my previous writings), so that they may be given the consideration they deserve.

2. In my humble opinion, the provision for awards and decrees in the Co-operative Societies Act and the Rules thereunder has proved detrimental to the growth of real co-operative spirit among the members in the society. In this province, the execution of such decrees has been entrusted under certain restrictions to the Revenue Department for the recovery of the dues, as if they are arrears of land revenue. These facilities, through they have greatly tended to the growth of confidence of the public in the movement, have completely obliterated all traces of mutual responsibility; and each member stands by himself and has to account for his dues, in the same manner as if he is individual borrower, but not a member of a corporate body. Even the borrower's surety is not pressed to make good the defaulted amount. In this manner, the very ground under the feet of the co-operative ideal has been removed, and in consequence, none of the benefits that ought to be derived from the pursuit of such an ideal is to be found in our societies. Mutual responsibility leads to mutual control; if a borrower squanders his loan from the society, he cannot afford to repay it; hence, any member in the Society, who realises his responsibility for his share in the defaulted amount, keeps control over the

*See page 255 of November issue.

†In my evidence before the Townsend Committee, both oral and written, I had a good deal to say on this subject.

borrower and sees that he utilises the amount for productive purposes and repays it in time. It is thus that a co-operative society is credited with great potentialities of transforming bad members into good ones and spendthrifts into thrifty people, and create such an *esprit de corps* among the members as to be a potent power for effecting good all around. Now, what do we find in our societies? A member feels no concern whatsoever for the default of his fellow-member; he never cares to find out if the borrowed amount is well or ill utilised; his pocket is not touched, except in the most distant contingency of liquidation; all this indifference and callousness to the conduct of his fellow-member is due to his sense of safety which the provisions in the Act referred to above create in him; the defaulter and his property will be proceeded against and his overdues recovered.

3. To this absence of the feeling of joint responsibility among the members may be traced all the existing evils and defects in the working of our societies; the heavy percentage of overdue arrears in all societies is chiefly due to this: and it is no exaggeration if I assert that for all the drawbacks, which are already in existence or which may crop up in future, this fundamental defect, viz., the absence of the right kind of co-operative spirit in the societies, is responsible; and for this absence, the existence of such facilities as those referred to above forms one of the main causes.

4. In the grant of loans, an irresponsible and vicious system is now followed with the sanction of the by-laws. It is the panchayat that disburses the loans to members. In most cases, partiality determines the grants; the repaying capacity of the borrowers is exceeded; in a similarly large number of cases, no care is taken to see that the object for which the loan is taken is genuine and productive and that the loan amount is utilised for the purpose originally intended; in several others, the periods for repayment are not fixed in accordance with the convenience of the borrower. In fact, the grant of loans in a society is kept as a strictly confidential proceeding, solely within the purview and prerogative of the panchayat members, unquestionable by any one and unanswerable to any one; the members outside this secret conclave do not know how the amount borrowed from the Central Bank has been loaned out. One member is grossly ignorant of what the other member owes to the society. All the ways and means to get at the information are completely closed and carefully guarded. Thus *publicity*, which is postulated as one of the chief ingredients for maintaining the co-operative character of a society, is conspicuous in our movement by its complete absence. Above all, there is no proper administrative control, since the society's executive which itself consists of defaulters never demands repayments in time.

5. To my mind, the best antedote to the rancorous disease of overdues, which has been sucking out the very life-blood of the movement in our midst, seems to lie in permeating the minds of the members in societies with a strong sense of really co-operative spirit; in other words, we must make the members realise to the fullest extent that every one of them is jointly and severally responsible for the defaults of his fellow-member and that this liability is not a residual and ultimate one to be enforced at the last and latest stage of liquidation, but one that should be worked out in the every-day working of the society. Instead of proceeding against the defaulter and his property as we do at present, and holding him solely responsible for his overdues, we must hold the society as a whole responsible for the said defaulted amount, and give its members sufficiently large number of opportunities to induce the defaulter to pay and thus save the others from incurring loss on account of his default; and finally, as a last resort, apply liquidation proceedings to wind up the society. In other words, all extraneous coercive processes for compelling an individual member to repay, beyond the moral persuasion by his fellow-members, should be done away with, and the strict principle of co-operation, viz., joint liability, should be enforced.

6. No doubt, the suggestion contained in the paragraph above may look to many to be too grotesque to be given any serious thought; the very idea of holding non-defaulting members responsible for the default of a recalcitrant one, is felt an insult to common sense, but it is forgotten that this idea forms the root principle of co-operation and in its enforcement lies its efficacy as the retriever of a decadent humanity. The proposal may seem harsh and imposing undue burden on a deserving member for the faults of his neighbour; but a co-operative society is meant to redeem such a bad neighbour from his unthrifty course of life and turn him into a good man, not by the application of extraneous force, but by the effective appeal to his godly nature through the channel of moral persuasion by his friends and co-sharers in the liability.

7. The enforcement of this policy may set back the progress of the movement; it may be difficult to form new societies; in the existing societies, the deep-rooted ideas of isolation and of "each man for himself" may be hard to be altered; they may prefer to wind up the societies. There may be a huge uproar all over the co-operative world in the Province; but all these risks are worth being undertaken in order to secure the right kind of co-operation amidst us. What remain after accepting and acting according to this proposal would be the best of the lot; they will work with a really co-operative and unifying

spirit animating all their actions; they will form the radiating centres for the spread of the genuine spirit of union among the people; their example will in all respects be a wholesome one. It is left for the consideration of co-operators in the Presidency whether they would prefer to have 9,000 societies with 75 per cent of them on the verge of liquidation or 1,000 societies scattered all over the country, doing extremely good and useful work in the economic uplift of the population.

8. In conclusion, I have the following definite suggestions to make; and I submit them for criticism by the co-operative public:—

(i) The grant of loans to members should be made in a general body meeting, and not in a Panchayat meeting. In a rural society with a limited membership, to secure a quorum for a general meeting ought not to be a difficulty. Thus the publicity which I referred to in para 4 supra may be secured. As an additional facility, each member may be given an authentic list of outstanding and overdue loans at the end of each co-operative year, at smaller intervals, if convenient. No doubt, in this state of illiteracy in our country, such lists may not fulfil our expectations of them fully, but may serve to arouse a sense of curiosity in the member to become acquainted with the contents of the paper put into his hands.

(ii) All provisions for arbitrations, civil suits, awards and decrees for the recovery of overdues from members should be eliminated from the Act and the Rules.

(iii) In their place, an annual award by the Auditor (to be authorised by law) apportioning on all the members the overdues of the defaulters, which are about to be barred by limitation, should be substituted; if the members want the society to continue, they will pay up the apportioned amounts; if not, the society should be subjected to liquidation proceedings.

(iv) If any member feels aggrieved by the award of the Auditor, he may seek redress against the member, whose default he shares, in an ordinary court of law; but such a suit should form no part of the working of the society.

Indian States and the Co-operative Movement.

BY MR. E. S. GANAPATHI IYER, B.A., B.L., VAKIL, ERODE.

It is really a matter for congratulation that, following the lead given in British India, the movement has been inaugurated in the several Indian States as well. The question is, whether they will build up the movement in the lines best suited to the welfare of their people or would be content with copying what is going on in the British provinces. There is all the difference conceivable between a self-governing Indian State and the British Province, in regard to the outlook and development of the movement, viz, that the angle of vision of those guiding the destinies of the movement in the British Province is far different from what it is or would be in an Indian State. The movement as it is in the European countries is said to be a movement by the people for the people. In India on the other hand it was started by the government and is being maintained under government control. The intervention of the State need not be a matter for regret if there was not any diversity of interests between the State and the people. The cry for de-officialisation of the movement in British India can have no room for existence if the non-official workers in the movement and the department have been able to see eye to eye on all matters of importance affecting the movement. It is therefore desirable that this aspect of the question receives timely attention in the States in order that there may not be any similar trouble.

I shall make myself clear as to what I mean by the above remarks. My point is that the Co-operative Department in the British Province is not maintaining the right sort of relationship necessary with those who are actually working the movement. Co-operation is a transferred subject and is no doubt in charge of a Minister, but the Minister, encircled as he is by the Provincial Head on one side and his civilian Secretary on the other, is hardly able to make himself felt. The Registrar of the British Province who in many cases has to coach up in co-operation after he takes up his appointment is practically an autocrat. His subordinates with delegated powers are hardly allowed to exercise any discretion of theirs. Their knowledge of co-operation is circumscribed and their outlook in the movement is limited and restricted. Though they are of the people, they are not able to look through, with the people. It may be called rank impertinence if the competency of the co-operative departmental hierarchy to sit in judgment over the views and actions of the non-official workers in the field is called in question. The feeling is growing up with the workers that no real progress can be achieved in the movement if there is no willing relaxation of the reins held by the department and if a feeling of identity of interest between them does not grow.

The functions incidental to the movement are (1) organisation and registration of societies, (2) registration and amendment of bye-laws, (3) audit, (4) supervision involving consolidation and rectification, (5) co-ordination, (6) propaganda, and (7) liquidation. If it is investigated whether, in reference to the above functions, the non-official co-operators are *really* in a position to influence the movement, there can be no doubt that it is not so. It is the Registrar, who unfortunately is not of the people or from the people and who is not subject to any real control by the people, that is still the unquestionable master of the situation. Except probably concerning supervision and to some extent propaganda, all the powers still rest with the Registrar, and the non-official co-operators can scarcely aim at achieving anything unless they are able to appeal to him and carry him on with them, which attempts often fail than succeed.

Varied are the problems and questions that are presenting themselves from time to time for proper decision and settlement. As it is to-day, there are no proper organisations which can be looked forward to as the authorised exponent, of the various shades of non-official view in the movement. In my opinion, the District Federation or the Provincial Co-operative Union, constituted as they are to-day, can hardly be relied upon for the purpose.* Conferences are looked upon as of no more than educative value and there are no means of executing resolutions made at conferences. The Provincial Co-operative Union will not hold itself responsible for carrying out the resolutions made at conferences organised by the same. There is much force in the charge that the motley gathering of all classes of Co-operators at the Provincial Conference can hardly be looked forward to for making responsible or authoritative settlement concerning the questions coming up for consideration. In the name of unity, specialisation of activities is looked upon with distrust and disfavour. All branches of activities in the movement are sought to be huddled together so as to give rise to perpetual conflicts between the various classes of co-operators. The maxim "Unity in diversity" has no recognition. The urban credit and non-credit societies have yet to

* No person who has carefully studied the present constitution of the Provincial Co-operative Union and has gone through the proceedings of its meetings will share with the writer in his views on the P.C.U. (Ed.)

find their level in the movement and attain their legitimate sphere of activities. It is not possible to determine what place the new land mortgage societies will have. It is yet to be decided what scope and sphere of activity the new District Audit Union of urban societies should have. That the present tendency to centralise activities in the District Bank and the District Federation is not conducive to the real progress of the movement has yet to be recognised. Opportunities or occasions for conflict of interest or division among the co-operators themselves should be avoided by timely recognition of legitimate claims. It is an open fact that very little has been done on the non-credit side for urban or rural industrial development. It is not necessary to go into further details to make out that there is absolutely no scope for developing the movement in the lines considered best by the workers in the movement. I for my part am unable to see as to why the Registrar should still be a controlling agent if really the movement is, as is preached, a movement of the people for the people. The Registrar may be a statutory necessity for registration and liquidation purposes, but it is not possible to conceive how or why he should be in other matters anything more than an agent for giving effect to recognised non-official view. To my mind it looks necessary, that even as an immediate measure of reform there should be some sort of sanction created by which the Registrar could be brought round to the non-official view. At any rate, there should be no sort of objection to the Registrar being selected from among the workers in the field holding office for a period to be fixed. It would indeed be the best thing to have him by election, so that he may be an exponent of the non-official view to the Government, and an agent of the government for carrying on its statutory functions. This is living in "fool's paradise" so far as we are concerned but cannot Indian States that can have no interest adverse to those of the people and who are autonomous in a matter like the one in question, referring to its internal administration, lead and set an example?

Manufacturing of brass and copper vessels in Salem and Coimbatore Districts.

BY. MR. N. G. RANGA, B. LITT. (OXON).,

ANUPUPALAYAM. This is one of the most important centres for the manufacture of brass and copper vessels. There are about 2,000 *acharis* and others who are employed to perform the skilled work and more than a thousand workers who are kept to perform all the subsidiary and unskilled work. The business is controlled by 35 merchants who belong to Chetty, Achary and Kammalan castes and who have invested about 6 lakhs of rupees in it. Each of these merchants advances large sums of money ranging from Rs. 50 to 100 to every one of the employers working for him. The employers engage in their turn 10 to 20 workers each and try to manufacture various vessels with the raw material supplied to them by the merchants. They also try to produce some vessels of their own and sell them in the market to their customary and other merchants. It so happens that many of these employers take advances from 2 or 3 merchants and deliver from time to time manufactured goods to all of them and they thus try to safeguard themselves against the risk of refusal from the merchants to advance them either raw materials or money when needed.

Market. The vessels of Anupupalayam are exported to Madras, Royavelur, Bezwada, Rajahmundry and Cocanada usually on the receipt of orders by post from the merchants and occasionally through their agents. The merchants of the consuming centres are given one month's free credit and yet it is necessary that the local manufacturers must send their agents from time to time to collect the arrears. But there is no well developed system of advertisement and demonstration for their manufactures and they have not been able to capture any new market in the last 10 years and they are fully satisfied with their customary markets. I must however note here that their fellow manufacturers of Tirupati, the famous religious place in Chittoor District, exhibit their wares in a most attractive manner in their numerous shops.

The village hawkers, most of whom belong to the Kanchara and Vaisya castes also exhibit them in many places. These hawkers travel throughout the year through one or two districts at a time, selling their wares on credit and collecting the money on their return journey. In

all the shandies (weekly markets) of Godavari, Ganjam, Coimbatore, Salem and Nilgiris Districts, these vessels are exhibited. But in towns like Guntur and Tenali, Madura and Coimbatore, one often finds two or more permanent stalls wherein the exhibition of these vessels is a speciality. It is through all these various sources, that the demand for brass vessels is stimulated and then satisfied.

SALEM TOWN. There are 12 merchants who are interested in the manufacture of brass vessels of this town. These people import brass and copper from Madras usually on one month's free credit. Each of them is said to have invested Rs. 50,000 at least and 4 people have invested nearly 4 lakhs of rupees. They employ Acharis who work in the factories belonging to the former and also in their own houses. One merchant in particular has 12 workers employed in his own factory. But usually most of the workers belong to the neighbouring villages and they therefore prefer to work on piece work wages in their own houses.

Mr. V. K. Kandaswamy Achari says that he has advanced to each of his workers Rs. 200 to Rs. 300 free of interest to enable them to get married, to celebrate other ceremonies and to maintain themselves during periods of slack trade. Except for those acharis who have no credit with their employers, all others are thus advanced large sums of money on the same conditions, without having any idea of repayment. But just for that reason they are entirely dependent upon their employers for their livelihood. A few years ago, it was possible for their employers to apply to the Courts for the enforcement of Breaches of Contract Act, in order to prevent them from leaving their employment without repaying the advances. But owing to the repeal of that act, the employers are now obliged to depend upon the honesty of their workers. In fact many of the workers are slowly developing the habit of going from one employer to the other without sufficiently repaying the advances given at every shift and some of those who have failed to find credit from any of the local merchants have chosen to leave this place.

Market. The brass vessels manufactured in Salem are exported to various places in the Northern Sircars and the South. The merchants sell 30 per cent of their goods through agents who are given 10 per cent commission on the sales and who market these vessels in the markets of Salem and Coimbatore Districts.

System of payment. In the manufacture of tumblers, an employer is paid 10 annas for 4 tumblers weighing 12½ seers and he is able to save 0-3-6 a day upon each of his workers after paying him as. 5 and

0-1-6 to the worker who polishes them. He is paid by the merchants only 6 annas for rougher sort of tumblers. But in the manufacture of vessels to contain water, an anna is paid for a vessel weighing one seer.

An employer is paid 16 annas for manufacturing 6 vessels each out of a brass plate of a radius of 7 inches each, 20 annas for 30 vessels of 4 inches each and 16 annas for 5 vessels of 9 inches each. As for polishing, Rs. 1-8-0 is paid for 40 tumblers and the worker engaging 2 coolies at 4 annas each to turn the wheel is able to earn Re. 1/-net for himself. The worker who is employed in cutting brass plates is paid 0-1-6 for each sheet of brass and is said to earn 8 to 10 annas per day. An average worker who is employed in the manufacture of these vessels is able to earn on the average Re. 1 a day and 1-8-0 d during times of brisk trade. of

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A worker who works in his own house is paid Re. 1-6-0 vers Rs. 1-10-0 for vessels weighing 12½ shares. But he has to meet ture expenditure caused by the waste of raw material, but those who iants. employed in the factories of their employers are paid only Rs. 1 in the per 12½ shares of vessels irrespective of the waste. Most of that merchants agreed that a worker employed in their factories is able to earn annas 12 to one rupee per day, the exact wage depending upon the kind of work done, and that the worker who works in his own house gets a family income of not less than a rupee a day. Only those Acharis who are trusted by their employers with copper and brass plates are given the raw materials to work in their own houses.

Division of Labour. There is quite an appreciable amount of division of labour in the manufacture of vessels in this place. To take tumblers for instance, there are 4 processes in the manufacture of tumblers and 4 workers are employed one for each process though he knows how to perform all the four processes. Some workers are employed to cut the required amount of brass from the sheets; others to make the vessel, some others to give the proper shape to the vessel, and yet others to decorate them and to give the final touch after these vessels have been polished by some villagers. Women apply the colour to those vessels which need it. All these processes are carried on by the same workers in Salem and they are able to do individually much less work than the workers of this place and naturally they earn less. Moreover the manufactures of Anupupalayam have a better name than those of Salem for their excellence because of this division of labour and the costs of production are lower in Anupupalayam than in Salem. I learn that in Tinnevelly District, this division of labour is carried out to a much greater extent than in Anupupalayam.

Demand. From January to July there is a great demand for their vessels and so all their workers are employed full time and are able to earn their full wages. About 5,000 seers of work is done in a week on the average in those months. But for the rest of the year most of the workers can be employed only half time at the most and what they earn during that period is scarcely enough to maintain them decently. The demand for the vessels of these places is dependent almost entirely upon the standard of living and the purchasing power of Brahmins and Vaisyas of towns and the ryots of the villages. I have found through my Economic Survey of these districts, undertaken on behalf of the Government of Madras, that the expenditure of ryots and other villagers upon brass and copper vessels has been on the increase in the last 40 years and although fluctuations do arise in their purchasing power and the consequent expenditure upon these vessels, there has been a continuous flow of fresh money into these industries. In fact, ever new and new sections of people of the villages are taking to the use and possession of brass vessels and a family which wants to put up an appearance of economic solidarity prides itself upon the possession of as many brass vessels as possible. It has also become customary for the parents of brides among the Vellalars, Vettuvans, Thevars, Chetties and even dhobies to present such vessels to the bridegroom on the occasion of marriages. Except for Voddars and other depressed classes who cannot afford such a luxury, all the others are slowly taking to the purchase of these vessels to a greater or less extent. So the demand for these vessels tends to grow larger and become more and more inelastic.

Influence upon rural economy:—There are about 200 workers of the ryots class who come from all the neighbouring villages and work in the manufacture of Anupupalayam in polishing vessels, in cleaning brass plates and in carrying on all the subsidiary and menial work which the Acharis think it beneath their dignity to perform. Thus almost every family of ryots of all the surrounding villages which is in need of some subsidiary income is able to obtain work from time to time in this place for periods of a fortnight or two. So this industry of this place benefits the ryots and the rural masses much more directly than either handloom weaving or any other great cottage industry because what a ryot wants is not the possibility for devoting his whole time to some cottage industry or other but the possibility for employing himself for a few days at a time on different occasions in the year in some subsidiary work and supplement his scanty earnings from his insufficient holdings or the seasonal demand for his labour in his village.

Standard of living of workers:—Most of the Acharis of these places consume only rice and look down upon those of them who are obliged to take now and then cholam or ragi. Every one of them thinks it necessary to use ghee in their food and to drink butter milk and considers himself most unfortunate and unhappy if he cannot get a good supply of these two commodities. Almost every Achari is fond of providing his family with mutton curries and least once a week and special butcheries are organised on Sundays and Wednesdays to supply them with mutton. About 75 per cent of the workers and 50 per cent of the employers drink on almost every day but only a few of the latter get themselves hopelessly drunk while many of the former succumb to it at least once a month. Whether we agree or not with these people in their claims that drink is absolutely necessary to enable them to sleep after an arduous day, we must admit that many hundreds of Shanars are able to maintain themselves because of this wasteful habit of Acharis.

Since very few of these Acharis own lands and have dairy cattle, they supply a very great demand for the agricultural and dairy products of the ryots of this neighbourhood and so many thousands of ryots are benefited by the existence of this big population maintaining itself on a very high standard of living.

HE LIVED A LIFE.

What was his creed?
I do not know his creed, I only know
That here below, he walked the common road
And lifted many a load, lightened the task,
Brightened the day for others toiling on a weary way:
This, his only meed; I do not know his creed.

What was his creed? I never heard him speak
Of vision rapturous, of Alpine peak,
Of doctrine, dogma, new or old;
But this I know, he was forever bold
To stand alone, to face the challenge of each day,
And live the truth, so far as he could see—
The truth that evermore makes free.

His creed? I care not what his creed;
Enough that never yielded he to greed,
But served a brother in his daily need.
Plucked many a thorn and planted many a flower;
Glorified the service of each hour;
Had faith in God, himself and fellow-men;—
Perchance he never thought in terms of creed,
I only know he lived a life, in deed: —H. N. Fifer.

From "The Llano Colonist".—*December 1928.*

Calicut Cottage Industries Co-operative Society.

By Rao Sahib V. Krishna Menon, B.A.,

Calicut Cottage Industries Co-operative Society, No. F. 736, was registered on 16-9-26 and it was started on work soon after this date. The operations of the society are confined to Calicut Municipality.

The objects of the society are to encourage cottage industries such as weaving, twisting coir, manufacturing envelopes, keeping cows, poultry etc., so as to improve the economic condition of its members.

There are at present 72 members in the society and most of them are ladies.

One of the activities of the society is to manufacture envelopes out of manilla paper supplied. At present the society manufactures only two kinds of envelopes, small size and big size. Members borrow money for keeping cows for their domestic use and for sale of milk.

The Malabar District Co-operative Bank renders all financial help to the society. The envelopes manufactured by the society are pledged in the District Bank and the Bank advances loans to the society on the pledge of these envelopes. To meet the immediate requirements of the society, the society has also been favoured with a cash credit from the District Bank for Rs. 200.

As far as the manufacture of envelopes is concerned, the chief difficulty is for purchasing paper at a reasonably low rate. It is found that the purchase of a bale or two of manilla paper from Bombay or Madras does not enable the society to supply paper at a low rate to members. An attempt was made consequently to import two tons of paper for the society costing about Rs. 900 and pledge it with the District Bank with permission for releasing small portions on payment of money according to the society's requirements. It was found however that for deriving maximum benefit from this arrangement it is necessary to effect sale of envelopes as quickly as possible soon after they are produced. Otherwise envelopes accumulate and the interest due to the Bank on the amount borrowed swells to such an extent as to set off the advantages of wholesale purchase. Attempts are now being made, therefore, to organise a selling section.

Regarding loans issued to members for purchase of cows, the experiment on the whole is fairly successful. To derive maximum benefit out of this arrangement it is found necessary to create an organisation for connecting those that want milk and those members who have surplus for sale. This will involve the necessity of creating a selling department at fixed hours, morning and evening, under the supervision of the Ladies' society. The actual work however, has not been begun for want of sufficient workers.

Poultry department has not yet been opened. All these activities presuppose existence of honorary workers in sufficient number and healthy propaganda which do not exist at present.

I am very sorry our arrangements are very imperfect regarding this branch of work. I wish the P.C.U. will think over this matter, repeat this experiment and find out how we can develop these industries.

INDIAN BAZAARS.

All night they travel neath the stars
    To reach these Indian Bazaars;
Down from the dark and ancient plains
    They come, and brave the tropic rains.
The sandy wastes left far behind
    A Mecca for their goods they find,
Spreading along the dusty floor
    Soft carpets made in Mirzapore;
Bokhara silks in quaint designs,
    Praying mats with holy signs;
Amber beads on silken strings,
    Brooches, clasps, and Turquoise rings;
Deadly knives with hafts of jade
    Some skilful native craftsman made.
They mix the priceless with the cheap
    All in a gaudy tangled heap!
Oh! What is the lure and strange delight
    With which in the silent tropic night,
I gloat o'er the trinkets, silks, and jars
    Brought from those Indian Bazaars?

LELAND J. BERRY.

Co-operation in India.

I

THE ELEVENTH ANNUAL REPORT ON THE WORKING OF CO-OPERATIVE SOCIETIES OF HIS EXALTED HIGHNESS THE NIZAM'S GOVERNMENT FOR THE YEAR 1333-1334 FASLI (7TH JULY 1924 TO 6TH JULY 1925.)

The report under review is for a period 3½ years ago and an impartial observer is forced to exclaim that things are not getting on quite well in His Exalted Highness' Dominions; otherwise there would be little justification for a paragraph like this in the Government review of the Registrar's Administration Report:—

> "Annual reports, if not submitted promptly, become stale and are of little use to Government or interest to the public. Government remains in ignorance of essential facts far too long and is unable to exercise proper control. Six months should be ample time for the Registrar to collect his statistics and draft his report, which in future, should reach Government without fail by the 1st Isfandar of the following year".

There was very little of increase of business worth mentioning and the justification given is that more attention was paid to rectification and consolidation of existing societies. We agree with the Government that the "real test of success of the movement is ability of members of societies to repay their loans when due."* It is really painful to read that the percentage of recovery to demand from members to societies was only 29·1 per cent against the previous year's record of 32·91 per cent and this in spite of the fact that the "year's harvest was on the whole satisfactory and the percentage of recoveries too ought to have increased." It is really surprising to be told that the fact that only 527 societies and 4 banks appear to have been audited and 788 societies inspected by officials of the Department during the year under review out of a total number of 1,775 societies, is a slight improvement on the previous year's figures. However unsatisfactory our own work be, it flatters our sense of self-complacency to note that others are worse and that they look up to us as the very pink of perfection. The following extract will be read with some satisfaction by co-operators in British India:—

> "Government note that, in the British India Provinces adjoining the Dominions, a large number of non-officials are assisting the movement in all its activities, and it is obvious that a

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* We take it the Government's view is that success depends not upon the actual ability of members but on their making actual payment regularly. It is possible the man may be able to pay and yet not pay.

movement such as this can achieve the best results only by the willing assistance of honorary workers. Propaganda and perseverance on the part of the officers of the department should succeed in securing the popularity of the movement and in enlisting the services of honorary workers."

We are not indulging in any political discussion but the fact seems to be that the administration of the Dominions is more personal and less institutional and there is little scope for initiative by the non-officials. The tendency seems to be to look up to Government for everything and the Government seems to have done precious little hitherto to create in its own subjects the qualities of self-help and self-reliance.

The Registrar in his report bemoans about the "difficulty to get selfless workers to volunteer their services in some honorary capacity", and tells us that it was with great effort that the Central Co-operative Union was brought to existence at the close of the year.

Government would have done better to have invited prominent non-officials to form a Central Co-operative Union and to have give them a free hand in the matter of organisation, education and propaganda, assisting them only with the necessary finance. The Registrar complains very bitterly about the absence of co-operation between different departments. We are sorry to note that 2 Stores had to be closed in spite of all efforts to keep them going. The Registrar also pleads for the establishment of Land Mortgage Banks in every district. There is ample evidence in the report that the Registrar and his officers are full of enthusiasm and given proper opportunities and encouragement, they could show better record. We hope the Government of His Exalted Highness will give them the opportunities and facilities they long for and enable them to spread the benefit of co-operation among the millions of His Highness's subjects.

II

Report on the Working of Co-operative Societies in Assam for the Year Ending 31st March 1928.

The statement given at the end shows the general position of the movement and the chief features of progress as compared with two preceding years. Our readers would be able to see at a glance that the whole province of Assam can boast only in point of number of societies or working capital and in other respects the record which any good district in our province can show. We are glad to note that Assam can boast of two land mortgage banks at Gauhati and Sylhet, though their paid-up share capital is not much. Still they are working satisfactorily and another one has been organised at Sibsagar. The Registrar has to admit that very little has been achieved in Consumers' Co-operation or in marketing of agricultural or industrial produce. Evidently there are very few non-official agencies for

supervision and the officials have to do both audit and supervision, which they find too much for them. The Jute sale society which is coming to the front in Bengal has not been much of a success in Assam and the Government in their review sound a note of warning to the Registrar. There is a good deal of scope for expansion and there is little evidence of non-officials rising equal to the occasion and trying to do their bit of work.

Types of Societies.	Societies.			Membership.		
	1925 to 26.	1926 to 27.	1927 to 28.	1925-26	1926-27	1927-28.
1	2	3	4	5	6	7
Provincial Bank ...	1	1	1	61	63	65
Central Banks ...	16	15	15	1,139	1,168	1,341
Agricultural Societies ...	883	998	1,120	36,927	42,478	48,197
Non-Agricultural Societies...	48	52	61	8,553	9,702	11,152
Total ...	948	1,066	1,197	46,680	53,411	60,755

Types of Societies.	Working Capital.		
	1925-26	1926-27	1927-28.
	8	9	10
	Rs.	Rs.	Rs.
Provincial Bank	2,02,855	2,41,092	2,85,063
Central Banks	8,95,687	10,65,116	13,80,389
Agricultural Societies	15,30,443	18,31,145	22,49,485
Non-Agricultural Societies... ...	12,81,922	13,42,881	15,13,118
Total ...	39,10,907	44,80,234	54,28,055

Reviews.

I

The Report of Rural Reconstruction Work at Alamuru.

The report about Rural Reconstruction work that is being carried on Alamuru in East Godavari which was submitted to the P. C. U. by r. Venkatasubbayya, Convener of the Rural Reconstruction Committee, er a close study and inspection of the centre, is very interesting and aminating reading. We see how much useful work could be done towards ing the villagers better farming, better business and better living, ovided there be disinterested workers like Mr. N. Satyanarayana o has been spending his time and energy unstintingly for the use of the villagers around him. Litigation has gone down, drink has en very considerably reduced, watersupply has been improved, ids have been constructed, sanitation has been improved consider-ly, schools and libraries founded, Rama Mandirams established and ntres of physical culture started in different localities. Any one of ese would be a good enough record for any worker and when a centre can ow progress along not any one but all these lines, certainly it serves hearty congratulation and encouragement. We feel confident that e M. C. U. B. and the District Bank of Ramachandrapuram would feel ppy to know that their money is being put to very good use and that they uld continue to render the financial support which is so indispensable for e proper working of the centre.

We congratulate Mr. Satyanarayana and wish him Godspeed in his lfless and noble task of Rural Reconstruction.

II

The Report of Rural Reconstruction Centre at Ullagaram.

This is also interesting reading though it cannot boast of achievements numerous as the Alamuru Centre. Two neighbouring villages have been ken up for work, the co-operative society has been revived, panchayat arted and a school opened under the auspices of the panchayat, clearance silt from the tank has been undertaken and agricultural demonstration s been carried on successfully. Being situated near Madras, some of the orkers from the city of Madras have been occasionally going to the place d offering people advice and direction. We hope this Centre will show etter record next year.

III

Report of the Proceedings of the First Session of the Conference of Urban Banks of the Tamil Districts, Malabar and South Kanara Held at Erode on the 20th & 21st Oct. 1928.

The Conference was held at Erode under the presidency of Mr. A. Ranganatha Mudaliar, B.A., B.L., M.L.C. We have great pleasure in acknowledging the receipt of a copy of the full report of the Conference. A brief narrative gives us the genesis of the Conference. It is followed by the welcome address of Mr. Ganapathi Iyer, Chairman of the Reception Committee. The Presidental Address[1] of Mr. A. Ranganatha Mudaliar has already appeared in our journal as also the resolutions passed at the Conference.[2] A brief note appears elsewhere on some of the resolutions. The questionnaire framed by the Committee in charge of the Conference was exhaustive and co-operators should be grateful to the Reception Committee for publishing the answers received thereto from many an important co-operator of the Province. The price charged for a copy viz., Rs. 3 appears to be a bit too high. Co-operators of the Presidency are under an obligation to the authorities for publishing this exhaustive report so soon after the Conference.

IV

Consumers' Co-operative Movement in U. S. A. by George Halonen.

This forms No. 8 in the well-known series of books called Workers Library Series published by Workers Library Publishers, New York. It gives a brief history of different forms of co-operative movement as found in U.S.A., chiefly the credit and the consumers' movement. It shows how Consumers' Co-operation is a great boon to the poor worker. One point made out by the author may not be accepted without a challenge by our readers, namely, that co-operation as at present practised is peculiar to the present system of economic organisation, that it is a poor man's movement and that it may not have a place in any other social order where there is not the struggle between capitalism and labour. According to the writer, the Co-operative Movement stands to strengthen Labour to enable it ultimately to become the ruling class. Therefore in Russia where the workers and peasants have become the ruling class, they have turned their attention to socialise the process of production and distribution. Such a result, the author adds, would have been impossible without the working class becoming the ruling class.

[1] Published on pp. 281—290 of November issue, 1928.
[2] „ „ 426—428 of January „ 1929.

V

India in 1927-28.

This annual publication by the Director of public Information with the Government of India is usually looked forward to with a certain amount of interest by all those interested in Indian affairs.

As co-operators, we are concerned only with a few pages of this publication. The subject of co-operation is dealt with in about 6 pages in this volume running to about 400 pages and the first thing that strikes us in this year's publication compared with last year's is the absence of graphs and diagrams so far as the co-operative department is concerned.

Information given in this book is very out of date. Figures for 1926-27 are given whereas figures for 1927-28 could easily have been obtained.

Certain preliminary paragraphs are probably stereotyped and are reproduced from year to year. In "India in 1926-27" the opening sentence was "With the Co-operative Societies' Movement we come to etc.," whereas in the latest volume the sentence is changed into "It is with the Co-operative Societies' Movement that we come to etc." Except for this change the matter is the same and the officer concerned with the publication has not taken the trouble to alter certain portions to suit the needs of the present year. If, in 1926-27, the writer could say "It is now about 23 years since the Co-operative Societies' Movement was started and its record has been one of uninterrupted progress, the total number of co-operative societies having risen to well over 70,000," common sense requires that in the 1927-28 volume the 23 years should be altered into 24 at least and 'Over 70,000' be suitably modified. But both these figures are retained showing thereby that no attempt has been made to deal with this subject in any serious manner.

Only very brief accounts of the progress of the Movement in Madras, Bombay, Bengal, the United Provinces, Bihar and Orissa, the Central Provinces and Assam are given. We do not see why the province of the Punjab is left out. It is in the Punjab that the Co-operative Movement is making a rapid progress and very interesting experiments are being conducted by enthusiastic officers. The omission of the Punjab therefore is hardly justifiable. Another proof, if proof was wanted, of the very perfunctory manner in which the work of reviewing Co-operative activities of the year has been done is given below. In the introductory paragraph the following sentence occurs "Moreover, the growth has on the whole been a sound and healthy one, and if the most important of all the statistics which are prepared in connection with the Co-operative Societies are studied—the figures which show the overdue recoveries outstanding by the societies—will be seen that the Co-operative movement in this country is in a good state of health". This sentence is a mere reproduction of last year's sentence rendered unintelligible by the omission of "it" before "will be seen" (This is not the only instance of the Printer's Devil. Here is another; inpage 376, paragraph 2, 7th line, there is "and" where there should be "end"). Place side by side with this optimistic statement the following sentence taken from page 377. "A disquieting feature of the year was the large increase in the unauthorised arrears which rose from 36 lakhs to 82 lakhs or 29 per cent of the outstandings'. Let us take another extract from page 379; "There is reason to fear that the Movement is *not* developing on altogether sound lines". Evidently the writer did not think it worthwhile to reconcile the general remarks with which the account opens with the details given with regard to each province.

The fact seems to be that the whole affair is a matter of scissors and paste. Certain extracts from the reports of Registrars are taken and patched up together. No attempt has been made to make the extracts complete by themselves and intelligible. For example in line 7, of paragraph 2 of page 377, the expression "The introduction of long term and short term loans *mentioned* has greatly improved" occurs. But there is no mention of short term loans previously. Perhaps there was mention in the Registrar's report or some other special communication from which this extract has been carelessly taken.

On the whole the account is out of date, incomplete and very carelessly made up from which co-operators can derive no enlightenment. We only hope that other departments are dealt with more satisfactorily.

Recent Utterances.

MR. E. S. SUNDA ON URBAN BANK MOVEMENT*

The progress of the Co-operative Movement has reached a very critical stage in its history. For the first time, the Government has unequivocally committed itself to the view that Co-operation alone can solve the rural problem of India. Nicholson's early call to co-operation has now borne fruit. The Agricultural Commission and the Townsend Committee in a way have forced on the Government the imperative necessity of giving more aid to Co-operative progress by more officials, by greater recognition of the services of honorary workers and by greater grants towards propaganda forces. Even the ultra-nationalist should set his seal of approval on the unstinted and well deserved place given to and encomiums showered on the co-operative movement in India. I am not unconscious of the fact that the report deals mainly with rural problems.

WHAT IS AN INDIAN CITY?

Barring the very greatest cities which are very few—and even they can be brought under the category—are not towns mere congeries of villages? Were they not the evolution of a taluka centre which was no other than a a number of disjointed villages? The only difference is that we do not have much land for agriculture in the city parts. Still we can't say that of Tanjore, Tinnevelly, Delta Cities on the Godavari, Taluk cities on the banks of the Kaveri. They still retain their agricultural character. Our city occupies a middle place. Still the statements in the Agricultural Report have a potent message for us. I shall not be a cynic as to suggest to you to revert back to a village but I shall not risk being called one when I ask you to import rural economy, rural jointness in living and service, a rural brotherhood, a rural co-ordination for which, as is aptly stated by the Agricultural Commission, we have got a "traditional repute."

A COMMUNAL SOCIETY v. A COSMOPOLITAN SOCIETY.

The society which is now being opened shall decidedly have a place in the Madura City Co-operative Movement. I am aware that the society is mainly intended for the christian community but I greatly desire to rejoice at the formation of such a society. Communalism as such has no venom at all with it but it shall not be made the spring board of other ambitions. I sternly refuse to believe that the formation of such societies leads to the estrangement of feelings between communities. This is untrue—as untrue to

* An address delivered by Mr. E. S. Sunda, President of the Madura City Co-operative Union, while opening the Madura Christian Co-operative Credit Society.

state that the formation of a society for postmen or government servants estranges them from the other parts of the city population. Cannot and should we not have a basis on which we can fairly expect that the true ideals of co-operation can be worked well? All things said and done, members of one community are the best judges of the wants and necessities, if not even the character and solvency of their brothers. Social customs and social necessities do require some specific knowledge before one member can sit and decide regarding others. I shall not be taken as an advocate of communal societies for all times. In fact many here are members of other societies which are cosmopolitan in their constituency. Cosmopolitan co-operative societies as they stand at present are not as efficiently worked as a class society like a small community or a professional society like the government servants'. I shall not take you into the figures of such societies. But I shall state certain features which anybody can experience. Don't we hear often complaints that in a cosmopolitan society certain class of people are ruling to the detriment of others and that certain standards alone prevail without reference to the particular class of members and their status? One of the humbler members, a trader, once very plaintively but emphatically demanded a director "what are we, sir, before you, am I a Professor, a Vakil or even a Director of a Limited Company? We apply for increase of shares, our applications are turned down. Oh, God, may we know the assets of those having 20 shares? You rejoice in that stately excuse 'no ground need be given for refusal of shares for in their increase.' The decision of the Board of Management is final." This is one serious aspect, all the same very ordinary experience in a cosmopolitan society. These will certainly disappear in a good professional or a communal society if properly worked. I do not condemn such an outlook on the part of the cosmopolitan society directors. I only put for them a justification that it is inevitable. To identify oneself with the calls and emergencies of other professions, the fall and rise in them, is difficult and a set of honorary directors can't be expected to be masters of all knowledge. They can discharge their duties only to that extent—as best as they can. Personally I am for class societies if not for communal societies but communal societies are better worked than cosmopolitan societies. If at any time cosmopolitan societies are very efficient and show signs of rapid spread, I shall really snatch at the moment to welcome them. But personally I believe that the spread of Co-operative spirit is not so very fast as it ought to be as we have not exploited the sympathies for a class or professional society where the status and dignity of all can be fairly vouchsafed.

CO-OPERATIVE SOCIETY—A SMALL COMMONWEALTH.

A Co-operative society is certainly not the place for domineering, not a stage for ostentation, surely no forum for advertisement. It is still an obscure field where the mightiest potentate should feel the lowest rikshawallah is his brother, should have the spirit and the eagerness to do service to him and earn his vote that way. It is a "social" commonwealth where a co-operator enjoys all the amenities of his birth as a man in spite of his adversities in life—life other than co-operative. No distinction of status, profession, ability—shall I say in an ideal society, of no colour and caste.

PITFALLS TO BE AVOIDED.

I shall be pardoned if I state categorically and frankly certain features you should have and also desire to avoid.

1. A co-operator should above all be self-sufficient without being selfish.

2. A society should not discard altogether persons of what we may call depraved in their life but it has a mission to reform them if possible and dismiss them only if absolutely incurable.

3. It is not for the wealthy alone; it is mostly for the mediocre and below mediocre and the poor; it is in fact a timely helper when no help is possible from any quarter. Don't say that a penniless pauper has no place in your society. Don't insist on assets but all the same be cautious in dealing with them.

4. Don't talk glibly that persons become members only for the purpose of borrowing—nothing demoralising in it or nothing disgraceful. Disgrace lies in the nonpayment of the loan, in the dexterous manipulation of keeping the loan perpetually due though not under the technical name of "an overdue." Disgrace lies in being unco-operative though being a co-operator in name.

5. Insist rigorously on the statements of the purpose of the loan and its proper use. If dissatisfied at the first instance you shall have the grit to state boldly and politely that such a member, even if within the law, does not deserve a second loan. Co-operation does not consist in punctual repayment of loans but in the serious moral elevation and mental happiness of individuals. Punctual repayment is a step but never a goal. One does not join a society to learn punctual repayment which in many cases may mean systematic next day loan applications. Instances of respectable gentlemen who have escaped the odium of being said to be of the overdue class and who have been indebted to the society for the same sum at all times are many. Does it show signs of pecuniary reformation or moral elevation—surely not?

A SOCIAL MOVEMENT.

The Urban Bank is a part of a social movement. If it makes a man rich and gives him pecuniary accommodation, it is only in passing but the ultimate goal is a life of self-content and self-sufficiency.

POTENTIALITIES OF AN URBAN BANK.

The importance of the Urban Bank has not still been felt. It is not a mere money lending institution on sureties alone. It has surely a place in the

evolution of cottage and small industries and in similar small ventures. Can it not undertake a small road repair co-operatively within the locality, a school construction and earn profit for the benefit of all. The Urban Bank movement in Italy has undertaken large enterprises. The whole P.W.D., Railways, various forms of transit are controlled and managed by Co-operative Societies with Co-operative finance. We have nearer home the attempt in the Chingleput District to work out a Co-operative electric supply scheme under the able guidance of one of our good men, Mr. A. Rajabadhar Mudaliar. There are many enterprises which the town societies can take up, any number of sources of deposits which they can tap. A properly worked urban bank is sure to attract more deposits than a joint stock bank and a Co-operative bank which is generally run economically can be able to pay high rates of interest to the depositors. The depositors by investing in co-operative banks do service to themselves and to others.

The success of a society like yours depends upon the lessening of your luxuries and enlarging your earning capacity and creating impetus to earn more, live happily and contentedly. I dare say many of you can easily achieve the goal by having persistently before you the one idea, namely, " when you borrow ,it is your money : when you spend unnecessarily, you waste that of others : when you return and apply for a loan again, it is again your own : it is a family treasure, a communal treasury which you all enjoy and share in common. You are a borrower without the odium of a debtor ; but you are a sinner if you betray yourself to be an unworthy debtor."

Co-operation is a path, a practical path to Divine contentment. It is a passage and a path wanted and resorted to by all. Properly worked it leads you to a *moksha* on earth, makes you enjoy a bliss in your sweet home and what is more, impels you to think and talk like a *Man*.

May you all live and prosper! May you achieve your ideal! May God bless you! With this prayer, I most humbly declare this society open.

Registrar's Circulars.

IX

SUBJECT :—LOANS FOR PAYMENT OF GOVERNMENT KIST—METHODS FOR ADOPTION—FURTHERANCE OF.

(No. B. 6111/28 dated 27th November 1928 addressed to all the District Collectors).

In April 1927, I issued a circular No. A. 1644/27 dated 29-4-1927 on the above subject pointing out the advantages of making a lump payment of kist by Co-operative Societies on behalf of the members and a copy of it was sent to all District Collectors. In pursuance thereof and in accordance with my further instructions contained in my letter to the Collector of Kistna, No. A. 4096/27 dated 13-10-1927 (copy enclosed), and agreed to by him in his reply D. Dis. 7218/27 dated 23-11-1927 (copy enclosed), eleven societies in the Kaikaloor taluk of the Kistna District give the scheme a trial this year and a sum of Rs. 20,843 was paid in this manner on behalf of 259 individuals. I enclose a copy of my Deputy Registrar's report[1] No. 4-2022/27 dated 16-7-1928 with its enclosures on the results achieved. Both the Tahsildar and the Divisional Officer concerned consider the results encouraging.

2. I shall be glad to know, as soon as may be convenient, your views and what arrangements are proposed to be made with a view to give the scheme a fair trial during the ensuing kist collection season. The favour of an early reply is requested.

Enclosures.

(1)

Copy of letter No. A. 4096/27 dated 13th October '27 from the Registrar of Co-operative Societies, Madras, to the District Collector, Kistna.

Sub: Loans for payment of Government kists—methods to be adopted by Co-operative Societies.

Please see my Circular A. 1644/27 dated 29th April 1927.[2] I enclose copy (translation) of a letter from the Secretary, Kaikalur Taluk Co-operative Union.[3] To give the scheme a trial, I suggest that the procedure indicated in the annexure may be followed by village officers and panchayats of societies which undertake to work out the scheme. I wish to have your opinion on the matter as soon as possible. As the kist season is

[1 & 3] For want of space we regret we are unable to publish the matters referred to (Ed.)

[2] Published in Page 33, July 1927, of this Journal.

approaching, I request the favour of the issue of the requisite instructions to your officers urgently and of a very early reply, so that I may issue a more detailed circular on the subject to the societies.

Procedure.

1. The office-bearers of co-operative societies will send, sufficiently in advance, a list of their members to the village officers.

2. The village officers should furnish the society with information in the following form.

Member-Pattadars		Survey No.	Extent.	Kist.	Water rate.	Local cesses.	Total.	Remarks.
No.	Name of present enjoyer.							

The panchayat should consult their member pattadars in regard to its correctness if they consider it necessary to do so.

3. On receipt of this information, the society should get the necessary bonds from its members, preferably with pledge of grain undertaking to repay at the time when the crops are sold, and debit the amount against the individuals. The total amount of kist should then be drawn from the bank and remitted into the Treasury direct.

4. In all cases where the societies undertake to pay the kist of their members, the village officers will in the first place approach the president of the societies for collection.

5. After jamabandi, the Village Officers will also bring to the notice of the President the variations, if any, in the amount of kist and the president will make the necessary arrangements to pay the balance if any.

6. For purposes of paying these kists promptly, the societies will make adequate provision in the maximum borrowing power and have the amendment registered in time. Necessary borrowing power should be reserved for short term loans and communicated to the Central Bank through the Union for sanction in lump.

I do not consider it desirable to include "penalties" in this scheme. Apart from the trouble involved in collecting a number of small variable items, for which the demand is made as occasion arises, from the co-operative societies, there is the point that the Land Encroachment Act requires service of a notice on the encroacher. It cannot be served on the society.

(2)

Copy of letter No. D. Dis. 7218-27 dated 23-11-28 from the Collector of Kistna District, to the Registrar of Co-operative Societies, Madras.

Sub: Loans for payment of Government kist—Method to be adopted by Co-operative Societies.

Ref: Your No. A. 4096—27 dated 13th October 1927.

The Secretary of the Co-operative Union, Kaikalur, is the only person who undertook to work out the scheme. To give the scheme a trial, I have issued orders to the Tahsildar, Kaikalur, to issue a circular to Village Officers consistent with the procedure indicated in the annexure to your reference quoted above and directed him to report early in July next how the scheme has worked. If the scheme works with success in this Taluk, general instructions will be issued to all Taluk Officers next year.

X

SUBJECT.—SAVINGS BANK ACCOUNTS—PRIMARY SOCIETIES.

(No. 22 Spl /28 dated 28th November 1928)

In their recommendation No. 41, the Committee on Co-operation urged that Savings Bank accounts should be encouraged in all Co-operative Societies and the Registrar is impressed by the fact that, while facilities for borrowing are constantly being improved, little is being done to urge the members of Co-operative Societies to put aside, as opportunity occurs, any small sums which they can save. Even very small sums can be set aside either as a permanent saving or for utilization on seasonal expenditure and will go far to relieve the burden of constant borrowing with its long tale of interest.

2. Savings deposits are the best means of encouraging and facilitating thrift which is one of the main objects of a co-operative society. To run savings bank accounts, a society requires facilities for ready receipt and transmission of funds. Such facilities are available in the case of societies situate at the Headquarters of a Central Bank or its branch or any transmitting agency; and also where there is an urban bank which has an arrangement with the Central Bank as indicated in my Circular Dis. C. No. 3257/27, dated 16th August 1927. Again, though savings bank accounts may not be possible in village societies in all cases, such of them as have cash credit accounts with the Central Bank should find no difficulty.

3. The Registrar therefore thinks that no opportunity should be lost to induce the members of all societies where reasonable facilities can be arranged to start the saving habit and put even quite small sums into savings deposits and trusts that he will have the support of all honorary workers and officials of the Department and of institutions in urging on members the benefit that will result from making the effort.

XI

SUBJECT:—VILLAGE CREDIT SOCIETIES AND LOAN AND SALE SOCIETIES—CO-ORDINATION OF WORK.

(No. C. 6458/28 dated 19th January 1929)

An enquiry into the working of several of the loan and sale societies in the Presidency shows that many of the members do not derive as much benefit as might reasonably be expected. Many of the members are left soon after harvest with little produce to pledge or to sell through these societies.

2. Many members have already borrowed considerable sums of money either from the village dealers or money-lenders and are obliged to hand over their produce to them either at the threshing floor or very soon after harvest. The village dealer who buys for the merchant in the town or the village money-lender who wants to buy cheap and sell dear readily comes forward to advance money to the ryot if the latter will agree to hand over his crop as soon as it becomes available. The village dealer or the money-lender gives a loan to meet the various expenses connected with cultivation. He thus finances cultivation at every stage till the crop is harvested. He also gives loans for other purposes as soon as he is confident that the crop will not fail. Sometimes he undertakes to harvest the crop himself agreeing to pay a specified sum of money to the owner.

3. It will thus be seen that unless co-operative societies arrange for financing the ryot in the manner the village dealer does, their utility is greatly diminished. The sale societies by their very constitution cannot themselves advance money to ryots in the same manner as the village dealer or the money lender. A sale society is situated at a distance, usually at a market centre, and has no knowledge of the character and financial position of its members. It cannot watch the daily life of its borrower and find out what happens to the loans given to them from time to time. If a borrower is not punctual in his payments, the sale society has no means of approaching him unless it maintains a costly paid establishment. Even then the collection work will not be easy. Thus the sale society is not competent to give loans for financing cultivation.

4. Which, then, is the agency which can take the place of the village dealer or the money lender? There is the village credit society and it is competent in every way to do this work and it is its duty to do so. The main function of the village credit society is to finance cultivation and the by-laws provide for giving loans at every stage of cultivation. In addition, it can give loans for payment of kist and for holding up produce for a better market. If in addition to giving loans for all these purposes, it takes hold of the produce imitating the village dealer, the present problem of "overdues" in societies can be solved to a large extent. But in many cases now the society gives loans to its members but allows their produce to be carried away by the village dealer. Hence the members find it difficult to pay the annual instalments even when a loan is given for more than a year.

If only the village credit society fulfils its function, not only will its "overdues" be reduced but also its members will be much benefited by the sale society to which it is affiliated.

5. The village credit society will have to be definitely linked with the sale society. The village society should finance cultivation at every stage and also give loans where necessary on the security of standing crops and on the pledge of produce. A loan may be sanctioned to every member at the beginning of the cultivation season and he may be allowed to draw it in instalments as each process of cultivation requires, in accordance with the instructions issued by the Registrar in his Circular No. C. 3785/26, dated 3rd November 1926.* The loan should be given on condition that the borrower agrees to sell through the sale society the whole of the produce got out of the land for the cultivation of which the loan is asked for or at least as much of it as will be sufficient to cover the loan given and to authorise the sale society to deduct from the sale proceeds the loan due to the credit society. An agreement in writing should be taken to this effect from each borrower at the time of giving the instalment of the loan. By-law 40 of the model by-laws for village credit societies may be amended by adding the following footnote at the end :—

> " When a loan is given for any of the purposes enumerated above, the panchayat may require the borrower to sell through the Loan and Sale Society to which the society is affiliated the whole of the produce of his next harvest or harvests or at least as much of it as will be sufficient to cover the loan or loans or the instalments due, and to authorise them to appropriate the sale proceeds towards such loan or loans or the instalments due."

6. The financing of agricultural operations would thus be at three distinct stages :—

Stage 1. Loans for cultivation expenses. These loans will be given only by village credit societies and on the usual terms. They may be given on a pronote with one or more sureties with the condition that the borrower agrees to sell through the panchayat or the loan and sale society to which the society is affiliated the produce obtained from the land or lands for the cultivation of which the loan is asked for, and to authorise the appropriation of the sale proceeds towards such loan. In the application form for the loan should be specified :—

(1) the survey number or numbers and the extent of the land or lands proposed to be cultivated with the help of the loan asked for;

(2) the kind of crop or crops proposed to be raised;

and (3) the time of harvesting the crop proposed to be raised.

It so happens in many societies that several members have taken long term loans up to the maximum prescribed in the by-laws and are therefore unable to take any further loans for cultivation expenses. In all such cases, the

* Published in Page 314, February 1927, of this Journal.

borrowers should try to reduce their indebtedness so that they may take short term loans for such purposes as will increase their income. Where however the circumstances of a society permit and where the individual maximum borrowing power is not more than Rs. 500, the maximum limit may be raised to Rs. 600 of which not more than Rs. 400 shall be available for long term loans. This means that the entire sum of Rs. 600 will be available for short term purposes if no long term loans have been taken but only Rs. 400 out of it for long term ones. This borrowing limit will have to be raised by a definite amendment to the by-laws. The amendment may take the following form :—

Insert the following between the first and second sentence of by-law 42 (Model by-laws—Rural co-operative credit society—unlimited type) :—

> 'Of this sum of (Rs. 600) not more than (Rs. 400) shall be available for long term purposes.'

Stage 2—Loans on standing crops :—These loans too will be given only by village credit societies. To pay kist or to meet an expenditure of an urgent nature, loans may be given on the security of standing crops within one month of maturity from the date of the disbursement of the loans. The main security for these loans will however be one or more members standing as sureties. No loan shall exceed 40 per cent of the market value of the estimated outturn from the crop proposed to be pledged. These loans will be governed by the conditions enumerated in clause 7 of by-law 44, rural credit societies' model.

Stage 3—Loans on the pledge of produce :—These loans may be given either by village credit societies or by the loan and sale societies to which they are affiliated.

(1) *Loans by Village Societies.* All loans given for cultivation expenses (stage 1) and on the pledge of standing crops (stage 2) will have to be repaid at the harvest. But in many cases it will be desirable to hold up the produce as the prevailing market price at the time of harvest is low. If the borrowers so desire, they can convert the outstanding short term loans into a loan on the pledge of produce or they can take a loan from the loan and sale society and pay off the village society. Produce loans can be given by village societies wherever they have facilities for arranging for the safe custody of the produce. The produce can be secured in the granary of the borrower concerned or in the granary of the society if there is one or in the godown of the loan and sale society to which the society is affiliated. When the produce is left with the borrower, the Panchayat should secure it with their lock and seal. Whether the produce is left with the borrower or with the society, the sale should be effected only with the knowledge of the Panchayat. These produce loans will be governed by the conditions enumerated in clause 6 of by-law 44, rural credit societies' model.

The amount of loan given to a member on the security of the produce must be within the individual maximum borrowing limit unless the custody of the produce is effectively handed over to the society. When it has been handed over, loans can be given on it without reference to the individual maximum borrowing power.

Similarly, the society can only borrow within its maximum borrowing power for loans to its members provided that if it pledges to and places in the custody of the Central Bank the produce pledged with it, it can borrow from the Central Bank on that produce without reference to its maximum borrowing power. There should be a definite amendment to the by-laws in regard to this borrowing from the Central Bank and the following amendment is suggested :

Add the following at the end of by-law 18 (Model by-laws Rural Co-operative Credit Society unlimited type) :—

> " This maximum limit shall not however apply to the borrowings obtained by the society from the Co-operative Central Bank at . . . . on the pledge of produce definitely placed in the custody of the Bank and in accordance with the subsidiary by-laws framed for the purpose by the Bank."

The Central Bank can arrange to have the custody of the produce in either of the following ways. A godown can be rented for a village or a group of villages, or where there is a loan and sale society, its godown can be used. The rent for the godown may be charged to the society or societies concerned. The produce can be secured in such a godown under the lock and seal of the Central Bank. Where the loan given is under the open loan system, that is to say where the floating assets are pledged to the bank, the godown should be in charge of a local agent of the Central Bank who will open the godown when the business of the society begins in the morning and lock it with the seal of the Bank when the business closes in the evening. In other cases, the godown should be inspected by an Inspector of the Bank at frequent intervals.

(2) *Loans by Loan and Sale societies.* These societies also give loans on the pledge of produce. Village societies which have not been authorised to lend on the pledge of produce or which have no facilities for arranging for the safe custody of the produce either in the borrowers' houses or in separate godowns should induce their members to take their produce to the loan and sale societies to which they are affiliated for getting loans on the pledge of produce. It will be better if all the village societies can induce their members to obtain the produce loans from the loan and sale societies only, for these have special facilities for the grant of such loans. In all cases where the produce has to be necessarily taken for sale to the market centre where the loan and sale society is located, village societies should induce their members to go to the loan and sale society for loans on the pledge of produce and in all such cases, whether the pledge loans are taken from the sale society or not, the sales should be effected only through the loan and sale society. The sale saciety will remit, wherever necessary, direct to the financing bank the moneys borrowed by village societies out of the sale proceeds of the produce of the borrowers.

7. There is one other difficulty in asking the ryot to sell his produce with the knowledge of the Panchayat of his society or through the loan and sale society to which his society is affiliated. It has already been said that he borrows money from the village dealer or the money lender on condition that he should sell his produce to him. It so happens that in several cases the borrower is not able to pay off the entire amount borrowed out of the sale proceeds of his produce. A small sum is left behind and it is carried over to the next year. In this way, a sum of money is carried forward from year to year with the result that the ryot becomes bound to sell his produce to the same village dealer year after year. Unless this sum is paid off, it is not likely that the ryot will be able to take a loan or loans from his credit society for agricultural purposes in the manner described above. In most cases, it will be found that these debts can be paid off in two or three years. Village credit societies will have to give long term loans also to pay off these debts but to these loans can also be attached the same condition that part of the sale proceeds of the produce handed over to the society should be available for credit towards these loans. These loans will have to be given very cautiously.

District News.

THE KISTNA CO-OPERATIVE BANK LTD., MASULIPATAM.—There was a meeting of the shareholders of the above Bank on 2-12-28 M.R.Ry. I. V. L. Narasimhacharyulu Avl., M.A., L.T., was unanimously elected as president. The following were among the many important resolutions passed :—

1. The Common Good Fund of Rs. 1474 should be utilised as follows:-

Rs. 500 and Rs. 200 respectively to the Kistna and West Godavery District Federations for Co-operative Propaganda, Rs. 200 to the Hindu College, Masulipatam, Rs. 375 for Ayurvedic colleges and hospitals in Bezwada and Masulipatam, Rs. 100 for Sri Krishna Parisramalayam, Kavutaram, Rs. 49 for disabled poor fund, Masulipatam, and Rs. 50 for Sanskrit College, Addada.

2. A few of the existing bye-laws were amended, the most important of which is the reduction from 8 per cent to 7½ per cent in the rate of interest charged on loans to primaries.

CO-OPERATIVE EDUCATION AT ALAMURU.—The 2nd Central Class for Panchayatdars in the Alamuru Local Co-operative Union area was held on 26th January under the presidency of M.R.Ry., O. R. Ponnuswami Iyer Avl., Lecturer, Pitapur Maharaja's College, Cocanada. The Secretary in his report expresses his gratitude to the Ramachandrapur Central Bank for the liberal grant of Rs. 300 for the conduct of the classes. Representation was moderately fair. Owing to insufficiency of funds, the travelling allowance representatives could not be met. It is needless to reiterate that co-operators should concentrate their efforts towards the betterment of the village societies which are the very foundation of the movement. The Secretary regrets to note that the maintenance of accounts and collection of dues are unsatisfactory and recommends the employment of paid staff wherever possible.

Proceedings.—Classes were held both in the morning and evening. The President emphasised the necessity of reconstructing the village through the co-operative society. The purpose of the loan and its usage should be carefully scrutinised. Co-operative purchase and sale should be encouraged.

Mr. N. Satyanarayana Garu, President of the Federation, spoke about the economic and moral effects of co-operation, the necesssity of paid staff and co-operative payment of Government Kist by members through their societies. The Registrar's circular to the same effect was read. The meeting came to a close at 5 p. m.

Resolutions passed :—

(i) The meeting expressed its regret at the unexpected demise of Lala Lajpat Rai;

(ii) To publish the report of each society with its bye-laws and circulate it to members and other societies in the union ;

(iii) To prepare and circulate once every 6 months the members' outstanding loans list and overdue loans list ;

(iv) To purchase an Iron Safe for every society with a working capital of more than Rs. 10,000 ;

(v) To send monthly statements of receipts and disbursements and extract of daybook to the union ;

(vi) To appoint paid staff in proportion to the working capital of societies;

(vii) To encourage societies to carry out the suggestion contained in the Registrar's circular about joint payment of kist ;*

(viii) The meeting expressed its gratitude to Ramachandrapur Central Bank for the grant of Rs. 300.

* Please see page 541 of this Journal.

THE LATE MR. K. SIVASUBRAMANYA PILLAI.—The offices of the Registrar, the Deputy Registrar and the Assistant Registrar of Co-operative Societies were closed on the afternoon of the 19th instant as a mark of respect to the late Mr. K. Sivasubramanya Pillai, Deputy Registrar of Co-operative Societies and Personal Assistant to the Registrar, who died on the 14th after a brief illness of 2 days.

The following resolution was passed :—

"The Registrar, Joint Registrar and staff of the office of the Registrar of Co-operative Societies are deeply grieved by the sudden death of M.R.Ry. K. Sivasubramanya Pillai Avl., Deputy Registrar and Personal Assistant to the Registrar, whose official career was marked by his high sense of duty, straightforward character and loyalty to the Co-operative movement and who gained the affection and esteem of all who came into contact with him officially and non-officially. They mourn his departure and offer their sincere sympathy to the members of his family in the great loss they have suffered".

Editorial Notes.

THE IDEAL VILLAGE.

There is a considerable volume of public opinion in England and other western countries where industrialism and in its wake urbanisation have gone very far that it is high time that people should go back to the country. The "Countryman", a monthly magazine published in England, is the champion of this new movement. But let our readers be under no misapprehension as to what sort of villagers they want to see grow in England.

There are some townsmen who are tired of the buzz and confusion and the noise and the hurry of the cities and would like to have the quiet of the countryside. In their natural reaction from everything urban, they would see fancied excellence in the mouldering walls of a cottage tottering to its ruins. The village to which enlightened public opinion would advise urban population to go, is certainly not the old village unaffected by the modern scientific improvements. The term "garden city" has become popular but "garden village" has not. It is some such idea that the promoters of rural life have in view. The houses of the village must be built in the most sanitary and scientific way possible with all the amenities of modern life; only there will be spacious ground, trees, plants and flowers, birds, beasts and playground for every family.

The Agricultural Commission in its report has got a very interesting chapter called the "Village", which together with the first chapter styled "Introductory" gives us an idea of the Indian village with its sordid low life, poverty, illiteracy, disease and in short, life very much below the normal. We are glad that the rural reconstruction workers are taking up sanitation as one of the main planks in their platform and we hope that ere long the English ideal of a healthy village with many of the amenities that make life pleasant and worth living, would become a realised fact in our country also. Better farming, better business and better living are to be equally emphasised by the Co-operative workers.

A CONTRAST.

The "Countryman" mentioned in the previous note gives an interesting list in its January number of the newspapers that are in demand in the country parts of England. The actual list of dailies and weeklies sold in a county town by one of the booksellers is interesting reading. 13 London morning papers and 3 evening papers have among them about

twenty-eight thousand readers and weeklies and dailies whose names alone run to over two pages of closely printed matter give us an idea of the intellectual food in demand. A county town in England would roughly correspond to the District Headquarters in our Province. It would be interesting to ascertain how many dailies and weeklies are being read at a District centre, say, like Trichinopoly or Rajahmundry. Culture is said to diffuse itself from headquarters into the most outlying village and at what rate it is progressing is roughly indicated by the sale of books and periodicals. Our Co-operative Societies are like oases in the vast desert of the illiterate country parts or like dim lamps attempting to dispel the vastness of darkness and it should be something if every important Urban Bank were to maintain a reading room.

A $ 10,000 COW.

The following extract from Co-operation and Markets News, Canada, 28th December, would be read with great interest by our readers.

> "The Holstein Friesian Cow, 'Canary Korndyke Alcartra,' owned by Ben H. Thomson, Boharm, Sask., and world's champion in her class as a butterfat producer, has been purchased for the Saskatchewan Government by Hon. C. M. Hamilton, Minister of Agriculture, for $10,000. The cow will remain in the care of Mr. Thomson, but the Government has purchased her in order that the dairy industry of the Province may benefit through her progeny."

Just imagine Rs. 30,000 being paid for a cow! The Government of Saskatchewan is farsighted enough to realise the value of this cow for the dairy industry of the province and thinks no price too high for such a Kamadhenu.

REGISTRAR'S CIRCULARS.

We draw the attention of our readers to a circular of the Registrar of Co-operative Societies on the subject of Co-ordination of work between the village credit societies and loan and sale societies.* We are glad to find in this circular the principle acknowledged that it is the function of the *village society to finance agriculture at every stage.* If the spirit of the circular be properly understood and the directions given for co-ordinating the activities of the small village society and the bigger loan and sale society situated in a market centre or urban area and the still bigger district bank, much good is sure to result. But all this means so much of efficient management and it is doubtful whether the necessary human material is available in most of our societies. The scheme may with advantage be tried in those areas where such human material is available and we hope success will crown such attempts.

*Please see page 541 of this Journal.

We have received also a copy of the letter of the Registrar addressed to all District Collectors on the matter of collecting the Government Kist from the villagers by getting for the villagers loans from societies and by empowering the societies or unions of societies to make payment in a lump sum to the Government. This scheme was tried in certain villages of Kaikaloor taluq of the Kistna District. We are not at all surprised that "The Tahsildar and the Divisional Officer concerned consider the results encouraging."

We are doubtful however whether, encouraged by the success of this experiment in one taluq, such an arrangement should be made on a large scale. The danger of making payment of kist by co-operative societies the rule would be that the Government would become the first claimant upon the produce and would get their dues first. With rigorous efficiency which the bureaucrats may be expected to introduce into any machinery they devise, co-operative societies would become mere agencies of the Revenue Department aiding them in the matter of revenue collection. At present there is some discretion allowed to the ryot in the matter of payment, though he must pay the Government Kist at all costs. He chooses which of the most pressing of his demands he should pay first and with his very limited means he draws up an order in which to make payment. But if this system be developed, he would be precommitted to pay the Government Kist and will be deprived of the little freedom that he now has in making his small adjustments. From the Government point of view, it will be a splendid device and no wonder the credit of it goes to the Registrar who has won distinction as an efficient Collector.

THE P. C. U. LIBRARY AND READING ROOM.

The Provincial Co-operative Union which is the premier educational and propaganda institute in the province has begun to realise its responsibility in the matter of education. Hitherto it has been confining its activity mainly to the holding of annual conferences and to the publication of journals and pamphlets. It was unable to take any other form of activity mostly due to lack of funds. With the liberal grant which it has been fortunate enough to get from the M. C. U. B., it has taken upon itself its real mission of education. We are glad to state that it has opened a Reading Room which is kept open on all the five days of the week from Monday to Friday from 8 to 10-30 a. m. and 5 to 7-30 p. m. and on Saturdays and Sundays from 8 a. m. to 7-30 p. m. *The many magazines and papers which we are getting in exchange for our own journal are placed on the Reading Room table and we are glad to see that they are being slowly appreciated and made use of. The library is in the course of reorganisation. It has about 150 books on hand besides about 300 volumes of reports and periodicals and it has placed orders for many more books on Economics, Co-operation and problems connected therewith. Before the new year of Co-operation, we hope the library will be in full working order and facilities will be given for students to make the fullest use of our book collection. We are attempting in our own humble way to fulfil our main mission of being of some service to co-operators in the province.

*The list of such magazines and journals has been published as an appendix to the August 1928 number. The following journals are also received in addition to those published in the above issue: The Village Teachers' Journal, The Young Men of India and the Countryman.

THE HORACE PLUNKETT FOUNDATION.

Our readers are perhaps aware of an Institution known as the Horace Plunkett Foundation which was instituted by Sir Horace Plunkett, the veteran Irish Co-operator, as a trust for promoting the systematic study of the principles and methods of agricultural and industrial co-operation. He started the endowment with a gift of £20,000 and later on added another 15,000 to that. We have received a copy of the report for the year ending 31st March '28 and it is a record of useful work done. The Empire Marketing Board has recognised the institution and given it a grant of £1,500 for a yearbook of agricultural co-operation in the empire and for other work designed to further the development of co-operative production and marketing in the empire. Facilities are available to any student of co-operation for reading and discussing with the members of the staff on all forms of co-operative organisation and these facilities, we are glad to understand, have been availed of by students from various parts of the world. We look forward with interest to the report for this current year.

AN ALL-INDIA CO-OPERATIVE ORGANISATION.

When the Institutes' Conference was held in Simla in September last, a Committee was appointed to draft a constitution for an All India Co-operative Organisation and the report of the Committee together with the draft constitution will be considered at the adjourned session of the Institutes' Conference to be held in some place in April or later. The Committee with the Hon'ble Mr. Ramadas Pantulu as its president started work at once and the draft constitution was published as an appendix to our October 1928 issue. Our contemporary, the Bombay Co-operative Quarterly, has not blessed the scheme with its full approval. It does not like the idea of an All India Co-operative *Federation* but advocates the starting of an All India *Association*. In its view, a federation "could wield some co-ordinating if not controlling authority and exercise certain administrative functions" whereas an association "would merely bring together the various units into closer contact especially by holding periodical conferences." Further down in the note a second objection is raised that the funds available may not be enough for effectively carrying out the work of a federation.

We are at a loss to understand the subtle distinction that our contemporary is making between a federation and an association. Perhaps in the dim back-ground of our contemporary's mind, there is a lurking fear that in a federation the constituent bodies do not count and that the new institution created by them will overawe them and throw them into the shade, whereas in an association each constituent Provincial Institute will retain its own individuality undiminished and the Central All India Institute will not be more powerful than any one of the important constituent members. In this connection, we would like to draw thh attention of our contemporary to the address of the Hon'ble Mr. Ramadas Pantulu at Salem* where he pleads for centralisation of administration to be carried on side by side with decentralisation of control. Efficiency can be secured only by centralisation but the individuality of each constituent member may be left unimpaired if there be decentralisation of control.

On some such principle, it should be possible for us to devise a constitution for an All India Organisation where each Provincial Institute will retain its full autonomy and yet surrender enough of it to make the All India Organisation a really strong, efficient and representative body. Then only will it take its place by the side of Central National Institutions in other parts of the world. The account that we find published about India in Co-operative books, such as the Peoples' Year Book is so meagre because there is not a Central Institution which could represent the state of affairs in India with a certain amount of authority. We hope that the anxiety on the part of our Bombay Contemporary to perserve its own individuality undiminished will not in any way lessen its enthusiasm for an All India representative Institute which can deal on a footing of equality with similar institutions in other parts of the world.

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*Please see page 397, January 1928 issue.

Provincial Co-operative Banks.

THEIR CONSTITUTION AND WORKING.

THE PUNJAB PROVINCIAL CO-OPERATIVE BANK LTD.,

The Bank was registered in December 1924. Unlike its confrere in Bombay, it is a separate creation with the twofold object, viz (i) to finance, centralise and co-ordinate over a hundred grown up District Central Banks and Unions, and (ii) to issue debentures for the benefit of Mortgage Banks.

MEMBERSHIP AND SHARE CAPITAL.

Membership is open only to societies (primary and secondary) registered in theP rovince of the Punjab under the Co-operative Societies Act, the only individual member eligible being the Registrar ex-officio. The total number of shareholders on the list is 12,038. Every central institution doing banking business is affiliated to the Bank, their number being 111; the rest are 3 Supply Unions and 11,924 Primaries. The Authorised Capital consists of unlimited shares of Rs. 100 each, and the share amount is payable at Rs. 10 for each year of the life of the member society. Primary societies hold one share each generally whereas central banks have between two and ten. The total number of shares subscribed and issued is 12,295 and the paid up share capital of the Bank now stands at Rs. 9·68 lakhs.

THE SYSTEM, PAST AND PRESENT.

Although permitted by the by-laws, the Bank does not deal directly with primary societies except in the case of mortgage banks. To administer the needs of societies there are 47 Central Banks, and 64 Unions (small central banks in rural areas) with well-marked areas of operations which in some cases are as small as a tahsil. Nor in the matter of any other form of business is there any competition between central banks and the Provincial Bank. The Provincial Bank's rate of interest on deposits by individuals is fixed at a level 1 per cent below the corresponding rate of the Lahore Central Bank, the biggest among the Punjab Co-operative Banks. Similarly the rate of interest on fixed deposits by the public is 4 per cent but a preferential rate of 1 per cent over and above this is allowed on deposits from central banks.

Inter-bank dealings are now forbidden. It will, however, be of practical interest to mention that the most important fact in the history of the Bank is that such dealings have been arranged and worked for four years under the direct supervision of the Provincial Bank itself. In spite of objections in theory, the Bank decided to give the system a fair trail on empirical basis. It was tried with varying degrees of control at different stages of its growth and it worked fairly well so long as demand for funds exceeded the supply thereof. Then set in a period of all round surpluses. It became extremely difficult for the Provincial Bank to reconcile the conflicting claims of the 'plus' banks. In their anxiety to escape loss, some claimed preference, in the matter of lending out their funds, on the ground of their low rates on deposits, others on precedence of the despatch of their spare funds: so it was small wonder that one often got a goodly share simply because it clamoured most. Thus the system of 'interlending' grew too complex to be worked and had to be finally abandoned.

The Provincial Bank now accepts surplus funds of Central Banks without limit of amount as deposits at call or notice at rates determined by the Board, all the members of which are returned by the central banks and unions themselves. Loans and Cash Credits are granted by the Board or the Working Committee after a careful scrutiny of the working of the borrowing bank as revealed by its audit report. The Bank engages no inspecting staff of its own for assessment of credit or supervision.

MANAGEMENT.

The Bank is managed by an Executive Committee of 32 persons, 31 of whom are elected by the central institutions, the Registrar being a member ex-officio. This Committee meets once in three months and has delegated most of its powers to a small Working Committee of 6 directors. This body generally meets once in a month and carries on the actual administration of the Bank. The Registrar is the President of both the Committees.

DEBENTURES.

The Bank issued 6 per cent debentures for Rs. 5 lakhs at par in 1926, primarily with a view to finance the mortgage banks whose number is now 12. The Punjab Government has guaranteed 6 per cent interest for 25 years. The debentures are not yet trustee securities and are redeemable after the 10th year but must be redeemed after the 25th year of their date of issue. To provide for the redemption of the principal sum, the Bank under the terms of the Trust Deed has instituted a Sinking Fund to which is credited every pie of the profits of the Bank besides the interest accuring on the investment thereof. This explains why there is no Reserve Fund. At present the Sinking Fund is Rs. 73,837.

OVERDRAFT AND CASH CREDITS.

There is an overdraft arrangement with the Imperial Bank of India at the Bank Rate against Government Securities worth Rs. 29,40,058. This considerably economises the keeping of heavy cash balances on hand. In addition to this, the Bank has two Cash Credits with the same Bank of Rs. 5.65 and 15 lakhs on the security of Demand Pronotes of central banks and primary societies of approved type. In both cases, the rate of interest is 6½ per cent fixed. That of Rs. 5.65 lakhs is earmarked to finance unions only; for this really is a case of taking over and consolidating several small limits enjoyed by them from the Imperial Bank before the formation of the Provincial Bank.

EMPLOYMENT OF FUNDS.

Rs. 5 lakhs of debentures' proceeds and Rs. 9,34,880 bo[illegible]rowed from th[illegible] at the rate of 5½ [illegible] have been [illegible]ced wholly to mortgage banks at 6½ per cent repayable in 20 half-yearly instalments. Cash Credits to central banks and unions have been granted to the extent of 3 times their paid up capital and all the reserves put together, subject to a maximum of Rs. one lakh. On these credits, the rate charged is either 7 fixed, or a fluctuating rate of ½ per cent above the Bank Rate, with a minimum of 6 per cent. Loans are granted at 7 per cent subject to a rebate of ¼ per cent on punctual repayment. Each loan is repayable after a year of the date of issue but extension for another year is allowed on sufficient cause being shown for inability to repay. The remainder is invested in Government and Trustee Securities.

DIVISION OF PROFITS BY BOOK-CREDIT.

As remarked elsewhere, the entire annual profits of the Bank must go to the Debenture Sinking Fund, and consequently no dividend is payable so long as any debenture is outstanding. Provision is, nevertheless, made in the constitution to allow to the shareholders a dividend by book credit year after year. Such accumulated credits will be converted into paid up shares after the debentures have been redeemed. Thereafter dividend out of the annual profits may be given in cash, subject to a maximum of 7 per cent per annum.

AUDIT.

The half-yearly audit of the Bank is conducted by the P. C. U. Auditor who is an Incorporated Accountant, and, the annual audit by the firm of Messrs Basant Ram & Sons, Certified Auditors, Lahore. The Balance-Sheet is issued to the public once in a year.

The assets and liabilities of the Bank as on 31st January 1929 are shown by the following statement.

LIABILITIES.	Rs.	ASSETS.	Rs.
Paid up Capital ...	9,54,648	Loans to C. Bs., Mortgage Banks, & Unions ...	26,24,047
Capital in Suspense A/c...	13,179	Fixed Deposits with other C. Banks... ...	37,000
Deposits	39,94,520	Cash Credits to C. Bs. & Unions... ...	9,21,161
Debentures	5,00,000	Investment in Government Securities ...	29,40,059
Sinking Fund ...	77,568	Sinking Fund Investment	5,54,165
Sundries	10,54,802	Furniture	2,386
		Library and Books ...	321
		Sundries	1,14,193
		Cash in hand ...	1,385
Total ...	65,94,717	Total ...	65,94,[illegible]7