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Organisation of Sale Depots in India.

BY PROF. B. B. MUKERJI, MUZAFFARPORE.

Industrial Co-operation is still in its infancy in India. Attempts have been made in various Provinces to start new industries on a Co-operative basis or to organise existing industries on Co-operative lines, but the success so far attained has not been appreciable. Bombay has some Industrial Societies of the type of the Swarnakar Mandali, Bengal has a large number of socieries for weavers, Bellmetal and Brass workers. A Co-operative Weaving Factory has been started at Bagerhat near Calcutta. In Bihar and Orissa we have a number of these societies as well as a number of societies for fishermen. Most of these societies are on a small scale and hence they cannot employ highly qualified managers. The financing banks are apt to be nervous in lending large amounts to these enterprises. The market is usually not wide and in many cases the articles manufactured are not of the type for which there is a wide demand. In Orissa we have a number of Bellmetal and Brassmetal societies with a large capital and a large membership. The articles manufactured are very good in quality, but owing to the lack of any well developed marketing organisation, they have a limited market, and hence the amount of stock unsold is often very large and the percentage of profits very low. With the introduction of new designs, new types of articles are being manufactured for which there is a ready market, and by the proper advertisement of these commodities in the important markets of India a larger sale can very well be effected and the size of the societies will increase. Bhagalpur in Bihar has an old Tasar Silk weaving industry. It was in a moribund condition in 1918 and the Registrar of Co-operative Societies remarked in his Annual Report for that year,—"The Tasar weavers could earn more, by turning out cloth for gentlemen's suits instead of Pugress for Punjabis. If only an uniform quality could be turned out, big European firms in Calcutta may be induced to place large orders". Through the efforts of the Department of Industries and the local Co-operative Banks, much progress has been achieved in this direction and Bhagalpur Tasar has a wider market now and it is being exported in large quantities to foreign countries also.

The Blackbird's Song.

Last night a Blackbird sang
With a passionate thrill,
In the little weeping Willow Grove
On yonder hill,
So well I marked his tune
I hear him still.

He calls—to me he calls—
With throbbing breast,
They say that you lie dead
But I know best,
Such love as ours, whilst souls are free
Could never rest!

LELAND J. BERRY

Different Stages of the Co-operative Movement and Co-operative Banking.

BY MR. A. SRINIVASACHARIAR,
(Secretary, Srivilliputhur Co-operative Banking Union).

1. The period may be divided into 4 stages (1) from 1904 to 1912, (2) from 1912 to 1918, (3) 1918 to 1926, (4) Present day of the movement.

The interval between 1904 and 1912 was not marked with any appreciable development. Only credit societies were registered and the Department was in sole charge of supervision and finance. There were little or no facilities for societies to obtain loans and the peasants did not resort to societies in large numbers.

2. In order to remedy the defects and give more facilities to agriculturists, the Act II of 1912 was passed, which enabled a large number of Central Banks being formed as near as possible to village societies. The tie between societies and Banks became closer and closer and representation was also given to the former in the directorates of the Banks. The representation was made by a group of societies or unions or supervising unions as they were ordinarily called. The societies formed themselves into an association for supervision. Till about 1918 there was not appreciable share capital available in societies for being invested in Banks and necessarily individuals were approached and they held shares largely in Banks. But in the period between 1912 and 1918, the Central Banks depended upon the Department for the inspection of societies, and merely on their recommendations loans were given to societies. Here and there the Central Banks felt some anxiety to know the conditions of societies and a system of Banking Unions was introduced in which Central Banks were also empowered to organize, supervise and inspect societies affiliated to them.

From 1918 to 1926 the unions were exercising supervision and inspection over societies and the banking union was not permitted to supervise or inspect them but it merely financed them. By 1926, arrears due by societies were growing so high that Bankers sat together in their Conference and decided that inspection of societies by banks was necessary and an administrative section should be formed in each Bank area. It was also then given out by the Registrar that his Inspectors had nothing to do with inspection or supervision but were intended only for audit.

Even after this resolution, the unions and societies resented the interference of the Bank and the Department also agreed with them, with the result that a Provincial Committee of Enquiry was demanded from the Government. The Committee, after reviewing the condition of the movement on written and oral evidence, made definite recommendations in January 1928 on which final orders of the Government are still pending. But various Central Banks and Banking Unions are taking up these recommendations, giving effect to some and adjourning others for further consideration. In the matter of inspection of societies by Central Banks, the Committee has also strongly recommended in favour of the Banks. But still, change of heart between unions and the Bank, and between the Bank and the Department, is highly necessary if any useful purpose should be served.

After all that is said and done, one cannot forget that the condition of village Societies is not all that is desired.

The rural co-operator is still groaning under ignorance and illiteracy, heavy loans, want of lead and guidance, immediate supply of his wants, cash or seed grains and other agricultural necessaries etc. The causes are many and all genuine attempts are being taken to remedy them. But steps taken hitherto have not been successful and on such defects alone our further success depends.

The future progress depends upon the development of *Co-operative Banking.* Eminent co-operators like the Hon'ble Mr. V. Ramadas and Mr. Adinarayana Chettiar are ushering into the movement new phases of co-operative banking, which, if taken advantage of by rural Co-operators, will surely bring them economic prosperity. The novel experiment of the Salem District Bank in introducing the *cheque system* in the issue of loans to societies is indeed a boon to villages which, if properly understood and conducted, will bring in a new era for Co-operative Banking. A Banking Enquiry has also been sanctioned by the Government of India which in consultation with the Hon'ble Mr. Ramadas Pantulu, brings within its fold *Co-operative Banking*, and the co-operators are really proud that a prominent place will be given to Co-operative Banking in the coming enquiry. After all, Banking is not new to India and it is indigenous here, and co-operative banking is going to be the survival of the fittest.

In the general upheaval of the movement and as a result of the agitation carried on, it is hoped (1) that long term credit extending over 20 years will be supplied to villagers by land mortgage banks in each District or Taluk, headed by a Provincial Land Bank; (2) and also that

short term credit for agricultural purposes and for such objects as will enable the ryot to repay from his annual earnings will be answered by the village societies and Central Banks, the duration of loans not extending over 5 or 6 years. The experience of co-operators up to now in these 25 years has been that one institution after another has been organized, started and worked for the purpose of improving the village societies in order to give the ryots economic uplift but, to the utter dismay of many, it has not been achieved. It is generally remarked, and it is but true that the indebtedness of the ryots has not decreased and it is daunting co-operators at every stage. It should not daunt us so; for debt is simply another phase of credit. There is the necessary credit and there is also the necessary capital in the country. The question is simply one of *better methods* and *better organisation.* It is as true to-day as Lord Curzon first stated, "we are like some old-fashioned sailing ship divided by solid wooden bulk-heads into separate compartments. These bulk-heads must be broken. All component parts of Banking must be brought together. Not only this Banking must be linked to currency, but also currency to gold. The pioneers of modern Banking began with currency reform more than 150 years ago. It is true that we profited by their lesson. At present there has been little or no *Co-operative Banking* for the agriculturists. Even Remittance Transfer Receipts between Central Banks in the Province were allowed only after a great fight. And the movement will surely give them all banking facilities under the lead given by the President of the Madras Central Urban Bank, the Hon'ble Mr. V. Ramadas Pantulu and the veteran Co-operator Mr. T. Adinarayana Chettiyar. In the ensuing Banking Enquiry, all co-operative banking institutions should present their case as strongly as possible to secure the full advantage of banking to the rural Co-operators and I am sure there will be no difference of opinion in this matter.

To A Friend

Bright be the road that you are faring,
Light be the load that you are bearing,
Sweet be the home that you are sharing,
That is my hope for you!

Rich be the songs around you flowing,
Pure be each place where you are going,
Long may Gods skies on you be glowing,
That is my prayer for you!

LELAND J. BERRY.

Economically Depressed Classes and their amelioration and Co-operation.*

By Rao Bahadur A. Vedachala Iyer, B.A.

Agricultural industry is a complicated problem when viewed by an economist and by a practical man. It can, to the average people of small holdings, yield profit or income to enable them to live a simple life to keep body and soul together, and to live a fairly contented life, provided pleasure, expenditure and civilised and costly life is tabooed along with the vice of drink, gambling etc. Any indebtedness by one who professes to live by agriculture is the accumulation of various drawbacks in income and increase of expenditure over the actual income, and can only be removed by actual saving in a series of years. Hence the redemption of prior indebtedness has to be attempted in all possible and desirable cases, only after a thorough scurtiny of the receipts and expenditure and the probable savings which a prudent borrower can be expected to save and to accumulate such savings separately. Such borrowers should therefore be men of good character and honest in their dealings; should understand the value of thrift and be self-reliant being wholly dependent on their own labour and capacity to earn; should have absolute faith in his organisation, having felt discontented with his present lot of indebtedness. He must feel inclined to subordinate his individual will to the will and discipline of the organisation in which he is a member. Unless such characteristics are available in each and every member of a co-operative organisation, redemption of prior indebtedness, even by organised effort, will only secure transference of debts from the private money-lender to co-operative organisations. Prior indebtedness, as a charge on lands with the debtor, need not hamper the indebted ryot from pursuing his occupation on improved lines to earn for himself a better living with a better chance of liquidating such debts ultimately by accumulating savings in his organisation. Such a man should join a co-operative society and should use honestly the resources of the society to augment his income, to curtail his expenditure, to procure labour in sufficient and deserved volumes and to accumulate savings so as to become the full owner of his own lands by the removal of previous encumbrances and and even to purchase lands to increase the extent of his holding.

* A copy of the memorandum submitted to the Madras Christian Central Co-operative Bank.

(2) Agriculturists who join a co-operative institution should be made to carry on the agricultural industry with suitable appliances and on up-to-date lines proportionate to their holdings and the society should be able to find suitable resources for such cases. Where a member could not be trusted with the money required in such a process of improved cultivation, the member will carry on his profession as an agent of the society with all debits and credits against him for sums given and received on his holdings and with the society being in charge of the yield with power to make adjustment to its dues, leaving reasonable amount for the member to live and carry on the profession next year. This is practically what the money-lenders do; but they are out for their own profit and do not care about the interest of the borrowers, while the society will guard itself against loss and will also care to advance the interest of each borrower. The co-operative society should carry on the cultivation as if it was its own, with each member as its agent whose self-interest will be operated upon to his best advantage as he is responsible for any loss or gain in the transaction. The society will thus regulate his incomings and out-goings, preserving the safety of the investment of the society in each undertaking. This may be a mild form of slavery, but it is mere discipline leading eventually as a saving factor for each member who undergoes such discipline. The society will maintain labour, inclusive of feeding of labourers and of hiring labour, purchase seeds, pay for ploughing, weeding etc., gather produce and sell it with each member as its agent and allow sufficient scope to maintain each member and his family. It will be an association of agriculturists who agree to carry on the industry in common, but with a separatist interest in regard to each member who will get whatever he has worked for.

(3) The society may lease lands to members after obtaining them from landlords or the members may secure leases from landlords direct with the society as guarantor, provided each member agrees to the following conditions :—

(*a*) Leases should be obtained for a number of years, say five years, wherever practicable; at least for a year.

(*b*) Lease amount should be regulated with reference to the actual average yield, giving a definite proportion of the yield to the landlord.

(*c*) Where, however, the custom of the country is to give a definite sum in grain or money, there should be provision for graduation should there be a failure of crop, entire or partial; such a graduated scale being definitely laid down in the leasedeed.

(*d*) Definite particulars will have to be detailed on the leasedeed as to manure and seeds, and as to the division of produce, grain and straw; provision for baling should also be made where necessary.

(*e*) Absentee landlords or resident landlords may become members and watch the operations conducted through the society and may stand as guarantors for advances made to the cultivator, and may suggest methods of improvement to be conducted by the society and to be reimbursed by the landlord or tenant or by both jointly in fixed proportions.

(*f*) Higher wages for agricultural labour can be secured by better methods of cultivation with heavier crops, remunerating the farmer for his larger outlay. Labour is to the farmer a commodity which must be bought in the cheapest market. But agricultural labour requires continued application of trained hands instead of casual labour recruited from time to time. The labour service in agriculture is not to be measured in terms of a day. He is not an "implement endowed with speech" which can be thrown aside. What labour in agriculture claims is, self-government, equality in the ordering of things and proportionately in the fruits of production. In agricultural industry, co-partnership cannot be attempted on a large scale, because, an owner of land cannot assign to his labourer a share in his capital represented by his estate or his lease. There is, however, ample room for profit-sharing. Co-partnership means making labourers co-operators of the fixed capital employed—a matter perfectly practicable in industrial undertakings, but scarcely so in the possession of land which its owner naturally would desire to keep as his own property. In agriculture the tenants can become co-partners in the annual profits in proportion to their contributions to the output. Profit-sharing does not give the worker a vote in the management of business as in a co-partnership concern where the workers are partners and, as such, have a right to vote in respect of questions of management. But if a profit-sharing employer chooses to allow his workmen a voice with regard to certain matters, he is free to do so, and will advisedly do so. This profit-sharing system does not however lead to progressive and intensive farming. Profit-sharing is the most promising means for the intensification of labour rendered by making it more productive and more valuable, as the worker enlists his intelligence, his judgment and sense of responsibility.

(4) Suitable occupations should be devised by each society to secure labour for each member which will have a commercial value and within the capacity of each member. It is savings out of such income

which should be expected to wipe out old debts. This is an important factor in the amelioration of the labouring classes employed in agriculture and those who are mainly dependent for their livelihood on agricultural income. Gardening of vegetable crops, charka, improvement of land, earthwork in channels etc., and wood-work might advantageously be considered besides any cottage industry feasible. The labourers can also be given cows and buffaloes, which can be handled satisfactorily by women and the maintenance and proceeds of which will add to the domestic income. Those who are interested in the working of any society should hit upon various devices to augment the income of the agriculturist and to enhance his savings. Total prohibition of intoxicating liquor or drugs should be secured by absolute withdrawal of help from the defaulters in this respect.

Village industries must be such as are likely to serve as financial props to the agricultural small holding and labour, securing to the small agricultural worker occupation in off-time, as shorteners of weary hours and additional fillers of his pocket. People born to a particular work will acquire such a proficiency in it that, in rapidity and accuracy, they can compete with any machine. This is clearly the case in regard to hand-spinning and handloom weaving. When cloths manufactured by hand are for use and not for profits, difficulties about sale do not arise in regard to the clothing operation of agricultural labour.

(5) The society should assemble its general body once a fortnight or at least once a month, when the members should be placed in the knowledge of what has taken place in the previous period so as to be of educative value. The panchayat should meet once a week and do its work. Publicity of transactions should be aimed at to the utmost limit possible.

(6) Long term loans returnable in 6 years (the period now fixed by banks but which might be raised to 10 as was done formerly) have to be given when expenditure is incurred in the shape of draught bullocks plough bullocks, purchase of valued agricultural instruments, or in building houses or cattle sheds. This should be given only to persons having adequate repaying and saving capacity and the properties purchased should be treated as alien in favour of the society till the debt is extinguished.

(7) The society may be organised on unlimited liability basis with a nominal share capital, where the net assets of all the members are eight times the loan amount required as the maximum borrowing

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power of the society. It should be on unlimited liability with paid up share capital with credit power up to 5 to 10 times the amount of such paid up capital and such share capital may be paid down at once or recovered in easy instalments in 3 to 5 years.

(8) Clerical staff or group supervisory staff must be available to run the affairs expeditiously and with care and on adequate payment. Such a staff will also deal with purchase of requirements of members and sale of produce for the society.

(9) The Central Bank should be in a position to finance liberally upto 10 times the paid up share capital and to render such finance fluid, suited to the agricultural industry, throughout the year.

(10) The above will be applicable to the amelioration of the panchamas and the depressed classes as well as the economically depressed class people of whatever community to which they may belong, who serve as labouring people in the agricultural industry.

Wai'in' For You.

Dearest I am waitin'
Just for you, My Own,
Pinin' Dear, an' hatin'
To be here alone.

Prayin' God will hear me
An' my tender vow,
Wishin' you were near me
Comfortin' me now.

Dearest, I am mopin'
Dreamin' just of you,
Thinkin' you are hopin'
Just to see me too.

Wonderin' if I'll ever say,
Wantin' you to know,
That I'm prayin' all the day
'Cause I love you so!

LELAND J. BERRY.

Manurial and Varietal Experiments.*

BY MR. R. SUBBARAMA IYER,
(President, Co-operative Union, Thedavur, Salem Dt.)

At the instance of our Registrar of Co-operative Societies, the union sought the advice of the Agricultural Demonstrator of this area. He attended our general body meeting held on 26-6-27 and explained to the members present the benefits of improved paddy seeds and fertilizers. As requested by the general body, I placed at the disposal of the Demonstrator 88 cents of my wet land for conducting manurial experiments and paddy varietal demonstrations with a view to compare the results with those obtained locally by ryots who follow traditional methods. Co. 1. paddy was selected and was supplied by the department.

From the results obtained as in the following statement, it will be seen that Co. 1. paddy seed of the agricultural department has given an increased yield of (1504—1418) 86 Madras measures per acre more than the local *Samba*. In the case of manurial experiment, the plot that received ammonium sulphate and surper-phosphate in conjunction with green leaf has given an increased yield of (1818—1504) 314 Madras measures more than that of the plot which received green leaf alone with Co. 1. paddy. With superphosphate in conjunction with green leaf, Co. 1. paddy has given an increased yield of (1636—1504) 132 Madras measures.

In addition to the increased yield, Co. 1. paddy matures a fortnight earlier than the local *Sadai Samba*, thus reducing one or two irrigation operations.

Finding the better results obtained, series of manurial experiments with ammonium sulphate, superphosphate and bonemeal have been started this year in my lands and the results of the harvest will be communicated after the harvest is over.

In these taluks, the cost of forest leaves required to apply to an acre of paddy ranges from about Rs. 40 to Rs. 50. The high cost of green leaves is due to the seigniorage rate of Rs. 2 per cartload of forest leaves which means one has to pay nearly Rs. 10 per acre. About 10 years back, the above rate was only annas 5 per cartload. At that time labour was cheap and plenty. This helped the ryots to apply more of green leaves with the result they obtained good yields at a little cost. Consequently the indebtedness of the ryots was not so great as we now find it.

In view of the fact that the present standard of living of the ryots and the cost of labour have increased, coupled with the seigniorage rate of green leaves, they are unable to apply sufficient quantity of green leaves in order to get a good harvest.

In order to alleviate at least to some extent the miserable lot of the agriculturist, Government may be requested to reduce the seigniorage rate to as. 5 per cartload. Arrangements may also be made to have fertilizers' depots in as many places as possible to enable the ryots to get these fertilizers easily as and when they require them.

* Results of experiments conducted at Anayambatti, a village in the union area.

No.	Variety of Paddy.	Nature of Demonstration.	Area A. C.	Cost of cultivation per acre in Rs.	Age of Crop.	Yeild per plot Madras Measure.	Yeild per Acre.	Value of Produce Paddy 8 M. M. per Re. and Straw 12 Rs. per acre.	Profit per Acre by Demonstration.	Remarks.
1	2	3	4	5	6	7	8	9	10	11
1	(*a*) Coimbatore No. 1 *i. e.* Co. 1	Green leaf alone.	0—22	60 0 0	137 days.	351 M.M.	1504 M.M.	200 0 0	11 0 0	Co. 1. matures earlier by a fortnight.
	versus (*b*) Local Sadai Samba.	Do. ...	0—22	60 0 0	150 days.	312 M.M.	1418 M.M.	189 4 0		
2	(*a*) Coimbatore No. 1 Paddy.	Green leaf and $1\frac{1}{2}$ cwt. of Ammonium Sulphate + $1\frac{1}{2}$ cwt. of Superphosphate per acre.	0—22	85 0 0	137 days.	400 M.M.	1818 M.M.	241 4 0	16 4 0	This excludes 25 Rs. cost of $1\frac{1}{2}$ cwt. Superphosphate and $1\frac{1}{2}$ cwt. of Ammonium Sulphate.
	(*b*) Co. 1 as No. 1.	Green leaf alone.	0—22	60 0 0	137 days.	351 M.M.	1504 M.M.	200 0 0		
3	(*a*) Co. 1.	Green leaf + $1\frac{1}{2}$ cwt. of Superphosphate.	0—22	67 8 0	137 days.	360 M.M.	1636 M.M.	216 8 0	9 0 0	This excludes Rs. 7-8 cost of $1\frac{1}{2}$ cwt. of Superphosphate.
	versus (*b*) Co. 1 as No. 1	Green leaf alone.	0—22	60 0 0	137 days.	351 M.M.	1504 M.M.	200 0 0		

A Scheme of Rural Education and Reconstruction.

BY THE PLOUGH.

The villagers are mostly farmers of insufficient means. Before starting any work to improve the lot of the farmer, one has to study the essential points of his psychology. Everyone will admit that any scheme of work meant to improve the farmer must remain attractive to him. It must be attractive almost at the very outset. It is also true that nothing except an immediate money profit will serve to be the most attractive feature of any scheme. He is not sufficiently patient to wait long to obtain it; nor is he always cultured enough to study a situation so thoroughly as to satisfy himself that he has to hold on, spending something upon it, so as to reap increased profits later. He is not also prepared to leave his village for even a couple of days to study profitable ways from elsewhere and to adopt them. He is almost always working under the firm belief that his ways are the best and people coming from elsewhere can therefore render him little help in his own line of work, except when the new-comer is prepared to give him a loan to finance his own cultivation in his own ways. He is also of very strong opinion that any change in his farming methods will bring him loss. He is fatalistic enough to believe that any loss sustained in his usual business is almost always due to bad season. He is seldom able to assimilate theories and even facts lectured to him or published in leaflets. Therefore the scheme of work with him must necessarily be one in the field in his own village bringing him increased profits in his own rupees, annas and pies. Any profits made in a Government Farm run at Government expense or in a farm of a rich land-owner do seldom serve to appeal to his senses as realities.

With these points in view and a guarantee of funds for what may appear to him a risk even in fair seasons, it is possible to start work with one or more of farmers in any locality. When increased profits are proved to him in his own lands under his own control by following the advice of an agricultural expert, many a farmer is made a faithful adherent and admirer of the agriculturist whom he begins to follow as a useful guide in all his affairs.

Therefore the question resolves into one of evolving a scheme of work in the field in collaboration with a typical average farmer of popularity in a village. The first consideration for such a scheme is to find out the essential factors which increase the profits of a farm.

To be brief, I shall put them as:—(1) Efficient and complete use of labour, (2) selection of profitable crops and live-stock, (3) proper use of cropping practices and proper care of live-stock, (4) knowledge of the cost of production and selling prices showing a margin of profit always, (5) turning all the by-products into money and (6) preventing all lines of waste of time, labour, capital and land.

With these profit factors in view, the Agriculturist has to consider which of them can be adopted in the particular case he has to deal with. The individual farmer with whom the agriculturist collaborates and the piece of land in which he undertakes to prove the efficacy of the improved methods to bring in better profits, must be both selected in a suitable locality with great care. A farmer so selected must adopt all improvements suggested by the agriculturist who guarantees to compensate him for any loss. The agriculturist must also dictate improvements gradually so that a thorough reorganisation of labour and cropping arrangement of the farmer has not to be at once effected. Probably the farmer will have to be financed for all the additional expenditure, if any, involved on account of the new method followed. Some common good funds of a co-operative society or the State will have to finance these things to commence with and the agricultural expert will have to supervise the progress of work in every detail. He must be sure to bring about a higher net profit. Any extra expenditure must be deducted from the profits and the net amount should go to the farmer who must have made use of his labour and cattle on this land as on his other areas under cultivation.

If one or two farmers have been for one year made to carry on the work with annual crops meant to produce quick results under strict supervision of the agricultural expert, the profits they would make will certainly be the subject of frequent talk among the villagers. As a consequence, more farmers are sure to come forward and volunteer to adopt such new ideas in their farming without any guarantee of funds to compensate losses. Thus, before long, an association of farmers adopting new methods can be formed under the guidance of the expert.

Once it becomes possible to form an association of this type for which the necessity arose from within the village, it happens to be a strong centre of work because the membership thereof could be claimed by people who secured faith in the practical aspect of improvements and they will always remain more agreeable to adopt new ideas. Thus an organisation of the type can be made to serve more purposes than the one originally outlined. Therefore it becomes in reality a co-operative society of farmers run under the guidance of the agricultural

expert. Thus it can, with little of conflicting interests, work as an unlimited liability society to finance the members for their farming and other requirements. It can serve as the most effective centre to impart useful knowledge about anything the villagers require. This should be the end and aim of all rural educational institutions. Thus a strong desire to read and understand things will gradually and automatically be created in the mind of the villager and he will be glad to attend nightschools himself and to send his children to dayschools. Village reading rooms and libraries will soon rise up as side activities of such farmers, associations. Their outlook will be widened as they begin to communicate with one another and a central association which they will find it necessary to form sooner than one can imagine. Therefore, through the intervention of the agricultural expert who becomes the central figure of any such association, all items of work like adult education, rural education, village sanitation, veterinary and health works, etc. can be introduced into a village with greater ease. At present many of the new ideas become as it were an infliction upon the villager who, generally, is at a loss to see how they are so essential to his well-being.

In America also such organisations were started by the agricultural extension service with success. The work of the independent departments of co operation, education, veterinary, etc. was combined with this agricultural extension service work to be the sole agency to deal with the rural problems. To quote the words of Mr. Howard, President of the Agricultural Section of the Science Congress this year, "If the cultivator is to be made a willing partner in the new scheme, he will have to be handled from the outset by men who are in sympathy with him, who understand his point of view, who speak his language, who were his dress and who can live in his village." The present agricultural expert (the Agricultural Demonstrator) is therefore the one man who fits in properly as the rural worker to start such associations and work such schemes. He can later on train up village schoolmasters and educate energetic members of the associations to carry on the increasing work of each association serving it as its Secretary. If the worker happens to be a village school-master, he is sure to give a good rural development bias to the system of education to the young. The agricultural expert can himself assist such work in a few suitable village schools. The workers might be given a small honorarium from State aid to commence with, and later from the funds of the association.

Co-operation in Bengal—(*Continued.*)

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

(*Convener, Non-Credit Committee, P.C.U. Madras*).

Co-operators everywhere are turning their serious attention to programmes of Rural Reconstruction. The Madras Provincial Co-operative Union formed a separate committee for Rural Reconstruction work. It approved sometime back the Hon'ble Mr. V. Ramadas' scheme of starting six experimental centres at the most suitable places and work was also begun in right earnest. As a member privileged to serve on the committee, I was naturally anxious to know what co-operators in Bengal were doing for village uplift. And I was agreeably surprised to know that Bengal co-operators had stolen a march over Madras co-operators in this matter.

Malaria is a scourge of Bengal. Every year, several lakhs of people die of this dreadful but still preventable disease. It is calculated that in every 1½ minutes, one person succumbs to this disease in Bengal. Being a deltaic province, the low-lying plains of Bengal are very often interlocked with water, and filled with many swamps and marshy places. The high railway embankments and the lack of proper drainages have made things worse. Mosquitoes find a favourable home there and they cause malaria and kala-azar. At one time, the Panama canal zone was infested with severe malaria, but thanks to the systematic efforts of the United States, the whole area is now completely free from the disease. But unfortunately in Bengal, neither the Government nor the people have made any organised attempt to conquer this disease. It is popularly but erroneously supposed that, while villages are healthy, towns are unhealthy. But if we care to examine the true position, we find that the reverse is the case in India. for nowhere else are all principles of sanitation and hygiene violated than in Indian villages and nowhere else is efficient medical relief so difficult to get as in Indian villages.

Co-operators in Bengal rose to the situation and wanted to combat the evils of preventable diseases in rural parts of Bengal. The result is the foundation of Anti-Malarial Societies on a co-operative basis. There are now about 500 societies in the villages of Bengal and a Central Society at Calcutta. The humble origin from which this type of societies for village life developed is really interesting and very remarkable.

The idea had not come from the top or from a big man. It was at first conceived by Mr. G. C. Chatterjee, a medical practitioner in Calcutta, and was given a co-operative basis by a co-operative inspector, Mr. B. K. Bose (Mr. Bose, I understand, is now the Superintendent of Milk Supply Societies, Calcutta). The first society was started at Panihati, nine miles away from Calcutta, and was registered by Mr. Don[illegible], the then Registrar of Co-operative Societies, in the year 1914. The reason why Panihati, had the fortune of having the first society is that Dr. Chatterjee belonged to that village and he, finding the havoc that malaria wrought on that single village in the year 1913 by taking a heavy toll of 450 lives, determined to start it there first. For the initial working he munificently donated Rs. 2,000 which formed the nucleus.

ANTI-MALARIAL SOCIETY.

Panihati has a model society. All visitors to Calcutta who desire to know something about the Anti-malarial societies are generally taken there to have a first hand knowledge of the working of a model Anti-Malarial Society. I was taken there. But before I give an account of the working of Panihati society, I wish to place before the readers some of the important model by-laws of an anti-malarial society, which give us an idea of the scope and utility of these organisations. (The Registrar of Co-operative Societies, Bengal, has been pleased to forward to me copies of the model by-laws of several types of societies in Bengal and any reader who is desirous to see the model by-laws may write to me).

By-law 3 describes the object of a society as follows:

The object of the society is by the encouragement of thrift, self-help and co-operation among the members to create funds for the following purposes:

1. to prevent malaria in the area of operations of the society,

2. to take measures for the prevention of other epidemic diseases within the said area,

3. to promote the health of the people living within the said area,

4. to make arrangements for proper medical aid to the members of the society and for the supply of medicines to the members of the society as well as to others who may require them.

Thus the scope of the work of an Anti-Malarial Society is very wide. It is not only to combat malaria as the name of the society itself indicates but also to prevent other epidemic diseases like cholera and promote the health of the people living within the area of operations of the society.

What about the funds of the society? Model by-law 4 says that the funds of the society shall consist of:

1. Share capital
2. Subscriptions
3. Donations from any person, Government or local body
4. When necsssary, loans.

The loans may be raised by way of deposits or otherwise, provided that the total amount of borrowing shall not exceed five times the value of the subscribed share capital.

With regard to profits, the model bye-law 4 says that the profits of the society shall consist of the income accruing to it from the investment of its capital. The distribution of profit is arranged as follows under by-law 4:—

"At the close of each working year of the society, 25 per cent of the net profits, if any, shall be carried to the Reserve Fund in accordance with the Co-operative Societies Act and the balance may be distributed as follows:

1. A dividend on the shares may be paid a rate which shall not exceed 6 per cent on the amount paid.

2. A rebate may be paid to members on the purchases made by them from the Society's Dispensary.

3. The balance, if any, may be carried to the next year's account, or may be employed in such manner as may be determined by the General Meeting, but subject always to the provisions of the Co-operative Societies Act.

THE CENTRAL CO-OPERATIVE ANTI-MALARIA SOCIETY.

Bengal is always forward in organising Central Depots and Wholesale Societies. To organise, supervise and co-ordinate the activities of anti-malarial societies, a Central Co-operative Anti-Malarial Society is formed, with its headquarters at Calcutta. The area of operation of this society extends to the presidency of Bengal and such other places in the province of Bihar and Orissa as the Board of Directors may from time to time decide. The objects for which the Society is

established and the purposes for which the funds may be applied are described in bye-law 4 as follows:—

(a) To take preventive measures against Malaria, Kala-azar Cholera, Smallpox etc., and to make sanitary improvements.

(b) To organise or help in the organisation of Co-operative Anti-Malarial Societies, and Public Health and unions of such societies.

(c) To finance, when necessary, Co-operative Anti-Malarial Societies, Unions and branch central societies.

(d) To carry on propaganda work in furtherance of the objects of the society.

(e) To purchase at wholesale rates commodities as may be required by its members and to retail them to affiliated societies.

(f) To provide for a regular and efficient system of supervision over the affiliated societies.

(g) And generally to act as agents and advisers of affiliated societies and to further their interests in every way.

(h) To organise branches of this Central Society in suitable centres such as district or sub-divisional headquarters in furtherance of the objects of this society.

With regard to membership, bye-law 8 says that the membership of the society shall be open to:

(a) anti-malarial societies and unions registered under Act II of 1912, whose constitution, aims and objects are in accordance with the principles of the society.

(b) persons residing or holding immovable property in the presidency of Bengal, and in such other places in the Province of Bihar and Orissa to which the operations of the society may have been extended.

In respect of funds, byelaw 32 says that the funds of the society shall consist of:—

(a) interest on donation and shares;

(b) subscriptions and occasional contributions from individual members;

(c) contributions from affiliated societies;

(d) contribution and grant from Government or Local Bodies;

(e) deposits and

(f) grants received for special purposes.

The funds shall be utilised as follows :—

(1) to meet travelling expenses for the organisation of rural anti-malarial societies and for propaganda work;

(2) to lend money at a reasonable rate of interest to affiliatep societies of at least one year's standing for carrying on anti-malarial campaign, the borrowing societies being liable to make payments by monthly instalments or otherwise as may be determined by the Board of Directors;

(3) to make contributions or grants to such affiliated societies;

(4) to make occasional contributions in money or in kind or in service to unregistered anti-malaria societies during their probationary period, such period in no case to exceed 6 months from the date of their organisation.

The privileges and duties of membership have been described in bye-laws 37 and 38 as follows :—

37. (*a*) Individuals :—

1. They shall get all publications of the Society free of cost.

2. They shall be entitled to vote at all general meetings, each member having *one* vote irrespective of the number of shares held by him.

(*b*) Affiliated societies :—

(1) An affiliated society shall be entitled to the assistance of the Society in protecting its interests and to the benefit of all arrangements made by the society for the general benefit of affiliated societies.

(2) To receive expert advice from the workers and the Committee of the Society regarding all questions of business and administration.

(3) To inspection of its books and affairs generally by officers of the society.

(4) To receive advances or loans or cash credits for anti-malarial purposes subject to the condition that the total liability of any rural society to the central society shall not exceed ten times the actual paid up value of shares in the central society by such affiliated soicety.

(5) To purchase at a reasonable rate such commodities as are generally required by them.

(6) To be eligible for dividend on shares up to the rate of 6 per cent per annum.

(7) To get all publications of the society free of cost.

38. It shall be the duty of the members :—

(*a*) Of affiliated societies :—

(1) To observe the rules of the society and the decisions of the General Meeting.

(2) Not to act contrary to the interests of the society or other affiliated societies or of the movement generally.

(3) To act according to the instructions and expert advice of the honorary workers of the society.

(4) To submit their books and affairs to inspection by officers of the society in accordance with such regulations as may from time to time be adopted by the General Meeting of the Society or by the staff of the Registrar of Co-operative Societies, Bengal.

(5) To furnish returns, statements or any other report required by the society or by the Registrar.

(6) To pay its contribution to the society regularly and punctually.

(7) To join in any Union that may be formed for their benefit.

(*b*) Individuals :—

(1) To strictly conform to the rules of the society.

(2) To pay their subscriptions punctually and regularly.

(3) To work as honorary workers if leisure permits.

Thus we see that the place of individual members on the Central Organisation is entirely one for service and not for dictation.

(To be continued).

Recent Utterances.

THE SECOND DADAR CO-OPERATIVE CONFERENCE.

23rd and 24th February 1929.

WELCOME ADDRESS.

BY

MR. S. K. BOLE, M. L. C., J. P.,

Ladies and Gentlemen! To-day the whole of India of which we form a part is bemoaning the loss of a few national leaders like Lala Rajpat Rai and I am sure that every Co-operator and social worker present here to-day might also be feeling the absence of the familiar figure of Mr. C. S. Deole, B. A., of the Servants of India Society, whose long association with and active participation in the furtherance of the Co-operative Movement in the Bombay City has won for him a place in the heart of every co-operator. The first public meeting held for the purpose of discussing the desirability and advisability of starting a Branch of the Bombay Co-operative Institute (now the Bombay Provincial Co-operative Institute) at Dadar was presided over by him and hence it was he who laid the foundation stone of the Dadar Co-operative Institute. Not only this. He succeeded Prof. H. L. Kaji, M.A., B.Sc., F.S.S., I.E.S., J.P., as the President of the Bombay Co-operative Institute and has done invaluable services to us. He was an unostentatious and sincere worker both in the Co-operative and social fields. Though he is dead, his name will ever be a source of inspiration to all the workers of the Co-operative Movement in general and of this Institute in particular. Besides these, some of you present here, especially those who are residents of Dadar, cannot but be touched by the absence of another dominant personality in Mr. Kassinat Devji Dhuru, J.P. He was an embodiment of sweetness and charity. Though he was not an active worker of the Co-operative Movement, yet he was second to none in his sympathy for the movement. He was a member of the Institute ever since its inception, and he was found to be the first to respond when we approached him for some help or charity. His loss is not a small loss to this Institute, since we have lost the best patron.—LET THEIR SOULS REST IN PEACE!

As I have stated above and as all of you know, this Conference is held under the auspices of the Dadar Co-operative Institute. It was started in March 1925, and at that time, it was assigned to control only

the G. Ward of the Bombay City. Recently the Parel Co-operative Institute, which controlled the whole of F. Ward was abolished and the territory was added to us. Therefore, at present this institute controls the whole of F. & G. Wards, i.e. practically the whole of Bombay City North. The residents of and all the Societies located in these two wards are taking part in this Conference, and therefore strictly speaking this Conference is to be called "The First Bombay North District Co-operative Conference". We would have gladly done so, had it not been due to the fact that the official confirmation of the abolition of Parel Branch and amalgamation of the territory to us was received too late.

The Co-operative Movement is an economic movement and its scope for expansion is entirely dependent upon the economic condition of the people. The population figures of F. & G. Wards, according to the Census of 1921, were 1,45,285 and 1,57,920 respectively i. e. 3,13,205 in all. Since then this part of the City has been appreciably developed and civic amenities and traffic facilities have been greatly improved and consequently there has been steady increase in the population. To me it seems that the increase must be double.

The population of these two wards mostly consists of labourers, clerks and typists employed in the various Commercial Firms and Government Offices in the Fort. Therefore, it goes without saying that the Co-operative Movement with its inherent potentialities and wide possibilities can play a conspicious part in the betterment of the economic conditions of the people. It is perhaps the field for a movement of this kind. The virtue of diverse appplication in various directions gives this movement an unlimited scope, even beyond comprehension. The daily increase in the cost of living and steady decrease in the income and resources of the people, which are transparently visible to any naked eye, worsened by the rapid increase in the strength of the unemployed, make the movement all the more a crying need of the day.

There are altogether 115 Societies in these two wards of which 58 are Mill Societies, 7 Consumers' Societies, 4 Producers' Societies, one Educational Society and 30 Credit and other Societies. The number may not appear to be small but according to the audit classification of the Co-operative Department there are only 11 A Class Societies and of the rest 99 are B, 23 are C and 14 are D. These classifications will undoubtedly give you an idea of the condition and working of these Societies. Secondly, some of the most successful working Societies are communal societies and hence their usefulness is narrow and limited.

The last long and protracted strike and the stagnation in the labour circles at present prevailing have effected the working of the Mill Societies not a little and their fate is at present hanging in the balance. The prolongation of the present state of affairs will undoubtedly be a pulverising blow to the movement among the labourers. Therefore I appeal to the Government of Bombay, the Millowners and the labour leaders in the present labour strike to realise the gravity of the situation and immediately arrive at an amicable solution of the labour problems to ensure peace and amity among the working classes.

You will also observe from the above figures that there are only seven Consumers' Societies and most of them are communal societies. Some of them are most successfully working, especially the B. B. & C. I. Ry. Employees' Co-operative Supply Society and the South Indian Co-operative Consumers' Society. The Producers' Societies are nos effectively working and they have yet to justify their existence. The Bombay Co-operative Printing Press, the only Society of its kind, it struggling for existence and deserves immediate help at the hands of Societies and capitalists. The C. K. P. Co-operative Credit Bank is a most successfully working institution and it is the only Co-operative Bank in this side of the Bombay City, but it is a Communal Bank. The Dadar Co-operative Credit Society is shortly to become a Peoples' Bank and it is hoped that the public will help it in its onward march. The Co-operative Banking Union at Parel also deserves the support and sympathy of the public and the Societies. There are two communal housing societies operating in our area with their Head Office in the Fort.

From the above facts, you will understand that most of the successful institutions are communal ones and are therefore not useful to the public at large. Though there are 68 Mill Societies, yet there are many Mills, Factories, Tanneries and other big Industrial Institutions within the four walls of which Co-operation has not yet sought its entrance. The problem of getting good milk in spite of paying exorbitant price has so far baffled solution and a Milk Supply Society is really a crying need The people of this locality are not in very affluent circumstances and the usurious money lenders such as Pathans and Marwadis are sucking the blood of the poor who are already treading the margin of subsistence. Moreover in many cases the people are not able to set aside something to lay their hands on in time of need or in old age. Therefore Co-operative Credit, Thrift and Insurance Societies have an unlimited field and will be a boon to the poor people. Encouragement of domestic industries on co-operative lines is highly necessary with a view to enable the middle class and poor people to add something more to

the slender resources of their families which will give them some relief to the economic strain. The doctor's bill is not a negligible item in a family budget and co-operative dispensaries will undoubtedly go a great way in relieving the people of this unbearable burden. Everyone will admit that the prohibitive prices charged by the grocers, adulterated articles of consumption supplied by them and the methods adopted by them to tie the hands of their customers are sufficient reasons why we should have a number of Co-operative Stores in our area. Last but not the least important is the absence of Co-operative activities among the fair sex for the application of the Movement in all its aspects to the best advantage.

Therefore when the nature and condition of the existing Societies are compared with the needs of the people, as I have tried to enumerate above, which I do not claim to be exhaustive, I hope you will agree with me when I say that the Movement has not yet touched the very fringe of the enormous possibilities that lie before it. Many more societies of different kinds and of non-communal character are really required to cope up with the demand. Therefore what is required is sufficient capital and sincere and honest workers, and hence I appeal to the moneyed people to empty their purse for the good of their less fortunate countrymen and to the young and educated men to come forward and render their honorary services for the common good of their fellow human beings. The question of political views or such considerations should not stand in the way of trying to reap the full fruits of the movement. I cannot conceive of any movement or at least as good a movement as the Co-operative Movement in India which aims at the economic regeneration of the people. Yet it stands neglected at the hands of big leaders who profess to possess the interest of their countrymen. The best service any patriot can render to his countrymen is to work for their economic salvation, because poverty is at the root of all evils in the country, and unless poverty is completely eradicated, all talk of Swaraj or independence is a mockery and a bluff.

The idea of holding a Conference of the kind is not actuated by a desire of imitation, neither it is the first one of its kind. The First Dadar Co-operative Conference was held in 1926 under the distinguished presidentship of the Hon'ble Mr. B. V. Jadhav, the Minister for Co-operation, which was really a good success. Though the aims and objects of that Conference have not yet been fully materialised and all the resolutions passed by it not yet carried out, yet it was considered necessary to hold this conference to enlist public sympathy and co-operation and to bring home to all the necessity and advisability of successfully working this Movement, and if we have done this at least to some extent, we shall feel happy and contented.

The Dadar Co-operative Institute, though started some four years back, to speak frankly and honestly, cannot claim to have done any appreciable work but I assure you that it shall be the sincere desire, aim and endeavour to make up for the past by brisk work in the future. We beg of you to accept this Conference as an indication of our earnestness, but in all our attempts to justify the existence of the institute, we count upon your support, the support from the Provincial Institute and the Co-operative Department. From you we expect active sympathy, sound and contructive advice, and hearty co-operation; from the Provincial Institute we would ask for more funds sufficient to employ a full time propaganda officer and a small Office, and from the Co-operative Department we expect better co-ordination of activities by inducing the Societies to approach the Institute whenever they are in difficulties.

Before I conclude, I beg to congratulate this Conference on its good fortune in having been able to secure the Hon'ble Mr. Ramadas Pantulu to preside on this occasion. He is a member of the Council of State and a veteran Co-operator of an all-India fame. Being a man who looks at all questions from a board national point of view, he will surely prove particularly helpful to us in guiding the deliberations of this conference and the future activities of the institute.*

* His Presidential Address has been published in March issue.

7TH COORG PROVINCIAL CO-OPERATIVE CONFERENCE

WELCOME ADDRESS

BY

MR. A. B. CHENGAPPA

1. It would not be out of place if we say that the Co-operative movement is not new to Coorg. The fundamental principles of Co-operation existed and still exist in many of the Coorg families, though in an unorganised way. I may be permitted to say that we are this day celebrating the silver jubilee of the organised Co-operative movement in Coorg. Most of you are well aware of the red letter day in the annals of the Indian Legislation when the Co-operative Societies Act was promulgated in India in the memorable year of 1904. The fundamental principles on which the Co-operative Societies Act was based were the promotion of thrift and self-help among agriculturists, artisans and persons of limited means. To disseminate these principles and also to alleviate the indebtedness of the agriculturists, who form the majority of the population of Coorg, a few societies were started in the early part of the year 1905 by the exertions of the then Registrar of Co-operative Societies, Mr. Gustav Haller.

2. In that year a beginning was made by registering six credit societies in the different taluks. With a gradual progress the number of societies rose to 22 in the year 1916. As per recommendations of the Maclagan Committee on Co-operation in India the unwieldy Nad societies were split up on the principle of "one village, one society." Since then the progress has been appreciable and to-day we have 245 societies with a working capital of 6½ lacs of Rupees and 12,000 members.

3. Since the Registrar of Co-operative Societies of Coorg is placing before you presently a detailed report on the working of the Co-operative societies of Coorg, we refrain from going into details. However, a few remarks will not be out of place. Of the 245 societies already mentioned, 152 are credit societies, 60 grain banks, 12 non-agricultural credit societies, 5 lanthana eradication societies, 12 local supervising unions, 2 purchase and sale societies, one weavers' society and one Central Bank. The fact that there are societies for public servants, Police Officers, Panchamas and individual families, mostly of Coorgs, shows that the principles of Co-operation have been imbibed by

all classes of people. It is very encouraging to note that four societies have been started for the Panchamas. On the whole we are glad to state that the working of the Co-operative Societies in Coorg has been very satisfactory.

4. The societies with a working capital of 6½ lacs of rupees have undoubtedly relieved the people from the clutches of the usurious money lenders to a very great extent. The movement has been greatly helped by the inception of a Co-operative Central Bank in the year 1921 which was mainly intended to finance the primary societies. It has now been helping the societies to an extent of a lac and sixty thousand rupees. The usefulness of the bank can be increased if the management could see its way to reduce the rate of interest as the current rate of interest has put the primary societies into great difficulty by compelling them to demand a higher rate of interest.

5. Though the census report of the 1921 states that the percentage of literate persons in Coorg is much higher than in many other parts of India, still illiteracy prevails to a larger extent in the villages which is undoubtedly a barrier to the spread of the movement. The defect can only be removed by effective propaganda carried on by the Government staff as well as by non-official agency. It is to be much regretted that sufficient number of non-officials are not forthcoming to further the cause of Co-operation. The staff provided by the Government is very inadequate, there being only two Inspectors. In the interest of the movement it is earnestly expected that the Government would be pleased to increase the inspecting staff at an early date.

6. At present the societies have been able to advance only short term loans and as such they have not been of much use to the agriculturists. In order to relieve this disadvantage, Land Mortgage Banks have to be started. This question which has been commended by the Royal Commission on Agriculture is now engaging the attention of the Government of India and we earnestly hope that our Government will also see its way to take such steps as may be necessary to establish such banks in Coorg as early as possible. In the agenda of the conference, we have a number of interesting subjects to be discussed under the able guidance of our President, which we hope to place before the Government for its sympathetic consideration.

7. We may again emphasise that this conference has been a land-mark in the history of the Co-operative movement in Coorg for securing the services of the Administrative head of our province and also a president-elect who is well versed in the principles of co-operation.

PRESIDENTIAL ADDRESS

BY

K. H. RAMAYYA, Esq., B.A., BAR-AT-LAW,
Registrar of Co-operative Societies, Mysore.

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Most of you, I dare say, are closely and intimately connected with co-operative activities of one kind or other and there is no need therefore, at this, your 7th Session, to dilate upon the aims and objects of Co-operation in general and on the need for the application of co-operative principles in all the walks of life. I shall make a few passing observations on the progress achieved so far in your Province and the possibilities for future development.

The Co-operative Act was introduced in Coorg in 1904, and 1929 is, so to say, the Silver Jubilee year of the Movement and from small beginnings you have to-day reached a fairly satisfactory position. The number of societies on 30-6-28 was 218, their membership 12,000, and paid up share capital Rs. 2,50,033 and the total working capital brought within the movement was Rs. 6,19,548. The reserve fund built up was Rs. 1,84,308 which forms 29.7 per cent of the working capital. Let me just compare your position with that of my Province. On the same date, Mysore had 1,866 societies, their membership was 1,07,223, paid up share capital was Rs. 39,35,712 and total working capital amounted to Rs. 1,31,03,222, the reserve fund being Rs. 19,10,679. The area of Mysore is 29,444 square miles (i.e., nearly 19 times that of Coorg) while the population is estimated at 60 lakhs as compared with 1·65 lakhs of Coorg. In physical environments also, Coorg and the Western parts of Mysore are similar. The crops grown are chiefly paddy and ragi as in Mysore, while coffee and cardamom also form some part. The above comparison clearly indicates that the Co-operative Movement in Coorg is very much in advance of Mysore. Nearly 1/14 of the population on an average has come within the co-operative fold in Coorg while it has reached only 1/35th of the population in Mysore. In this respect, you have to be congratulated on the success so far achieved.

But let me look at the above figures from another point of view. The average working capital works to Rs. 2,842 per society in Coorg whereas it is Rs. 7,014 in Mysore. Per head of membership the average is 52 rupees in Coorg as against 122 rupees in Mysore. As the main object of the co-operative credit movement is to finance agriculture and agricultural operations, properly and adequately and at the right moment, I need hardly impress upon the necessity for increasing the working capital of your societies.

Closely connected with the question of increasing the working capital is that relating to the attraction of deposits. One of the main objects of a Co-operative Society is the encouragement of thrift and providence among the members. The outstanding feature of the Co-operative Movement in the Western countries is the attention paid to the thrift side. Co-operative Societies, particularly in Germany, first attained distinction as thrift institutions, and various devices have been adopted for this work. Home savings boxes are given free to members and also to school children and some societies employ collectors who visit houses for the sale of savings cards of various denominations. Japan has adopted various devices for developing thrift. A few are indicated below :—

(1) Special provisions for encouraging savings are drawn up and members who show specially good results in savings are allowed a higher rate of interest or are presented with money rewards or gifts by the society.

(2) All dividends are converted into deposits.

(3) Lectures on thrift are often arranged by the societies, and special thrift songs are arranged to be sung by members.

(4) When a child is born to a member, he is presented with a pass book with a certain sum of money (the amount being usually very small) entered to his credit and he is encouraged to add to this initial deposit.

(5) The society issues Home Savings Boxes to the members for putting small savings to it and also savings coupons among the members.

I need hardly speak at length on the advantages of the rural Co-operative society as a thrift Institution in a country like ours where a popular system of savings bank is lacking. To give you an idea of what can be achieved in this direction, I would like to mention that some of the Depressed Classes Co-operative Societies in my Province were supplied with Home Savings boxes (about 1000). You may be surprised to hear that through these boxes a sum of Rs. 12,853 was realised from the members of such societies during the last official year. The success and popularity of the societies should be gauged not from a few large

deposits but on a large number of small deposits and I should like to impress on you the necessity for undertaking a vigorous and continuous thrift propaganda so that the habit of thrift may become a national virtue.

As regards types of societies, it will be noticed that on 30-6-28 there were 147 Agricultural Credit Societies, 58 Grain Banks, 11 Non-agricultural credit societies, one Co-operative stores, one Weavers' society, 5 Lantana eradication societies, one Central bank, and 12 Supervising unions. The credit societies, both agricultural and non-agricultural, which number 158 in all, seem to be working fairly satisfactorily. They had a membership of 8,811 and a total working capital of Rs. 5,55,881. During the year 1927-28, they issued loans to the extent of Rs. 3,00,813. It is seen that the agricultural societies issued loans to the extent of Rs.1,95,920, all of which is said to have been granted on Mortgage Securities. Co-operative societies should encourage personal credit based on character in preference to mortgage credit. The force of my remarks will be apparent when it is observed that 986 loans were for sums ranging up to Rs. 100 only. It is very pleasing to read that some rural societies have utilised their dividends for office buildings, village road repairs and such other works of general public utility and that, out of the common good fund, nearly Rs. 600 was spent for the grant of scholarships to poor students.

The Grain Banks numbering 58 had a membership of 3,014 and a capital of Rs. 33,604 worth of grain. For the successful working of the grain banks, good granaries for storing the grain are essential. It is trusted that the needful arrangements are made to own granaries.

One disquieting feature is the increase in the number of disputes coming up for adjudication under the Arbitration Rules. The only way for remedying this seems to be educating the members in punctuality. Every Co-operator should see that he discharges his obligations to his Society punctually on or before the due date. This should be impressed on your members.

The Central Bank seems to be progressing satisfactorily. Most of the Societies have become its members. There is great scope for extending the usefulness of the supervising unions by the enlistment of the active sympathy of the educated non-official gentlemen who have the inclination and leisure to work in the cause of the movement.

The necessity for the application of the Co-operative principles to branches other than Credit, so as to improve the economic condition of the small agriculturist has been long felt. The agriculturist should be enabled to grow two blades where only one grew in the past and to sell the produce at prices which will leave a fair margin for his labour. The supply of agricultural requirements may be advantageously undertaken by the rural societies and similarly Co-operative organizations for the sale of agricultural produce should be started and worked successfully. The existence of sale societies on the one hand and of consumers' societies on the other will tend to the automatic elimination of the middleman, which it is the aim of co-operation to achieve.

Coorg has some interesting co-operative experiments to its credit, I say experiments deliberately; I refer to the Cattle Insurance Societies of which there are none now and the Lantana Eradication Societies. The necessity for societies for the insurance of plough cattle which form the most important item of property of an agriculturist is apparent, but from the Registrar's reports, I notice the societies organized for this purpose have failed and there are no societies of the kind now. It is understood that the movement lacked public support. The causes for this need to be carefully investigated for the benefit of Co-operators outside the Province who may profit by the experienoe of the Coorg Co-operators.

Neither have the Lantana Eradication Co-operative Societies flourished. The Registrar writes in his report for the year 1927-28 that the members of the societies have not yet grasped the principle underlying the joint action as enunciated in the byelaws." It is part of your duty to take up this prob lem and arrive at a practical solution. In this connection, I wish to draw your attention to the words of advice tendered by the Hon'ble Mr. Barton, one of your previous Chief Commissioners, at your Fourth Provincial Co-operative Conference held in May 1922. His words that "you could not do greater public service. That way lies the salvation of rural Coorg" should be ringing in your ears and more concentrated efforts for the eradication of the lantana which is, in spite of the preventive measures that are being taken by Government, slowly devastating the major portion of Coorg, should be put forth.

One of the primary needs of the country is the universalisation of Education. About the manifold advantages of imparting primary education to the people, one need not be told. Co-operation and Education go together in the national awakening and the national reconstruction work and to make co-operation successful, mass education is essential. The Co-operative Movement can never flourish until the forces of ignorance and illiteracy are dispelled and the country, specially the rural areas, is illumined with the light of knowledge. The failure of some societies is really due to a lack of education among the

members and of a knowledge of the true aims of Co-operation. The greatest service that could be rendered by the societies is the spread of education with a rural bias within the spheres of their activity.

In this connection, I should like to throw out a suggestion or two. The Students in the Schools may be familiarised with the theory and practice of Co-operation, which may, with advantage, form part of the curricula of studies. The starting of societies in schools for the wholesale purchase and retail sale of text books and articles of stationery generally required by the students is sure to stimulate the interest of the rising generation in Co-operation and produce future workers in the co-operative field. Another suggestion that I should like to offer is with regard to rousing the interest of the ladies in co-operative activities. Special thrift societies as in the Punjab might be started. In all activities affecting the welfare of the country, the assistance and co-operation of women is very necessary. The present backward condition of the nation is, I need hardly add, due to our past neglect of women. It is the educated mother that can bring up noble sons who would willingly sacrifice themselves in the country's cause and would unselfishly work for the common good of all. I therefore appeal to you, my brother Co-operators, to do all you can for the amelioration of the condition of women. Their active association is bound to be a great asset to the movement and conducive to its rapid progress

Coorg is noted for its oranges for which there is a steady demand all over the country. The trade is entirely in the hands of a few middlemen who pocket a large share of the profits. I recommend to you, gentlemen, to bestow your attention to this problem and see if an organization for the sale of oranges could be worked on co-operative lines.

I have already referred to the urgent need for carrying on a systematic co-operative propaganda among the masses. It is not enough if the leaders of thought are imbued with the ideals; Co-operation is essentially a democratic movement and its ultimate success depends upon the membership as a whole, their knowledge of the basic principles and their devotion to the cause. The rank and file of the army should be properly instructed. This work of co-operative propaganda and publicity, of the instruction of the people not only in methods but also in the philosophy and the real aims of the movement, should be carried on on a national scale. For this, a strong body of non-official workers imbued with missionary zeal and patriotic fervour, who have faith in the immense potentialities of the movement for the moral and material advancement of the country, is necessary, and I hope the intelligentia of Coorg will take up this noble work and provide a band of workers who would carry the gospel of co-operation to all the parts of Coorg and educate the masses in the theory and practice of co-operation.

Ladies and Gentlemen, Co-operation is full of blessings for the people. It knows not the distinctions of caste, creed or community. It is based on the desire for the satisfaction of the common economic needs of all those who join together on a voluntary basis. In Co-operation and not in warfare and bloodshed, lies the future peace of the world. In the words of the Poet, Dr. Rabindranath Tagore, "a great truth of human civilisation is hidden in the Co-operative philosophy which aims at the good of all humanity." Our holy Scriptures declare that to attain salvation, the individual has to destroy his self-centred egotism. So also for the common good of the country, selfish interests must be destroyed. Universal Brotherhood and Service are the dominating notes of Co-operation. Many methods have tried in many countries to elevate the depressed, to help the weak and remove the mill-stone of poverty, debt and misery from their neck. But amongst all these devices and institutions, it is only the Co-operative Movement that has the distinguishing merit of touching the human side, improving the individual's character and making him a better man by reason of his membership. Herein lies the greatness of the Co-operative Movement. Co-operation stands not only for economic advancement but also for self-help, self-respect, mutual aid and united action for the common good. A Co-operative Society is a small social commonwealth and the experience gained in managing Co-operative Societies will surely be very valuable; and a network of good rural Co-operative Societies all over the country will hasten the advent of local self-Government and make it a success. The value of Co-operation as a potent factor in the orderly progress of the country is great and undeniable.

In the field of Co-operation as in all other fields of human activity, efficiency is the watchword of progress. "An ounce of practice is worth a pound of theory" is an old saying but very true. The successful working of one society is more valuable than any number of platform lectures or newspaper articles on the manifold advantages of Co-operation. It is therefore very essential that societies should be run on efficient lines and in a businesslike manner. For this purpose, workers should be properly trained. Constant teaching of the masses in the principles of Co-operation should be undertaken on an extensive scale. The efficacy of team work in all that concerns the welfare of the country should be impressed on the people and the Co-operative

principle of "Each for all and all for each" ingrained in their minds. Classes for training secretaries and office bearers of the societies should be conducted and a large number of workers trained in the practical management of societies. Propaganda work by holding such conferences—Provincial, Taluk, Hobli and village—should be carried on. For undertaking this work of propaanda and training an Institute on the lines of the Bombay Central Co-operative Institute or the Mysore Co-opeative Propagandist Institute may be orgnised and the sooner it is done the better for the country and the movement. The future hope of the country lies in Education and Co-operation. There can be no nobler and more humane task than that of dispelling ignorance by the diffusion of knowledge and removal of poverty and misery by Co-operation so that there may be enlightenment, contentment and prosperity all over the Country and I appeal to the educated non-official leaders of Coorg and my brother Co-operators to take up this work and educate the masses so as to make the spirit of Co-operation permeate every activity of the people. That is the way to bring the Kingdom of God on earth.

The East Godavari Dt. Co-operative Conference

OF

LOCAL UNIONS AND CENTRAL BANKS.

(*Ramachandrapuram, 20th and 21st April 1929*).

OPENING ADDRESS

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

BROTHER CO-OPERATORS AND FRIENDS:

I deem it a great privilege and honour to be called upon to open this Conference. The idea of convening a joint business gathering of the financing and supervising agencies is indeed a brilliant one. Many of our troubles are attributable to the inadequate understanding, in practice, of the true relations that should subsist between these two agencies. Our central societies for finance and those for supervision are alike the resultants of the federal working of the same primary societies, and surely, there cannot and ought not to be ony antagonism between them, which form the two branches of the co-operative organisation as it is developed in this province. Each is meant to help the other and both are intended to serve their constituent societies. In such an arrangement, which is a mere division of labour, there is no scope either for conflict of aims or clash of interests between the several institutions, unless we put any of them to perverse uses. On the contrary, they ought to be perpetually working together in a spirit of mutual trust and helpfulness in the discharge of their respective duties which are necessary for the due satisfaction of the common economic needs of their members. This Conference testifies to such a fruitful endeavour and the pleasure of opening it is, therefore, all the more genuine. Before, however, I formally do so, I wish to take a brief survey of the position of finance and supervision in your distrsict with a view to ascertain how they can be both strengthened to their mutal advantage.

FINANCE.

The four central banks at Rajahmundry, Ramachandrapuram, Amalapuram and Cocoanada finance about 400 societies in the aggregate. The Christian Central Bank of Madras finances about 75 societies. So, your district may be said to be financed by five banks. I append a statement which shows the transactions of the four central banks in the district as at the end of February 1929. On 30—6—1928, the number of members in Agricultural credit societies in the district was about 49,000 of which 12,000 were non-agriculturists.

Of the 37,000 agriculturists, about 18,000 consisted of 14,000 field labourers and 4,000 tenants the remaining 19,000 being landowners. The landless classes thus come to roughly 37 per cent of the total membership. We observe a similar feature in S. Kanara and Malabar, where, however, the percentage of landless classes is much higher, being in the neighbourhood of 65. The number of villages in your district is approximately 2,350 and its agricultural population alone is over 11 lakhs. These figures give, I hope, a clear indication of the further scope that there is for the expansion of the movement in the district and the strenuous work that lies ahead for the East Godaveri co-operators. But a noteworthy feature which a study of the figures, tabulated in the appended statements, discloses is the unequal development of the several banking areas. While Ramachandrapuram and Amalapuram show intensive development, the areas served by the Rajahmundry and Cocoanada Banks are far less developed. Further, as I shall show in connection with 'Supervision', the several union areas in the same banking region are also very unequally developed. It cannot be stated that there is no scope for expansion and development in the undeveloped areas. Indeed, the services of co-operators are more largely in requisition in the less developed dry tracts. My reading of co-operation is "the poorer the district, the greater the need for co-operative effort." The possibilities of expanding and developing the movement in dry and poor regions is well illustrated by the proportions attained by the movement in Chinglepet, N. Arcot and Anantapur districts. I cannot, therefore, help regretting the departmental policy of too severely restricting expansion in the upland districts of Ganjam and Vizagapatam, whose inhabitants are in need of greater and more urgent economic relief through co-operation than the people of the richer deltaic areas. What is, however, of more immediate relevancy to us is that the development of the Rajahmundry and Cocoanada banking areas should no longer be neglected or postponed.

The problem that naturally presents itself to us in this connection is whether there is need for 4 central banks in the district and whether their existence conduces to the effective development of co-operative finance. At one time, it was generally thought, and some hold the view even now, that the financial needs of a district are best served by maintaining one efficient bank to operate over an entire revenue district. The main arguments against multiple banks are two-fold. One is the likelihood of competition between them *interse* for deposits; and the other is the weakness resulting from decentralisation of resources. As regards competition, we are now working on a fixed rule that no bank shall offer more than $5\frac{1}{2}$ per cent on fixed deposits and 4 or $4\frac{1}{2}$ per cent on the money of the local boards and certain other sources. All the central banks having cheerfully accepted these limitations as binding on them, the objection of competition for deposits may be eliminated for all practical purposes. The other ground of objection, namely, decentralisation of resources and the consequent weakening of the financial strength of the banks, no doubt still stands. But the examples of Ramachandrapuram and Amalapuram illustrate the position that financial weakness is compensated by co-operative strength, as the borrowing societies have distinctly gained by the closer touch vouchsafed to them with their financing banks, where they operate over a small compact area. Shibboleths like "Centralise Finance and decentralise Supervision" are not of universal and unrestrained application. Burma, Central Provinces, Bombay and Madras have, in the main, developed on single district central bank ideal, though it has not been strictly adhered to. In Madras, besides your district, the districts of Ramnad, Tanjore, Kistna and Ganjam have more than one bank each. Other provinces like the Punjab, United Provinces, Bihar and Orissa, Bengal and Assam have, however, developed along different lines, namely, multiple central banks. In one district in Bengal, there are as many as *ten* central banks, and one of the districts in Bihar and Orissa has as many as *six*. I have found, on a study of the working of the banks in the several provinces, that each of these methods has its own advantages and I feel that no case is made out for any radical or drastic changes, at present, in your existing arrangements. But there is, however, one adjustment which seems to be called for and which is calculated to strengthen and develop your finances on more sound lines. I am covinced, after giving a most anxious and careful consideration to the question, that the banks at Ramachandrapuram and Rajahmundry may be advantageously amalgamated and their combined area of operations more intensively developed. Rajahmundry, with its banking and business facilities and contact with the Imperial Bank, will then be more suitable as the head office of the amalgamated Bank. This, however, need not involve any alterations in the magnitude and proportions of the Ramachandrapuram Bank. The Secretary and the staff of the Bank may well continue to work as at present. A so-called branch may, in fact, have the bulk of the transactions. Indeed, the George Town branch of the Madras Central Urban Bank promises to eclipse, in the near future, the Mylapore head office in the bulk of its current and fixed deposits. I, therefore, request you to give your earnest and thoughtful consideration to my suggestion which, if accepted, I am sure will prove of immense benefit to the movement in the district.

Before concluding my survey of your financial position, I desire to refer to one more feature of your finances. At first sight, it may appea

that the Ramachandrapuram and Amalapuram banks are depending to a dangerously large extent on Local Board money for their working capital, for dependence on a single customer to a large extent is certainly not quite commendable from a sound banking standpoint. But this apparent danger is not, after all, very real in the peculiar circumstances of these banks. The banks do considerable short term business, and operate in areas where harvests are generally secure and satisfactory and lands are valuable. Punctuality in repayments, as evidenced by the smallness of overdues in relation to the working capital, and the volume of deposits in primary societies also testify to the soundness of their finances. But the banks will, however, be overstepping the margin of safety if they attempt to draw from that source more than 4/10 of their total working capital, the limit now fixed by the Registrar. If the banks desire to take more money of the local bodies, then the right way to do it is to increase the share capital and reserve fund, thereby increasing correspondingly their borrowing power. The plea that it involves an additional drain on the banks' profits in the shape of dividend, while a larger proportion of cheaper money from local bodies tends to enhance profits, does not commend itself to me, and ought not, in my opinion, be accepted by any well-wisher of the movement. Reduce the dividend if you like. In fact, the time has come for us to consider whether the present rate o dividend, 9 per cent, is not too high, and whether it may not be reduced at least to 8 per cent if not to 7½ per cent. In many provinces it is only 7 per cent. Banks, if they are able to attract share capital at a reduced rate of dividend, will only prove their enhanced prestige for financial stability and sound management.

I congratulate you on the speedy progress which your Land Mortgage Bank at Alamuru is making. The correct solution to *prompt* and *adequate* rural credit is the evolution of a system of co-operative finance in which the ordinary primary societies dispense short and intermediate term loans for periods under 5 years, and land mortgage banks dispense loans for longer terms and take up the debt redemption work. Banks which agitate for freedom to finance their societies for 10 and 12 years' long term mortgage loans are, in my opinion, embarking upon very unsound co-operative finance. Sufficient impetus for land mortgage banks is, however, not forthcoming chiefly on account of the department's hestiancy to develop them and the inordinate delay in making up their mind to register a central land mortgage bank for the province. I do not know how long this is going to be a standing complaint with the co-operators of the province.

SUPERVISION.

The problem of supervision seems to present more difficulties in your district than finance, and indeed threatens to prove a veritable apple of discord, if not wisely handled. The 400 societies in the district are irregularly distributed over the 15 unions and the average of 28 societies per union is rather inconveniently high in your areas where membership and volume of business are large in several societies. The amount of supervision fund contributed by the several central banks is not only inadequate in the aggregate, but is also not commensurate with the business of the several banks. The effect is that different unions in the same banking area show divergent results. Compare for instance the intensive work done by the Alamuru Union, where 35 societies absorbed 7 lakhs of the central bank's working capital, with that of the other two unions in the same banking area of Ramachandrapuram where 65 societies together absorbed no more than 8 lakhs. The number of supervisors employed by the several unions, their qualifications and efficiency similarly vary to a large extent. It goes without saying that the District Federation organised on the basis of such Unions cannot be a vigorous and influential body. Some reform is therefore evidently called for.

With a full sense of responsibility for treading on what I know to be controversial ground, I venture to place before you two important suggestions for your calm and dispassionate consideration. In the first place, I commend to your acceptance the proposal of the Townsend Committee that the contribution of the central banks to the supervision fund should be raised from the present level of ¼ per cent to ½ per cent. This will be the barest minimum required. The annual report for 1927-28 gives the average cost of management of a Union in the East Godaveri district as Rs. 1,931 say Rs. 2,000 roughly. I feel no doubt that you require at least 20 unions between the 4 banking areas, if supervision is to be efficient. On that basis, your annual cost of supervision will be Rs. 40,000, a sum which can only be raised by the levy of a 1 per cent contribution to be equally shared between the societies and the central banks, your total working capital for the district being under 40 lakhs. I found myself unable to agree with the assertion of some of your banks that there was no need to augment their contribution towards supervision fund, when that question was incidentally raised in connection with the lending rate to the societies. A closer examination of your position in relation to supervision has only helped to confirm me in my view. The creation of a larger margin in village societies to enable them to employ their own clerks, a proposal which is sound in itself, will not justify the starving of supervision fund of the unions. The success of the movement almost entirely depends upon the efficiency of such supervision. The staff should not only be increased in numbers, but its quality also should be materially improved. In order to make the office of the Union Supervisor

attractive, its tenure must be made secure and the benefits of provident fund and the like should be provided for. Adequate provision should also be made for co-operative education of panchayatdars and secretaries of village societies. All this means more money and the plea that the central banks need pay no more than 4 annas as they now do, is obviously unsustainable. In the second place, I also commend to you the recommendation of the Townsend Committee that the Supervision Fund should be pooled in the District Federation and the Supervising Staff put on a district cadre. I am in agreement with the Registrar's proposals on this head which he elucidates on page 13 of his report for 1927-28. It is agreed, though he does not expressly say so, that in framing budgets for unions, in no case should the allotments to a union fall short of the contribution made by the societies in the concerned union area. I know that your District Federation is itself in the melting pot. If I am credibly informed, each one of your central banks seems to favour a separate federation for itself. I seriously doubt the wisdom of that demand. There is no necessary connection between the area of a central bank's operation and that of the central supervisory body which controls the staff of the unions. The example of Ganjam district cannot afford a parallel to you. There the Aska and the Berhampore banking areas are characterised by the distinctive linguistic features of Oriya and Telugu which justify the bifurcation of the federation. As for Tanjore, I entreat you not to copy it. The conditions there are dissimilar to yours and I do not wish to say more. Small federations will be no better than big unions.

I am unable to resist the temptation to deal with the two objections against the concentration of funds and authority in the district federation which were urged to my knowledge. In some quarters there is an uncomfortable feeling that, under such an arrangement, portions of funds collected in prosperous banking areas will be diverted for developing poorer areas. It betrays a lack of correct vision. The very aim of co-operation is to put the weaker units on a footing of equality with the stronger ones by the operation of co-operative endeavour, which is the most *equitable* of all forms of associated effort. Take the analogy of a joint Hindu family which has many elements of co-operation in it. Can one member who has no daughters object to the family funds being spent on the marriages of the numerous daughters of another member. He can accomplish his selfish ends only by doing the unco-operative act of cutting himself off from the family. Let us go higher up. Have we ever objected to the the magnificent revenues derived from the rich and fertile deltas of the Kistna and the Godaveri being utilised by the State for the development of famine stricken and economically distressed tracts of the province? Have we not been told that Co-operation is a "State within a State"? Even adopting a more selfish test, does not the failure of one central bank have its inevitable reactions on our provincial co-operative finance as a whole? Will not the confidence of the public of a locality in co-operative banks be rudely shaken, if a similar bank in the neighbouring locality fails? The truth of the statement that the strength of the chain is not more than that of its weakest link also determines the fate of our financial structure. If the Alamuru Union, which can afford to work without contribution to its supervision fund from the central bank, grudges its surplus supervision fund being spent to strengthen Ramachandrapuram Union which needs it, then it amounts to a virtual negation of the co-operative method. I hope that we shall no more hear such co-operative heresies. Another objection which was pressed in a conference of co-operators which I had the privilege of opening recently was that the innovation would destroy the individuality and the sense of responsibility of the local unions. I feel that that this criticism is based on a misunderstanding of the true implications of a federal system of working. The fundamental idea underlying federal working is 'centralised administration with a decentralised control'. Efficiency demands that administrative functions should be entrusted not to scattered units, but to a centralised body, in the interests of the units themselves. The essentially popular character of the movement demands, on the other hand, that the centralised body which exercises such administrative authority should be democratically controlled from the bottom by the units which go to compose it, again in the interests of the units themselves. This is precisely what we are aiming at in investing unions with some administrative powers subject to the control of the societies and in clothing the district federation with certain higher functions, subject to the control of the unions. I am personally for going further. I am in favour of pooling all the supervision fund of the Andhra districts in an Andhra Provincial Federation and placing the higher staff of the supervisory and financing bodies on an Andhra provincial cadre. The limit is of course automatically set by the ideal of the provincial unit on a linguistic basis where possible. When the Andhra Sahakara Sammelanam once more gets into working order and its constitution undergoes suitable alterations it should be our endeavour to make it a model federation in India, exercising vigorous and far-reaching, nevertheless democratically controlled, administrative powers over its constituent bodies and functioning with three compartmental boards, one looking after supervision, including education and propaganda, another after audit of central banks and larger urban banks, and the third after rural uplift and development of the Andhradesa. I have, in fact, a scheme ready, but I hold it back for there is no atmosphere even for its ventilation. I, however, hope and pray that the time may soon come for the consolidation of our forces to help us in our onward march towards the promised land of Co-operative Commonwealth.

I thank you for the cordial welcome extended to me and I declare this Conference open, with sincere wishes for its success.

TABLE I.

Financial Particulars of the 4 Central Banks in the East Godavari District as on 28-2-29

Bank.	Paid up Share Capital.	Reserve Fund.	Working Capital Borrowed. Deposits from Individuals and C. Accts.	Working Capital Borrowed. Fixed deposits from Local Bodies.	Working Capital Borrowed. Fixed deposits from Co-op. Societies.	M. C. U. B. loans.	Total borrowed capital. (col. 4 to 7).	Total working capital (Borrowed and Share capital and Reserve Fund). (cols. 2, 3 & 8).	Loans due from Societies.	Of which overdue.
1	2	3	4	5	6	7	8	9	10	11
1. Rajahmundry ...	20,900	3,431	1,09,376	66,218	8,040	nil.	1,83,634	2,07,965	1,92,970	10,208
2. Cocanada ...	79,650	20,800	3,12,004	1,83,124	41,005	1,00,000	6,36,133	7,36,583	6,69,639	1,27,676
3. Amalapuram ...	1,57,600	14,447	1,32,220	4,61,642	53,038	8,66,993	15,13,893	16,85,940	16,63,621	46,737
4. Ramachandrapuram.	1,30,340	30,000	4,17,656	6,57,583	55,422	2,64,080	13,94,741	15,85,081	15,82,164	40,507

TABLE II.

—	Lending rate. Gross.	Lending rate. Net.	No. of affiliated Societies.	Supervision fund contributed by Central Banks in 1927--28.	Deposits in Primary Societies in the district as on 30—6—1928. Agricultural credit societies.	Deposits in Primary Societies in the district as on 30—6—1928. Non-Agricultural credit societies.
1. Rajahmundry ...	7½ %	7¼ %	43	Rs. 360	*	*
2. Cocanada ...	7 %	6¾ %	133	„ 1920		
3. Amalapuram ...	7¼ %	7 %	119	„ 1290	Rs. 1,34,000	Rs. 1,69,000
4. Ramachandrapuram ...	7¼ %	7 %	106	„ 2626		

N.B.—Figures for each Bank are not available.

Resolutions of Conferences.

THE SECOND DADAR CO-OPERATIVE CONFERENCE.

1. This Conference places on record its deep sense of sorrow at the sad and untimely death of Mr. C. S. Deole and Mr. Cassinath Deoji Dhuru.

2. This Conference requests the Government of Bombay to appoint a committee with a Non-official majority to thorughly enquire into the working of the Co-operative movement in the Bombay Presidency and to suggest remedies for its improvement and expansion.

3. To check usurious practices in this part of the City of Bombay, particularly in relation to the borrowing Millhands, this Conference decides to send a deputation consisting of the following Members to the Governor of Bombay with a view to recommend early legislation for the purpose of licensing and regulating of money lenders.

Mr. S. K. Bole, M.L.C.J.P., Mr. B. R. Ambedkar, Bar-at-Law, Mr. G. B. Nare, B.A., Mr. V. K. Navalkar, B.A. L.L. B., Dr. D. H. L. Batliwala, Mr. V. N. Vedak, B.A. L.L. B., Mr. N. N. Menon.

4. This Conference appoints the following Committee to investigate in detail the working of the co-operative societies in Bombay City North and to study the economic conditions in that area with a view to ascertain the particular kind of societies that are required and can be succesfully worked in the different localities.

Mr. N. N. Menon, Dr. D. H. L. Batiwala, Mr. N. G. Poorav, Mr. G. B. Nare, Mr. S. B. Kulkarni, Mr. S. K. Bole, Mr. A. C. Parikh, Mr. G. N. Sahasrabudhe, Mr. V. K. Joshi, Mr. B. B. Acharya.

5. In view of the fact that the spread of Co-operation in the Mill area in Bombay is seriously hampered by the drinking habit prevailing among the workers, this Conference requests the Government to bring prohibition into force immediately in that area.

6. This Conference is of opinion that the time has not come when the Audit fees should be levied on agricultural credit societies as contemplated by the Government.

7. With a view to promote the Social atmosphere among the Co-operators, this Conference recommends that excursions and social gatherings of the Co-operators should be arranged by the District Co-operative Institutes on a fixed day in the week once every quarter.

8. This Conference requests the Government to take the necessary steps to introduce a primer on Co-operative subject in English and Vernaculars or in the alternative to include lessons bearing on Co-operation and Economics in all the primary and Secondary Schools of the Presidency.

9. This Conference draws the attention of the educated ladies in the F. and G. Wards to the necessity of organising themselves on Co-operative lines for the economic good of the women of this area.

10. This Conference requests the Bombay Municipal Corporation to give a substantial annual grant to the Dadar Co-operative Institute for more active and vigorous propaganda and work in F. and G. Wards.

11. In view of the backwardness of the area and the condition of the societies in the F. and G. wards, this Conference requests the Bombay Provincial Co-operative Institute and the Registrar to realise the magnitude of useful and fruitful work the Dadar Co-operative Institute has to do and to render more financial help to this Institute to carry on its activities.

12. This Conference requests the residents of the F. and G. Wards to join the Dadar Co-operative Institute as members in large numbers and to take more and keener interest in the Co-operative Movement.

13. This Conference draws the attention of the several non-member societies in the F. and G. Wards that the Dadar Co-operative Institute is solely meant for helping them in solving their problem and difficulties and urges upon them to join and approach the Institute which will readily render the help required so as to avoid the troubles that sometimes arise in the working of the societies.

14. With a view to facilitate the working of the societies, this Conference requests the Registrar that no communication from Societies or Institutes or from the public, especially in relation to the registration of Societies, amendments of bye-laws, etc. should be allowed to remain without being attended to and necessary replies furnished within a month.

15. This Conference requests the Bombay Municipal Corporation and the Municipal Commissioner to encourage the formation of Co-operative Credit Societies among the depressed classes employees of the Municipality, and with a view to facilitate their sound working this Conference recommends that arrangements should be made by the Municipality to permit the dues of societies to be deducted out of the salaries of their employees.

16. This Conference is emphatically of opinion that the Co-operative Movement should never be made an instrument for encouragement of vices such as drink and requests the Registrar to prohibit the Societies from giving loans to those who are dealing in intoxicants and to refuse registration of such societies in future.

THE SEVENTH COORG PROVINCIAL CO-OPERATIVE CONFERENCE, 1929.

Resolutions passed.

That lands of borrowers be permitted to be leased to societies for a period not exceeding twelve years.

2. That Government be requested to get the decrees of the Registrar and the awards of Arbitrators executed by Revenue Authorities.

3. That the rules issued under the Co-operative Societies Act be

amended so as to empower the Registrar to refer suits to Civil Courts in urgent cases where attachment or arrest or both before judgment are necessary.

4. That when Co-operative Inspectors are appointed, preference be given to the Supervisors duly qualified.

5. That the meetings of the Board of the Central Bank be held occasionally at Virajpet also.

6. That 30 per cent of the reserve fund be deposited in the Central Bank and the balance be permitted to be utilised in the working of the society or invested in the construction of society's buildings.

7. That Government be requested to appoint a whole-time Registrar for the Co-operative Department.

8. That Government be requested to appoint Co-operative Honorary Organisers, paying them suitable batta for their travelling in connection with their organising work.

9. That a Co-operative Inspector be appointed for every 50 societies.

10. That a peon be appointed for each Inspector.

11. That a Co-operative Federation of Unions be established in Coorg.

12. Resolved that Government be requested to contribute to the Supervision Fund a sum equal to the sum contributed by the Co-operative Societies.

13. That Government be requested to appoint a committee consisting of two official and seven non-official members to consider and submit proposals for the establishment of a Land Mortgage Bank.

14. That societies be started for the sale of members' produces such as paddy, orange, etc.

15. That 25 per cent of the Common Good Fund of every society be set apart every year for the creation of an education fund.

16. That medals and certificates be awarded annually to good societies and also members who worked well.

17. That Co-operative Conferences be held once in two years.

18. That a property register be prepared and kept in each society.

19. That this Conference do wish to place on record the valuable services rendered by the present Registrar, Mr. K. N. Subbaraya, for the last 12 years in steadily advancing the cause of the Co-operative Movement in Coorg.

20. That Government be requested to instruct the Treasury Officers to receive amounts from Rs. 50 and upwards from co-operative societies into Government Treasuries for remittance from and to the Central Bank.

21. That Government be requested to instruct the Treasury Officers to get the entry of the amount in the voucher books of societies initialled by the Treasurer when money is paid to the Treasury.

Reviews.

A Century of London Co-operation By W. Henry Brown.

Published by the Education Committee of the London Co-operative Society, Ltd., London E.

This book by W. Henry Brown, an eminent student of co-operation, is well written in an easy style and in an attractive narrative form.

The book deals at length with the history of co-operation in the great city of London for about a century. The author successfully gives us an idea of how 'the principle of Co-operation was evolved' in London, and then of its "incarnation in action by contemporaries."

He first deals with the beginning of co-operation in the city in 1821, the milestone year in the pilgrimage of London Co-operation. Full justice is done to the influence of Owen and christian socialists in evolving and ennobling the idea of Co-operation. Then the causes of early failure and later success are mentioned. An account is given of the Co-operative Congresses and their effects on the movement in London.

The author devotes a separate chapter to the origin, activities and the present eminent position of the London Co-operative Society. He rightly speaks well of the administrative development particularly with regard to its committees and financial arrangement which ensure stability and efficiency. He appreciates equally well the educational outlook which is manifested partly in the establishment of the workmen's college and he concludes the subject by saying that the society will improve its activities and lessen the evils of London poverty.

V. M. R.

Producers and Consumers—A Study in Co-operative Relations By Margaret Digby

Edited by The Horace Plunkett Foundation—1928
George Routledge & Sons Ltd., London.

This book is well worth a perusal. It is a clear treatment of a complicated subject. The book is characterised by clarity of thought, lucidity of style and wealth of apt details. The authoress begins with an introduction in which she states that the Producers' and the Consumers' Movements are two separate but complementary movements, which have tended in recent years to come closer and closer to each other. The major portion of the book deals with historical facts and figures which clearly illustrate this point. In the last chapter, she arrives at the following among other conclusions:—that the inter-relation between the producers' and the consumers' movements is desirable both from an economic and social point of view, and that by the very nature of things both aspects of the movement when highly developed will tend to amalgamate. Such amalgamation, the authoress hopes, will in the long run though not in the immediate future result in the elimination of wasteful middlemen and material and fixation of a just price.

V. V. S. R.

Correspondence.

To

THE EDITOR,

SIR,

The Honorable Mr. Ramadas, in his reply to my article on agricultural finance by cheques, states that he does not want central banks and primaries to have anything to do with long term loans. I have no objection to this course provided the co-operative financing machinery would be so devised as to afford to co-operators not only crop loans and loans for production repayable soon after harvest, but also loans for small outlay for building houses, for agricultural improvement, for buying bullocks etc., which could not be made repayable in one year and which have to be repaid in a series of years, 2 to 10. Land Mortgage Banks are expected to take charge of loans for large outlay and repayable in 20 to 30 years under the annuity or other system.

Mr. Ramadas accepts however that loans for 5 years are requested to be undertaken by central banks. These have to be dispensed even when the deposits received are only for 1 or 2 years. I do not mind however the period being restricted to 5 years provided Land Mortgage Banks would set free credit facilities for productive purposes for a longer period than 5 years. The Co-operative movement, in regard to credit, will come to a disquieting state if the finance is not directed towards giving all the credit facilities which the agriculturist wants for productive purposes and to carry on the industry so as to get better yield and better income to enable him to live a better life except of course loans for debt redemption. Whatever may be the machinery invented for the disbursement of what I call " mid short term loans ", such a bank must deal with deposits and must regulate its finance under the system of maintenance of fluid resource. Deposit banking without any overdraft from a commercial firm of standing or the Imperial Bank will collapse unless the fluid resource required is kept up in cash, a wasteful item or in gilt edged securities whose value is likely to fluctuate self-contained arrangement in the co-operative machinery is not practicable in the present evolution of co-operative finance.

2. The question for solution is whether deposit banking can afford to give loans for periods ranging from 2 to 10 years. The solution for the problem of giving the intermediary loan between short term loan repayable in a year and the land mortgage system does not lie in tabooing it or shifting it to land mortgage system or loan societies but it lies in the existing finance machinery being adjusted to secure deposits for 5 or 10 years on the security the central banks can offer on their assets. The end to be achieved by separating short term and long term financing apart from the land

mortgage system should not be by the multiplication of agencies. I can only state that experience has shown that deposit banking now adopted by central banks was intended and is expected to be worked so as to afford facilities for loans repayable in a year and also for all loans required by the agriculturist to effectively carry on his agricultural industry barring those which Land Mortgage Banks can be expected to afford.

3. I do not build my system on the overdraft of Imperial Bank. I build it on the fluid resource system which must be made available in some form or other in deposit banking. Besides varying rates on loans the Imperial Bank can and ought to be utilised by the agricultural industry through the central banks which represent a sound customer to the Imperial Bank or any other commercial bank as compared with merchants and traders.

4. Mr. Ramadas does not expect me to say that central banks and the Provincial Bank should borrow from the Imperial Bank out of the overdraft at a higher rate in order to introduce the cheque system. If ready money is available at a lower rate in the co-operative financing machinery, let it do so; but instead of asking every society to issue cheques on a central bank which will not create confidence in the public, my proposal is to ask the central banks to issue cheques on the Provincial Bank for the grant of loans to primaries instead of the issue of coins as a better arrangement.

5. My only object in writing the article replied to by Mr. Ramadas was to see that the cheque system introduced in Salem should be worked successfully to the advantage of the agriculturist and should not be declared a failure as the result of the promiscuous issue of cheques by the ever changing officebearers of primaries and in order that the confidence of the outside public be readily and profitably secured to accept such cheques in trade by commercial banks and Government.

A. VEDACHALAM.

REPLY TO THE ABOVE LETTER.

My presidential address at the Bihar and Orissa Co-operative Federation Congress, which appears in the supplement to this issue, answers the material points of Mr. Iyer in relation to co-operative finance. We must agree to differ on the question of ten-year loans by rural societies. I can never persuade myself in their favour. As to the necessity for central banks being self-reliant, even at the risk of some monetary loss, in the matter of fluid resources, I beg to invite Mr. Iyer's attention to the circular recently addressed by the Registrar to the central banks in this connection. The letter announces that the Government, disagreeing with the recommendations of the majority of the Townsend Committee, agrees with the Imperial Bank that central banks ought not to rely on the overdraft of the Imperial Bank for their fluid resources. The Imperial Bank definitely repudiates any contractual guarantee, and the utmost concession that it is prepared to make is to agree to a 25 per cent proportion of the overdraft for fluid resources on a mere moral basis. In the meantime, central banks are notified that they should work down to this level in 5 years by a gradual diminution in each year.

V. RAMADAS.

To

THE EDITOR,

Sir,

I am very much indebted to the Provincial Co-operative Union for their kindness in sending me a copy of the address delivered by Sir Daniel Hamilton to the Burdwan Divisional Co-operative Conference held at Bolpur in February last on "India's Best Hope." That short address is so full of ideas on the potentiality of the co-operative movement in ameliorating the conditions of the poverty stricken people of this great country that it would amply repay perusal by all co-operators, officials and non-officials alike. As pointed out by him in the course of his address, it is incumbent upon the Government, Imperial as well as Provincial, to take suitable steps in working the co-operative movement to carry out the object in view.

The Royal Commission on Agriculture have truly stated that if co-operation fails, there will fail the best hope of Rural India. Mr. Hamilton goes further and states that if co-operation fails there will fail the *only hope* of all India. No truer words were ever expressed by any ardent co-operator. The work rendered by honorary workers has come in for appreciation and at the same time the advantages of having a well-trained staff of officials to run the co-operative machinery has been ably brought out. This can be achieved, in addition to the organisation of an efficient set of panchayatdars in co-operative societies, by an efficient supervisory and administrative unit which is essential to the success of the administration in a co-operative rural society. The success of the movement depends upon the foundations at the bottom and if there is one thing more than another that is absolutely needed in societies, it is this namely, the panchayatdars and particularly the office-bearers of the co-operative societies trying to put into practice extensively and intensively the ideals and principles of co-operation in all its branches, so that it may not be remarked by any critic that in the system of working a co-operative society, the basic principles of co-operation are lost sight of. If there is a supervising agency and the official support to widen the practical working of co-operative societies, the defects and dangers that are discernable now will really disappear, with the result that the depositing public, who invest large amounts in the co-operative movement, will have that freedom of mind that all is well in the detailed working of the co-operative movement in the villages.

It goes without saying that this result will be achieved, without meaning any disparagement to the honorary worker, by welcoming the strength which the movement will get by the infusion of highly educated and well-trained staff of officials. As the Commission have remarked, the scope of workers in the co-operative movement as in all other movements in the cause of village uplift. is so vast that there need be no fear that the official will oust the nonofficial. There is considerable force in the statement that the responsibility for the succces and failure of the Co-operative movement and the village uplift lies on the Government. The suggestion that the Provincial Government have to provide a highly educated and well-trained staff required to organise the people co-operatively, that the Imperial Government have to create and issue the credit required by the people when organised, and that the people with the help of the staff and the credit should wash out the stagnation and the river of life, is highly commendable.

It is urged that the Council of State and the Legislative Assembly should not tolerate the situation caused by the Gold Standard Reserve not being utilised as co-operative productive credit while India is perishing for want of money. The lending of the Gold Standard Reserve to the British and Colonial Governments is attacked as very unwholesome finance. We expect the representatives of the people in the Council of State and the Legislative Assembly to examine the position and see to its diversion into co-operative channels.

R. KRISHNASWAMY IYENGAR.

To

THE EDITOR.

Sir,

After reading the suggestions of Mr. A. Vedachala Iyer, B.A., published in the Hindu on 7-1-1929 regarding the intensive work in rural organisation, I, as an Inspector of a Central Bank, desire to explain my view in the matter.

The gentle friend suggested that the Unions should fulfil their duties with the aid of " well-trained men " and by arranging for prompt recovery when resources become available to the borrower.

In this respect I might openly say that it may not be so in the majority of the Co-operative Unions. For, if the Unions, whose directorate are the representatives of the societies affiliated, have clearly understood that their Supervisors are being maintained by the resources realised from them alone and that they should have a distinct mutual understanding among themselves in supervising the work of their own common servant, the Supervisor, the matters would have been otherwise.

As I do not like to leave it bare, I will try to prove that the contrary is happening. The " well-trained men " of the Unions are the young men of the village and the co-operative sympathy running in their veins is nothing short of impudence (kindly permit me to use the word) and lack of discretion. The diary they maintain none are there to check, and the Secretary of the Union, desiring to be liberal in his attitude, forwards the diary without any single remark; leaving margin for his lack of perfection in his duties, continues the course without any hitch.

Regarding the arranging of the prompt recovery when resources become available to the borrower, the Panchayatdars of societies having realised little of their responsibilities (it is mostly so among the Ceded

Districts) do not insist the Supervisor to come at proper time, to stay for sometime and do the collection work. There is little of mutual adjustment among the various villagers, and the Supervisor rambles, (may I use the word ?) with a supreme air.

On the other hand, the Financing Banks to keep strict discipline, careful watching and liberal financing find their reports seeking the " Lodged " and " Filed " bundles. Looking to the repaying capacity of a society, they rebut the *so called* recommendation of its Union : a huge uproar results ; exclaim that the Bank is worse than a money-lender.

Of course, I am yet a pupil and hence I cannot give a directing view in the matter ; but I desire to draw the attention of the Provincial Co-operative Union, Madras, the supreme head of all the Federations, to consider the standard of the establishment in each Federation in the Presidency ; and insist on the scrutiny of the diaries. Besides, the question of a common President to the Bank and Federation, as recommended by the Committee, is to be followed closely.

K. VENKATASESHAIYA.

Extracts.

MATTERS OF MOMENT SELECTED BY MR. E. S. SUNDA B.A., B.L.,

1. OWNERSHIP OF PROPERTY.—The strength of the Co-operative movement lies in the fact that it moves in harmony with the natural laws that govern human conduct. It does not attempt to set up utopian and impossible standards.

Co-operators believe in the personal ownership of property. It is opposed to Government ownership and to communistic ownership. Co-operation is more distinctly committed to private ownership than is the capitalist system itself but it is *collective* ownership.

There is nothing of social value which the government does that private individuals united in a co-operative society may not do.

The worst that I know about the ability of human beings to take care of themselves and to survive in this world of perplexities *is the fact that they are making so little use of the Co-operative method.* I watch their bringing in politics with their Hoovers, Smiths, Stalins, Poincares and Baldwins as I observe them promoting strikes, slums and wars with their competitive profit-making system. As I see them striving to have political government own more property and the individuals own less and as I contemplate their fanatical devotion to those things, I wonder just how they are going to extricate themselves from the complexities in which they are becoming involved. The hopeful sign is that there are some fifty millions who are beginning to make use of the co-operative method.—J. B. WARBASSE IN *Co-operation* 1928 pages 204-206.

2. THE LEAGUE OF NATIONS AND CO-OPERATION.—The League has appointed a consultative Economic Committee on which three important co-operators have been put in. Mr. V. Tanner of Finnish consumers co-operatives and President of the International Co-operative Alliance, Mrs. E. Freundlich of the International Co-operative Women's Guild and Mr. A. Oerne of the Federation of the Swedish Consumers Co-operatives. Mr. H. J. May of the International Co-operative Alliance is a technical adviser.
The objects are :

(1) collection of all literature on the statistics of agricultural production, instruction, Co-operation and credit on the methods of transporting and marketing agricultural produce, to permit of the study of the best essays to develop agriculture ;

(2) to study the best ways to establish relations between producers and consumers co-operatives in various countries.

3. CONSUMERS' CO-OPERATION IN NEW SOUTH WALLS.—Very soon a union of the consumers' co-operatives will be formed. The new by-laws include the following objects among others :—

(1) to carry on trades and business of booksellers, publishers, accountants;

(2) to be arbitrators in matters of dispute which can't be settled locally;

(3) to organize co-operatively in industries, trades and business;

(4) *to protect and forward co-operative interests in the legislatures of the state and commonwealth*;

(5) to promote uniformity of laws governing the co-operatives in the different States;

4. GLORY OF CONSUMERS' CO-OPERATION.—An attractive picture—front view—of the co-operative convalescent Home at Roden, Shropshire owned by the English Co-operative Wholesale society adorns page 209 of *Co-operation* 1928.

5. CONSUMERS IN RUSSIA: CO-OPERATORS DAY JOURNAL announces that there are 28,000 consumers societies with a membership of 1,50,00,000 and a total turnover, retail and wholesale, equivalent to over one thousand million pounds per *annum*.

6. TOWARDS CONSUMERS' CO-OPERATION.—The following among other recommendations by the co-operative committee to the Convention of Washington State Grange may be read with interest :—

(1) closer co-operation between boards and managers of different stores;

(2) quarterly meetings of managers and representatives of boards of each store and wholesale;

(3) a concerted effort to pool more of buying;

(4) an attempt through the stores and the wholesale to successfully handle grain, hay, and straw in a direct manner;

(5) to chalk out a definite consumers' co-operation educational programme;

(6) to give preference to co-operative products and encourage greater co operation in buying fertilizer materials, grain bags etc;

(7) the purchase of more of our needs *on a basis of quality and actual value rather than on advertising price and availability*;

(8) to take advantage of the accounting and invoice checking service; and

(9) a co-operative page be maintained in the journal in which each branch of co-operative service should take part in furnishing news items, subjects of general interest etc., to create further taste in matters co-operative.

Items 7, 8, 9 deserve special notice at the hands of the Indian Co-operators and public.

7. COMPAIGN FOR TAX EXEMPTION.—A compaign to get for consumers co-operative societies the same exemption from Federal income-taxes as is accorded to Farmers' marketing associations is started by the Co-operative League of the U. S. A.

Registrar's Proceedings and Circulars.

XIV

Proceedings of the Meeting of the representatives of the Andhra Sahakara Sammelanam, held at Ellore on 2nd February 1929. (No. B. 5020-28 dated 2nd February 1929.)

Among those present were Messrs. H. M. Hood Esq., I.C.S., Registrar of Co-operative Societies, Madras, the Hon'ble Mr. V. Ramadas Pantulu, President, The Provincial Co-operative Union, Madras, Dewan Bahadur M. Ramachandra Rao, Ellore. N. Ranganadachariar, Deputy Registrar, Bezwada, C. Bhaskara Rao Nayudu, Deputy Registrar, Rajahmundry, Dr. P. Gurumurthy, N. Satyanarayana and 14 representatives.

A general agreement was reached on the following terms.—

2. The disputes pending before the Registrar to be decided and the decision to include a ruling on the question,

(a) who are the properly elected directors.

(b) who are the members of the Sammalenam.

3. The Directors so declared competent will call a general body meeting at the registered headquarters of the Sammelanam, namely, Rajahmundry, forthwith and in accordance with the by-laws.

The Directors will place their resignation before that general body meeting and state in the agenda that the election of Directors will be the business of the general body meeting.

The Directors before that general body meeting will consider the applications for membership which were received at Rajahmundry or Gudivada up to and including the date of the Gudivada meeting, 31st December 1928, and to admit as members such of those applicants as the by-laws permit.

The Directors will consider no fresh applications for membership received by or on behalf of the Sammelanam after the date of the Gudivada meeting until after the general body meeting to be called by it.

Mr. G. Ramachandra Rao undertakes to persuade the plaintiffs to withdraw the suits filed against the Sammelanam forthwith.

After the decision by the Registrar, the validity of meetings of the Sammelanam up to this date shall not again be called in question.

XV

Sub:—Agricultural propaganda—Co-operative Societies—Magic lantern lectures—(No. D. Dis. B. 1736-B.-29 dated 23rd March 1929.)

The Registrar understands from the Director of Agriculture that officers of the Agricultural Department are constantly giving lantern lectures and that they have a large number of slides suitable for South India. A list of these slides can be had on application to the Director of Agriculture. These officers will be glad to arrange a lecture to any society which possessed a lantern, in which case the slides would be brought by the officer who gives the lectures.

2. If any slides on special subjects are wanted, the Director of Agriculture has kindly undertaken to supply them at Rs. 7 per dozen.

3. The attention of the District Federations and other propaganda institutions is invited to the existence of the above facilities.

XVI

READ:—1) Letter from the Superintendent, Hood Co-operative Institute, No. 113/111-28 dated 4-3-1929.

ORDER:—The following two candidates are hereby declared successful in the Co-operative Examinations held at Tanjore in December 1928 :—

(i) K. M. Kothandaraman, (Y).
(ii) S. Rajagopala Aiyar, (Y).

District News.

The Coorg 7th Provincial Co-operative Conference.—The Conference met on the 19th and 20th of March at Virajpet in a spacious Circus pandal and over 700 delegates and 300 visitors are reported to have attended, every co-operative society having been allowed to send 3 delegates each. It was opened by the Hon'ble Mr. S. C. Pears, I. C. S., C. S. I., C. I. E., Chief Commissioner of Coorg and presided over by Mr. K. H. Ramayya, Registrar of C. S. Mysore. The delegates were welcomed by Mr. A. B. Chengappa, Chairman of the Reception Committee. (Both the Presidential and Welcome addresses have been published elsewhere in this issue). The Chief Commissioner in declaring the Conference open, congratulated the organisers in having secured a very experienced and successful Registrar to guide their deliberations. He said he felt immensely satisfied to find from the latest report of the Registrar of Coorg the progress the movement had attained and hoped that all true criticisms regarding the condition of the movement would be met and the necessary rectifications made very soon. He was also glad to note that only in 4 cases Jama lands and in seven cases Sagu lands were sold by the societies with a view to recover arrears of debts. (The resolutions passed by the Conference have also been published elsewhere in this issue.)

The Kistna Co-operative Bank—Meetings of Managing Board and General Body.—The Board met on the 23rd March and passed an important resolution favouring the bifurcation of the District Federation into two, one for each of the two Bank areas in the district (Kistna Co-operative Bank, Masulipatam, and the Viziavada Central Banking Union, Bezwada). The General Body which met on 27-1-29 resolved as follows:—(1) to eliminate the individual shareholders in accordance with a scheme framed six years ago; (2) reduction of the rate of interest on loans to societies from 8 to $7\frac{1}{2}$ per cent and raising the contribution by the bank to the supervision fund from $\frac{3}{4}$ to 1 per cent; (3) exclusion of Tanuku taluk area from the jurisdiction of the Bank: (4) formation of an executive committee of not more than ten to be elected by the Board of Management from among themselves; (5) grant of Rs. 1,200 to various libraries in its jurisdiction from its common good fund and of Rs. 3,000 out of the same fund towards the publication of a monthly co-operative sheet.

Madura Co-operators and the Development Minister.—The Governing Body members of the Madura City Co-operative Union and other co-operators of the City including Messrs. P. T. Rajan, M.L.C., E. S. Sunda, President of the Union, and C. D. Nayagam, the Deputy Registrar, met the

Hon'ble Mr. M. R. Sethurathnam Iyer, Minister for Development, Madras, on his way to Tinnevelly on the 14th April. An address of welcome was presented to him by Mr. Sunda on behalf of the several co-operators assembled there, detailing the work that had been done by prominent co-operators like Mr. Sunda for the movement in the district and requesting the Minister to strive his best to advance the cause of indigenous banking—co-operative banking in particular—and also to see that the Government allots the co-operators a place in the local bodies and local and imperial legislatures.

The Minister, in replying, applauded the good work done so far by the co-operators in the district and promised to do his best to meet their requests mentioned in their welcome address. He heartily thanked them all for their kindness and the gathering dispersed amidst cheers.

Rural Reconstruction in South Arcot.—Messrs. N. Satyanarayana and V. Venkatasubbaiya, Joint Secretaries of the Madras Provincial Co-operative Union, attended the opening of the Rural Reconstruction Centre at Tirupachanur in Villupuram Union area in South Arcot District on the 27th instant. The function went off very successfully. Local enthusiasm was very pleasing. Welcome arches and toranams had been put up for the occasion. From fifteen to twenty teachers and lawyers attended the function from Villupuram, among whom may be mentioned Mr. C. S. Rangaswami Iyengar, Headmaster, Mr. A. Nagaraja Iyer and Mr. Jayarama Iyer, both teachers in the high school, and Mr. Krishnaswamy Iyer, Vakil. From Cuddalore were present Mr. V. Srinivasachariar, a leading member of the Bar, Mr. R. Krishnaswamy Iyengar, Mr. Sivananda Mudaliar and Rao Bahadur K. Sitarama Reddiar, M.L.C. More than a hundred people were present. The proceedings were watched with interest by many women of the village. Mr. V. Srinivasachariar was voted to the chair. Mr. Krishnaswamy Iyengar read an address of welcome, in which he gave an account of the steps taken by the South Arcot Rural Reconstruction Committee to select the village. He was followed by Mr. Sivananda Mudaliar who spoke in Tamil.

Messrs. V. Venkatasubbaiya and N. Satyanarayana then addressed the meeting. The former spoke for half an hour and explained what in his opinion constituted the essence of Rural Reconstruction. Mr. Satyanarayana spoke for over an hour and gave an account of the work done in the Alamuru area and made several practical suggestions. The meeting having come to a close after the chairman's remarks and expression of thanks by several speakers, the representatives of the P. C. U., had informal talks with the members of the Committee and the Rural Reconstruction Supervisor.

The Co-operative Movement.

SILVER JUBILEE CELEBRATIONS.

AT SATTUR.

At the instance of the leading co-operators of Sattur, Srivilliputtur and and Koilpatti Taluks, the Silver Jubilee of the co-operative movement in India was celebrated with great enthusiasm at Sattur on the 25th instant under the presidency of Mr. H. M. Hood, Registrar of Co-operative Societies, Madras. The proceedings commenced with an address from the Chairman of the Reception Committee, Mr. Kumaraswami Raja of Rajapalayam, President of the Srivilliputtur Banking Union.

Mr. Ananda Rao of Thiruthangal, a veteran co-operator of the area, who has been connected with the movement ever since its inception, read a long and detailed report in Tamil showing the history of the movement ever since the first Act came to be registered in this country and traced its growth to its present position. Several speakers, including Rao Sahib G. Srinivasaraghava Chariar, then addressed the gathering.

Mr. Hood, in the course of the concluding remarks, laid stress on the importance of agricultural societies taking short term loans and utilising them for productive purposes. At the same time while recognising the importance of long term loans, for payment of prior debts, he said that arrangements for starting land mortgage banks were in progress, in view of the difficulty felt by the existing Central Banks getting long term deposits. The function terminated with a vote of thanks.

Letter in the evening there was a tea party and a group photo was taken on the occasion.

AT MADRAS.

The Silver Jubilee of the passage of the law relating to Co-operative Societies in India was celebrated under the auspices of the International Co-operators' Association of India on the 6th April 1929 at the premises of the Provincial Co-operative Union, Royapetta, Madras. Diwan Bahadur M. R. Ry. R. Ramachandra Rao, Avl., C. S. I., presided on the occasion. There was a large gathering including prominent co-operators from the various part of the Presidency, among whom were the Hon'ble Mr. V. Ramadas Pantulu, Mr. H. M. Hood, Registrar of Co-operative Societies, Dr. Pattabhi Sitaramayya, Messrs. R. Krishnaswami Ayyangar (S. Arcot), E. S. Sunda (Madura Co-operators' Association), T. Audinarayana Chettiar, M. L. C., (Salem), Rao Bahadur M. K. Venkatachariar, (Retired Joint Registrar of Co-operative Societies), Rao Sahib T. Srinivasa Rao, (Chittoor), Messrs. V. Krishna Menon (Malabar), K. Krishnachariar (Bellary), R. Ayya-

kutti Ayyangar (Kurnool), V. C. Rangaswami (Secretary, M. C. U. B), G. Sriram Babu Naidu (P. C. U.) and A. R. Venkatarama Ayyar (T.U.C.S.)

The proceedings began with a prayer by Mr .S. Sthanukrishnan. The next item of the programme, viz., the President's speech being over, the Secretary of the Association read the messages wishing every success to our movement from the International Co-operative Alliance, the Manchester Co-operative Union, the International Women's Co-operative Guild, the Belgian Co-operators, and the Co-operative League, New York. Short speeches were delivered also by Messrs. H. M. Hood, Dr. Pattabhi Sitaramayya, R. Krishnaswami Ayyangar, E. S. Sunda, T. Audinarayana Chettiar, Rao Bahadur M. K. Venkatachariar and the Hon'ble Mr. V. Ramadas Pantulu. (A short summary is published below).

The function came to a close with a vote of thanks proposed by the Hon'ble Mr. V. Ramadas Pantulu.

THE GREATNESS OF CO-OPERATION. MR. RAMACHANDRA RAO reated the history of the passing of the Co-operative Societies Act and said that it was assented to with a feeling that the agriculturist deserved some credit and the only possible method of reaching him was by means of co-operation. In the last 25 years, co-operative credit had established itself so strong in India that it had become one of the main economic sources of the agriculturist and they could see in it, when it was properly worked, the sole method whereby the agriculturist on the one hand could be saved from his lifelong load of debt and on the other could be financed cheaply with the necessary short term loans that he had to obtain in the course of his agricultural operations. The quantity of work had increased and problems had so multiplied and they were so immersed in details that they were apt to forget the main principles of co-operation, and when celebrating the period which marked a milestone in the movement he might as well speak of the concepts of co-operation. The meaning and practice of co-operation as a cardinal and fundamental basis is the theory of evolution or of relativity. It was the practice and meaning of co-operation that gave a hope to the downtrodden and that, he expected, was the next stage to which humanity should develop. If co-operation was not practised, that particular fraction of the human race that delibirately rejected it and still strove after efficiency on individualistic lines would disappear as so many nations had done. Great thinkers had also come to believe that if you want to avoid war with all its tragedy the only hope lay in co-operation. If only people were permeated with a sense of the power of co-operation, they could see that humanity's happiness and welfare would advance by leaps and bounds. This idea of co-operation it was that was involved in the feverish discontent that the educated people of the country felt now in realising that they had got to do their duty for the villagers, that they had a duty to perform towards rural reconstruction. It was the same feeling that animated their labours to revive cottage industries and even the humble philosophy of Khaddar. The idea behind Khaddar, he would say, was not political. It was to see that the poor humble brother got something. The word "non-co-operation" was really a misnomer. It was one of the most splendid experiments of co-operation with the poor people, by the people who could afford to pay a few pies extra for their livelihood. This interpretation of co-operation was gaining ground and once the masses got permeated with the idea of the necessity of co-operation, that the welfare of the masses depended on the correct application of co-operation, then they could see rise before them a newer world and a fresher world.

PROGRESS OF CO-OPERATION IN MADRAS.

Mr. Hood was next called upon to address. He said that if asked whether the progress of the movement in the last twenty-five years was adequate he would answer it in the affirmative. Possibly some of them would have some qualification to add, but he thought the majority would feel that 25 years of work had produced very material results, and from many points of view a satisfactory result. The most promising part of it was the very vast number of willing voluntary workers taking part in the movement. Most of them were villagers and this point deserved mention because most of the villagers did not in the least understand why a man should do something for nothing. This was a point on which, he thought, co-operative education in the villages was somewhat defective.

On the materialistic side, progress had been practically entirely on the lines of credit. This had led to a good deal of criticism of the fact that the non-credit side of the movement had not developed to any great extent, and certainly not to an extent comparable with that of the purely credit side of the movement. It did not seem to him, however, that it was a matter which should disturb them very greatly. It might be that he was unduly optimistic in the matter, but it appeared to him that co-operation in any country developed along certain lines dictated not by those who were in control of it and tried to guide the movement but by the genius of the people, and to some extent it followed the line of least resistance. It had naturally developed along credit lines in India and if the non-credit side had not developed so rapidly or gone so far he did not think that it was a matter which need fill them at the moment with very great grief. He had not the slightest doubt that it would follow the other side of the movement in time. But the credit side undoubtedly provided one of the great needs in the country. It was not only simple but it provided the training ground to teach the co-operators and to lead on to the more complicated and possibly more difficult lines of activity which must undoubtedly be developed in the next 25 years. From his very short experience it was clear to him, as it must be to them all, that this co-operative movement was the best thing which had happened in India for a good many decades at least, perhaps he might say centuries, and he for one would look forward to its development as a movement which would provide a big contribution to the future property of the country.

IMPORTANCE OF RURAL RECONSTRUCTION.

Dr. Pattabi Seetharamayya next addressed the gathering. He said the more they knew of the movement, the more they would appreciate

its vaunted glories. But there were numerous pitfalls of which they should steer clear, and on the day that they instituted this ministering service they would have well and truly laid the foundations of real Swaraj in the country. If the movement was to succeed, those in charge should establish a reputation for correctness in monetary dealings, integrity and straightness of character. They should establish a perpetual connection current from the village to the town and back from the town to the village. So much of the village money comes into the towns in the form of lawyers' fees, doctors' fees, money for insurance companies, imports and bank deposits, and there should be a fiat that all the monies of these insurance companies be invested in land mortgage bank debentures. This would result in a conservation of material wealth. The people in the town should look upon this movement not entirely as one that would give them fat dividends, but also as a means of helping their fellowmen in the villages. What was the use of Swaraj if the village ryot with his lean cow and weak ploughshare and his bit of fallow land was involved in debt and was not able to get out of the clutches of the Sowcar? It was only when they could raise the rural population from this mire of indebtedness that they could speak of Swaraj. Co-operation was the future of India. It was, in his opinion, the half-way house between capitalism and socialism. There should be no branch of life that should not come under the healthy influence of this movement.

Mr. R. Krishnaswami Iyengar of Cuddalore speaking next said in the movement was conceived with the best of intentions and the Department with the aid of non-officials had been able to introduce by-laws and rules of business in all the co-operative organisations but the whole trouble came in while putting these provisions into practice. Unfortunately several by-laws, salutary as they were, are given the go-by in daily practice, as a result of which there was chaos in several places, and it must be their endeavour to restore order in those places. All concerned in the Department, the financing, the controlling and the supervising agencies, must work hand in hand, and he hoped that in course of time such a state of affairs would be brought about.

MORE WORKERS WANTED.

Mr. E. S. Sunda of Madura next pointed out that they were suffering from a dearth of workers. The public had not recognised the value of the co-operative movement and the paucity of workers was an obstacle in the way of its spread. He wanted that the support from the Government should be more spontaneous and generous. Another suggestion he would make was that Government should recognise the several co-operative units as the basis of election at least to the local boards and municipalities. Such recognition would concentrate the public mind on the work of the co-operative movement.

THE PLACE OF WOMEN IN THE MOVEMENT.

Mr. T. Adinaarayana Chettiar followed. He pointed out that the two master minds of the century, Bernard Shaw and H. G. Wells, had, in their books, said that co-operation had got a definite place in the future reconstruction of the world. If they were to achieve any measure of success in the reshaping and the regeneration of the destinies of their country, Co-operation must have the highest place. The only alternative between the laissez faire theory and socialism was the promotion of co-operation. While inaugurating the co-operative movement, people in India had drawn upon Western ideals and commenced with some wrong notions. They never presented it as a national movement. They did not give it a proper venue, to bring home to the people that the prosperity of their country depended on the progress of the movement. They overlooked the existing institutions based on co-operation, such as the many prosperous Nidhis, nor did they utilise their services. They did not enlist the sympathies of the women and that was a serious defect. Women's Co-operative Guilds were working excellently in the West and might do so with profit in this country also. He was sure that in the coming years something would be done to remedy these several defects.

DUTY OF EDUCATED MEN.

MR. M. K. VENKATACHARIAR speaking next, emphasised the importance of educating the masses on a wide and intensive scale. He said the educated men from the universities had a clear duty to perform in this matter. If every one of these graduates determined to work in one village, a great impetus would be given to the movement. After all they had to make a return to the villagers from whose contributions it was that universities were enabled to impart their education. Nor should they forget the importance of reaching the villagers in a real and effective way, and pamphlets in the local vernaculars, ballads and short pithy stories would prove an excellent medium of such instruction. Their aim in the next 25 years should be the education of the public in the ideals and benefit of co-operation.

Mr. V. Ramadas then proposed a vote of thanks. He said most of them were in the movement not because it had any great pecuniary attractions to them but because they were sincerely convinced that it was one of the most potent forms of national service. In the words of the Royal Commission on Agriculture, "if co-operation failed, the hope of the cultivator of India would be gone." If to-day co-operation had not made greater progress, it was entirely because of the educated classes. There was colossal ignorance in quarters where one would expect knowledge, and several of those who believed in it were not sufficiently missionary in their spirit. Co-operation had brought prosperity into villages which were once penurious, it has brought into existence buildings where there were dreary deserts, it had made fields fertile that once lay fallow, in short, co-operation had changed the face of several localities in this country. Even in point of social status, several men have been lifted up joining the movement and he knew of a case where a man who could not get a wife, got married by the help of this movement. (Laughter.) And he had no doubt that as they went along, co-operation would prove the panacea for everything that was weak in their economy. Recent investigations have proved the distressing feature that the purchasing power of the Indian producer was going down day by day and agriculture had become less and less remunerative. Greater attention had to be paid to make the ryot economically strong and to enable him to have a wider margin of profit, and he hoped that this aspect of the movement would receive greater attention.

He thanked them all for their presence at the function. The meeting then terminated.

THE INTERNATIONAL CO-OPERATORS' DAY.

AN APPEAL.

The General Secretary, International Co-operators' Association of India, writes ;—

The International Co-operators' Day which is the first Saturday in July of every year is coming off on the 6th of July of this year.

The day was celebrated last year with great enthusiasm by the co-operators of this country. We request the members in charge of the Co-operative Institutions and individual co-operators to kindly begin sufficiently early to organise for the celebration of the Day this year and make the general public understand the international aspect of the movement.

Even though the reasons as to why we should celebrate the day were published in papers during the previous years, yet we feel it our duty to reiterate them and they are given below:—

(1) It makes co-operators and members of local societies understand how they and their societies are related to a bigger movement in the country and outside : (2) it makes the general public understand the international aspect of the movement ; (3) knowledge in co-operation can reach the general mass of the public only by such concentrated demonstrations ; (4) it makes the co-operative member realise his oneness with a big brotherhood ; (5) it is the best form of advertising every local society ; (6) it discovers new converts to the movement ; 7 it steedies the loyalty of existing members; (8) it proclaims the democratic character of the movement ; (9) it infuses new courage and hope among the poor and downtrodden ; (10) it lifts you from the daily business and emphasises the social and moral aspects of co-operation ; (11) it infuses faith and hope in the existing workers ; and (12) it drives away isolation and preaches the message of World Brotherhood.

RURAL RECONSTRUCTION CENTRE, TIRUPACHANUR.

Villupuram Co-operative Supervising Union, South Arcot.

Honored Guests, Brother Co-operators and Gentlemen.—

The Local Rural Reconstruction Committee, South Arcot, takes this opportunity of thankiug you Mr. N. Satyanarayana of Alamuru, Joint Secretary, the Madras Provincial Co-operative Union and Mr. V. Venkatasubbayya Garu, Member of the Servants of India Society and Joint Secretary of the

Madras Provincial Co-operative Union, for your kindness in accepting the deputation of the aforesaid Union to help the Committee in starting the centre in this village of Tirupachanur within the area of operations of the Villupuram Co-operative Supervising Union.

2. It may not be out of place to give a short history of the circumstances which led up to the formation of the centre in this village. The 16th Madras Provincial Co-operative Conference held at Rajahmundry passed a resolution that the Provincial Co-operative Union, in co-operation with the Madras Central Urban Bank, District Banks and District Federations, should take immediate steps to start at least six rural reconstruction centres in the Presidency and to bring about co-ordination of the work of the Agricultural, Co-operative, Labour, Industries, Hygienic and Educational agencies for a collective programme of regional development being initiated. The Hon'ble Mr. V. Ramadas issued a scheme of Rural Reconstruction setting forth the plan of operation, programme of work and cost of the scheme, and invited the opinion of all the District Banks on the scheme. One of us, the President of the District Bank, prepared an analysis of the scheme and sent it on to the members of the Executive Committee of the Bank, before it was considered by the Executive Committee, which in due course on 24-6-28 accepted the scheme and recommended Vridhachalam Union area for the centre. When this was brought before the Board of Management at their meeting held on 23-9-28, it was resolved to place the recommendation before the General Body of the Bank with a view to decide upon the centre. The General Body at their meeting held on 16-12-28 resolved to allot Rs. 1,000 from the Common Good Fund and that Villupuram Union area might be chosen for the purpose. The Provincial Co-operative Union mentioned Messrs. R. Krishnaswami Aiyangar and R. A. Sivananda Mudaliar, the Presidents of the District Bank and the Federation respectively, as members of the Committee with power to co-opt a third member. The Committee met on 23-1-29 and co-opted M.R.Ry. Rao Bahadur K. Sitarama Reddiar Avl., M.L.C., President of the District Board of South Arcot and one of the Directors of the District Bank. The Bank's contribution of Rs. 1,000 was made on 26-1-29. At the beginning of December last, the Executive Committee of the Provincial Co-operative Union resolved that the salary and allowances of the Rural Reconstruction Supervisor should be a first charge on the fund and subject to this, each local centre is given freedom to decide the manner in which the fund is to be sent up to the limit of Rs. 1,750 out of Rs. 2,000 allotted to it. Each centre should keep the Provincial Co-operative Union informed from time to time of its activities and the manner in which the money is being spent. We request the Provincial Co-operative Union to transfer the sum of Rs. 1,750 to the account of the Rural Reconstruction Committee to be opened in the South Arcot District Bank, to enable the former to utilise it from time to time for the said object.

3. The Committee met from time to time and resolved on 17-3-29 to choose Tirupachanur village as the centre and to extend the area of

operation of the Rural Reconstruction work to the villages of Kandamanadi, Kandambakkam, V. Ariyalur, Pillur and Dalavanur. The Honorary Rural Reconstruction worker nominated by the Committee on that date and the Rural Reconstruction Supervisor appointed on the same date did not accept the offices which necessitated the choosing of other persons in their places. The Committee appointed one Mr. Laxmana Rao, Senior Supervisor, as Rural Reconstruction Supervisor and Mr. R. Srinivasa Iyer of Olukkai, Assistant Secretary of the Villupuram Co-operative Supervising Union as the Honorary Rural Reconstruction worker. They have accepted the appointments and entered upon their duties. The success of the scheme in the area chosen depends on the arduous and enthusiastic service of the honorary and paid staff and we are sure that, with the hearty co-operation of the Villupuram Union authorities, the Committee will be able to achieve the desired result within a reasonable distance of time. To quote what the President of the District Bank had stated at the end of the analysis referred to above, "A regenerated village will pulsate with coroporate life and sense of civic responsibility. The ideals and principles of co-operation already broad-casted no doubt with shortcomings here and there recognised by prominent co-operators will considerably help the achievement of the object in view. With some defects in practical working, the co-operative movement is well organised on a scientific basis. A linking of this with the Rural Reconstruction scheme, I have no doubt, will result in a lasting benefit under proper, timely direction."

4. Invitations have been sent to prominent co-operators, official and non-official, and to a few co-operative societies, in proportion to the immediate work on hand. We thank them for their kindness in responding to our invitation to attend the function in an out-of-the-way village putting up with personal inconveniences.

5. The Committee request you, Sirs, to start the centre.

Members,

Rural Reconstruction Committee.

The Madras Provincial Co-operative Union.

Proceedings of the Meeting of the Executive Committee held at 12 noon on Sunday the 28th April 1929.

PRESENT :—The Hon'ble V. Ramadas Pantulu (in the Chair); Messrs. V. Venkatasubbayya; N. Satyanarayana; S. K. Yegnanarayana Iyer; L. Gangadhara Sastry; S. Nagaswamy Iyer; A. Sankunni Menon; Rao Bahadur V. Murugesa Mudaliar; Rao Bahadur M. K. Venkatachariar; M. Ramakrishna Rau; G. Venugopala Rau; and G. Sriram Babu Naidu.

H. M. Hood Esq., I. C. S., the Registrar of Co-operative Societies, Madras, and Mr. K. L. Narasimha Rau, Convener of the Non-Credit Committee of the P. C. U., were also present on invitation.

PROCEEDINGS.

Subject No. 1 :—Arrangements for Provincial Conference.

Resolved that :—

(i) the XVII Madras Provincial Co-operative Conference be held in Madras on the 20th and 21st of July 1929;

(ii) the Hon'ble Mr. V. Ramadas be authorised to correspond with prominent co-operators and secure a Moslem President, if possible;

(iii) the proceedings will be conducted in English, but any one willing to address the audience in any other language may do so;

(iv) the P. C. U. do make the necessary boarding and lodging arrangements for the delegates;

(v) the delegation fee be Rs. 2 and Boarding and Lodging fees for both days be Rs. 3;

(vi) donations be invited;

(vii) the Executive Committee of the P. C. U. will act as the Reception Committee of the Conference;

(viii) the subjects for discussion should as far as possible be of a provincial character;

(ix) the Executive Committee of the P. C. U. will prepare the agenda for the conference and notes and papers will be invited to be sent to the P. C. U. before 20th June and printed and circulated to the delegates.

II. Sanctioning of expenses to the delegates to the adjourned session of the Provincial Institutes' Conference :—

Resolved that :—

(i) Messrs. S. K. Yegnanarayana Iyer and N. Satyanarayana be again deputed to the adjourned session of the conference and a sum of Rs. 100 be sanctioned to each of them towards expenses.

(ii) Mr. K. L. Narasimha Rau, who undertakes to meet his own expenses, is also elected as a delegate.

III. Propaganda tours to be fixed for the next 2 months.

Resolved that :—

(i) the gentlemen who were originally deputed be again requested to extend their period to the end of June 1929;

(ii) they need not restrict themselves to the districts allotted to them;

(iii) additional amounts may be sanctioned to each of the gentlemen according to available resources;

IV. Rural Reconstruction work—Consolidation and Regulation—Scale of T. A. of Rural Reconstruction Supervisors outside their headquarters.

Resolved that the subject be referred to the Rural Reconstruction Sub-Committee.

V. Organisation of the P. C. U. Staff.

Resolved that :—

(i) the President be authorised to appoint a paid Assistant Secretary on Rs. 150-5-200.

(ii) that Provident Fund be instituted for the staff under the same rules as in the M. C. U. B.

VI. Letter dated 23-1-29 from Mr. R. K. Prasanna Venkata Rau of Trichy regarding the agitation between the Individual and Society Representatives in the Trichy District Urban Bank.

Resolved that the consideration of the subject be dropped in view of the information given by the Registrar that some arrangements have been made by him in this behalf.

VII. Letter dated 18-2-29 from the Arasavilli Co-operative Union to the Registrar of Co-operative Societies, regarding simplification of property statement in Unlimited Societies.

Res.:—The P. C. U. does not feel any necessity for the changes proposed.

VIII. Letter dated 20-3-29 from the Secretary of the Arasavilli Co-operative Union to the P. C. U. enclosing a copy of his letter to the Assistant Registrar of Co-operative Societies, Berhampur, regarding the expansion of the movement by organising societies for short term purposes.

Recorded.

IX. Letter No. F. 203/28 dated 28-1-29 from the S. Arcot District Federation regarding the formation of a committee in the P. C. U. for revision of forms and registers.

Resolved that, in view of the fact that the Department is revising all forms on the lines of the recommendation of the Townsend Committee, there is no necessity to appoint any Committee for the purpose in the

P.C.U. The District Banks and District Federations will however be circularised on the subject and any particular suggestions made will be considered and forwarded to the Registrar.

X. Letter from the Berhampur Co-operative Federation to the Registrar of Co-operative Societies, Madras, regarding organisation of societies in the Ganjam District.

Res. :—The Union is in general agreement with the views of the Federation and will address the Registrar on the subject. The Registrar said that there was no order to the effect that there should be no further registration.

XI. Letter dated 7-3-29 from the Panrutti Co-operative Bank to the Deputy Registrar of Co-operative Societies, Madras, regarding priority right over the property of the members—Section 19 (b) of the Co-operative Societies Act.

Recorded. The Act is being revised and it is understood that this suggestion has been already included.

XII. Letter No. 33/29 dated 30-3-29 from the Divisional Local Co-operative Union regarding the conduct of the Training Classes.

Recorded.

XIII. The Registrar's circular No. F-740/29 dated 17-3-29 regarding special concessions for the Depressed classes in the Co-operative Training Classes.

Res. :—The Executive Committee agrees with the Registrar in his views. (Vide note appended).

XIV. Letter B. 4892/28 dated 24-3-29 from the Registrar of Co-operative Societies, Madras, regarding permission to appear again in the case of unsuccessful candidates, for Co-operative Examination.

Res. :—The Executive Committee agrees with the Registrar in his views on all the four points (vide note appended).

XV. The conduct of the Training Classes by the P.C.U.

Resolved that no training class be held this year in Madras and that the Registrar be addressed regarding the utilisation of the grant of Rs. 1,200 for sending non-official lecturers to Training Classes or for organising special classes for panchayatdars of City Societies.

XVI. Payment of T.A. to the residential members when they happen to be outside on business other than that of the P.C.U. for attending its meetings.

Res. :—Not Approved.

XVII. Statements of Receipts and Charges of the P. C. U. from January to March 1929.

Res. :—Passed.

XVIII. Audit Statements of the P.C.U. for the year 1927—28.

Res. :—Recorded.

The Review will be printed and circulated at the General Body Meeting.

XIX. Office note regarding the writing off of Rs. 552-2-0 being the total selling price of publications distributed free of cost during propaganda tours and other occasions.

Res. :—Written off.

(Sd,) V. RAMADAS,
President.

APPENDIX.

Note referred to in resolution No. XIII.

XIII. The Registrar wants the opinion of the P.C.U. on the following matters :—

1. Abolition of the S.S.L.C. Standard in the case of the Depressed Classes.

The Registrar says that it will be useless to abolish this standard, since those who attend the classes will not understand the teaching. The remedy, he suggests, is not in the abolition of the standard but in the institution of classes of a lower standard in addition.

2. Non-collection of fees in the case of the Depressed Class Students who apply for co-operative training.

The Registrar recommends the non-collection in deserving cases.

Note referred to in resolution No. XIV.

XIV. The correspondence between the Asst. Registrar of Co-operative Societies, in charge of the Bezwada Training Institute, the Deputy Registrar of Co-operative Societies, Bezwada, and the Registrar, resulted in the following proposals :—

1. Students who failed in the last examination need not be compelled to attend the classes again.

2. They may appear at the next course if they want to, in the subjects in which they have failed, paying half fees.

3. A student shall not be permitted to appear for the examination a third time.

4. A student who fails in all the subjects shall not be admitted.

The Union will have to express its opinion on these matters.

Editorial Notes.

THE COMING MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE.

For the past sixteen years the annual Provincial co-operative conference has been a recognised feature of non-official co-operative activity in the Province. One of the statutory functions of the Provincial Co-operative Union is to hold the Provincial Conference and it was discharging its function zealously and systematically till the year 1926. In the general conference of that year, the idea that the moffussil districts should be given an opportunity to have the Conference held within their jurisdiction began to gain ground and the invitation of the Madura District was accepted and the Provincial Conference was held at Madura under the distinguished presidency of Sir Lalubhai Samaldas. That tradition was continued next year when Rajahmundry was pleased to invite the Conference. Co-operators all over the Province naturally expected that the newly started tradition would be kept up. There was no fear about the tradition being discontinued because at Rajahmundry the representatives of the Coimbatore District, assembled there, were kind enough to invite the conference to their district. In the natural course of things, therefore, Co-operators all over the province were expecting that Coimbatore will hold the Conference in 1929 in some important place within the district.

Meanwhile there were new developments. The idea of a linguistic federation for Tamil Nadu more or less similar to Andhra Sahakara Sammelanam for the Andhra Desa, has been gaining ground and Coimbatore took the lead in the formation of such a federation. The proceedings of the meeting which was intended to bring such a federation into existence was published in the pages of the Journal.* And later on at a meeting of the Executive Committee of the P.C.U. which was attended by the President of the Coimbatore Dt. Federation, the P.C.U. was told that Coimbatore was not very keen upon having the Conference. It has therefore fallen to the lot of the P.C.U. to hold the Conference once more under its own auspices. At the meting of the Executive of the P.C.U. which was held on 28th April, this question was discussed and it was resolved to hold its conference this year in Madras on the 20th and 21st of July.

In this connection, it may not be out of place if we discuss the question that was mooted at the meeting of the P.C.U. Executive,

* Page 165 of the Madras Journal of Co-operation. (September 1928).

whether there is any need for Conference at all. It was held by some prominent co-operators that such annual conferences are a superfluity, whatever their justification and educational and spectacular value might have been in the distant past, that the movement has spread far and wide, that more immediate and urgent work has to be done in the districts and in linguistic areas and therefore the annual function of a provincial nature might well be given the go-bye. It was pointed out against this view that in every other province in India annual conferences formed a regular feature of the popular activity, that it has been serving the very useful function of bringing co-operators from different parts of the province into one place and throwing them into one another's company for a brief period of 2 or 3 days, that it has enabled them to exchange views and formulate a policy so far as the non-official side of the movement is concerned to be followed in the year to come and that therefore the conference ought to be retained. It is superfluous to add that we entirely agree with the latter view. The champions of the former view are no doubt justified in contrasting the actual results achieved and the huge cost to the movement as a whole; but there are benefits which may not be always measured in rupees, annas & pies. Moreover, in the dim background of their minds, there is a tendency however unexpressed—a tendency to magnify the importance of the village society and to ignore the fact that the village society is but a unit in bigger organisms. The motto of the co-operator is 'each for all and all for each' and not 'each for each and nobody for all'. The champions of village society must realise that an isolated village society cannot stand by itself. If we are to attain to the highest moral and economic development, it must willingly and deliberately forego a portion of its own independence and subordinate its own interest in the larger interests of a bigger organism like the Union of which it is a constituent member. Similarly Unions must join together and subordinate themselves to a federation and federations to a provincial organisation. Without this wholesome tendency of subordinating individual interests to the interest of the bigger concern, if each unit of the co-operative movement be given complete liberty, the movement will lose its essential co-operative character and will soon get weakened also. The Provincial conference is the meeting together of all leaders of the movement in the Province. It gives opportunities to leaders of rural parts to meet their brother—workers in urban areas, to understand their view points, to sympathise with their problems and to offer their help in the light of their own experiences. The Conferences are not to be judged merely by the resolutions passed which may or may not be acted upon by the department or by the non-official side of the movement. We are glad therefore that the P. C. U. has resolved to hold the Conference in Madras and we hope that co-operators all over the province will welcome this decision and help the P. C. U. in making the session the grand success it deserves to be.

CO-OPERATIVE MARKETING OF AGRICULTURAL PRODUCTS.

There are some co-operators who believe that co-operation is a very simple thing, that what we have to do is to go into the villages and start societies and see that they are run properly. These people do not generally care to read the theoretical literature upon the subject or get themselves acquainted with practices obtaining in other parts of the world. Not having their self-complacency, we do not sympathise with their attitude. We try as far as possible to see what the great thinkers on economic subjects have to say, what new lines they suggest, so that actual progress may shape itself in conformity with the advancement of theory.

For the past some months, we have been laying special emphasis in the pages of this Journal on the importance of Co-operative Marketing. Agriculture as a staple industry has to be studied not merely on the side of production but also on the side of distribution of the produce as much, though this aspect was hitherto neglected. We were therefore agreeably surprised to see such an important place given to agricultural marketing in the deliberations of the All-India Economic Conference recently held at Mysore. In the copy of the Indian Journal of Economics for January 1929, which is the Conference number containing papers read and discussed at the 12th Conference of the Indian Economics Association held at Mysore, we find as many as 5 papers out of 20 dealing with the marketing of agricultural produce. In the English Journals to hand, the consumers also have come to realise that they have not studied agricultural marketing with as much attention as it deserved and there is a cry even in England on the part of the consumers for a sympathetic study of agricultural marketing. In Denmark, New Zealand, Canada and other places where the agriculturist is organised co-operatively as a producer, agricultural marketing has advanced considerably and it has enabled the farmer to get the maximum benefit for his labours. He not only buys his requirements as cheaply as possible, not only produces his agricultural produce in the most efficient way, but he gets maximum profits for the produce by marketing them in the most efficient and therefore in the most economical way. Let us hope that, in this country also, this important aspect of agriculture will receive more and more attention. It is high time that many of our young men who find themselves unemployed do devote their attention to agricultural marketing and thus give to the un-organised agriculturist the benefit of their education and their organising capacity.

"NON-CREDIT CO-OPERATION NO. (III) CO-OPERATIVE: INSURANCE."

Life insurance is quite a normal feature of western life. In our country, however, it is the few that have received English education, that have realised the advantages of insurance. It is true that the enterprising agents of various insurance companies, both indigenous and foreign, have pushed the movement into many an obscure nook and corner of our country and have dragged into the concern many a villager. Still the field to be covered is very wide.

Even in western countries, insurance is only about two centuries old. It is based upon the long and continued study on very scientific lines of vital statistics. It has been ascertained that, under normal conditions, amongst any given set of thousand people whose ages vary from 25 to 55, only a limited number of people would die every year. The number of probable deaths has been ascertained within a very high degree of probability.

But in a group of one thousand persons, nobody can foresee which 25 or 30 would die in a particular year. The whole system of insurance is based upon this uncertainty and the well-ascertained number of probable deaths.

If, in our small group of one thousand, everyone be approached and be induced to insure his life because the chances are that he may be one of the few in the fatal list, the insurance company gets the very large amount of premium paid by all the insured but will have to pay only a comparatively smaller amount for matured policies. In this way, the company is able to have a large amount of funds which may not immediately be needed and which is to be kept only as a reserve to meet contingencies. That is why insurance companies, at least those that are successful amongst them, are able to handle huge sums of money.

One of the greatest drawbacks of the Co-operative Movement is the absence of large sums of money which could be utilised to meet the ever increasing needs of the poor peasant.

The modern method of co-operative finance, that is of the lending to the peasants for a long period, amounts which ultimately district banks have taken as deposits for short periods, has been condemned

* The first two notes on (1) Loan and Sale Societies and (2) Housing have been published in April issue on pages 604 and 605.

and one great economist has gone to the extent of calling it 'nothing short of gambling.' That is why the Townsend Committee has laid special stress upon the distinction between short term and long term loans and have advised ordinary rural societies to confine themselves to short term loans. Land Mortgage Banks are, when started, expected to attract deposits for long periods. But all these would be quite inadequate to meet the growing needs of the movement and any source of finance which could be drawn upon for comparatively long periods, would always be welcome to co-operators.

It is well known that many successful insurance companies have invested huge sums of money in Government securities fetching only very low interest. If by any means these sums could be diverted into the co-operative movement or similar sums be rendered available, it would be a great relief.

In western countries, insurance has been carried on on a co-operative basis. Most of the insurance companies in India are, however, capitalistic concerns. A few enterprising shareholders subscribe the necessary capital and start a company and in course of time do business on a large scale by getting many persons to take policies in their company. The policyholders get a fraction of the profit, but if the audit reports of capitalistic concerns be carefully read, it would be found that the share capital originally invested fetches very high rates of dividend.

There are certain companies called mutual companies where the distinction between policyholder and shareholder is avoided and all the profit goes to the policyholders only. It is the nearest approach to the co-operative ideal but even here the basic model is the capitalistic concern. The mutual company registered under the Co-operative Societies Act and run on a co-operative basis would be just the thing required.

Insurance, however, is such a highly complicated bit of business requiring so much of expert knowledge and therefore co-operative insurance cannot be started as easily as any other form of non-credit co-operative activity.

In one of the American Journals recently to hand, we find that a co-operative concern appointed a committee to investigate and report on the possibilities of starting a co-operative insurance company. The committee reported in favour of inducing one of the existing insurance companies to become co-operative rather than starting a new co-operative insurance company with comparatively inexperienced hands.

In our own country, the idea of co-operative insurance has been engaging the attention of Indian Co-operators for the past 10 years at least. We in Madras appointed a committee to go into this question and like most other committees it has gone into a long sleep and its report is still awaited. Bombay has done some preliminary work in the matter and recently we were glad to note that Bengal has appointed a committee to investigate the question.

It is high time that co-operative insurance is tackled as an All-India problem and we hope that the All-India Co-operative Institute which would be brought into existence very shortly will do the necessary propaganda in favour of an All-India Co-operative Insurance Company. It would not only benefit the thousands of people that are likely to insure their lives in the company, but by gathering capital which could be lent as long term deposits to co-operative banks, it will be indirectly helping the co-operative movement as a whole. We hope leaders of co-operation all over India will give their serious attention to this very important aspect of co-operative activity.

A BASELESS APPREHENSION.

We have reasons to believe that there is a general apprehension that the Department is not in favour of registering new societies. The recent departmental circular on the question, which sounded a note of caution, has been interpreted by over-cautious subordinate officers in a far more rigid manner than was intended by the Registrar himself. We have the assurance of that exalted officer that his object in issuing that circular was merely to warn his subordinates against registering societies formed hastily without the proper human material or the necessary training in co-operative principles. In fact it was a warning against the formation of the so-called co-operative societies on absolutely un-co-operative basis. He wanted that every registering officer should satisfy himself that there was every chance of the society to be registered flourishing as a good co-operative concern. He had anticipated what we wrote last month about 'the burnt child dreading the fire' and he had given instructions to see that old mistakes are not repeated. But this wise caution, we are afraid, has been interpreted as amounting almost to a stopping of fresh registration. There are areas, (such as the northern portion of the circars), where the movement has not spread much and it would be against co-operation and against the spirit of the circular if registration be stopped altogether there. Caution is necessary, more so in the light of the state of affairs that was disclosed by the Townsend Enquiry. But caution is not stopping still. In this world there is no stopping still at all: either you progress or you retrograde. All that the

Registrar means, we are informed, was what is implied in the well known proverb 'hasten slowly.' You have to move onward though not with feverish haste with which the movement seems to have advanced in some stage of its past history, with the results we all know and deplore. We hope the spirit of the Registrar's circular will be observed and there would be no instance of out-Heroding Herod.

THE ELEVENTH SESSION

OF THE

Bihar and Orissa Co-operative Congress.

(Cuttack, 4th, 5th and 6th May, 1929)

PRESIDENTIAL ADDRESS

BY

THE HON'BLE V. RAMADAS PANTULU.

BROTHER CO-OPERATORS, LADIES & GENTLEMEN:

It has given me genuine pleasure to accept your generous invitation to preside over this session of the Congress, and I need hardly say how highly honoured I feel by your choice. But if I fail to come up to your expectations, the fault will not be entirely mine. You know, as well as I do, that I am ill-equipped to guide your deliberations, not having had any first-hand knowledge of your provincial problems with which the Congress has to deal in a business-like manner, and you have chosen me nevertheless. I, a comparatively raw recruit to your ranks, suffer from the additional disadvantage of having to come after a succession of brilliant, distinguished and tried leaders of the movement who presided over your last three sessions. But there is much that is common to the several provinces in the field of co-operation and my province may possibly have something to say which he sister province of Bihar and Orissa may well listen to and appreciate; and I have also sufficient acquaintance with your province to know that she will have something to send back in return, which Madras may welcome and cherish. So, a frank exchange of ideas between us in a process of mutual study will, I hope, prove fruitful of some beneficial results, which the Congress may claim to its credit.

Memories of the Past.

The present session of your Congress synchronises with a notable land mark in Indian Rural Development, the ***Silver Jubilee Year*** of the passing of the Co-operative Societies Act of 1904. The significance of that legislative measure lies in the introduction, into the neo-economic life of the people, of the principles of modern co-operation. Such elements of co-operation as our old rural economy possessed became virtually inadaptable to our altered conditions of life, with the disintegration of that economy, although a few of those elements might have survived and could be still harnessed to certain forms of our associated effort. The present day economic individualism emanating from the modern "Legislator's Anvil, the Judge's Rod, the Settlement Officer's Compass," and other like factors, has become an accomplished fact and demands new solutions and requires new types of co-operative endeavour to combat its evils. It is precisely in this direction that the framers of the Act of 1904 started the experiment which is full of promise and potentiality. Let us therefore render our sincere and grateful thanks to them. The year 1912 in which the scope and utility of the Act of 1904 were greatly enlarged by another Act, which replaced its predecessor, is also frought, to you in Bihar, with memories of other momentuous events. The readjustment of your provincial boundaries, simultaneously with the reunification of Bengal, which followed in the wake of the statesman-like declaration of Lord Hardinge, wherein he drew an admirable picture of a Federated India composed of homogenous sub-nationalities, marked the beginnings of a new chapter in the history of your progress. You then emerged from the eclipse you, as a people possessing individuality and distinct cultural characteristics, suffered from being submerged in the larger surroundings wherein you had to run an obstacle race in life and your opportunities for initiative and enterprise were considerably curtailed. The impress of this happy change is visible in the pace and direction of your co-operative movement since then, as in many other spheres of your activities. In this connection, I venture to point out that if co-operation, which is, after all, one among the items of our nation-building programmes, has made little progress in the Orissa portion of your province, and Cuttack Circle is on the black list of the Registrar, it is in no small measure due to the handicap which its people suffer from their disintegrated existence in three or four provincial administrations under conditions which do not foster self-expression, encourage consolidation of effort, or afford scope for the play, and much less for the display, of the finer qualities, truer enterprise and larger business initiative, which they really possess. It is therefore my earnest prayer to my brothers in Bihar to stand by the Utkals in their attempt to be gathered together into the fold of a United Utkal Land. The full potentialities of our national life will be revealed only when the life currents of our sub-national groups, developed along lines most congenial to their peculiar cultural and traditional characteristics, mingle in confluence with the main stream of United Indian Nationalism.

Stock-taking.

I should have been tempted to make a survey, however brief it may be, of the achievements of the movement, specially on an occasion like this, when we are celebrating the happy event of the completion of the 25th year of its inauguration, but for two reasons which appear to me to make such a survey unnecessary at this juncture. So far as India, as a whole, is concerned, the movement was very recently surveyed by the Linlithgow Commission and its general verdict is now before the public. The position is summed up by the Commission in these words: "The main results achieved may be said to be the provision of a large amount of capital at reasonable rates of interest and the organisation of a system of rural credit which, carefully fostered, may yet relieve the cultivator of that burden of usury which he has borne so patiently throughout the ages. Knowledge of the co-operative system is now wide-spread; thirft is being encouraged; training in the handling of money and in elementary banking principles is being given. Where the co-operative movement is strongly established, there has been a general lowering of the rate of interest charged by money-lenders; the hold of the money-lender has been loosened, with the result that a marked change has been brought about in the outlook of the people." This picture is, to my mind, fairly true. If this weighty pronouncement does not satisfy such of our critics as are unable to find any good resulting from the movement, then any feeble testimony that I might add would carry no more conviction with them. In the process of our national reconstruction, the economic factors of the movement that count are the business efficiency of the co-operative institutions, their utility in enhancing the agricultural incomes and wealth of the country, relieving the burden of unproductive debt, freeing trade from needless middlemen, and enhancing the value and reputation of the country's products in the markets; its moral factors that count are "the sense of harmony and unity" that the movement creates, "tolerance of divergent opinions, intolerance of waste and a consciousness of individual freedom and worth." Tested from either of these two viewpoints, we can certainly point to something which has been already achieved and which holds out a larger promise for the future. So far as your province is concerned, the progress of the movement was ably surveyed at your previous congresses, and there is little that I can usefully add to that survey. A Provincial Bank with plentiful resources, 67 central banks with a working capital of two and a half crores of rupees, 8,900 societies with a membership of over 2½ lakhs and a provincial federation looking after audit and development are something for which you can claim credit and the sevices rendered by all these organisations cannot but have tangible effects on the lives of the people who have come under their influence. The Hon'ble Sir

Muhammad Fakir Ud-din, your Minister of Education, did a service to the movement by also drawing the attention of the Ninth Session of your Congress to some disquieting features in a courageous and outspoken manner. Your Provincial Government having decided to appoint a Committee to investigate into the conditions of the movement in the province, all your outstanding problems will soon be subjects of enquiry by that Committee. If your Government follows more or less the lines adopted by the Madras Government, besides an examination of the progress made by the movement since the Maclagan Committee's Report, and an enquiry into the present position and lines of development of the movement, the following three main questions among others will probably engage the attention of your Committee: (*a*) the practice and organisation of the financial system, (*b*) propaganda, supervision, audit and control of societies, and (*c*) co-operative production, distribution and sale. I hope to be able to indicate in the course of my address a few points in relation to these problems which may be pressed on the Committee. I shall, therefore, not attempt any general stock-taking of the working of the movement in the province, but proceed to deal with a few pressing problems, on whose correct solution the future of the movement seems to me to largely depend.

Reform of our Financial organisation.

I have no doubt that you will agree with me that the reform of our financial organisations should be given the foremost place in our deliberations, for a perfect system of rural credit is one of the greatest economic needs of India. Nevertheless, well ordered and systamatised co-operative finance has yet to be developed, and I may be pardoned for stating that no province in India has so far succeeded in doing so as I shall illustrate a little later. It is true that we started with correct ideals by centralising or concentrating in collection, with a view, in the suggestive language of Mr. Wolff, to thinning out the stream of money collected, "sending it in rills over a broad surface, so that irrigation may be perfect, reaching every root to be watered." The supply to our central financial reservoirs is fairly copious and steady and the scope for the distribution of credit to the ultimate borrowers, the peasants, is practically unrestricted; nevertheless, we are faced with a bewildering situation, owing to the channels, along which the credit was designed to flow, being thickly silted up, the little quantity of credit that manages to reach its destination failing to yield the expected return and the central reservoirs surplusing in consequence, seeking escape through unco-operative outlets, while the roots at the other end of the co-operative channels are withering. The causes

that contributed to this anamolous situation are many and varied, ranging from the visitations of gods to the perversity of men. Making full allowance for factors like illiteracy and ignorance of our rural population, want of co-operative education, lack of habits of of thrift, traditional deficiency in the virtues of punctuality and promptitude in the due discharge of obligations and the like, it appears to me that the question as to how far the maladjustments in the fittings of the several parts of our financial machinery are responsible for the situation in which we find ourselves, has not been examined with the care and minuteness that it deserves. If all the parts of our system are properly adjusted, I, for one, feel that it can be made to work more smoothly and satisfactorily, although the agencies which work it may not be fully posted with the knowledge of all its bearings and complications. Has not our alien Government habituated the people to the use of numerous complex institutions by the mere mechanical perfection of the machinery that runs them, although the people who resort to them hardly understand how they work and with what effects? Have not the commercial and fiscal policies of our British Rulers simply overwhelmed the lives of the people, and do they not regulate the whole of our national economy, notwithstanding the fact that the people themselves understand little of the inwardness of those policies? It is the organisation that drives from the centre which exercises the profoundest influence even in a federal working.

Centralisation of administration and policies.

Excessive decentralisation of administration and financial policies is a real source of weakness in our organisations, and it accounts for many of our troubles. Lack of co-ordination between the Provincial Bank, central banks and primary credit societies cannot but lead to confusion of aims and clash of interests which may ultimately result in financial chaos. The following passage occurring in the latest published report of your Registrar shows the state of things in your province in this respect. He says: "one disquieting feature is that since the year 1925, there is a steady fall in the investments of the apex bank in the central banks as loans and cash credits. This is partly due to the tendency of the central banks to raise their finances preferably by deposits *paying higher* rate of interest than by borrowing from the apex bank at the lower rate." The central banks, he further points out, persist in this course notwithstanding the fact that some of them have large surpluses adversely affecting their profits. Finally he regrets that the value of the Provincial Bank as a balancing centre is not sufficiently appreciated by the central banks. It is conceivable that under other circumstances, working at such cross purposes by the several financing organisations may result in deficit and seriously upset our normal business. Surely no financial organisation can properly serve its purpose with so many misfits in its adjustments. There is only one remedy for this, namely, the development and enforcement of a centralised policy. But such centralisation must not offend against the democratic ideals of the movement. The fundamental idea underlying a federal system of working is centralised administration and democratic control. Efficiency demands that policies should be entrusted not to isolated units, but to a centralised body, in the interests of the units themselves. The essentially popular character of the movement demands, on the other hand, that the central body which directs the policies should be democratically controlled from the bottom by the units which go to compose it, again in the interests of the units themselves. If the central banks have a preponderating voice in the shaping of the Provincial Bank's policies and if the primary societies have a similarly predominant influence in formulating the central bank's decisions, then a lead from the Provincial Bank should be implicitly accepted. The decisions of the Board of Management of the Provincial Bank will then automatically regulate your financial policies. It will be realised that this arrangement, while it does not in the least impair the autonomy, initiative and sense of responsibility of the central banks and the primary societies, fully secures to them all the advantages of centralisation of financial control and policy. It is in this respect that Madras can legitimately claim to give a lead to some of her sister provinces including yours. In Madras, the decisions of the Board of the Provincial Bank are accepted as binding on all the central banks. Our working rule in regard to deposits is that the maximum rate of interest offered by any central bank shall be at least ½ per cent less than the lending rate of the Provincial Bank. The maximum rates offered on special kinds of deposits like those of Local Bodies are also regulated by the Provincial Bank. I commend this policy for your favourable consideration. The alternative scheme of consolidation of financial policy by a system of branches of the Provincial Bank to finance the societies does not commend itself to me. It tends to excessive commercialisation of the movement, destroys local enterprise and initiative and materially impairs the independence of the peoples' Banks by destroying their character of combining in themselves the functions of the borrower and the lender. At any rate, let other provinces be content with watching the interesting experiment that is being carried on in Bombay, where it is claimed that the peculiar conditions of the province favour it.

Need for cheap Credit.

Next to perfecting our organisations comes the improvement and systematisation of our business methods. Co-operative rural credit, in order to prove efficacious and beneficial should not only be *prompt* and *adequate but must be also cheap*. I am in emphatic disagreement with those who preach against the so-called dangers of money being made available too cheaply to the agriculturists. In my opinion, credit to agriculturists should be as cheap as we can possibly make it. Agriculture in this country is far from being a remunerative occupation, owing to a variety of causes, the most important of which is the economic weakness of the peasant arising from want of cheap capital, credit and organisation. The purchasing power of the Indian agricultural producer, viewed as a consumer, stands very low to-day, and is on a downward incline. Industrialists all over the world have begun to realise that the theory of over production is refuted by ascertained facts, and that "any surplus in the form of swollen stocks which exists is due, not to *lack* of demand, but to the *ineffectiveness* of demand, that is lack of purchasing power." One of the causes for this phenominal diminution of producers' purchasing power is the high cost of production not commensurate with the return and the resultant depression in agricultural industry. Any investment of money on agricultural production can therefore be profitable only when it can be had at the lowest possible price. Our agriculture cannot have too much of cheap credit. To us, in Madras, the rates of interest that obtain in the co-operative organisations of your province, seem to be almost as exorbitant as those of the proverbial money-lender. It sounds incredible that production credit which carries interest at 12½ % to the village societies and 15⅝ per cent and even 18¾ per cent in so-called backward areas to the ultimate borrowers can help the agriculturists to produce profitably except probably in very select areas or particularly valuable crops. Judging from your rates on deposits, both in the provincial and the central banks, money does not appear to be either dearer or more scarce than it is in Madras; 4½ to 5½ % paid by the Provincial Bank and 6 to 6½ % paid by the central banks is only a trifle higher than what we pay, and the fact that all your banks are surplusing testifies to the abundance of available capital and to the confidence which your banks command in the money market. Your Provincial Bank's *present* level of lending rate to central banks appears to be precisely the same as ours, namely 6 %. The question then arises why such oppressive rates of interest as 12½% and 15⅝% should continue to be charged to the societies and their members respectively. Without knowing more about the details of your working, I am unable to say whether a margin of 6% between borrowing and lending rates is called for to keep your central banks going. We, in Madras, not only manage with a margin of $1\frac{1}{2}$ to 2% but also make liberal contributions to supervision and obtain decent profits. It is just possible that the comparative smallness of your central banks' operations, the high dividend rate of $12\frac{1}{2}$ % and the multifarious duties with which they are charged, necessitate a larger margin than that in Madras, where the operations are much larger. The time-honoured defence in favour of the high rates however seems to be that the comparatively exorbitant rates prevailing in the market make it inadvisable and imprudent to lend at very low rates. It is difficult to understand the economic cogency of this argument. The maximum limit must be determined by the consideration whether it would make the loan remunerative. Your Registrar who puts forward a very earnest plea in favour of reduction of interest says that "As a matter of fact the village money-lenders have reduced their rates of interest to somewhat below the society rate, a fact which is hampering the growth of the membership of societies." In this connection, I may be permitted remind you of what His Excellency Sir Hugh Stephenson told you last year in his short but highly suggestive opening address. His Excellency said that co-operative banks are there "to supply funds at the *cheapest possible rates*, on the basis of mobilised credit, as the co-operative activities they have organised are prepared to take it up. * * * If money is so readily available the agricultural societies should reap the benefit on reduced interest charges which involves a reduction of interest on deposits." The first and foremost financial reform on which you should therefore embark consists in effecting a substantial reduction in your lending rate of interest to the agriculturists. The economically distressed peasant who is groaning under the burden of chronic indebtedness cannot easily be persuaded to place any trust or faith in the good intentions of those who charge him with such heavy rates of interest as are calculated to absorb all his profits and are clearly beyond his capacity to pay.

Classification of co-operative Loans.

In order to ensure that the credit liberated by co-operative banks is prompt as well as adequate, we must resort to a scientific classification of loans, based not merely on their purpose or duration, but on more exacting economic considerations. There is no true economic back ground to our existing classification, if there is a classification at all. When we attempt to classify our loans with due regard to the satisfaction of all the legitimate needs of the borrower, the economic effects of the loan on his productive activities, the sources of repayment, his capacity to repay, the suitability and the resources of the financing banks and the like, then they seem to fall under three well-marked categories: (1) The short term, self-liquidating loan, which is repayable out of the next harvest except when such harvest fails, in other words, out of the gross yield for the year; (2) the intermediate loan, which is recoverable in kists spread over a small number of years, not usually exceeding five and repayable out of the normal annual net savings; and (3) the long term loan which admits of being recovered only in small dribblets in the course of a substantially long period, which may extend up to 25 or 30 years and which ought to be made repayable, at least in part, from the enhanced margin of profit, accruing from savings in interest charges or from the increase in the yield of land, consequent upon the judicious use of the loan. The *gross yield*, the *net normal savings* and the *enhanced margin of profits*, constitute, from a true economic standpoint, three distinct sources of repayment. The merit of this classification lies in the facility that it affords to cut up a loan advanced to an agriculturist into at least 3 parts and fixing his liability on the basis of the several sources of repayment available to him. I wish to make my meaning clear by means of a concrete illustration. If a person having a small margin of savings from his income, gets accommodation to the extent of, say, Rs. 1000, of which he spends Rs. 100 on his cultivation expenses for the year, uses Rs. 200 for the purchase of cattle and implements, and devotes the balance of Rs. 700 to the discharge of a prior debt, carrying a heavy rate of interest, then these three fragments of the same loan should be differentiated as above and recovered from the three sources of repayment indicated. The non-observance of these various economic considerations in the transactions of our co-operative societies is, in my opinion, largely responsible for the lop-sided development of our finances. In Madras the short term credit is practically starved, the intermediate loan is not appreciated and a long term loan for 10 years is claimed to be the most beneficial form of rural credit. In Bombay, where abundance of caution has been a marked feature of co-operative finance, things progressed the other way round. The bulk of their credit is of the short term variety and no encouragement has been given to schemes of debt redemption or land improvement requiring long term accommodation. I find that official and non-official opinion on the question of developing long term business pull in opposite directions in Bombay. While the Registrar in his latest administration report advocates the abandonment of the experiment of debt redemption, my friend Mr. V. L. Mehta, whose sound insight into co-operative finance compells respect, in his contribution to the March number of the *Bombay Co-operative Quarterly*, definitely favours the expansion of long term finance by making some provision for debt redemption and small land improvements, without falling into the error of carrying it to undesirable extremes as in Madras. I find that things in your province are no better. I understand that most of the loans which your Provincial Bank grants to Central Banks are for four years and more, and that Central Banks, in their turn, lend to societies for similarly long periods. It is needless to cite the position in other provinces, but I can assure you that it is at least equally unsatisfactory.

The short term loan.

The short term or self-liquidating loan is crop finance—money needed for costs of labour, seed, manure, petty personal expenses of the cultivator and the like. Experience shows that this form of credit is, as a rule, obtainable by the ryot seeking it from the hands of agencies other than his own village society. The popularity of crop finance chiefly depends upon the ease and promptitude with which it is made available in right time for the seasonal operations to be fruitful. I attach the greatest value to the expansion of this form of credit facility. It makes agriculture certainly more remunerative than it is, by helping both to increase the yield and to reduce the cost of production. Another tangible advantage of developing this form of credit is the greater mobility that it gives to agricultural finance as a whole. Bank credit to agriculture is severely restricted because it is very much less liquid than industrial credit. This normal handicap is made severer by the paucity and unsatisfactory nature of our short term agricultural paper. Paper of longer usance than 12 months is generally unacceptable for discounting or rediscounting purposes even with the Imperial Bank. In the late lamented Reserve Bank Bill, such usance was fixed at 6 months; and my attempt in the Select Committee to raise it to at least 9 months failed. If agricultural industry and the movement and the marketing of crops are to be effectively and adequately financed, our financial requirements will be huge indeed. It, therefore, behoves us to make an earnest endeavour to multiply and put short term co-operative paper on a sound, marketable basis.

The Intermediate Loan.

The intermediate loan is a form of credit with which the cultivators seem to be familiar and which is getting more and more popular in some provinces. It is a necessary and substantial supplement to the short term cultivation loans, for many agricultural purposes of a productive character often require larger amounts of accommodation than can be repaid out of the year's harvest, and the borrower can liquidate it only out of his savings in the course of a few years. The importance of this species of credit in agricultural economy can be seen from the recognition given to it in the Federal Banking system of America by means of special legislative measures of far reaching importance passed in 1923 whereby Federal Intermediate Credit Banks are created for dispensing intermediate loan credit. Experience has shown us that the resources of our Co-operative Banks permit the dispensing of this kind of credit in an ample measure without any dislocation of their finances. It may be objectionable in abstract theory to lend one and two year deposit monies for 3, 4 or 5 years as the case may be, but in actual practice such a course does not seem to involve an overstepping of the margin of safety having regard to the proportion in which the deposits get renewed and to the volume of fresh money that comes in. The success of this form of credit, however, essentially depends upon the local knowledge and care with which the instalments or kists of repayment are determined in relation to their number, amounts and due dates and the circumspection with which extensions are granted in case of justifiable defaults.

The Long term loan.

My study of the conditions of Co-operative Banking in India have led me to the conclusion that the equipment and existing resources of Central Banks are such as to necessarily limit their operations to short term and intermediate production credit and to marketing credit to which I shall refer later on. It is true that the Co-operative Credit machinery was set up in India chiefly to relieve agricultural indebtedness which was considered to be the most outstanding problem. Debt-redemption is undoubtedly a most beneficial and pressing purpose in our rural economy. Nevertheless, it is an unproductive purpose and money lent for it cannot in most cases be recovered within a reasonably short time without crippling the resources which the agriculturist requires for keeping himself and his industry going or without driving him to the money-lender once more. I am unable to accept your Registrar's assertion that a cultivator can clear his debts in ten years by means of loans for that period from rural credit societies, nor am I prepared to accept his estimate that one crore of rupees will suffice to wipe out the indebtedness of the members of your societies. In Madras, more than in any other province, the central banks have largely financed agriculturists for the ostensible purpose of discharging old debts with the result that 10 year mortgage loans to members of rural societies largely preponderate and in certain central banking areas they constitute 90 per cent of the total loans advanced. It would have been imprudent for the central banks to lend for such a long term without tangible security. So, mortgage of real property, however inconvenient it might be as banking security, had to be resorted to. Now that a large proportion of these loans is overdue, the well-known difficulties in obtaining and executing mortgage decrees render the assets of these banks absolutely immobile frozen credit. When we remember that the owned capital of rural societies and central banks forms but an *insignificant* portion of their total working capital and the borrowed capital on which they mainly subsist consists of short term deposits, the dangers incidental to this form of business must be all the more patent even to lay men. Nevertheless, long term credit is as indispensable as the other forms of credit to the agriculturists, if not even more indispensable, for no scheme of debt redemption or land improvement is possible without its aid. It is therefore no use merely declaring that the central banks as at present constituted and worked cannot dispense it. We must find a solution to it if our scheme of co-operative finance is to be complete and self-sufficient.

Land mortgage credit.

Barring schemes of commercial land mortgage banks, registered under the Indian Companies Act, with which we are not here directly concerned, long term mortgage credit may be developed and dispensed in one of two ways. The scheme which is at present generally favoured is that of establishing separate institutions called co-operative land mortgage banks, with a central organisation to raise long term funds by issuing debentures on the collective guarantee or floating charge of all the mortgages, to finance a network of primary mortgage banks which are conceived as limited liability associations of borrowers and non-borrowers, the number of shares held being limited and dividends kept low, and adequate arrangements being made to ensure sound valuation of security, careful invistigation of titles, correct assessment of borrowers' credit and repaying capacity and efficient management of affairs in general. The Royal Commission on Agriculture, the 1st and 2nd Conferences of Registrars, the Madras Committee on Co-operation, are all agreed on it, not to speak of many leading individual co-operators. But official opinion in your province does not seem to favour this scheme. Your present Registrar, when giving evidence before the Linlithgow Commission, stated his views in these words: "It is said that, without land mortgage banks, the long term credit requirements of the cultivators cannot be adequately met. My experience of the conditions of this Province is that the establishment of land mortgage banks is not needed and that co-operative credit societies are quite sufficient to meet in full the short and long term credit requirements of the cultivators. Land mortgage banks may be necessary for zamindars but they are not necessary for cultivators whose needs can be fully catered for by primary

co-operative societies. What is required is that credit societies should issue long term loans to meet the requirements of cultivators, and this can be arranged." Unfortunately, the witness did not develop his argument and was content to base his conclusion solely on his experience. Having devoted some study to the system of land tenures in your province, the character of your rural indebtedness and the nature and quantum of your cultivators' long term credit needs, I am unable to discover any very special features which mark off your province from Madras for instance, in regard to the desirability or feasibility of establishing land mortgage banks. Nevertheless, after this strong and deliberate expression of opinion by your official expert, a stranger like me should hesitate to controvert it, at any rate, before canvassing non-official opinion in the province. If I may express my first impression, subject of course to correction, the position taken up by your Registrar seems to me to be, *prima facie*, untenable. Sums required for liquidation of prior debts or for effecting permanent improvement of lands, cannot be recovered within periods for which existing credit societies may legitimately lend, and in order to lend for much longer periods, they have no resources of the requisite character. This criticism assumes that, if such resources are available, both short term banking and long term mortgage banking can be mixed up in the operations of the same society—an assumption which is itself questionable.

An Alternative scheme of mortgage credit.

If there is no reasonable prospect of converting your department to the generally accepted view about the utility of land mortgage banks, you may consider an alternative proposal. The scope of the existing co-operative central banks may be so expanded as to enable them to develop special long term resources by forming a distinct mortgage credit branch in them. The original schemes proposed for Madras were more or less all of this variety, though none of them fructified. Professor J. C. Sinha of the Dacca University, writing in the *Bankers' Magazine*, London, recently proposed the following scheme: "The only satisfactory solution is to ask the central banks to take up land mortgage banking in separate department. Adequate control over the proper use of loans would then be ensured by lending through primary credit societies under the central bank. One great advantage of the above scheme is that the ryot will have to borrow from the same institution both for his short and long term requirements, and there will be a better check on his borrowings." He cites the case of the Naogaon Ganja Mahal Co-operative Bank, Ltd., the most noted co-operative institution in Bengal providing land mortgage credit, as an instance of one and the same institution doing both short and long term business, and says: "This is right so long as short term deposits are represented by short term investments and long term funds by long term loans." I shall propose one important modification to Professor Sinha's scheme. The central banks will be better advised to dispense this long term credit directly to farmers, and not through rural credit societies. My belief is that rural credit societies are incapable of conducting the investigation of titles and valuation of properties efficiently and that long term mortgage business will be very unsafe in their hands. The temptation of rural co-operators to obtain through their own societies loans for as long a term as they can, with a minimum of formality, will throw into shade the short and intermediate term loans which are of great economic value in developing agriculture. The question then arises whether the central banks can command the long term funds necessary for the purpose. Your Registrar thinks that they cannot. Here is his solution as he gave it to the Royal Agricultural Commission: "The only solution which strikes me is that Government should come to their aid by either (i) providing long term loans to the Provincial Bank or (ii) guaranteeing debentures issued by the Provincial Bank." I do not know what your Provincial Bank thinks of the proposal. In Madras, the Provincial Bank raised some amount of 20 years' money by the issue of unguaranteed debentures, but ear-marked it for financing the primary land mortgage banks, of which about twenty are registered and only half-a-dozen working. In Bombay, the fourth series of guaranteed debentures which the Provincial Bank proposes to issue are to be similarly ear-marked for financing the primary land mortgage banks. If there are to be no primary land mortgage banks in your province, the long term money has to be driven into the societies through the central banks. Moreover, in the Punjab, as a price for the Government's guarantee of debentures, the Bank is not allowed to build up a reserve fund or pay dividend, but is obliged to divert the entire profits to a debenture sinking fund for the redemption of the principal sum. In Bombay also sinking fund is created, before profits are arrived at, the contribution varying from 1 to 2% of the amount of debentures outstanding on the basis of the average rate of interest charged by the bank on its lendings. It is for your Provincial Bank to decide how far it can work a similar scheme. Speaking for myself, I am in favour of separate central institutions being created in the provinces to raise long term money by the issue of debentures; I am against the provincial bank involving itself in such business.

Marketing Credit.

A perusal of the literature available to me on the progress of co-operative movement in your province shows that marketing credit has not received any attention hitherto. In fact, the number of your purchase and sale societies and agricultural sale societies, small as it is, is falling off and the report of their working for 1927 says that the few that exist are working at a loss and their further organisation has been stopped. Till very recently things were very much the same in Madras also. But since 1924-25, when our "loan and sale societies "made their first appearance, their benefits are being increasingly appreciated and their number is growing; and this offers a very promising means of increasing the wealth of the cultivators by enabling them to withhold their crops from the market till they obtain reasonable prices. The enquiries made by the Townsend Committee on the spot have proved that the prices ruling for agricultural produce for some time after harvest are usually abnormally low, as ryots who have not financial facilities are forced to sell their crops to pay money-lenders' dues, the State's and Landowners' demands and to provide for other immediate expenses. Another distressing fact in our rural economy, that I became acquainted with in my tours through villages, is the ruthless exploitation of the producer by a needlessly large number of profiteering middlemen. Foreign exporting and manufacturing agencies have spread their tentacles in the remotest villages and enjoy enormous credit facilities from the Joint Stock Banks for the movement of crops and preparing them for export. The result is that the poor ryot is robbed of the legitimate fruits of his arduous labour and slender capital and he parts with his products for much less than their economic value. The remedy for this evil which requires immediate attention is to develop marketing credit through appropriate organisations. It is a mistake to suppose that credit co-operation can thrive and make great progress by itself without other rural conditions, which adversely affect the ryot's life, being improved. In fact, there is a much larger and more humane field of work for those who wish to devote their talents and energies to such activities. The Railway administrations and transport agencies, the local bodies and other authorities who hold the key to communications by land and water, should all be made to interest themselves in the cause of the ryot. We, in Madras, have formed a separate Committee in the Madras Provincial Co-operative Union for developing this aspect of Co-operation and your Federation may consider the desirability of doing something in this direction.

The Banking Enquiry.

I have so far dealt with the reform of the existing financial machinery and the overhauling of our business methods. The scope, however, is very narrow for extending the sphere of Co-operative Credit movement and bringing all the agriculturists who are in need of economic relief under its influence, without the State and the banking system of the country coming to our aid. I hope that the Central and the Provincial Committees which will be set up to enquire into the banking conditions in India, will deal satisfactorily with these larger aspects of Co-operative Banking, Agricultural Finance and Co-operative Industrial Finance. Co-operators have been asking in the past for certain forms of State aid which, in their opinion, are indispensable for the expansion of the movement. Among our demands, which are of long standing, may be *mentioned*: (i) the necessity to place the facilities at present enjoyed by the Co-operative Banks from the Imperial Bank on a footing of contractual guarantee, (ii) enlarging those facilities by making provision for financing Co-operative Banks on specially favourable terms, such as granting long term loans for periods over 12 months at bank rate on the pronotes or bonds of the Provincial Banks with fixed instalments, and short term loans for 12 months and under on pronotes at 1% below the bank rate, (iii) the employment of Co-operative Banks in the business of discounting bills of exchange or granting loans or cash credits for financing agricultural operations, (iv) the relaxation of the rigours of the Income-tax law, so far at least as our investments in public securities and land mortgage debentures are concerned, and (v) the recognition of approved Central Banks, in select localities, where the Imperial Bank has no branches, as agencies for the management of Government Local Sub-Treasuries. But, the most difficult and far-reaching problems to be solved are, how to connect agricultural credit with the banking system of the country, and what form the State aid to the movement should take. The way in which other countries solved them was by means of special legislation dealing with agricultural credit. Brief references to those statutory achievements will, I hope, prove interesting to those who wish to pursue the question.

In the **United States of America,** the Congress passed two Acts, the Federal Farm Loans Act for long term loans, and the Agricultural Credits Act for intermediate term loans, the periods admissible for intermediate loans being not less than 6 months and not more than 3 years, while those of long term loans range up to 40 years. The Loan Associations, almost entirely co-operative, organised and controlled by borrowers, constitute one of the three main parts of the Federal Farm Loans Machinery, the other two being the Federal Farm Loan Board

and the twelve Federal Land Banks which make the loans and issue bonds or debentures. The banks of the Federal Reserve System are authorised to buy and sell debentures, and such other obligations issued by the Federal Intermediate Credit Banks. In the initial stages, the Government was authorised to take up shares.

In **Australia** the Commonwealth Bank which is a State Bank has a separate Rural Credits Department constituted by the Legislature in the year 1925. To this department, the Government Treasurer is empowered to advance £3 millions. The department may also raise debentures and deal with institutions, co-operative or otherwise. The period of advances under this Act is not to exceed an year. In addition to these facilities, 25% of the annual net profits of the note issue department of the Commonwealth Bank should be paid into the Rural Credits Department, up to a maximum of £ 2 millions.

In **South Africa**, a bank called the "Land and Agricultural Bank" was established under the Union Parliamentary Act of 1912. In the year 1926, another Act (XL of 1926) was passed to extend the powers of this Land Bank and to provide for the formation of a network of what are called "Agricultural Loan Companies and Rural Credit Societies" for dispensing short term loans. The Bank is intended to grant long term loans to farmers up to a period of 30 years and to Co-operative Societies for a period of 10 years. In addition to raising funds in the usual ways, the Parliament from time to time authorises the Minister to pay to the Bank sums of money to supplement its funds.

In **New Zealand** by a special enactment of the Dominion Parliament, a "Long term mortgage department" was added to the New Zealand Bank. The department has a special share and debenture capital of nearly £ 3 millions, and the Government bought a third of the shares and received a dividend of 6 per cent on their shares, while the other shareholders got 7½ per cent. The loans are advanced on an amortisation basis, with interest at 6 per cent plus provision for sinking fund, for periods extending to 36½ years.

In **England,** a new Bank called the "Agricultural Mortgage Corporation, Limited" was incorporated last year under the Agricultural Credits Act of 1928. The object of the Corporation is to assist agriculture by providing long terms loans on the most favourable terms. The capital of the Company was provided by the Bank of England and the principal Joint Stock Banks, with one exception. The Ministry of Agriculture is empowered by the Act to make advances to the Corporation for the purpose of establishing a Guarantee Fund, to the extent of £7,50,000, free of interest for a period of 60 years and a recurring sum of £10,000 per annum for a period of ten years towards the administration expenses of the Bank. The Bank is empowered to raise money by debentures which are made Trustee Securities. The Government is empowerd to underwrite the debenture issue for £5 millions, and the Treasury themselves have power to invest in them to the extent of £1,250,000. The Bank deals with individual farmers directly and does not adopt co-operative principles.

I have taken up much of your valuable time with these citations, for I considered it desirable to give publicity to the manner in which agricutrural credit elsewhere was created, fostered and broadcasted with State aid and placed on a statutory footing. Those who condemn the demand for State aid to agricultural finance and co-operation will have to test their opinions in the light of the policy that is being pursued in other countries in respect of agricultural development. I hope that those who direct the contemplated Banking Enquiry will examine this aspect of our case for making agricultural finance an integral part of the banking system of the country and for undertaking necessary legislation for the purpose. If I had more time at my disposal, I should have cited a few passages from the report of the Irish Banking Commission regarding the State's duty to aid agricultural credit, for the report has a peculiar value to us, since agriculture occupies as important a position in India as in Ireland. We, co-operators, must however be up and doing in formulating our demands with care and circumspection and strenuosly pressing them upon the Central and Provincial committees of the Banking Enquiry; otherwise we shall be allowing a valuable opportunity to slip away.

Co-operative Education.

The Royal Commission on Agriculture wound up their long catalogue of "defects" and "disquieting conditions" of the movement with the following recommendation: "The only remedy which appears to offer any sure prospect of success is the patient and persistent education in the principles and meaning of co-operation of the members of the primary societies by teachers competent to perform the task efficiently under adequate supervision." This is a correct solution so far as it goes. But a scheme of education to be comprehensive and fully beneficial must have three aims. One is to educate the members of the societies in the principles and methods of co-operation; it will be a long and persistent process, for our object is to make every man and woman a member of our society. A second aim is to effectively train men and women in the technique of business, management of institutions

simultaneously with the acquisition of a thorough grounding in co-operative principles, in order to employ them to take charge of the various institutions and run them, either as paid or unpaid workers as the case may be. A third aim is to promote the study of co-operation by people generally and to disseminate co-operative knowledge by all available modern educational methods, so as to create a favourable atmosphere for the spread of the co-operative movement and for the springing up of co-operative institutions all over the country. Judged by these requirements, the provision in your province for elementary instruction to the panchayats and secretaries of village societies and the class for higher training at Sabour seem to me to be totally inadequate. The *Syllabus* of the Sabour class and the provision for practical training with the aid of the model society, organised by the probationers may be good so far as they go. But the evidence tendered by your Registrar before the Linlithgow Commission clearly shows that those who are in charge of *teaching* are not selected with due regard to their knowledge in rural economics, banking and co-operative law and practice. Arrangements for education are nowhere adequate, but they seem to be particularly poor in your province. Efforts should therefore be made to organise, besides regular rural centres, more centres for higher training, at least one in the area of each divisional board. Men with special knowledge of the subjects taught should be put in charge of the conduct of these classes. We, in Madras, besides running rural training classes for the benefit of panchus and village society secretaries at several places in each district, maintain five centres for higher training of supervisors, Government Inspectors, Central Bank staff, and other students who generally possess educational qualifications not below that of Intermediate Standard. Usually, a fair proportion of our students are graduates. These five centres are conducted by the Provincial Co-operative Union and the Registrar in collaboration and the Government makes an annual grant of Rs. 4,000 for each centre. Each course extends to 4 months and the standard of teaching is fairly high. Besides paid teachers non-official co-operators who have specialised in certain subjects are also invited to lecture to the students. There is a local committee in charge of each centre, on which the President of the Provincial Union and the Registrar are ex-officio members, the others being elected by the organisations situated in the area of the centre which usually extends over 3 or 4 districts. In addition to these, the Government of Madras has completed the arrangements for adding from July next to the existing courses of the Madras Institute of Commerce, extending over a whole year, and comprising subjects which are calculated to equip the students with a sound knowledge of co-operative theory and practice. With all these facilities, we feel that the provision for education is inadequate. So, there is much to be done in Bihar and Orissa in the matter of co-operative education.

Now and then, we hear advice to the effect that programmes of expansion and reform of our movement should be held up until the people who use the institutions are educated up to the level of understanding their principles and methods of working. This is wholly unsound. As in the sphere of constitutional political advancement, the process of enlarging and perfecting self-governing institutions should proceed along with the education of the people. Indeed, setting up and constantly improving efficient institutions to work through, is one of the recognised methods for educating the people by whom they are to be run. Moreover, the statement that rural co-operators do not understand the principles of thrift and the value of associated effort is a sweeping one. Some of them do and a large number can assimilate them when preached to. But the understanding of a principle is not quite the same as the ability and opportunity to practise it. The depressing environment which envelops the rural co-operators and their low economic vitality for which they are not entirely responsible and which cannot be removed by education alone, are real obstacles to the practice of co-operative virtues even where there is a desire to do so. How many among the numerous holders of Degrees and Diplomas annually turned out by our Universities, when faced with the horrors of widespread unemployment and bitter economic struggle for life, are able to practise the economic principles learned by them to any material advantage? It is unfortunate that the Royal Commission's scope of economic enquiry was severely restricted by denying to them the liberty to investigate into the reaction on Co-operation of the land revenue policy, the system of tenures and other economic and political factors. Surely, the effect of such factors cannot be removed by education alone, and the statement of the Royal Commission that Education is the only remedy for all our co-operative ills, is a little wide of the mark. I am sure you will not misunderstand me as attempting to minimise the value of co-operative education or the need for concentrating all our available resources and energies on its furtherance. It is, however, well to remember that some at least of our "defects and disquieting conditions" are also due to certain serious political, economic and fiscal policies which cannot be remedied by education alone. Education will, however, help people to discover the inwardness of these causes and to agitate for their reversal.

Audit.

There are apparently two views on the question of Audit. One favours Government Audit and the other, non-Government audit. We, in Madras, are almost entirely under Government audit. Our societies and central banks make no

contribution towards audit expenses and the Government which bears the entire expenses employs the necessary staff. I use the word *almost* advisedly Such of our primary societies as are not affiliated to our supervisi bodies known as Local Unions and District Federations, pay audit fees according to the scales prescribed under the statutory rules. The reason for making an exception in their case is that, by reason of their non-affiliation to supervising bodies, they make no contribution to Supervision Fund. Hence the levy. This class of societies are mostly urban societies with limited liability. The other view, namely, that in favour of non-government audit, is evidently based on the recommendations of the Maclagan Committee. But in such cases, the Committee exempts the Government from contributing to the costs of audit and correspondingly relaxes the audit staff from Government control. The appointment, transfer and dismissal of non-government auditors is made to rest with the co-operative institutions, while the ultimate control of audit operations alone is made to rest with the Registrar, on whom the Statute places the duty. But you seem to be neither here nor there. Your Federation is theoretically a non-official Audit Union, and the bulk of the expenditure incurred by it on audit is paid by the affiliated societies and central banks, as only Rs. ¾ lakh is contributed by the Government, out of your total expenditure of about Rs. 2½ lakhs on audit. But your Audit Staff, contrary to the Maclagan Committee's scheme, is entirely controlled by the Government Officials, the Registrar and his lieutenant, the Chief Auditor. The fact that the Registrar is also the Ex officio Governor of your Federation does not remove this objection. I am in entire agreement with what I understand to be the non-official view of your province, that the audit staff of the Federation should be placed under the control of an elected Deputy Governor, the Registrar's control being confined to the statutory responsibility of seeing that audit operations are carried out properly. With regard to the personnel and strength of your auditors, I feel that your 108 men are not sufficient for your 9,000 societies. It works out at one for ninety societies. If audit is to be thorough and is to conform to statutory requirements which include valuation of assets and examination of overdue debts, one local auditor cannot manage 90 societies. The quality and equipment of these local and assistant auditors also require improvement. I prefer not to express an opinion on the question of the quantum of contributions that the central banks should be called upon to make for their audit. I wish to be educated on that matter by the Congress which will deal with it. If you ask for my personal opinion about the relative merits of the two views mentioned above, I am strongly in favour of the Madras system of Government audit and the freedom of societies from liability to pay for its costs. I am glad to notice that your Registrar put forward the same view very strongly before the Linlithgow Commission. At the same time I wish to make it clear that my partiality to the Madras system is not due to any greater efficiency of the Government audit staff. But I prefer it because it lifts a substantial financial burden from the societies' shoulders. If Government will finance the entire audit scheme and agree to your Federation running it, leaving the ultimate statutory control alone to the Registrar, I should be more pleased.

Supervision, Control and Propaganda.

Here again, my province works on radically different lines from those of yours. With you, the supervision, control and education of the affiliated societies constitute the important function of the central banks, next to finance, while, in Madras, the central bank is effectively prevented from coming into actual contact with the societies. We have separate supervising bodies known as Local Unions which are federations of societies for purposes of supervision control and propaganda. The Local Unions are, in their turn, federated in each district into a higher organisation known as the District Federation or the District Council of Supervision. My intimate acquaintance with the working of the Madras system does not induce me to commend it to you in preference to your own. Our Unions and Federations have so far given very little promise of proving efficient supervisory bodies, with some exceptions, of course. But, we are not for abandoning the system; we are making every effort to improve those organisations. Speaking for myself, I see no objection to the central banks continuing to exercise the functions of supervision of their affiliated societies in provinces like yours where the system has been in vogue in the past. Indeed, I think the central banks are the proper agencies to supervise. I am glad that the Registrars' Conference recently held at Simla refused to endorse the sweeping condemnation by the Royal Commission of the system of supervision of societies by central banks and voted in favour of its continuance where it is being tried with a fair amount of success. It is a mistake to imagine that the borrowing societies and the lending banks which are organically related in a scheme of federal working, stand in the relation of defaulting debtors and exacting creditors; they are both integral parts, of an organisation, whose interests are indissolubly bound up, as those of men, moved to a common a purpose and fellow pilgrims in search of a common end. The central banks will, however, forfeit their claims to look after the societies, if they do not properly exercise such supervision. Moreover, slack supervision of societies is bound to react on the financial soundness and stability of the banks themselves. Your Registrar