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## THE Madras Journal of Co-operation

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### Editorial Notes.

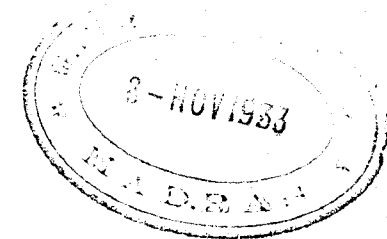
#### Stock-Taking of the Co-operative Movement in our Province.

##### I. By Mr. Strathie.

It is not often that the head of the Co-operative Department gets an opportunity to take the public into his confidence and give us his genuine impressions about the state of affairs of the Department entrusted to his care. In his administration reports he reviews the working of the department for the year and gets no opportunity to discuss the fundamentals of the movement. Thanks to the Extension Board of the Madras University, which has organised a course of general lectures on varied subjects by experts, Mr. Strathie got a chance of delivering to the world what his own individual opinions are of the Co-operative Movement in our Province, how far it has succeeded in achieving the ideals of the founders and how far it has failed and due to what causes.

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# The Madras Journal of Co-operation



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The address which is printed elsewhere in this number is a perfectly frank statement, though one may not agree with the Registrar's views on all the points touched upon in the speech. No doubt, it will be read with the attention it deserves by all people. It divides itself into three well-marked sections. The first deals with the dark side of things and attempts to analyse the causes thereof; the second enumerates the positive achievements that stand to the credit of the movement and third envisages the future which is to be very different from the present in the light of experience gathered.

The Registrar starts with a strong note of pessimism about the success of the movement and he strengthens his position by quoting the opinions of well-known non-official workers who also bear testimony to the failure of the Movement owing to its not being true to the ideals of the Founders and its getting into undesirable hands. In examining the causes of the failure, the Registrar is of opinion that Societies were thrust upon villages without proper human material and without even a real economic need for it. The first part of the proposition perhaps, would be assented to by many workers in the movement. There was a time in the history of Co-operation in our Province, when people unfortunately began to put faith in numbers and a vigorous scheme of numerical expansion was sponsored officially and carried out without those preliminary investigations, so rightly emphasised by the MacLagan Committee. Societies were organised by paid agents merely to swell the statistical returns of the year; but when the Registrar doubts whether there is a need for Co-operative Societies in every village we beg to differ from him. There is certainly need for them in most villages.

Mr. Strathie seems to agree on essentials with the Members of the Board of Revenue who in 1896 condemned the proposals of Sir F. Nicholson, but he buttresses his arguments and statements by quotations from such a high authority upon Indian affairs as the late Sir Seshiah Sastri. He quotes his own experience as Director of the Land Mortgage Bank and as one who has carefully scrutinised the property statements of many village societies that the load of indebtedness under which the average ryot is labouring, is, if not a myth, at least not the stern reality which it is supposed to be by some economists. In this Mr.

Strathie, has raised some questions of a fundamental nature and which constitute a challenge to rural economists and practical co-operators and we have no doubt their answers will be coming later to us. He relies upon the views of the Madras Board of Revenue in support of the position that the need for credit is much less keenly felt by us in our Province, that terms of money lending are far from usurious and that repayments are not rigidly enforced by ryot money lenders who are supposed to constitute the most important class of money-lenders in Madras, unlike in Bombay and Northern India, where generally speaking, money-lenders are alien and more exacting. Whatever truth there may have been in this statement in the year 1896 when the Board recorded its opinion, the picture in our opinion is not correct at the present day. We do not consider that even in 1896 it was altogether correct. Even if the ryot money lenders preponderate in this Province, they are not inspired by altruistic or neighbourly sentiments towards their less fortunate brethren, who borrow from them. Conditions about interest are supplemented by demands of free or low paid services which keep the small agriculturists tied to the bigger and perpetuate debt from generation to generation. Again advances for cultivation by ryot money-lenders are often accompanied by forced sale of produce at less than market price. There has been a tendency on the part of bigger ryots to develop into merchants or commission agents. One wonders whether there is much to choose in these circumstances between the bigger ryot at home and the shrewd alien money-lender, who at any rate has the virtue of not coveting the agricultural lands of his debtors.

The real fact seems to be that the needy men who have nothing but honesty to depend upon and for whom primarily rural credit societies are intended have not yet come into large numbers into the fold. Most of the Societies are in the hands of the upper strata of village society who mis-handle that very dangerous thing, "a little learning", and who appropriate the benefits to themselves, to their relatives and dependents and who in critical cases make a catspaw of other innocent members. We have at present no authentic record about rural indebtedness and the conclusions arrived at by the Madras Provincial Banking Enquiry Committee are not accepted by the Registrar. There is no doubt some truth in the objections raised by Professor Thomas, who was a Member of the Madras Banking Enquiry Committee that enough time has not been bestowed.

ed upon the investigation of this problem. But Dr. Thomas's point was that the indebtedness was more than 150 crores of Rupees and was near Rs. 200 crores. Any way we are inclined to the view that the conclusions of the committee are nearer the realities than the personal impressions of the Registrar.

We are prepared to concede that there is a great deal of force in the statements of the Registrar that facile credit has to a great extent demoralised the villager, when the Co-operative Banking Institutions diverted the saving of the Urban population into rural societies and the unpleasant fact has to be admitted that the enthusiasm of the pioneers who looked upon co-operation as a genuine social service and came to shoulder their responsibilities with the zeal of missionaries has in course of time given place to material considerations.

We are glad that the Registrar is prepared to admit that there are some very good societies that have done very good real work in accordance with the ideals of the founders. That the Co-operative Society has brought down the rate of interest in rural parts has been admitted by all who have investigated the problem and the Registrar is perfectly right when he adds that encouraging the habit of saving among the agriculturists and popularising banking habits and breaking down the caste barriers also stand to the credit of the movement.

Once again when he comes to the last portion of his address and prescribes heroic remedies, some may not be able to see eye to eye with the Registrar. The wicked man who manipulates the delicate machinery of Rural Credit for his own individual aggrandisement and who brings discredit upon the movement must be mercilessly put out and if there is no method of extricating the society from his clutches, the Registrar would rather liquidate the Society and make it impossible for the wicked man to do mischief. Whether this ruthless extermination of bad Societies is the only way out of the present difficulties is for co-operators to consider. It must be possible for public opinion in a village to assert itself and replace bad men by better men and all the prestige and influence of the Government should be brought to bear in this process. If ruthless extermination be carried on, it may create a panick and it will have a very demoralising effect upon the public. It is only in case, all

possible experiments fail that a society should be liquidated. It is a very uneconomical process and resembles the inefficient doctor's prescription amputating the leg because he is unable to pull out a deep-seated thorn or piece of glass in the leg.

There is a great deal of force in Mr. Strathie's conclusion that Co-operation in the year's to come would be different, from what it has hitherto been. Workers have begun to feel the mistakes committed by the pioneers in confining the movement almost exclusively to credit. The Linlithgow Commission drew pointed attention to the fact that village life and village problems should be envisaged as a whole with special reference to their mutual actions and reactions and each line of activity should be assigned its proper place in a well-organised scheme of village re-organisation. We hope that rural reconstruction would be made in the future not merely with special attention to facile credit but also the remodelling of the village as a whole, including so many other branches of equally useful nature, such as, education, sanitation, village Panchayat Etc., But if Mr. Strathie meant to say that Credit Societies as such will cease or will be few, we do not agree.

It is true that Mr. Strathie was attacked in the Legislative Council for his rather too pessimistic note. He was characterised as having no faith in the movement of which he is in charge. We are of opinion that this interpretation is somewhat unjust to the Registrar. Mr. Strathie has abundant faith in the movement, but he feels helpless because owing to the policy pursued by his predecessors, there has been in his honest opinion too hasty expansion and too much of opportunities given to bad men who now spoil the movement. We hope, Mr. Strathie's term would be extended as the Agricultural Commission has recommended to at least two more triennia, so that he may have ample opportunities for putting into operation his own suggestions for weeding out and for giving healthy direction to the movement as a whole.

We offer our sincere congratulations to Mr. Strathie for his absolutely frank and bold speech.

## II. By Mr. V. Ramadas Pantulu.

Mr. Strathie's address has made all Co-operators to think furiously and Mr. V. Ramadas Pantulu, the "President of the Madras Provincial Co-operative Bank, Ltd., and the acknowledged and universally respected leader of the movement in this Presidency" has in his address, as President of the Guntur District Co-operative Conference, published elsewhere, subjected Mr. Strathie's speech to a searching examination. He differs from Mr. Strathie only in his opinion about the prevalence of indebtedness and usuary in the country and about the usefulness of the Co-operative Society as an agency to combat this evil. Mr. Pantulu thinks that there is widespread indebtedness and there is genuine need for co-operative society in most of the villages. He also does not agree with the Registrar in his view that money lending is done in the Southern Provinces to a large extent by ryots among themselves.

There can be no two opinions about the immediate problem of the hour to weed out bad societies and to make the movement healthy and strong once more. While Mr. Pantulu would support the Registrar in his view of immediate drastic action in extricating the movement from undesirable hands by liquidation of societies, he also strikes a note warning against wholesale liquidation, as it will have the effect of creating a panick. He recommends what we have done so often in these pages, cautious expansion simultaneously with liquidation of bad societies. Mr. Pantulu adds it would be difficult to find a Raiffeisen for every society, but workers in charge of village societies may be permeated with the true Raiffeisen spirit which is all that is possible.

The next important point in which Mr. Pantulu differs from the Registrar is in their vision of their future. Mr. Strathie thinks that the Credit Movement has gone too far and he hopes to see a reduction in its volume. Mr. Pantulu on the other hand envisages a future where the credit movement may not be less than what it is now in volume, but will be directed along more varied and useful channels, such as financing of the warehousing and marketing of

agricultural products and encouraging further economic improvements of villages, such as encouragement of cottage industries, Insurance of villagers and the establishment of village co-operative stores for the supply of the needs of the average villager.

Mr. Pantulu's address would be read by all co-operators as a sort of gentle but effective corrective to Mr. Strathie's. Even though Mr. Strathie was generous in his acknowledgment of the benefits of the movement as a whole, the lasting impression left by his address is one of pessimism. Mr. Pantulu's address on the other hand leaves one optimistic, not in a blind unthinking manner, but fully conscious of the difficulties of the existing system and yet actuated by robust optimism, that makes one feel that though everything is not alright with the movement at present, it is up to us to apply our shoulders to the wheel and see the movement is lifted from the rut into which it has fallen and make it progress along more healthy and useful ways.

## III. By Mr. Ranganadha Mudaliyar.

Mr. A. Ranganadha Mudaliyar, B.A., B.L., M.L.C., who presided over the North Arcot Conference held at Arni also surveyed the situation in a general manner as Mr. Strathie did. He was of opinion that the movement has not relieved rural indebtedness and he drew pointed attention to the growing menace in the shape of overdues. He wanted that the Government should take further expert advice if necessary and should definitely states their policy and goal. He was of opinion that the Government have been hitherto following a policy of drift which should not be allowed to continue further. In support of the last statement, he showed how the heads of the department have been changed at frequent intervals and advocated the continuity of policy under one head in accordance with the recommendations of the Agricultural Commission.

Mr. Ranganadha Mudaliyar made a bold suggestion that Government should borrow at the open market and make money available to public at large at cheaper rate and the loss of interest to the Government would be more than compensated by the general

prosperity of the country. This is a proposition whose full implications, economists will do well to discuss. Mr. Ranganadha Mudaliyar also struck the same note as Mr. Strathie in the matter of Co-operation being too narrow and pleaded for envisaging the rural problem as a whole with co-operation in its proper place. He also put in an eloquent plea for the promotion of cottage industries which would bring in small supplementary income to the ryot and also for providing the producer with marketing facilities in the absence of which he is unable to get a full and adequate return for his hard work.

Mr. Mudaliyar is an eminent social worker of vast experience and his own work as Minister in charge of co-operation adds weight to his remarks.

*Conclusion.*—The general impression left by a perusal of the three addresses by three eminent persons that appear in this number, is one of immense potentialities of a good movement being in a way misdirected and the need for and the possibilities of achieving definite improvement and expansion. We hope all genuine workers who are at present somewhat depressed by the ever increasing difficulties would take heart and pool their resources of men and money to prune away the diseased branches and plant fresh and vigorous seedlings to make the movement grow to be a lever for the general uplift of the poorer classes which it was originally intended to be.

## The Co-operative Movement—Its Achievements and Failures.

BY MR. D. N. STRATHIE, M.A., I.C.S.,  
*Registrar of Co-operative Societies.*

This subject was chosen for me by the organisers of these lectures, and it was particularly impressed upon me that what was required was a frank account of the impressions I have formed during my experience of over three years in the Co-operative Department. If these impressions seem to you all unduly pessimistic, you must remember that no man is a hero to his valet, and you must make allowance for the fact that I, as Registrar, see far more of the bad side of the Co-operative Movement than of the good. Every failure, every misappropriation, every abuse of power (and I can assure I have seen some shocking cases) comes to my notice whereas, as I have said once before, if a ryot is redeemed from debt by a Co-operative Society, he does not sit down and write a letter to me about it. Even in my tours it is not easy for me to visit good Societies, for as a rule the object of a tour is to endeavour to settle some quarrel. There is a story told about the late President Cleveland, who was reputed to be a man of few words. He had been to church and on his return his wife asked him what the sermon was about. He replied "sin." "What had the Minister to say about sin?" asked his wife. "He was against it" replied the President. I fear it is not possible to sum up the results of the Co-operative Movement so briefly. No honest man can pretend that it has been an unqualified success, while even the most disheartened worker must realise that it has not been a complete failure. I shall try this evening to put both aspects of the case before you honestly and fairly.

2. One must, I think, confess that at the present moment the pessimists are in the majority and that the movement is not regarded with great favour. A gentleman in Godavari recently said to me that the motto "Self Help" as represented in present day co-operative practice meant "Help yourself to other people's money," and that another part of the Co-operators' creed "Mutual Help"—was represented by "benami loans." But, joking apart, I remember

Speech delivered under the auspices of the Madras University at the Senate House on 17th March 1933.

being very much impressed about two years ago when the question of the agency to distribute some proposed Government loans was being discussed in a Committee and when I was pressing for its distribution through Co-operative Societies, a very prominent politician—and a man who can never be accused of any lack of faith in Democracy—said in open meeting “Give it to Collectors. If it is given to Co-operative Societies it will be absorbed or misappropriated by a few rich panchayatdars.” That speech pulled me up short and for the first time opened my eyes to the view held of my department by outsiders. I remember too another public man, the president of a District Board and a big land-holder, telling me that he was doing all he could to dissociate his tenants from co-operative societies and that the people of his district had come to regard them as a curse. Nor is this kind of criticism confined to those not in the movement. Our most devoted workers have not hesitated publicly to express their disappointment. Mr. G. Sundaresa Iyer, the able and conscientious and once enthusiastic President of the Pudukottah Central Bank wrote recently in a published memorandum “The Co-operative movement has not, to my mind, improved the position of the agriculturist a bit. Rural indebtedness has not decreased. Co-operation so far has not been a blessing to the ryot.” Rao Bahadur A. Rajabhadhar Mudaliar, the President of the Conjeevaram Central Bank in a recent speech at Tiunanur said “Let us consider with what object, the Co-operative Credit Societies were established in this country and how far our Societies fulfil it. The object was to help the poor people, chiefly the agriculturist, to improve their economic condition. The idea was that what loans such people were unable to obtain individually, they could be enabled to get easily by their co-operating together for the purpose, and acting as a corporate body with the joint strength of all the members, and that the loans so obtained, should be utilised by them for productive purposes which would yield an income from which the loans could easily be repaid and the economic condition of the borrower be improved. This basic idea implied that loans should be taken only to the extent of the repaying capacity of each member, and that they should be utilised to produce an income from which to repay them. These essential requisites however, were most unfortunately ignored generally in the working of our societies. Loans were distributed far beyond the repaying capacity of the member and the duty of watching their utilisation for productive purposes and of their recovery after the due date was generally neglected. How do we stand now? Heavy

and growing overdues in Societies. Large and continuous fall in the loans disbursed and general decline in the economic condition of our Agriculturist”. Mr. Ramadas Pantulu, again, the President of the Provincial Co-operative Bank and the acknowledged and universally respected leader of the movement in this Presidency said at the Bandar Conference “all the worst influences of local faction and favouritism have had their unbridled play in the choice of the men on whose honesty and efficiency the destiny of the movement largely depends. The net result is that in most areas (there are of course honourable exceptions) supervision is in the hands of men who are utterly incompetent and often unreliable and it is no wonder if societies entrusted to the care of such men have deteriorated in some cases beyond the possibility of reclamation”. To impress upon you that I am not speaking merely from a jaundiced liver, let me give you one more quotation from a letter recently received from a gentleman who had undertaken to revive a society—a letter whose contents I have verified to be true. “From the time the society was started it fell into the hands of a small clique of family members and near relatives. The office of the society was held in the family house of the Secretary and his brother was the clerk. The Co-operative Society was run like a joint family concern. Loans were indiscriminately granted to their relatives, friends, and dependents without regard to their solvency, from out of the monies borrowed from the District Central Bank. All the Panchayatdars were selected from among the needy relatives and were all at the beck and call of the Secretary. This state of things continued for 7 years. Then an investigation showed that the Secretary had been freely using the Society's funds for his own profit and a criminal case was launched with the result that the secretary was convicted of misappropriation and falsification of accounts. He then took up an attitude hostile to the Society and used his knowledge to injure it. Unless the Society is liquidated at once there is no chance of the District Bank recovering its dues. The few honest people who stand by the Society, and do not alienate their properties will have to suffer in case there is delay in starting liquidation proceedings.” That I can honestly assure you is a fair picture of many of our village societies. They have brought ruin upon hundreds of innocent villagers.

3. In considering the causes that have led to this state of affairs I think you will find it interesting to approach the matter

historically. You know of course that the Co-operative Movement in this presidency largely owed its genesis to Sir Frederick Nicholson. Those of you who have been interested in the movement know that the then members of the Board of Revenue who were asked in 1896 to report on the proposals of Sir Frederick Nicholson condemned them outright. Like the President's Minister they "were against it". Of course it is easy enough to classify the Board of Revenue as a set of dry old bureaucrats, conservative, unsympathetic and irresponsive to new ideas and Mr. C. Vijayaraghavachariar of Salem, who afterwards rose to such eminence, did so classify them when he was consulted by the Government later in 1901. But that would not be fair. The members of the Board of Revenue in 1896 may have been bureaucrats. But they were wise, stately old gentlemen, who knew the country probably better than the present day Civilian, and subsequent events have shown that many of their criticisms of Sir Frederick Nicholson's proposals were justified. Sir Frederick Nicholson as you probably all know said "The whole of my report might be summed up in two words "Find Raiffeisen". "What is really wanted" he wrote "is the advent of men of zeal, enthusiasm, devotion and perseverance, who will take up the western ideas and methods and by personal labour solve the difficulties of the problem not on paper but in actual practice. The philanthropic reformers of the east must sit down in the villages as did their prototypes of the west and must there establish the petty societies which as in Europe shall contain the germ and promise of infinite potentialities. There can be no higher honour for any man than to achieve the role of the Schulze-Delitzsch or Raiffeisen of India and the possibility of filling that role is within the power of hundreds of men in this presidency". "This" said the Board in 1896 "is simply a reference to the Greek Kalends. There is no use in blinking the truth". The Board had agreed that Mr. Nicholson's report could be summed up in the words "Find Raiffeisen," "but" they added "it sounds somewhat like the ejaculation of Despair". It is impossible to say definitely which was right, Sir F. Nicholson or the Board of 1896. The Board possibly took too low a view of human nature, and Sir F. Nicholson was possibly unduly optimistic. But this at least is certain that Sir Frederick Nicholson, and the Government of Lord Curzon which later adopted his views, contemplated that each Society would be organised and managed by a devoted unselfish social reformer. They must have done so. As my friend Dewan Bahadur M. Ramachandra

Rao recently said in his convocation address at the Andhra University "Democracy assumes not merely intelligence, but intelligence elevated by honour, purified by sympathy, and stimulated by a sense of duty to the community". If this assumption is true of Democracy how much more true is it of Co-operation? I strongly believe it to be absolutely true and I believe that there is no agency conceivable which can possibly take the place of the unselfish devoted society's secretary. Indeed from the experience I have gained of the various methods of control, I am now being forced to the conclusion, that if the local management is not inspired by high ideals, no supervising agency, the Government department, the Union, the Federation, or the Central Bank can be of much use. The success of a Society must depend on the presence of a Raiffeisen in the village. In his recent speech at Arni Mr. Ranganatha Mudaliyar thought that one Raiffeisen would do for a *district*, but that was only as a beginning. "The one was to influence another, the two, two others and so on. Only a live charcoal can make the piece of cold charcoal in the neighbourhood partake of its own nature". I am not sure whether Mr. Ranganatha Mudaliyar would insist on the process of "*livening*" going on till each Society has its Raiffeisen. I certainly would, for I believe that if he is not forthcoming the selfish and unscrupulous secretary can defy all efforts at reform or control. "Find Raiffeisen." Sir Frederick Nicholson said "the possibility of filling this role is within the power of hundreds of men in this presidency". He may have been right. He may have exaggerated but I doubt whether in his wildest dreams he contemplated finding 15 thousand such men in the Madras Presidency within 25 years. That I think is the crucial point—a Co-operative Society requires a Raiffeisen. No supervising agency can take his place. At the end of 1905 I believe there were 10 Raiffeisens in Madras. By the end of 1909 the number of Societies had increased to 180. I think there were then 180 Raiffeisens. Some of them are still with us, some have passed away, some have thrown up the work in disgust. By the end of 1910 there were 377 Societies but probably not an equal number of Raiffeisens. Certainly there were not 1256 in 1914, the year when the Board first suggested that all was not well and that the movement had expanded too fast. The subsequent rapid growth in the number of Societies to 6289 at the end of 1921, 11,141 at the end of 1925 (years in which there had always been talk in the Administration reports of "weeding out bad Societies" and "cautious expansion") and to 15,238 at the end of 1930 was in my

opinion quite unjustified. There cannot have been an equal growth in the number of upright, unselfish men able and willing to run these Societies.

4. The next main point on which the Board of 1896 disagreed with Sir Frederick Nicholson was regarding the necessity for these Societies. It is a commonplace of Co-operative text books that a Society cannot flourish if it is imposed upon people from above, and if it is not the result of a genuine keen demand from its members. If therefore, it is true that the problem of rural credit in Madras was not very acute and if it can be shown that the bulk of our Societies were not the result of a spontaneous demand from the people really affected, then the partial failure of the movement requires no further explanation. The later point can, I think, be settled at once. The great bulk of the Societies were not spontaneous growths. They were "*organised*" and what is worse they were often organised by paid hands, whose merits were judged by and whose prospects of promotion depended upon the number of Societies they organised.

5. But the former point whether the problem of rural credit in Madras was very acute and whether therefore a large number of Credit Societies were required to cope with it is more contentious. I am almost afraid to deal with it; for I appreciate my ignorance as a foreigner, and the weight of authorities against me. I shall therefore confine myself to stating what the Board had the courage to say in 1896 and I shall add a few observations from my personal experience, limited though it may be.

6. In 1896 the Board wrote "A striking feature of the question sent down for the consideration of the Board is the entire absence of any papers or any record of previous discussion which would justify the question of rural Credit in Madras being treated as a matter of proved immediate necessity and urgency. Except the four-line order of Government directing Mr. Nicholson to report on the possibility of introducing a system of agricultural and land-banks, there was upto that period, no local official literature whatsoever. The extremely undesirable conditions which are reported to prevail in Bombay and other provinces not so favoured or not so well administered as Madras, would seem to have led to the unconscious postulate that this phase of the agrarian question is as acute in the last named presidency as it seems to be elsewhere. There is far too much loose talk about the indebtedness of our ryots and the

Board cannot too often repeat the contention that the facts will not bear the construction which, in some quarters, has been somewhat too hastily placed on them. In the Board's opinion there exists no reason, on an impartial review of the economic condition of the Madras ryot at the present moment, for any hasty interference with the existing loan system in villages. Europeans are too apt to imbibe an impression of the general indebtedness and of the rapacity of the money lender from their experience of domestic service and of the depressed classes of the population. These pessimistic views are deepened by official admissions of the desperate condition of the ryot of the Bombay Deccan, as well as certain tracts in Central and Northern India. The subject can never be properly understood, without disengaging and disentangling the Madras ryot from all associations with his brethren in other parts of India. Whether considered from a historical, a social, a legal, or an ethnological point of view the cultivators of Madras and Bombay cannot be brought on the same plane. The holder of land in Madras has been rooted to the soil for ages, while in Bombay he belongs largely to a warrior class, whose pride causes it to stick to land, which it cannot cultivate with profit. The revenue is derived from assessments which are in some tracts unduly high, and in others unduly low, and it is collected with a rigidity unknown in the south, while the sowcar is a foreigner, devoid of any community of interest with the borrower. *In Madras, on the contrary, the money lender in about 90 cases out of every 100 is a brother ryot.*" The Board then quoted passages from the book by Mr. S. Srinivasa Raghava Iyengar "The Progress of the Madras Presidency during the last 40 years" to show that in this Presidency there is no "Sowcar" question.—"Loans are transacted between ryot and ryot in 9 cases out of 10. While the Komati or the Banya or by whatever name the professional money lender may be loosely designated is by common consent not oppressive"—and goes on to say "when we come to actual figures it is incontestable that the mortgage debt of Madras calculated even according to the method adopted by Mr. Nicholson is a mere flea bite when compared with that prevailing in European countries. In Switzerland, Denmark and Sweden it reaches 40 per cent. of the capital value of the land. The Madras debt compares well with that of France, or of Germany or e.g., of the Canton of Berne which if it had the same population as Madras, would have a debt 1070 times as large". In the end the Board did not attempt to give an estimate of the total rural indebtedness but contented itself with saying

that the figures given by Mr. Nicholson, Rs. 45 crores, was very liberal. The rates of interest prevailing were then discussed, the conclusion being that "they were not usurious, but extraordinarily moderate". "12 per cent. is the usual rate for loans between Rs. 100 and Rs. 500. This falls to 9 per cent. and 6 per cent. for loans above Rs. 1,000. On still larger sums it is less, while on trivial amounts, the very borrowing of which in itself in most cases indicates bad credit, the rate of interest runs up to 18 per cent. or even higher. But, even the British pawn broker is empowered to charge 25 per cent. on pledges not exceeding £ 2 which, singularly enough, closely approximates to the average amount of ryot debts." The Board therefore recorded its opinion that "to rush the solution of an all important problem by inaugurating a revolution in rural economics prompted by ill-considered panic would in the Board's opinion be to risk an irremediable injury to the peasant proprietors of Madras, who stand in no need of the application of heroic remedies". In support of the Board's view I would also quote from a letter written in February 1902 by M. R. Ry. A. Seshayya Sastri Avl C. S. I., Retired Dewan, Kumbakonam, the man who did so much to build up a sound Government in Travancore, Mysore, and Pudukottah, where his name is still venerated. He was one of the many gentlemen consulted by Government who opposed the formation of co-operative societies. He wrote "such societies and the ways of working them are so opposed to the genius and traditions of the agricultural population in India that none but those who are very sanguine will entertain hopes of their success—even as experiments. *What an agriculturist wants and will always want is somebody near at hand who will lend sums of money as required from time to time and who will not insist very much on punctual repayments* and who will, from his familiarity with the borrower's conditions, allow a large margin of personal credit and treat the borrower even with some sympathy in his misfortunes, such as entire failure of crops or the unforeseen death of the bread-winner, or his helpmates. The proposed co-operative credit societies will be more or less wanting in these respects and cannot become popular". I quote that partly to show that the Board did not lack support from experienced Indian Administrators and partly because it brings out a point which had often been forced upon me during my visits to co-operative societies, viz., that the local money lender in Madras is usually another villager, that he is not hard-hearted, that he can afford to be, and is, less rigid in his demands than a co-operative

society which deals with other people's money and which *has* to recover loans promptly in order to repay outside depositors.

7. But to return to the question of indebtedness, you all know that as against Mr. Nicholson's estimate of Rs. 45 crores in 1894 our Banking Enquiry Committee of 1930 put the figure at Rs. 150 crores (Professor P. J. Thomas dissenting). Roughly speaking the Committee's method was to take the value of the annual mortgages, Rs. 20 crores. Multiply this by 3 (the average period of a mortgage) add twice the average value of bonds registered annually (Rs. 3½ crores). Double the total for unsecured debt and we get Rs. 134 crores. Add interest at 12 per cent and we get Rs. 150 crores. This estimate was checked by obtaining figures of indebtedness per head from Tahsildars and special investigators. The average was Rs. 38. Multiply this by the population 42 millions and the result was Rs. 160 crores. This again was checked by multiplying the average indebtedness per acre (Rs. 53) by the total acreage giving Rs. 149 crores and again by the average debt per rupee of assessment which gave Rs. 153 crores. Beyond saying that I find the methods adopted quite unconvincing and that in particular I would place no reliance on the figures supplied by Tahsildars and Investigators (their figures for indebtedness per head for instance vary enormously—from Rs. 143 in Bapatla Taluk and Rs. 123 in Bundar Taluk to Rs. 7 and Rs. 8 in villages in Trichinopoly and Malabar) I shall not attempt to criticize the Committee's results. Probably as Professor P. J. Thomas urged much longer time was required for an accurate enquiry. I shall only give a few observations from my personal experience as Registrar. And let me say that in what follows I am eliminating the last 2 years and dealing with normal times, before the recent tremendous fall in prices had upset the whole social economy.

8. I wish first to refer to the property statements of co-operative societies. All societies, you may know, are required to maintain what are called property statements. The property statement gives the names of all members, their landed property, an estimate of the value of their moveable property, their debts to the society, their outside debts, an estimate of their living expenses and the balance of their income, that is, each man's loan-repaying capacity. It will be obvious to those of you who have experience of the practical business of administration that in the majority of cases these property statements are not worth the paper on which they are written. But

this is not always the case. There are good co-operative areas where the property statements have been carefully compiled and periodically checked and revised. I have inspected them in such areas and done what I could to test them in general body meetings. I have often found that they appear to be correct and that they do not reveal heavy indebtedness; for instance in a village in North Arcot where we were thinking of starting a Land Mortgage Bank I found the assets of the members to be about Rs. 7 lakhs and external debts about Rs. 14,000, the highest individual debt being one for Rs. 2,000 at 6 per cent. The borrower was a thrifty honest ryot with good security and the lender another villager. Similarly in the Elur area in Salem where Dewan Bahadur R. Ramachandra Rao had been doing concentrated and devoted work I remember the largest individual debt was about Rs. 1,000 at 7 per cent. That has been my general experience, especially in the Tamil country. In good areas the property statements do not reveal heavy indebtedness nor extravagant rates of interest. I have often discussed this point with experienced co-operators. The only explanation that has been offered is that the society members represent the pick of the village, that the society contains only thrifty honest people and that the folk steeped in debt have been excluded. I do not accept this explanation. I know that if a man wants to borrow he will surely join the village society and that people are not as a rule excluded because of their bad character or indebtedness. One is therefore forced to the conclusion either that all the property statements are worthless, which I do not believe, or that the mass of rural indebtedness is not nearly so high as is often represented. Personally I adopt the latter alternative. My work as a Director in the Central Land Mortgage Bank has led me to the same conclusion. There are areas where there appears to be no demand for Land Mortgage Banks, for instance the Tinnevely District. We had a Land Mortgage Bank there for some years, but it was closed as there was no demand for loans. In other areas we have constantly been told that our Land Mortgage Bank loans at 8 per cent. are not required. The ryots can get money more easily and more cheaply from their neighbours. Further in studying loan applications in the Central Land Mortgage Bank one is constantly coming across instances of ryots rising in the social scale. The great majority (I have not collected detailed figures, but I should say about 75 per cent) of the loan applications that come before us are to discharge debts incurred for the purchase of land. I feel therefore that it is too often hastily assumed that one

drawing will represent every Indian ryot; that he is always the same—improvident, ignorant, a careless cultivator, steeped in debt. Such a picture is not true of the average Madras ryot. There are some such ryots no doubt. But even in my limited experience I have often met the thrifty, careful, honest cultivator steadily acquiring wealth and taking care to lay by his savings for a rainy day (or rather we should say in India for a day when the rains fail) rising in the social scale and opening new spheres of activity for his sons. I believe then that the mortgage figures so often quoted are not really evidence that the ryots as a class are heavily indebted. In my view they merely represent land changing hands—from the improvident to the provident ryot, one family rising, another sinking. Such changes are inevitable in any community. “Three generations from shirt sleeves to shirt sleeves” they say in America, and there is a similar proverb in Madras “முப்பது வருஷத்திற்கு மேல் வாழ்ந்தவருமில்லை. முப்பது வருஷத்திற்கு மேல் கெட்டவருமில்லை.” It is emphatically not true that Agriculture cannot be carried on at a profit and that every ryot is in debt. Recent loaning experience fortifies the main point of this portion of my address viz., that it is not right to assume that a credit society is essential for every ryot. Take as an example Chingleput District. There it had for years been the practice to give loans for 10 years. As a rule the applications were not carefully scrutinized, the money was not always required and I believe was often frittered away. When the Provincial Co-operative Bank insisted on stopping long-term loans and insisted on the strict scrutiny of loan applications, the transactions in Chingleput District dropped in a most phenomenal way. The Conjeevaram Central Bank (which issued in 1929-30 16 lakhs of loans and nearly 10 lakhs in 1930-31) between July and December 1931, that is, during the cultivation season, issued only Rs. 18,000 rupees in short term loans. Similarly in South Arcot only Rs. 5,800 short term and Rs. 2,505 long term loans were issued between July and December 1932, 379 village societies out of 538 not having borrowed for over 3 years. Evidently the Agriculturist in these districts did not really require credit for his ordinary cultivation expenses—in fact many of them have told me so. In short, my experience corroborates the view held by the Board of Revenue in 1896—that the problem of rural credit in Madras was not acute and that the creation of a large number of village societies in each district regarded solely from the point of

*view of supplying credit* to the agriculturist, was not a matter of proved necessity.

9. But Co-operative Societies should not be regarded purely from the point of view of the supply of credit facilities. If one so regards them their dangers are obvious and have always been recognised. In his first report Sir F. Nicholson wrote "It is a great error to suppose that the problem of indebtedness can be solved by the mere substitution of a new distributing agency. To replace the money lender by the bank is not to replace indebtedness by solvency. On the contrary, unless the causes for indebtedness are removed, the load of debt may be easily increased by the facilities and easy terms of borrowing. The specific gravity of the debt may be reduced; but the mass more than proportionately increased. It is a mere dream to suppose that the position of the peasant will improve as soon as cheap credit is introduced through banks. It is not removeable by any cheap credit or facile credit but by the promotion, almost enforcement, of thrift, providence, and needfulness in borrowing. There should be alleviation of the terms, but limitation of the habit of borrowing". The Board in 1896 emphasised this point. It wrote "If these societies are introduced there is no room for doubt as to the result. The peasants of South India will start on a race for insolvency just as their brethren in Europe have done. Abundant evidence of this is to be found in Mr. Nicholson's report. Wherever facilities for borrowing have been introduced, there the general indebtedness has most alarmingly increased. In Prussia e, g., the mortgage debt on landed estate and peasant holdings has increased during the 7 years preceding 1894 by £ 45,000,000. In Germany, Sweden, Norway, Belgium and Italy the indebtedness of the peasant class shows an increase which can only be described as enormous during the last 20 or 30 years. Well may Mr. Nicholson say "It is clear then that free (the Board would rather call it licentious) mortgage is not without its dangers and that the examples above given are peculiarly interesting to Indian students." In a separate footnote the Settlement Commissioner added "Throughout Mr. Nicholson's book, the leading note is to teach thrift by giving facilities for borrowing. This appears to the Commissioner to be profoundly immoral. It is only to a race that has learnt to be thrifty that easy credit can be safely extended. It is quite conceivable that these village banks may in the long run turn out to be an unmitigated curse instead of a blessing to the

countries in which they are established. It is possible that calculated dishonesty may for a time galvanize them into a semblance of activity, each member of the bank helping his neighbour to roll his log; but the end would certainly be a widespread catastrophe and the victims of this catastrophe would not be the sowcar, or the local share holder and the bank officials, who may be relied upon to wriggle out of responsibility, but the small official, the timid investor, the widow and the orphan, in fact the present clientele of the Government Savings Bank. The Commissioner contemplates, with some dismay the possible results of this new departure which it is proposed to foist on a country which is not ripe for it." But to leave 1896 and turn to more up-to-date authorities, Mr. F. L. Brayne of Girgaum fame, who has recently returned to India, said a few months ago in opening a Co-operative Conference in Bihar, "I do feel there has been a tendency to build Co-operation on too narrow a foundation. Village life is one whole of which credit is only one portion and yet 9/10th of Co-operative enterprise begins and ends in credit. That is why, I think, we find a whole chapter in your recent report devoted to the sins of members who will not repay loans. We have tempted the villager too highly. The offer of cheap money has corrupted him. Credit is dangerous stuff to a hungry villager. It is very heady, easily overdone and easily abused." There can be no doubt that these criticisms were and are justified. We have neglected the thrift side of Co-operation. I do not think we did in the early days; the first societies all worked on their own local deposits, and good societies do so still. The rot began to set in when the Central Banks made the deposits of the townsmen available for the villager and when, later still, permission was given for the investment of District Board Funds in these Central Banks, the easy descent of Avernus had indeed begun.

10. One other point before I get on to the movement's successes (and I can assure you that they have not been so meagre as what I have said so far would imply). Sir F. Nicholson certainly contemplated honorary service throughout the village societies. Somehow we have been forced to give that up. Public opinion even made it necessary to amend the Act to provide for payment for clerical labour in addition to the honorarium paid out of profits, and it is now freely admitted that as a rule payment is essential for so-called co-operative work. Recently when I attempted to force the remittance of Statu-

tory Reserve Funds in one district, where they were in arrears, prior to payment of honorarium I was met by a storm of protests. "No-body will undertake the duties of Secretary if he does not receive his honorarium." Of course one knows that such institutions as Urban and Central Banks require full-time paid officials, but it is indeed sad to find that men are not forthcoming in the villages willing to devote the few hours a week necessary to manage a village society without receiving payment,

11. But I must have wearied you with this tale of things done long ago and ill done. Let me turn now to the other side of the picture—the bright side. In the first place there are some excellent societies, run on model lines and doing immense good. (In the last administration report I gave the number of these societies as 363 out of 13,425 primary credit societies; but that is only a rough classification on the audit certificates for 1930-31.) These societies are working on their own capital, catering in a quiet way for the credit needs of their members, enabling them to buy new bulls, set up little shops, running night schools, settling disputes, digging wells and helping to keep the village clean. One does not hear much of such societies nor of the men who run them. The problems discussed in Conferences—the relative merits of Federations or Central Banks as supervising agencies, or of Revenue Courts, Civil Courts or the department in executing decrees—all these pass over their heads—distant thunder that disturbs them not. They are not interested in Federations for they require no supervision, nor in execution through the Revenue Department, for they collect their loans by personal effort. No praise can be too high for the men running these societies, maintaining the old traditions inspite of the temptations with which they are surrounded. It is in such Societies that I have seen the daily labourer and the petty shop-keeper bringing a few annas every evening from his day's takings to be added to his recurring deposits. It was in one such Society that I recently found a union scavenger with a deposit of Rs. 485 (profits from his trade in pigs). He had, I heard, always been a careful man and before the starting of the Society he used to bury his little store of wealth under a tree. Now he can look the world in the face with the knowledge that his children will not do scavenging. *Secondly* I think it must be admitted that the Co-operative Movement has been one factor in reducing the rates of interest throughout the presidency. I do not wish to emphasise this point particularly for many other factors, motor buses e.g., have been

at work to secure a general reduction in the rate of interest. But it is probable that the existence of Societies with a prescribed rate of interest has had some influence. *Thirdly*, there can be little doubt that the movement has encouraged the investment habit among the middle classes. 25 years ago the Government Servant, the successful vakil etc., used to put the bulk of his savings into land or Jewels. The Urban Banks and Central Banks, with the supposed Government guarantee behind them, first introduced to him the idea of investment in Co-operative Banks. That spread to other banks, then to Joint Stock companies and gradually large sums of money have been made available for industrial enterprise, money which would otherwise have gone to put up the price of land. *Fourthly*, I am sure that the movement has helped to develop banking in this presidency. For many years, before the recent great development of Joint Stock Banks, the Central Co-operative Bank was in many areas the only source of supply of cheques, drafts etc. To the general public Banking principles were quite unknown. There is now a great and growing population which can talk with facility about Fluid Resources, Reserve borrowing powers and so on. This is no mean achievement in a growing country in which there will be an increasing demand for men with a knowledge of Banking and Accountancy. *Lastly* I believe the movement, with all its imperfections, has done a great deal to break down caste barriers and bring out the essential worth of man as man. In this direction very definite traditions were established by the early Registrars and they have been adhered to loyally. In my early days as a Revenue Officer at Jamabundi one would find the Brahman Mirasdars sitting in front with the depressed class ryots at a distance, the Brahman village headman refusing to allow the pariah to approach near him, and refraining from touching his petition. Even my camp-clerk, accustomed as he was to rough it, would squirm if he had to handle a pariah's petition. By the time I became a District officer in 1929 all this was changed. In most villages the depressed class pattadar would take his place at Jamabundi and represent his grievances as fearlessly as the Mirasdar. As Registrar of Co-operative Societies, I have constantly found members of all castes and communities sitting together and having tea together in the same room, a Brahman serving on the same committee as an Adi-dravida and claiming no superiority. Strange as it may seem to some of you, it is a fact that in the Co-operative Movement there is little caste distinction. Societies for depressed classes were for a time organized

separately but that was partly because it was held that they required separate supervision, their members mostly being illiterate, and partly because their financing Bank was practically a Missionary agency and most of the depressed class societies were Christian. Apart from that accident, distinctions have not been obvious. From the earliest days the depressed classes were admitted as members of societies. Most of the early leaders were idealists. The lamp has been kept burning and the traditions of the co-operative societies have gradually spread throughout the districts. The extent to which conditions in the villages have changed is indeed remarkable and I have no doubt at all that the co-operative movement has been one of the chief influences in this great social amelioration.

12. And now to close, I must attempt to summarise my impressions and give some indication of my ideas for the future. In its early days the co-operative movement undoubtedly did much good. It fostered the idea of thrift; it developed banking and the investment habit; it helped to break down caste barriers; it was one of the strongest agencies in inspiring and spreading the idea of social service; it gave many good men an opportunity for unselfish and unobtrusive work. As has happened in most religions and in most other social movements, the higher ideals of the original founders no longer permeate every co-operative worker. The movement has been taken up for unworthy motives. It is being used to secure power and influence in local politics. Too many dishonest men have realised its immense possibilities for self aggrandizement. What is now required is, as a writer in the "Hindu" recently put it, "Stop coddling". Openly accept the position that the movement has not been an unqualified success. Abandon the idea that it must be developed at all costs; that malpractices have to be hushed up and scandals avoided. Realise that, if a society is not in the hands of an honest unselfish worker, no supervising authority can prevent its doing harm, and ruthlessly liquidate every society where malpractices come to light or where the members do not work together in the true co-operative spirit. This may seem to many of you an impossible future. You will urge, firstly, propaganda and education can improve the working of societies and, secondly, you will ask what is to happen to the huge banks that have been built up during the last 20 years. I do not wish to decry propaganda and education. In course of time they may produce a race of perfect

co-operators. But in the meantime the root cause of many of the troubles is dishonesty. More stringent methods are required to deal with that. The men who are ruining societies to-day do not lack education or co-operative knowledge. No uneducated man can commit misappropriations, pass bogus resolutions and fudge account books. No, these men must be got out of the movement in the near future if the movement is to be saved and you will not do that within our lifetime by propaganda among the villagers. These traitors to the movement have usually immense power locally. They cannot be displaced. The only course is to close the society and deprive them of their opportunities for harm. I have now had ample experience of the usual attempts at reform from within. I can assure you they rarely succeed, except in putting off the evil day. I would plead with any co-operative workers that are here this evening to join with me in the policy of ruthless extermination of bad societies and elimination of unworthy office-holders. I am certain it is the only policy that holds out any hope of lasting success. Some years ago Mr. Gandhi was asked to send a message to a body of young co-operative inspectors who were starting on their careers. He did not urge them to a further study of the bye-laws of German Credit Societies or of Egg Supply in Denmark but on 100 postcard in wrote with his own hand "Be Honest". That, in Mr. Gandhi's view, was the sum and substance of co-operative education. As for your second point, I do believe that the co-operative transactions of the Central Banks must fall. The huge loans given during the boom years were not genuine. It was merely a case of turning over money between the Imperial Bank, the Marwaris and the Co-operative Bank. If co-operative banks in the future are going to adhere to the wise lines of policy laid down in recent years by the Provincial Co-operative Bank *i.e.*, carefully scrutinized loans for genuinely productive purposes, they cannot lend on the old scale nor can they afford to take deposits at rates higher than sound Joint Stock Banks. The Provincial Co-operative Bank and the Central Banks will remain as great banks and in a sense as great co-operative banks, for they will be banks not run purely for profit but with ideals of service before them, limiting their dividends and spending their profits on rural reconstruction and social amelioration. The Central Land Mortgage Bank will remain, with its clearly defined and modest object of replacing outstanding loans—loans which cannot be cleared and which keep the borrower at the mercy of the creditor—by loans which will in 10, 15 or 20 years be

gradually wiped out in annual instalments. I am glad to have been associated with that bank and with the men who are so ungrudgingly giving their time and labour to its management but personally I do not regard it as particularly co-operative. It is co-operative in the sense that men like Mr. Ramachandra Rao, Mr. Sitaramayya, and Mr. Gopal Menon are giving unselfish and devoted work in its head office without any private reward and that local directors too are giving their time and labour to the difficult task of preparing and advising on loan applications. But it is unco-operative in the sense that mortgage lending is not co-operation and that the borrower is not controlling the management of the Bank's funds. Heaven save it from such a contingency and send it still a supply of patriotic workers. These great institutions I say will continue and shareholders and depositors need have no qualms. But at present there is a dull task before us. On 30-6-32 there were Rs. 407 lakhs of overdues (out of a demand of Rs. 834 lakhs) no less than Rs. 42 lakhs being arrears of interest. That money has to be collected. Part of these arrears never will be collected but the bulk will, in time, and there are substantial Reserve Funds available for the balance, Rs. 133 lakhs in all, the Provincial Co-operative Bank holding no less than Rs. 90 lakhs worth of unencumbered Government paper and Central Banks between them Rs. 21 lakhs in addition to the paper deposited as cover for overdrafts. And when the dull period of collection is over, I would contemplate, say 10 years hence, the co-operative movement as a smaller thing,—devoting itself more to Rural Reconstruction than to Credit—a body of unselfish workers—not Government servants, I trust—but missionaries or Servants of India, not turning over vast sums in the way of loans, but spreading the gospel of brotherly love and mutual help in the villages, inculcating ideas of cleanliness and health, fighting against pernicious customs and bringing nearer the day when “a loftier race than ever the world hath known shall rise,

“with-flame of freedom in their souls  
and light of knowledge in their eyes.”

## The 14th North Arcot Co-operative District Conference, Arni

ADDRESS BY

MR. A. RANGANADHA MUDALIAR., B.A. B.L. M. L. C.,

At the risk of being misunderstood, I want to tell you that my interest in the Co-operative movement dates from the time the first Registrar of the Co-operative Societies was appointed for the province. It is with a bit of pride that I remember that both Sir P. Rajagopal Achari and his personal Assistant Mr. Vijayaraghava Achari came from the Kurnool District (where I was then serving) to join their new duties. Their successors, Dewan Bahadur R. Ramachandra Rao and his assistant also came from the same district. No wonder, therefore, that their noble example and great work fired my youthful imagination and made me feel almost jealous and wish that I were also in the Co-operative department like some of my erstwhile colleagues of the revenue department. When, for others works, I gave up Government service, how glibly did I not talk to the ryots of the benefits they could have from the Co-operative movement and assist in the formation of Societies here and Societies there? When the chance came to be a minister and I had to choose between medical and some other departments on the one side and Co-operation, agriculture and industries on the other, I unhesitatingly chose the latter, in preference to the former. Believing as I did, rightly or wrongly, the immense potentialities of the Co-operative Movement, I did my best, according to my lights, to strengthen the Co-operative Movement in every way. I find that in 1927-28 that the additions to the staff was as follows:—

5. Assistant Registrars. 17 Inspector Clerks 14 Senior Inspectors 76 Junior Inspectors to attend to liquidation administration and audit 23 Routine Clerks.

But a mere addition to the staff was not likely to be of much use, unless it was employed in the right way and for useful work. The Townsend Committee was almost simultaneously appointed, to report on the movement in the province and make recommendations. I can justly claim for this Committee, that for enthusiasm, thoroughness of enquiry, and the practical character of recommendations, and with all that, the expeditious manner in which the labours were concluded and the report presented, they are second to no other committee appointed to my knowledge in recent years.

We must all agree with Mr. Calvert when he says that the Co-operative Movement owes its origin to poverty and to the desire for some way out of all the distress and hardships that poverty entails. He says elsewhere that, in so far as the movement is concerned with the rural classes, Co-operation is a means whereby the prosperity of the mass of the people can be improved. Now we have had the Co-operative Movement working amidst us for well nigh our seven and a score of years and would like to know how far the prosperity of the mass of the people have been advanced thereby.

Is the general indebtedness of the ryots less than it was formerly, or, has the Co-operative Society been treated and used merely as yet another agency for the ryot to conveniently borrow additional money from? Has the average ryot who has joined the Society been able to lay by any money which he had not and could not have done before, as a provision against a possible failure of crop or physical inability to work any longer or has he got himself involved still further in the meshes of an inelastic and grinding machinery to his further disadvantage? Has the Co-operative Movement which is considered to be so beneficial to the poor ryots, been taken to every village in the province or even to a majority of villages? If it has not been, is it because there are no people in those villages who need relief or they are otherwise able to get along fairly well without the aid of the Co-operative Movement.

For an answer to those questions, it is safer for us to turn to the published reports of the activities of the Co-operative department itself; and frankly one finds them, by no means, cheerful reading. A perusal of the Annual Reports concerned, shows that the number of agricultural credit Societies has steadily declined from 12,540 in 1929-30 to 12,439 in 1930-31 and 12,080 in 1931-32. The decline becomes significant when it is borne in mind that in the earlier years each year was witnessing an increase in the number of Societies, some times by as much as 8 to 10 per cent over the figures of the previous year and that, admittedly, there are still as many as 30,000 villages in the presidency waiting to be served by Co-operative Societies. The number of Societies classed as thoroughly good were 471 in 1928-29 and the specially bad Societies, 1537 and the corresponding figures for the latest year available *i. e.* 1930-31 are 363 and 1,735 respectively. The percentage of balance to demand under principal which was 47'00 in 1929-30 rose to 59'56 in 1930-31 and to 63'11 in 1931-32. Similarly, proportionately higher balances remained uncollected under the heads of both arrears and current interest in 1931-32 than in 1929-30.

With a view to find out how far the Government proposed to go in the matter of calling for a halt in the registration of new societies and

of the liquidation of existing societies, I asked for information and was told by the Government that the number of new Societies organised and registered in each of the four years from 1928-29 to 1931-32 were 726, 534, 320, and 127 while those liquidated were 150, 383, 516 and 629 Societies respectively.

I may go on quoting more figures but it is quite unnecessary to do so in the face of the definite and unequivocal statements of the department itself. It appears from the published reports that the great majority of the Societies whose registration was cancelled were practically "non-existent" Some others were "centres of intrigue and corruption". The report of 1929-30 bluntly says that many of the then existing 15,000 Societies had done little to improve the lot of the ryot and that the Co-operative Society cannot be expected to flourish in every Indian town or village. Quite so. I would go even further and say that not even in the best of towns or villages can it flourish without the sun shine of cheerful help and the waters of kindly sympathy. I would, therefore, earnestly appeal to the Registrar to direct his men that, before they restlessly applied their pruning knives, they would be so good as to see whether there is not still vitality in the Society concerned and it is not possible of resuscitation.

The Government also should wake up and shoulder the responsibility of laying down a definite programme of action and promptly acquaint not merely their own departmental men but the public as well with it. They cannot be content with merely carrying on but should govern as well. The policy of drift, if pursued much longer, is sure to prove suicidal. To my mind we have reached a fairly critical situation in the affairs of the Co-operative Movement. I know that officials, high and low, during the course of their tours which, in the very nature of things, can neither be long nor include more than a small number of places capable of easy access, advise the managements of the Central Banks and district councils to do this or the other to improve matters. But the disease the movement is suffering from is not local; its causes lie far deeper.

I venture, therefore, to repeat what I have already said on one occasion and it is that the Government, if necessary, should take further expert opinion and determine the measures necessary to ease the present situation and re-establish the movement on safe and sound lines. And having done that, they should lose no time in rectifying the omissions pointed out and carrying out the other suggestions, if any.

This leads me on to enquire whether the Government have at least now, made up their minds that it is very undesirable that the head of

such an important department as the Co-operative should be so constantly changed as in the past hitherto and whether they will direct their attention to ensuring a continuity of administration for a reasonable period of time.

The Co-operative department is not one which any body can run whether or not he has the special aptitude for it or is possessed of the requisite previous experience. The way the head of the department has hitherto been changed from time to time without any adequate reason is simply amazing.

May I, in this connection, invite the attention of the Government to the weighty observations of the Royal Commission on Agriculture in regard to this matter? The Commissioners say:—

“We therefore recommend that Local Governments should select the best man available as Registrar; on no account should the post be regarded as a convenient refuge for an official promoted by seniority to Collector's rank. Administrative experience, knowledge of the people and their economic condition and ability to enlist the co-operation of honorary workers are essential qualifications. A Registrar once appointed and proved efficient should not be transferred from the post until the full benefit of continuity of policy has been assured. The minimum period during which he should hold the appointment should not be less than five years, on the assumption that he has already had two years of service as assistant or joint registrar and the maximum not “more than ten.”

“In order to ensure that future registrars should possess the technical qualifications we have enumerated above, we recommend that there should be an officer under training in all provinces. He could fill a leave vacancy, act for the Registrar if he were sent on deputation to study conditions in Europe, or himself be placed on deputation for such study.”

So, will the Government, hereafter at least, pursue a policy that would ensure a continuity of administration more than in the past?

The Government may or may not take kindly to be above suggestions or having accepted them, they may take an unduly long time in coming to definite decisions. But the Co-operators of the province cannot sit still with folded hands and wait indefinitely for the official lead. Meanwhile they have to do their best. It is not that I am unaware of at least some of the handicaps which both the public and the Government in the transferred half are labouring under in regard to many matters. Still, any one with administrative experience worth mentioning will tell you that, paradoxical as it may appear, even good laws in the hands of a bad

man may result in considerable hardship to the people and that conversely it is possible for a good man to work even bad laws for the considerable benefit of the people. Much, therefore, depends on the man, be he an official or non-official in the immediate charge of affairs. So I am inclined to think that with all the disadvantages the non-official co-operator labours under and for which the act and rules framed there under and the department and their men with their partiality for and prejudices against men and places may conceivably be responsible, the co-operative affairs of the province might well have been better than they are if only the right type of our co-operators had from the very beginning leaned less on the Government and more on themselves.

We complain that our primary societies are inefficient. Why? Because the Panchayatdars are not satisfactory. Who elected them? The general body of members. But is it quite correct to say so? Was not the Union Supervisor, the Bank Inspector or some Departmental official present at the time of the election of the Panchayatdars? Did he take sides and influence the elections or dispassionately advise the members to choose the best among them for their capacity and utter reliability? What was the educational propaganda carried on by the Supervising Union and its members or the Federation and its directorate to instill in to the minds of the Panchayatdars and their friends correct notions as to co-operation and the right methods for its spread among the villages? Again, is it only the Panchayat and its members who are inefficient and unsatisfactory, or can the same thing be said of the higher bodies as well? The fact is that neither Department nor the non-official public have so far paid as much attention to the educational side of co-operation as they should have. But I am leaving the Department alone for the moment and switching on the searlight on ourselves. What has to be done now is the problem. My answer is, that we should find out a Raiffeisan, not indeed one for each society but one for at least a district with all the societies in it. If there is one enthusiast, it can be safely predicted of him that he will be able to influence one other, to follow his example. These two will influence two others; and the four another four and so on. But for the process to begin and succeed, you should have at least one ‘live’ co-operator to start with. Only a ‘live’ charcoal can make the piece of cold charcoal in its neighbourhood partake of its own nature. No number of cold pieces of charcoal can make even one of them ‘live.’

To my mind this is the most important part of our work, and, if we succeed in this, it will be comparatively easy to discover and apply remedies for the other ills.

The President of your District Council has invited me to express my views on some questions like the reduction of the rates of interest, reco-

very of loans due by people of poor resources and the retention of the District Federations etc.

I have always felt that the rate of interest at which the Central Banks and Primary Societies have to borrow and lend are far too heavy and really uneconomical. I am not concerned here, with the prevailing rates of interest in the country or the rates at which the Government themselves have had to borrow in the past or may have to borrow hereafter. What I am most concerned with is, whether our present rates of interest are sufficiently low for the borrower to repay his debt with the interest due thereon. I submit not; I have had at different times to go into the question of returns from cultivation, and as a result arrived at the conclusion that land as a rule did not pay a return of more than 3 to 4 per cent. on its capital value. When the question of raising the borrowing capacity of Societies and members was under consideration, the Registrar himself put it at not more than 5 per cent. This is presumably with reference to conditions in a normal year or to areas where the rainfall is regular and well distributed, or dependable facilities for irrigation exist. But such conditions obtain only in a small part of the Province. In the rest of it, bad seasons and poor yields occasionally intervene and in many parts droughts and even famines are almost regular visitors. If, therefore, we advance to a ryot as loan a sum equal to only half the value of his land and charge interest for it at 9 per cent. and if the net return from the borrower's land is at the best of times not more than 5 per cent. on its capital value, it will be seen that practically the whole of the net return from the land will be just enough to pay only the interest on the loan borrowed by him: and in view of the lack of suitable subsidiary occupations of a reasonably remunerative character, the ryot in such cases, is bound to find himself hard put to repay his dues principal and interest regularly. I shall no doubt be asked, whether I expect the Government to place money at the disposal of the Societies at less than even the rate at which they are themselves borrowing and to such a question my unblushing answer is in the affirmative. Which is the better thing for the State, I ask, to spend a little in the way of subsidy otherwise, in support of some of the largest industries and keep the people occupied for reasonable wages or to compel them to live on a bare subsistence allowance with no margin to fall back upon during periods of unavoidable unemployment due to sickness or other causes? Which is better, to lose a comparatively small sum on interest and help the people to stand on their own feet, even in difficult times or rigidly stick to the interest tables and allow millions of men and women to be thrown out of employment and left without means of livelihood even if a single season proves unfavourable and the crop fails and then in a panick waste large sums of money extending to millions, on uneconomic famine works and their costly

establishments? Which is better, to allow enough to the cultivator to lead a normal healthy life even if it costs the state something to arrange for it, or allow their health and stamina to be gradually undermined for lack of sufficient food, with the result that with reduced powers of resistance to disease, they succumb in large numbers to any epidemic that may happen to break out amidst them?

In saying that the Government should be prepared to make sacrifices up to a certain extent in the true interests of the co-operative movement, I am not advocating what is altogether unknown to other countries in the world. For instance, I find, that in "Denmark" any persons 25 years of age or over who has had five years experience in farming and can satisfy the Government as to his character may under the law of 1909 select a piece of land then upon the market, not less than three acres, the farm including stock and other equipment not to cost in excess of 8,000 Kroner and preferably not above 6,500. Of this amount the Government will lend up to 9/10 money which is to be repaid within 98 years at 3 per cent. interest". I want only to add that this 3 per cent. rate allowed to small land holders is really less by half a per cent. than the rate the State itself actually pays for its borrowings.

The above remarks apply with equal and even greater force to the rates of interest charged by the Government for the loans advanced under the Land Improvement and the agriculturists' Loans Acts. The rate charged for these loans is one and a half per cent more than the rate at which Government could borrow money in the open market. It is admitted that the cost to Government for the labour involved in raising a loan and keeping the connected accounts for it etc. is not more than  $\frac{1}{2}$  per cent. The extra 1 per cent is charged to meet the loss the Government may incur by way of irrecoverable loans. To make honest people who go through numerous privations and amidst most discouraging circumstances, manage to scrape together the money needed for the payment of the instalment due by them and punctually pay the same, suffer for the sake of others who make default in payment possibly with dishonest motives appears to me most unjust and unreasonable.

As regards the loans already advanced which are difficult of realisation, I suggest that you should distinguish between debts which are impossible of realisation to the full and those which can yet be recovered if some facilities are offered and the repayments are made easier than they are now. As regards cases of the first class prudence should tell us that it is no good to carry on the debts from year to year with their ever accumulating interest and so make them even more difficult than ever of realisation. In some cases, it may be necessary to forego all interest and be satisfied with the recovery of the principal alone. In other cases, it may be necessary to forego even the principal

in varying degrees. What cannot be helped must be endured. Some losses are bound to be sustained by the adoption of these methods. To meet these losses the reserve funds and the unspent balances under the common good funds may, among others, be utilised to the extent they are available.

To save myself from the charge of making impracticable and revolutionary proposals I shall just read to you what the London correspondent of the "Indian Express" says in his letter of 18th February about the measures intended to be taken by the United States to protect their "indebted" farmers.

"The Governors of various agricultural States have proclaimed moratoriums so that mortgage claims cannot be enforced. The Congress has passed a Bankruptcy bill for the same purpose. Schemes are also being devised whereby the community should buy up the debts at a fraction of their nominal value and then reduce the debts to the former by about  $\frac{2}{3}$  or a half!!

I remember very well the amusement with which the Royal Commission on Agriculture received a similar proposal of mine when I appeared before them as a witness in Madras. Who knows, but that they may view it differently when the same thing emanates from so great a country as the United States.

I now come to the question of the retention of the District Federation. I know this is a matter on which differences of opinion still exist in an acute form. It was a serious problem even when the Townsend Committee was appointed.

*He quoted the opinion of the Townsend Committee on the problem and went to say.*

I am aware that the present Registrar holds a different view and has been consistently following it. I do not blame him for it. He is following a policy which he honestly believes to be for the good of the movement. I knew also that he is quite ready loyally to carry out the orders of the Government, even if they should go against his views: but what I do not like in the whole affair is that the Government should so to speak, be sitting on the fence without taking any responsibility for the policy of the Departmental need. I don't know if they have done so lately. If they have, it should be very recently. My own view after letting the Bank have its own way without obstruction of any sort and watching the affairs of my district now for some years, is that the Federations should be allowed to continue with full responsibility for the work that is theirs legitimately.

Before I conclude I want just to make a reference to the importance of cottage industries and the urgency of attending to their requirements.

It is true that cultivation is our biggest industry and will continue to be so far as long as we can foresee. But it seems to be hardly fair to this mother earth of ours that we should be so persistently and so recklessly be piling up our demands on her. As every cultivator knows he does not return to her in the form of manure etc., even all even of the droppings of his cattle, to which atleast she should be considered to have an conclusive and uncontestable claim. As if she had not already enough men and women to sustain every year witnesses a large addition to those already dependent on her. It appears to me, therefore, that apart from doing whatever is possible to improve the fertility of the soil and obtain from her higher yields and more paying crops than we have hitherto been accustomed to get, we should strive and see whether we cannot otherwise relieve the pressure on land by stopping the constant inflow of new and in effective cultivators and farm labourers and by diverting to other and equally if not more remunerative fields, of at least a fraction of those now dependent on land.

Between 1911 and 1921 the number of weavers supported by the cotton handloom weaving (under which I include spinning and sizing) fell down by over four lakhs and an overwhelming majority of these people, I feel sure, could have had nothing else but land to fall back upon, whether as cultivating owners and tenants or merely as farm labourers. Next to agriculture, handloom weaving here as elsewhere is still your biggest industry; in addition you have other industries like dyeing and printing, cora mat weaving, wool spinning and weaving, coir industry, metal industry, basket making etc. The population dependant on all, these industries put together forms a considerable part of the whole of the district population. Surely, Co-operation is not so bankrupt of principles and methods that some thing cannot be devised and done for the amelioration of the condition of these people. You have no doubt heard of the special officer who was appointed to make a survey of the cottage industries in the province and make a report thereon. The results of his labour have all been published and publications contain information invaluable to those who wish to make use of it.

If the industries referred to by him can be organised on Co-operative lines, well and good. If that is not possible why should not something else be done? Joint Stock Companies may be formed to develop the industry; and the Government cannot say that it is beyond their province to bring about such organisations and finance them. It may be that one or two of them may fail and involve the Government in loss. Still, on this account, the Government should not submit hesitate to finance them.

One thing which cottage industries are suffering from is want of proper advertisement for their products. It was my ambition when I

feld I had I had the opportunity to do so, to establish at the Head Quarters of the province a central emporium for the various products of the cottage industries and make available to wholesale dealers and others interested in them all relevant information as to place of manufacture, price etc. The late Governor Viscount Goschen with whom I had many a talk about it warmly approved the idea and, I am sure, he was prepared to do all that lay in his power to further the plan. I hope that the idea has not been abandoned yet, and even if it had been—temporarily I hope—beg of those in authority to take up the scheme and put it through.

Another thing which struck me most was that even in regard to some articles like lungies, Madras handkerchiefs etc. for which the demand showed no slackening, the producers at the bottom did not reap the full benefit of their labours because of the many people intervening between them and the ultimate consumers.

Marketing has been and is still our chief problem with regard to even some of the promising manufactures. Taking the case of the lungies, none can gain say the fact that practically nothing has been done by anybody yet to find a sale on an organised basis for them. It is true that the attempts of the Co-operative department to bring the weavers together into a body to improve their economic condition by adopting improved machinery and other appliances have failed; but it should be obvious to all that the matter cannot be allowed to rest there. If owing to the opposition of the master weavers and the merchants at different centres,—the weavers cannot effectively organise themselves into a society and find the necessary finance, outside help must come. It is my sincere opinion that the Government should come forward to help them with men and money. For instance I consider it extremely desirable that the Government should assist in the establishment of an agency for lungies even if it is to be outside of our country, so that not only will the present market be rendered steady and sure for the articles produced here but other markets also for them might be found and the producers enabled to secure the maximum of profits for their work.

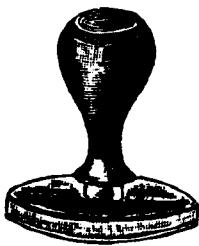
In conclusion, I would like to commend for the consideration of the District supervision council whether, in addition to their propaganda, they cannot carry on an economic enquiry in at least selected localities such as those where you have already long standing cottage industries. An intensive survey should be made of those areas so that the needs and disabilities of the people might be thoroughly understood before any remedial measures are attempted. There is undoubtedly among the rural folk a suspicion that much of the advice tendered to them is theoretical and does not take account of the practical difficulties in the way

A proper economical survey, therefore, will be a useful preliminary and go a long way to make the propaganda effective. The survey should be conducted with a view to increase the income of not only those engaged in the different non-agricultural industries but of those dependant on the land as well. Do the ryots get the benefit of their hard labour? If not, ways and means should be explored for an organised sale of their commodity so that a great deal of the profits which the intermediaries are taking away may go to augment the income of the ryot. I do not want to dilate further on this subject. All that I can say is that when once a man seriously applies himself to any problem and puts his heart and soul into working it out, he will himself discover many ways for making his endeavours end in success and of our coming difficulties as they arise from time to time.

It now remains for me only to thank you most heartily once again for your generous goodwill to me and request you to enter upon your deliberations in conference.

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## (2) EXTRACT FROM THE RECEPTION ADDRESS

OF

M.R.V. S. SINGARA MUDALIYAR, AVI.

On behalf of the Co-operative Union of Arni, he welcomed the distinguished guests and went on to say :—

It remains a prominent feature of our land that Agricultural industry, held high in its traditions, forms a major part of the country's occupation. The plight of agriculture in these days, under the undiminished load of debt and taxation against low returns, may yet find some relief in the prescriptions of our Co-operative movement for amelioration. The handicaps of agriculture in respect of want of capital, and eventual accumulation of debts have led to the credit side of our movement, virtually spreading afield as against the various activities of the non-credit kind; and this state is but a natural one. To recollect and determine our position even under this main aspect, and to plan out towards our business in the future is obviously the object of this, our conference.

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*The District Central Bank* :—Having been started on 6—5—1917 it has been financing for these 15 years the societies in the District. The Madras Christian Central Urban finances the depressed and backward class societies. The transaction of the District Bank fell from Rs. 32,66,380-8-0 to Rs. 26,90,282. A sum of Rs. 5.55 lakhs was lent out during the year as against Rs. 5.87 lakhs last year. The transactions are thus decreasing, probably, for want of proper long term loans; but the depressed economic conditions of the ryots seem too difficult to find any facility for repayment even under this term. The plea for Land Mortgage Banks to exclusively undertake long term credit cannot find favour in most of the rural areas which cannot sustain them on account of their administrative complication and on account of the small or scattered holdings in most of the villages, which are not favourable conditions, for the same. Our efforts to increase transactions should, therefore, be backed up by provisions, even under the present system, for long-term loans of 10 or 7 years, as otherwise we may not carry in the real sense the benefits of the movement to the agriculturists. Further, we have to provide for the convenience of raising or lowering our rates of interest so as to be, in any case, at a reasonable margin to the rates prevailing in the money-market. The necessity for reducing the interest rates during such times of depression as this, is only too keenly felt.

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## EXTRACT FROM THE RECEPTION ADDRESS

The amount of loan outstanding against societies on 30—6—32 was 26,90,283. The paid-up-capital of the Bank was Rs. 3,56,600 while the Reserve Fund accumulated to Rs. 1,92,083 which is a gratifying proportion, being more than half of the Share Capital. This year the Banks transactions have fallen down by 5½ lakhs.

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The overdues as on 30—5—31 were Rs. 12,60,892 principal and Rs. 15,799 interest. On 30—6—32 they were as follows :—

|               |     | RS.       | RS.    |
|---------------|-----|-----------|--------|
| Principal ... | ... | 12,59,644 | 66.75% |
| Interest ...  | ... | 12,172    | 4.97%  |
| *             | *   | *         | *      |

*The Primary Societies: Overdues.*—Out of a demand of Rs. 24.19 lakhs in agricultural and 7.52 lakhs in non-agricultural societies sums of Rs. 18.18 lakhs and 1.86 lakhs respectively were left uncollected. Under a total interest demand for Rs. 12.5 lakhs Rs. 6.1 lakhs remained uncollected. This heavy arrear cannot be said to the sole outcome of the trade depression. In fact, we do not fail to observe other defects leading to such a state. After over a generation of the working of this movement, most members have not learnt the principles, while the Panchayat have not known or exercised their duties to keep the societies clear of overdues and defaulters, even to the possible extent. Not unoften local factions disturb the peaceful conduct of many a society and one in instance of having caused the fall of most of them. The intervention of local unions to attempt compromise in such cases will be much in need, and is a duty which must be undertaken. We have also to remember the fact of our Registrar's views that in the interest of the growth of our movement, and its freedom in its own sphere, we have to put off, by provision of rules, parties connected with local boards etc., which may, as they already do in certain instances, exploit our institutions to their advantage by their power and influence.

The question of remunerating persons for work in societies, irrespective of the person being a Panchayatdar or a clerk, is a matter which is an essential one. The distinction of a panchayatdar raised as a point of ideal in the by-laws for his gratuitous work as against a clerk under pay, is in practice wholly lost under the conditions and necessitates existing in societies. The Registrar's circular is amply cognizant of these conditions. We have, therefore, to decide to day as to the manner of giving this remuneration as a step to create enthusiasm in those engaged in the actual working of societies.

*Unions.*—There were 27 Local Supervising Unions and 2 Audit unions at the close of the year (30-6-32). During the year, 2 unions, viz.,

Polur and Elathur were liquidated for functioning badly and the societies in the concerned areas are under the direct supervision of the District Council.

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The policy of liquidating unions for bad-working may well proceed by efforts on the part of the District Council to reform them by bringing its moral influence to change their constitution, thus attempting chances of their working before liquidating them finally.

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*The District Council of Supervision.*—This Central institution was started on 21-6-1919 and I have much pleasure in stating to its efficient working through these 14 years. It develops, assists and co-ordinates the working of the unions, besides acting as the exponent of non-official public opinion in the District. But the pooling of the District Supervision Fund according to its by-laws still remains to be put in effective operation for want of co-operation among the several Unions. Distributing from out of the general fund, the budget needs of each Union, irrespective of the income from particular unions, should be adopted instead of the present system of unions getting budget sanction according to their respective incomes.

Co-operative propaganda may be taken to be of 2 kinds. The first is that which is being done in the already existing societies of our movement. \* \* \* \* The propaganda that we have to undertake in the outer spheres for the spread of our movement there, and that which ought to be the basis at least of all our future institutions, is the second kind. Even in the absence of any financial aid from Government, I think it would be quite possible for the District Council to carry on this propaganda towards further organisation of societies through the existing staff and the Executive Committee members, with any financial aid that the Central or Provincial Bank may advance. Under the circumstances of the Department registering societies only on application, and there being no scheme of propaganda adopted by non-official central institutions, it would be vain to hope that through any other way or in any period of time our movement will of its own accord spread among the rural population. The expansion of our movement in credit as well as non-credit lines should therefore, be the aim of the District Council, the Unions and even of certain societies if necessary.

*The Gray Co-operative Training Institute.*—This Institute has been opened to provide equipment of Co-operative knowledge in the four districts of Chingleput, North Arcot, South Arcot and Chittoor. The move of the Government to close this beneficent institution under the scheme of retrenchment was abandoned by the Hon'ble Minister Mr. P. T. Rajan, to whom our heartfelt thanks are due.

United we stand  
Divided we fall.

## RESOLUTIONS PASSED AT THE 14TH NORTH ARCOT DISTRICT CO-OPERATIVE CONFERENCE.

*Held at Arni, on the 5th and 6th March 1933.*

*Resolution No. 1.*—Whereas the general trade depression now prevailing has made the local money markets cheap and the local money-lenders have lowered their lending rate and whereas it is therefore reasonable and necessary that the co-operative financial system also which aims at the amelioration of the condition of the indebted ryots should do the same. This Conference resolves that the lending rate of the Bank to the societies should be reduced to 6½ per cent, the lending rate of the societies to members to Rs. 7-13-0 per cent (at ½ pies per rupee per mensem) and the penal interest to Rs. 9-6-0 and requests the Registrar to be pleased to accept this proposal.

*Resolution No. 2.*—In view of the fact that the overdues from members to societies are increasing by leaps and bounds, this Conference is of opinion, that, in place of the existing system of giving remuneration to the Presidents or the secretaries of Societies, the system of granting of an honorarium not exceeding a fixed percentage of the collections actually made by them, be introduced so as to encourage the office-bearers of societies to effect better collections.

*Resolution No. 3.*—For work done by the Honorary Arbitrators in villages within a radius of 5 miles from their head-quarters they are not allowed any travelling allowance, inspite of the fact they have actually to incur expenditure for journeys made within that radius. It is resolved to request the Registrar to relax the rule and allow Travelling Allowance to Honorary Arbitrators for journeys made beyond a radius of two miles.

*Resolution No. 4.*—In order to facilitate the development of the Movement it is necessary that efforts should be made to organise Central Societies for carrying on non-credit activities.

*Resolution No. 5.*—This Conference resolves to request the Government and the District Board to start Agricultural schools in the different part of the District and to impart education through the medium of vernacular.

*Resolution No. 6.*—This Conference resolves to request the Government through the Registrar to remit the entire registration fees as before, as the finances of the Provincial Government have since improved and as the salary cuts of Government officials have been restored.

*Resolution No. 7.*—Resolved to request the Government through the Registrar to amend the Registration act so as to provide for the compulsory registration of all payments towards mortgage deeds made to save limitation in as much as payments may not at times find a place in the encumbrance certificates obtained.

*Resolution No. 8.*—Resolved to request the Government to permit registration of documents presented by members of Co-operative Societies where minors are included as Co-parceners of the mortgage properties.

*Resolution No. 9.*—This conference resolves the Government to so amend the Co-operative Societies Act VI of 1932 by introducing a provision for impleading the subsequent alienees of the mortgage properties as parties to the arbitration suits though they may be non-members.

*Resolution No. 10.* Resolved to request the Central Land Mortgage Bank to issue loans to primaries on the security of dry lands without well irrigation also at 35 per cent of their value in as much as such dry lands of this district yield fixed income.

*Resolution No. 11.*—At time when propaganda and more propaganda is required for the rectification of Societies, the Government have with held the grant of subsidy given for this important purpose Resolved therefore to request that the Government be pleased to sanction adequate subsidy for appointing 3 propaganda Inspectors for conducting this important item of Co-operative propaganda.

*Resolution No. 12.*—This Conference is of opinion that in view of the economic depression and consequent fall of prices of the agricultural products.

1. Every Co-operator in the district should make it a point to effect economies in his day to-day life and also to increase his income from land in order to save larger amount of his profits to have sufficient margin to keep his obligations to the Society;

2. The financing Bank and the societies should wherever necessary for the sums due to them revise the period of repayments of the existing loans due by the members absolutely with reference to their present repaying capacity;

3. The District Council of supervision should equip their men with necessary education in order to assist the Co-operators in finding ways and means for effecting economy in their expenditure and increasing their income to meet their obligations to the Society.

*Resolution No 13.*—In view of the present bad condition of Societies and of the enormous sums in principal overdue by them and interest and as efforts of immense magnitude have to be made in order to rectify the societies and consolidate them this Conference of Co-operators of this District resolves that supervision shall continue to vest in a separate body of Co-operators exclusively meant for the purpose namely the District Federation.

This Conference further resolves to request the Government to declare its policy regarding this in favour of re-establishing the federations charged with the work of supervision alone.

*Resolution No. 14.*—Resolved to request the Government that in future Registrars shall be appointed from among experts who have been trained in the principles of the movement and that such appointments shall be made for a period of not less than 5 years and not more than 10 years.

*Resolution No. 15.*—Resolved to request the Government to reduce land assessment on lands by 25 percent in view of the poor yield the ryots had during the current year and in view of the low prices of the agricultural produce in the market.

## Special Types of Societies.

### THE GOOTY LONDON MISSION SCHOOL STUDENTS' CO-OPERATIVE STORES LTD., GOOTY.

#### Audit Report for 1931 to 32.

The Board of management of the above Society has great pleasure in placing before its members the following report on its working for the year 1931-32.

The year under report is the fifth year of the Society's working. There were sixteen members and forty-three Associates on the rolls on the last day of the year.

During the year, goods to the value of Rs. 2,712-6-0 were bought and with the stock held from the preceding year valued Rs. 214-12-0; sold for Rs. 2,761-14-0 leaving goods worth Rs. 424-15-0 at the end.

With the discount earned on whole sale purchase and from retail sales, the net profits, deducting all charges, amounted to Rs. 207-8-0. The Board of management recommends in accordance with the bye-laws, the distribution of the above sum as follows:—

|                                                       | Rs.        | A.       | P.       |
|-------------------------------------------------------|------------|----------|----------|
| Reserve Fund ... 25 per cent. ...                     | 51         | 14       | 0        |
| Common Good (to be carried to gramophone account) ... | 15         | 9        | 0        |
| Dividend on shares ...                                | 10         | 12       | 11       |
| Bonus on purchase at 9 pies per rupee ...             | 128        | 9        | 9        |
| Balance to be carried to R. F. account ...            | 0          | 10       | 4        |
| <b>TOTAL</b> ...                                      | <b>207</b> | <b>8</b> | <b>0</b> |

The total amount to the credit of the Reserve Fund with the above addition will be Rs. 186-14-0. The Society is placed in 'A' Class by the Deputy Registrar of Co-operative Societies.

To enable the members to understand the progress of the Society from its start on April 4, 1928 the following tabular statements is given for the five Co-operative years.

|                         | 1927-28. | 1928-29. | 1929-30. | 1930-31. | 1931-32. |
|-------------------------|----------|----------|----------|----------|----------|
| Members ...             | 18       | 17       | 17       | 15       | 16       |
| Associates ...          | 30       | 30       | 30       | 41       | 43       |
| Share capital ...       | 72       | 68       | 173      | 165      | 235      |
| Purchases ...           | 1096     | 1027     | 2008     | 1057     | 2712     |
| Sales ...               | 1172     | 980      | 1987     | 1692     | 2762     |
| Stock held at the end * | 177      | 399      | 727      | 215      | 425      |
| Net profits ...         | 149      | 130      | 205      | 56       | 208      |
| Reserve Fund ...        | 37       | 70       | 121      | 135      | 187      |

\* Co-operative year was changed to May to April.

# SPECIAL TYPES OF SOCIETIES.

The Board of management takes this opportunity of thanking the members and associates for their hearty Co-operation and loyalty throughout. It feels, however, that about 40 per cent. of the students remain without enrolling themselves as associates, though of course they purchase their books, etc., through others. This means that they deprive themselves of the bonus earned and lose opportunities of learning the practical lessons of business and co-operation by losing the direct contact with the Society. It is hoped that the cent per cent. co-operation will be reached in the coming year and let members not forget the fact that the management of the Stores is in the best interests of themselves and not for promoting the interest of one man, as in ordinary business affairs.

The board tenders its heartfelt thanks to the Officers of the Co-operative Department and to the Anantapur District Co-operative Central Bank for all the facilities offered to the Society in the conduct of its affairs.

A printing section has been attached to this society since 6-3-33 and the work of this section will be governed by byelaw 2 (b).

*May Co-operation prosper!*

C. K. THARU,  
*President.*

C. RANGANATHA IYENGAR,  
*Secretary.*

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## Correspondence.

To

THE EDITOR,

THE MADRAS JOURNAL OF CO-OPERATION,

Madras.

Sir,

Sub :—

Ref :—

I request you to be kind enough to publish in your Journal the following resolution passed at the meeting of the Board of Directors of the Repalli Co-operative Land Mortgage Bank Ltd., on 12—3—1933 as it is a matter in which all the primary land mortgage banks are interested.

" It is resolved that in view of the fact that the M. C. L. M. B. Ltd., has reduced the rate of interest on the debentures it issues to 5½ percent and in view of the fact that credit is available now at cheap rate of interest to solvent debtors e.g. for persons such as are entitled to take loans in the primary banks and in order to attract a greater number of persons and to increase the volume of business, the M. C. L. M. B. Ltd., be requested to reduce the rate of interest at which it lends money to the primary banks to 6½ per cent and thus enable the primary banks to lend at 7½ per cent. The Secretary is hereby authorised to communicate this resolution to the M. C. L. M. B. Ltd.

V. LAKSHMIPATHI,

Secretary, Repalli Co-operative Land Mortgage Bank Ltd.

## District News.

### (i) The Government Telegraph Employees' C.S., Ltd., Madras.

*Free Public Library.*—“During February 1933, 1238 volumes were loaned out from the library for home reading and 2,192 readers made use of the Library”.

### (ii) P.C.U. Propaganda.

Mr. N. Satyanarayana, Joint Secretary went on propaganda tour to the following places and lectured as shown below :—

1. *Tanuk Taluk W. Godavari District.*—He visited several villages and lectured upon Rural Reconstruction Land Mortgage Banks, Co-operative Insurance and Village Panchayats etc.,

2. *Narasapur Taluk and Palacole.*—He lectured upon Land Mortgage Banks and Co-operative Insurance.

3. He delivered lectures on the same subject to the Students of the Ramadas Co-operative Training Institute, Rajahmundry.

4. Accompanied by Dr. P. Gurumurthy he toured in the Agency Tracts of Pollavaram Sub-division in West Godavari District and addressed meetings at Koyyalagoodem, Jengareddigoodem and Hukumpeta. In all these places he addressed Co-operators on the benefits of Co-operative Insurance and the desirability of starting Co-operative Purchase and Sales Societies and strengthening Co-operative organisations.

### (iii) Cuddappah.

In February last the Cuddappah District Co-operative Central Bank Ltd., had its new buildings opened by the Hon'ble Mr. P. T. Rajan, Minister in charge of Co-operation. On that occasion Mr. Pitchayya Garu, President of the Bank welcome the guests assembled and in a short speech he gave an account of the origin and progress of Co-operation in the District of Cuddappah with special reference to the progress of the Central Bank. The whole function was a great success.

*The opinion of the Executive Committee of the Provincial Co-operative Union on the recommendation of the Royal Commission on Labour regarding the attachment of wages and salaries.*

The Madras Provincial Co-operative Union is in general agreement with the provisional view of the Government of India that steps should be taken to abrogate the powers of creditors to secure continuous attachment of salaries of Government and Railway servants. The Union is in favour of such abrogation in the case of all classes of Government and Railway servants. If there is any doubt in law as regards employees of other employers than the Government and the Railway Administrations, a similar reform is needed in their case also.

2. If for any reason such total abrogation is found impracticable, that the Union favours the alternative of exempting Rs. 100 altogether from attachment, and limiting the attachment to one half of the remainder of the salary over the sum of Rs. 100 per month which is wholly exempted.

3. So far as recovery of debts through Civil Courts from members of Co-operative Societies by their outside creditors as concerned, the law is and ought to be the same as in the case of any other creditors and debtors.

4. The Union, however, feels that the Government of India's observations in para 6 of their letter dealing with regard to co-operative societies which hold decrees against their members require certain modifications. The Union is in agreement with the Government of India that the differentiation which now exists in Section 60, Civil Procedure Code, between members of Co-operatives Societies and other debtors in regard to attachment of salaries, in execution of decrees held by Societies, must be abrogated. There is no reason why the limit should be so low as Rs. 20 in the case of members of Co-operative Societies, while it is Rs. 40 in the case of others. It must be Rs. 100 in all cases as above indicated.

5. But there are certain types of Co-operative Societies which are popularly known as Employees Societies. The Government Servants, Railway servants and employees of local and Municipal bodies and employees of private agencies have sometimes their own special societies: and in some, all classes of employees join. These societies are worked under bye-laws agreed to by the members and approved and registered by the Registrar of Co-operative Societies. In the case of these societies, the question of the limit of the salaries to be attached and other details must be allowed to be regulated by the bye-laws. The claims of the societies must not be allowed to be enforced by suits or execution proceedings in a Civil Court. In all cases, it must be made obligatory on the society to recover the dues by means of a reference to the Registrar and executing the awards through his department. Subject to these limitations, the employees' co-operative societies must be exempted from the reform mentioned in paras 1 to 4 above. The main reason for the exemption is that the attachment limit and other details are laid down by common consent of the members and the processes to enforce the claim of the society are taken not through courts but through the

## REVIEW

Registrar. Many employees societies are rendering very good services to their members and their activities should not be crippled.

6. In regard to existing debts the Union is in agreement with the provisional suggestion of the Government of India in para 7 of their letter.

(Sd) V. RAMADAS,  
*President, the Madras Provincial Co-operative Union.*

## Review.

### TOLD IN BRIEF AND THE CO-OPERATIVE SOCIETY OF TO-DAY.

BY GEORGE DARLING, B.A.,

*(Published by the Co-operative Wholesale Society Publicity Department.)*

These are two companion volumes deal with the origin and development of the Co-operative Wholesale Society and its present constitution and working. In the first volume the story is told through the various stages before 1844, 1860-1869, 1869-1880, 1880-1914 and since 1914. The second volume deals what we may call anatomy and physiology, the structural and functional aspects of the Co-operative Wholesale Society. It is engaged in producing, merchanting, importing and banking. The two volumes are profusely illustrated and are full of interesting details and taken together will form a very good introduction to the study of this supremely interesting subject, the growth of the Consumers' Movement in England. S.K.Y.

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## SUPPLEMENT TO THIS ISSUE.

### The Guntur District Co-operative Conference.

*(Tenali, Saturday the 8th April 1933)*

## PRESIDENTIAL ADDRESS\*

BY

V. RAMADAS PANTULU.

### AN EXAMINATION OF MR. STRATHIE'S UNIVERSITY SPEECH.

#### IS THE MOVEMENT "POPULAR"?

The most recent survey of the Co-operative Movement in this Province is that made by Mr. D. N. Strathie, our esteemed and popular Registrar of Co-operative Societies. The address which he delivered at the University a few weeks ago is a vigorous and thought-provoking one and some of the questions raised by him are of a fundamental character. Mr. Strathie asked, at the outset, if there was a genuine and widespread demand for co-operative credit in our villages and if it was not forced from above. It is somewhat difficult to answer this question precisely. It is true that the co-operative credit movement in India was not, at its inception, "popular" in the sense that it was in Germany and some other western European countries. But, even there, it was not altogether spontaneous. Much preparatory propagandist work had to be done by the pioneers and the State had recognised and aided the Movement, though slowly. It was everywhere one of the primary duties of the pioneer co-operator to explore the existing situation, find out the real economic and social needs of the people and educate them to demand the type of co-operative institutions and facilities which will satisfy those needs. It is not always necessary to demand of would-be co-operators to establish the existence of the conditions of desperate need which gave rise to the co-operative movement in some countries. Co-operation in many countries was no doubt at first resorted to as a measure of salvation, but it has been increasingly applied as a means to greater efficiency and profit. It need not always be the lever to raise people from depths of economic misery. It may be utilised as a proper

\* Summary of the address delivered in Telugu.

channel for the better distribution of resources to all classes of people on an equitable economic plan.

### IS THERE NEED FOR CO-OPERATIVE CREDIT?

In regard to the need for co-operative credit in this province, some of Mr. D. N. Strathie's conclusions are a challenge to the rural economist as well as the practical co-operator. Mr. Strathie is inclined to agree with the opinions expressed by the Madras Board of Revenue in 1896 that the need for rural credit was much less felt in this province than elsewhere, that terms of money lending have been far from usurious and that repayments were not rigidly enforced by the ryot money-lenders who, according to the Board, constituted the most numerous class of money lenders in Madras, unlike in Bombay and Northern India, where, generally speaking, money-lenders were alien and unrelenting in their methods of exaction. This idyllic picture of neighbourly accommodation rendered by the wealthy ryots to their poorer brethren, partly based on testimony of writers like Dewan Bahadur Sreenivasa Raghava Iyengar and Sir Nicholson himself, is in my opinion perhaps overdrawn of conditions that prevailed even in 1896. At any rate, it does not seem to be an accurate picture of the present day village economy. The Board of Revenue and the Local Government in Madras have always been accustomed, I may say interested, in painting a rosy picture of the prosperity of our villages in order to defend their land revenue policy. The Madras Board of Revenue had never any great faith in the possibilities of agricultural improvements by the ryots nor had it to its credit any notable measures for the amelioration of the Madras peasant. The opinion of the Madras Board of Revenue about the inefficacy of co-operative credit, on which Mr. Strathie laid considerable emphasis, will therefore hardly carry conviction to co-operators in this province.

### INDEBTEDNESS AND USURY.

Mr. Strathie considers that the Madras Provincial Banking Enquiry Committee over-estimated the rural indebtedness of the Province in putting it at Rs. 150 crores. Dr. P. J. Thomas, the University Professor of Economics and one of the members of the Committee, is of opinion that the Committee's figure is an underestimate and the debt is nearer Rs. 200 crores. It is not, in my opinion, altogether necessary for the initiation and maintenance of co-operative societies in particular places to arrive at an estimate of the extent and character of the entire rural indebtedness of the province. It will be enough to investigate into the conditions fully

and accurately in the particular locality before any type of co-operative society is organised therein. While I, therefore, consider that it is not a fruitful task for co-operators to discuss the relative merits of the several estimates of the total rural indebtedness of the Province, I must say that it can hardly be doubted that such indebtedness is almost universal among the agricultural classes and is in most cases of a ruinous type. This is the experience of many co-operators who are in intimate touch with rural life and is the inference of investigators who have made enquiries into the economic conditions of villages in typical tracts in South India, under the guidance of experts like Dr. Gilbert Slater.

I am unable to express an opinion on the question whether agricultural money-lenders preponderate in this province. Assuming they do, it is not in my opinion possible to say that they generally lend on easier terms than the alien or the sowcar money-lenders. The rates of interest may perhaps be less shocking than those demanded by the professional alien money-lenders. But an agricultural money-lender rarely makes advances for cultivation without coupling with the transaction an agreement for the sale of the produce at prices below the market rate or for the performance of certain free or low paid services. It is by such devices that many a poor agriculturist is permanently tied to the bigger ryot in the village and debt is perpetuated from generation to generation. The agriculturist money-lender soon develops into a middle-man, merchant or commission agent and exploits his indebted ryot brethren in all these capacities. He has a hunger for land which the alien sowcar has not and feeds his victims on credit till the latter are forced to part with their holdings for the liquidation of the debt. The example of the Punjab, where the agriculturist money-lender has now assumed a dominant position ought to put the Madras Co-operator on his guard against pinning his faith in the ryot money-lender. I commend to Madras Co-operators in this connection a perusal of pages 226—228 of Mr. Darling's book on "The Punjab Peasant".

### FAITH IN THE MOVEMENT.

Co-operative credit is, therefore, in my opinion far more beneficial than other forms of rural credit. I remain unshaken in my faith that a well-conducted co-operative credit society ought to be and will be a boon to the agriculturist in this province. The circumstance that there are today many more bad societies than good ones, that overdues have mounted up and that there are numerous cases of frauds and benami loans, does not militate against the need

for co-operative credit and the necessity for consolidating and expanding it. The fact is that the causes of the failure of co-operative credit are a little too complex to be explained away by any one factor like the economic conditions of the people or the lack of spirit of service in the local panchayat or want of an impartial handling of local affairs by an administrator in charge of a district. Allegations are pouring in thick on every side. While depression has immensely added to our difficulties, any declaration of a fundamental lack of faith in the Co-operative Credit Movement at this juncture will be a most serious handicap to the pulling up of our societies. I am therefore happy to find that, notwithstanding its dominant note of pessimism, there is no evidence of such lack of faith in the movement on his part in Mr. Strathie's address.

#### PROGRAMME OF LIQUIDATION OF BAD SOCIETIES AND REGISTRATION OF GOOD NEW SOCIETIES.

Mr. Strathie was on unassailable ground when he criticised the policy of post-reform expansion of societies with a craze for the multiplication of their numbers with inadequate regard to considerations of soundness and efficiency in organising them. There will be few among informed co-operators who will dispute the fact that some of the bitter fruits that we are reaping to-day are the outcome of the programme of breathless expansion pursued by the first two Development Ministers to whom Co-operation was entrusted under the Montague-Chelmsford dispensation. Take the Guntur district for instance. In the year 1920-21, after 16 years of the working of the Act, during which Registrars like Sir P. Rajagopalachariar and Diwan Bahadur R. Ramachandra Rao laboured for the popularisation of the movement, the Guntur District had 171 societies. The first two Ministers nearly doubled that number in 6 years and in 1930-31 the number of societies rose to 400. But how many of them show signs of vitality to-day? Perhaps not more than 100. While other causes may have come up for the deterioration of some of the societies, the root cause, in my opinion, is the bad organisation and hasty registration of many of them. It is not a new conclusion or inference of mine. I emphatically said so, in my address to the Andhra Provincial Co-operative Conference held at Peddapuram in 1926, when the expansion activity was at its height and signs of deterioration were not yet quite marked. I discussed the matter with Mr. Gray, the then Registrar of Co-operative Societies who attended that conference. All that he could tell me was that he was carrying out a definite programme laid down by the

Government to register about 1000 new societies an year--more if possible. I have heard of cases of some Assistant Registrars having registered as many as 20 or 25 societies in a day in their camp in the vicinity of a railway station. It now falls to the lot of the present Development Minister, in spite of the protestations of a few who still proclaim their pathetic faith in the old discredited policy of "numbers", to draw up a programme of progressive liquidation of bad societies, perhaps fixing the number of societies to be so handled at about at least half that figure, namely 500 per year. But, it is far more difficult to liquidate a society than to register it. Moreover, the liquidation of a large number of societies in any one area will have an adverse reaction on the movement and may have undesirable effects on the investing public and financing banks. Nevertheless, this difficult and unpleasant operation must be done. It must be spread over a number of years and areas must be carefully chosen. I hope the official and non-official agencies, in the district will co-operate to weed out bad societies as soon as possible, for their continued existence will materially hamper the growth of even the healthy societies.

The process of liquidation of the bad societies must, however, be supplemented by a live simultaneous programme of rectification of the existing indifferent societies and registration of new societies in localities where there is a genuine demand for them and where reasonable prospects of their successful working are forthcoming. Though it may be a tall order to ask for a society in every village, it cannot be doubted that there are many good villages which are now without societies and where they ought to be planted as soon as possible. Non-official co-operators must take the lead in the organisation of good societies in uncovered areas. They must be able to convince the Registrar that their proposals were preceded by due enquiries into the local conditions and that they satisfied themselves that reasonable prospects of the successful working of the proposed societies exist. If these conditions are forthcoming, I hope the Registrar will not hesitate to register new societies. If the departmental policy is against even such cautious expansion, it must be reversed promptly. Otherwise, stagnation will set in and the enthusiasm of the people for the movement will vanish. I urge these considerations on the Government and the Department with all the earnestness I am capable of.

When Sir Nicholson summed up his report in the oft-quoted words "Find Raiffeisen" I do not believe that he ever envisaged the springing up of the full-blown Raiffeisen in every village desiring

## THE CENTRAL BANK.

It is a matter of common knowledge that the affairs of your Central Bank have been far from satisfactory for the last 3 or 4 years. Its working capital and loan transactions have gone down markedly. The Bank is not serving the Societies' needs. While some of these results are attributable to causes beyond your control and the shrinkage of business is a feature common to most of the Co-operative central banks in the province, your troubles are aggravated, I regret to say, by internal dissensions, which are inimical to all co-operative endeavour. I hope the liquidation of the Federation will end some of these dissensions, for I know the differences between the Bank and the Federation are a source of friction among the leaders of the movement in the district. There is also need to reconstitute the Board of Management and the Executive Committee of your Bank and I have already made to you last year my definite recommendations in that behalf. I wonder whether even all these measures of reform suggested by me will lead to the settlement of the dispute over your headquarters. If they do not end the quarrel of Tenali vs. Guntur, I once more press on the Registrar my suggestion to bifurcate the Bank and give one for the Tenali area and another for the Guntur area. I know the multiplication of small Central Banks is undesirable. I am in entire agreement with Departmental policy in the matter. But when no other solution is possible and the deadlock cannot be otherwise removed, the lesser of the two evils must be accepted.

## AUDIT.

The Government have at last made up their mind about audit of Central and Urban Banks. I cannot congratulate the Government on their decision to prevent the formation of a Provincial or regional audit unions and to discourage audit of co-operative banks by qualified and certified non-departmental auditors. I do not wish to say more on the subject at present. I hope that your Bank will not allow the question to rest there, and that the demand for non-official audit will become more and more pronounced in future and will eventually be conceded. In the meantime I hope the Government will moderate their demand of audit fees and will bring down their present scale by at least 50 per cent.

In conclusion, I make an earnest appeal to the co-operators of Guntur to close up their ranks and to concentrate their efforts to strengthen the movement in the district. The best way to do it is to rise above every tendency that makes for disunion and to cultivate every virtue that promotes union.

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