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CONTENTS.

	Page No.
1. EDITORIAL NOTES	305
2. ARTICLES—	
(a) Rural Uplift—By H. E. The Governor of Bombay	313
(b) Indian Women and the Co-operative Movement—By Mrs. Amala Mukherjee ...	319
(c) Supervision of Co-operative Societies By Rao Bahadur A. Vedachala Iyer ...	324
(d) Do. Reply—By Mr. V. Ramadas Pantulu ...	330
3. RECENT UTTERANCES—	
The Fourth West Godavari District Co-operative Conference—	
(a) A Short Speech—By Rao Bahadur K. Deivasikhamani Mudaliyar	334
(b) Presidential Address—By Mr. V. Ramadas Pantulu	336
4. EXTRACTS—	
Presidential Address—The Co-operative Commonwealth—By Mr. Good at Regina Co-operative Congress	344
5. REVIEWS—	
(a) Report on Co-operation in Europe and India—By K. C. R.	353
(b) 'Modern Russia—The Land of Planning'—By M. D.	355
6. DISTRICT NEWS	358
7. INTERNATIONAL CO-OPERATORS' DAY—	
(1) Speech—By Hon. Mr. P. T. Rajan ...	363
(2) Places that sent us Reports ...	366
(3) Places mentioned in the Local Dailies	367
8. GOVERNMENT CIRCULAR	368
9. PUBLICATIONS RECEIVED	369
10. OUR EXCHANGES	370
11. SUPPLEMENT—	
The working of the Indukurpet Rural Re-construction Centre ...	

Under the auspices of the Madras Provincial Co-operative Union, Royapettah, Madras, the International Co-operators' Day was celebrated on Saturday 4-11-1933, at the Premises of the Servants of India Society, Royapettah, Madras, when the Hon. Mr. P. T. Rajan presided.

(Our photo shows the Hon. Mr. P. T. Rajan, Rao Bahadur K. Deivasikhamani Mudaliar, Diwan Bahadur M. Ramachandra Rao, Rao Bahadur T. A. Ramalingam Chettiar, Diwan Bahadur T. Raghaviah, Mr. V. Venkatasubbia and others.)

THE

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Editorial Notes.

Mr. Ramadas's Presidential Address.

Mr. Ramadas Pantulu's Presidential Address at Bhimavaram where the 4th West Godavari District Co-operative Conference was held in November would, we feel certain, be read with great interest by all our readers. It was a short speech and to the point. Mr. Pantulu confined his attention to one or two pressing problems of the day and therefore was very practical and effective. To start with, he drew the picture of the present condition of the movement and in doing so he did not mince matters; but he has given us the assurance realising his responsibility as the President of the Provincial Bank that the fear entertained in some quarters that the movement has drifted to such a sorry plight that the money of depositors is in danger, is absolutely unfounded. He showed by statistics that there is more than enough money in the movement by way of Share Capital and Reserve Fund to cover any possible loss to depositers. He suggested that the Co-operative Societies may confine their attention for some time to come on short term seasonal credit which according to his calculations would be 40 crores a year for this Province; whereas the whole Co-operative Movement has now got a turn over of about 5 crores only. So that confining to one aspect of national economic activity there is great scope for further expansion. We are glad to note that the Registrar who addressed the Conference endorsed the view of the President. The short speech of the Registrar* was full of practical and sound advice to the Co-operative Institutions. Mr. Pantulu also advocated the advancing of loans to producers on the pledge of produce which is a form of banking that has not been developed to the fullest extent within the Co-operative Movement. He even suggested that if District Banks are not able to follow this policy, loan and sale societies could effectively federate themselves and get the federation affiliated to the Provincial Bank. He complained that the attitude of the Government was not quite sympathetic in developing this line of activity as it brought the co-operative movement into conflict with the vested interests of the existing Commercial Banks.

Regarding the Land Mortgage Banks he also pleaded for advancing loans not merely to liquidate prior debt but for improving the land and enhancing the repaying capacity of members. He sounded a note of warning that the country which is ground down by the capitalistic exploiters is likely to rush to the opposite extreme of communism unless better steps are taken to courage co-operative movement which will avoid the dangers of both the extremes. We hope his practical suggestions would be accepted and given effect to by the Department and by all the Co-operative Institutions concerned.

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* See page 334 of the number for the speech.

The Place of Co-operative Movement in the Federal India to come.

Sir Daniel Hamilton whose name is a household word among Co-operators in India has contributed an illuminating article on the future of the Co-operative Movement with special reference to political developments ahead of us in the country in the latest number of the Bengal Co-operative Journal. Sir Daniel is of opinion that further rapid development of Co-operative Movement along sound lines alone will give that political education to India which is necessary for a satisfactory working of the new constitution. "The Co-operative Movement" to quote his own words, "will provide political education for the people, and a common platform which will solve the communal and depressed class problems by cutting across class and social distinctions besides freeing the people from the debt which binds India hand and foot." Sir Daniel also holds that the idea of providing party system for India and run the future Government on the lines of party system will be fraught with dangers as the land is already split into so many castes and creeds. "Party Government with its vote-catching trickery, its bribery budgets, its doles and demoralisation, will not be more honest in the East and will lead India only to the waste howling wilderness". On the other hand he is of opinion that the Co-operative Movement will unify the different sections of the community and being congenial to the traditions of the country wherein the old Panchayat administration of villages has been in existence from time immemorial in spite of political vicissitudes, it has a bright future before it.

Sir Daniel is not a theorist indulging in wild dreams. He has put his ideas into practice in his own estate in Bengal where about 10,000 persons of all castes and creeds live in 25 villages in perfect happiness and prosperity working all their social and economic institution on co-operative principles.

What has been possible in the Zamin of Sir Daniel must be possible in the country as a whole and he hopes that if Provincial Governments give a push to the Movement in right earnest, in ten years a new India will rise from the old one Without such a background all political reforms in his opinion are useless. "If, therefore", concludes Sir Daniel, "the new constitution is to function within a reasonable time and the Empire's currencies and exchanges made secure, it is essential that Co-operative Movement may be pushed on as soon as possible." This suggestion from such an experienced person comes with refreshing frankness and we hope that authorities of various Provinces that have been scared into inactivity on account of certain defects observed in the Movement at present will be induced to take steps for the starting of new and healthy societies in promising areas where care should be taken to avoid mistakes into which older societies have been allowed to fall. A cautious policy of expansion, we have often stated, must be followed simultaneously with the existing practice of rectification and consolidation.

Co-operation Throughout and not Partial.

In countries where consumers' Co-operative Societies are properly organised and developed, there is always the danger of the producer organising himself effectively and conflict arising between the consumer and the producer. Champions of the Consumers' Movement would advocate the ideal course of the consumer himself becoming the producer in course of time and would cite the English Wholesale Society manufacturing many of its own articles and growing its own tea as the supreme example; because in such a case, production will be for service and not for profit and it could, provided constituent stores are loyal, previously plan the whole thing and effectively avoid all wastage. But it has been increasingly recognised in recent times that consumers' organisation cannot effectively control every line of agricultural production and that therefore the next best thing is to bring about a better relationship between the consumer and the producer. We have on previous occasions pointed out how the Madras Co-operative Milk Supply Union is a pure Producers' Association and it tries to get as much profit to the producer as possible by selling its produce to a small number of big customers like Hostels, Hospitals, Hotels etc. There is no organisation of Milk Consumers in the City. To take another example, the T. U. C. S., consumes 3,000 bags of rice every month and in recent times they have been attempting to eliminate some middlemen in the long chain by appointing their own agent in the paddy producing district of Nellore to purchase paddy, mill it and send it to Madras. This is an instance of consumers organising themselves; but the paddy producers of Nellore have also organised themselves into a Co-operative Sales Society and it is quite in the fitness of things that the consumer represented by the T.U.C.S., and

the producer by the Nellore Paddy Sales Society should be brought together. We are glad to be told that the T.U.C.S., has taken shares in the new Nellore Society and the constitution of the Producers' Society has been so framed as to give some seats on its management to representatives of consumers' societies that may take shares in this producers' organisation. This should be the natural line of development and we are glad that such a hopeful step has been taken.

That such a step is conducive to the progress of both parties and will ultimately be beneficial to both is attested by the working of the Malmo Central Diary in Sweden which is jointly controlled by producers' and consumers' organisations. The International Labour Office has published a leaflet about the working of this Swedish organisation where rupture is avoided by the organisation being worked by Producers and Consumers.

This is a line of development which can be worked with a good chance of success in our country as well. Many a Co-operative Store languishes, because the management is not able to get proper stuff from the proper place at the proper time and many a co-operative sales society is not able to make its produce sell satisfactorily. If joint organisations may be formed they willl have a better chance of success than organisations run exclusively by consumers or producers, in either case actuated by profiteering motive and attempting to exploit the other party.

The Future of the Supervising Unions.

We have published elsewhere in this number an article by Rao Bahadur A. Vedachala Iyer, on the scheme of supervision submitted by the Provincial Co-operative Union for consideration by Central Banks and Federations and the reply of Mr. V. Ramadas Pantulu, President of the Provincial Co-operative Union and the author of the scheme to this criticism. As both these eminent Co-operators have put their case well in their statements we have very little to add; we are bound however to state that the doctrine of absolute autonomy of Rural Credit Societies can be carried to its legitimate conclusion only if it is autonomous with regard to finance as well. So long as it borrows from a Central Bank (and in our Province the Bank is not an outsider, but only a body composed of borrowing Rural Credit Societies) it is bound to give an opportunity to its lender to look into its own affairs and this right has recently been granted by a section of the revised Co-operative Act of Madras. As we have often said in social and economic matters "Handsome is that Handsome does," and all principles have only pragmatic values and could be followed only so long as they work successfully. If in the light of new circumstances they fail to work satisfactorily they have to be given up in favour of those better suited to altered conditions.

Broadcasting in Madras.

The Madras Legislative Council at its last meeting has voted a sum for preliminary investigation as to how far broadcasting could be done in Rural areas with a view to rouse the interest of the agriculturists in things general and those pertaining to his own industry in particular. Our readers will remember that a scheme for broadcasting in Rural India which was adumberated by some well-wishers in England was reviewed in the pages of this Journal.* It is well-known that the agriculturists in advanced countries have broadcasting at their service by means of which they do not only keep themselves up-to-date about the conditions of the market, but up-to-date in their own profession by listening to words of wisdom and advice by great experts and leaders. All rural workers have realised the illiteracy of the average Indian peasant is a great stumbling block. It is also realised that the peasant though illiterate is not uneducated and we must develop other methods of educating him more efficiently than by putting him to school. Of such methods broadcasting is easily one of the most potent and hence we watch with interest the success of the experiment which is about to be launched by the Government of Madras.

The International Co-operators' Day.

We are glad to notice that the celebration of the International Co-operators' Day on the first Saturday of November has been a great success so far as Southern India is concerned. In cities like Bangalore, Coimbatore and Madras leading public men took an active part and organised meetings and gave addresses; but what is still more encouraging is that in almost every district, in the

* See Page 117 August issue 1933.

district head-quarters and in many taluk centres and villages also, enthusiastic co-operators got up some function on that day and had addresses delivered to members. It does good to every one to meet once a year not to discuss the burning problems of the day but to concentrate attention on the fundamental principles and renew allegiance to them and we hope this annual festival will grow in popularity as years advance.

Co-operative Comrades' Circle.

Our readers are aware of the fact that in this Province there are many Students' Co-operative Stores and we have in recent times published brief accounts of the successful working of some of them. Most of these stores are perhaps run for the benefit of students by teachers themselves. We would appeal to the authorities both of the Education Department, as well as of the Co-operative Department to see that stores are run by boys themselves so that they may acquire practical knowledge of the fundamental principles of Consumers' Co-operation. If these school stores are properly run and if students get real benefit and a real insight into the working of Consumers' Co-operation, the present charge against our country that Consumers' Co-operation does not flourish here, could easily be wiped out of existence. In a decade or two young boys and girls now reading in our schools and colleges will become the leaders and if they have learnt their lesson in Consumers' Co-operation correctly and if foundation is well and truly laid in schools and colleges, every one of them would be an apostle and would be able to contribute his or her mite for the successful working of a co-operative store. What is necessary is, in the first place, to see that the school societies are run by students, the teacher keeping himself in the back-ground and only guiding the students, and in the second place the students should be given some instruction in the principles of co-operation. This could be done by the elders of each district getting into touch with these young co-operators and giving them talks and also by the youths themselves federating into small unions and circles for purposes of study and discussion. If to-day England is foremost with regard to Consumers' Co-operation, it is because of English boys and girls are getting initiated into co-operation sufficiently early and elders give every facility by co-operating with these comrades' circles, as they are called. The Common Good Fund of District Banks could not be better utilised than in encouraging our school boys and girls to study and practise co-operation and propagandist institutions like the Provincial Co-operative Union could not do better than take up the young hopefuls and lead them along proper lines and get recruits as it were for the co-operative army to come. So far as the city of Madras is concerned, we hope, the Education aud Propaganda Committee of the T. U. C. S., will take up this matter in right earnest and do the needful.

The Coming International Co-operative Conference at London.

We are glad to be informed by the authorities of the International Co-operative Alliance that at the meeting of the Executive of the Alliance held recently at Vienna, it has been resolved to hold in London in September 1934, the International Co-operative Conference which should have been held in August of this year. The British Co-operative Union, we are informed, which will have to bear the brunt of the work in connection with the Conference, has enthusiastically taken up the task and the Conference promises to be a great success. Simultaneously with the said Conference, there will be Sectional Conferences dealing with the International Co-operative Trading, Banking and Life Insurance. We are also informed that the British Co-operators are arranging to put up an exhibition of Co-operative products. We hope, it would be possible for India to send her own representative to this World Conference.

The Third Urban Banks' Conference at Periyakulam—Madura.

We have received some correspondence from the leaders of two parties into which co-operators at Periyakulam where the Third Urban Banks' Conference is to be held seem to be divided. We fully hope that this difference is a passing phase and that small differences would be sunk in the light of the great responsibility that rests upon Periyakulam Co-operators for successfully conducting the 3rd Urban Banks' Conference. There is no more tragic sight than Co-operators quarreling over small matters, thus wrecking a great cause and, we sincerely hope that Periyakulam Co-operators will rise equal to the occasion and give a very good account of themselves as Genuine Co-operators which means those working together.

Bombay Governor on Rural Uplift.*

It would be like carrying coals to Newcastle to speak of altruism to Rotarians! Nor do I feel called on to pose as a mentor on any other subject in such worthy company. The most I might, perhaps, be allowed or be able to do would be to suggest some line to which not only the philanthropy, benevolence and generosity but also the practical common sense of so distinguished an association might be specially directed at the present time. To point out a new channel through which the utilitarian principles of your selfless service might flow would, indeed, be an achievement of no mean order.

2. We are facing a constitutional change in India of the first magnitude, we are stepping out into the unexplored regions of India's political capacity. We are, we believe, following out honorably and honestly the logical sequence of a far-reaching statesmanship that has been working in India, and for India, from a long time past. No one can go back on the facts of the Indo-British connection or on the unique combination of East with West, as witnessed in the great India of to-day ; as shall be witnessed, God helping us, by a greater India of to-morrow. It is at such a psychological moment as this, when we are at the beginning of vast possibilities, when the whole situation is fraught with grave issues and a wrong step may lead to such serious consequences, it is here and now, that I venture to call your attention to an opportunity for wise action and friendly assistance which may never recur.

3. I am thinking of the millions of India's population, proletarian and pastoral, rural and urban, who, because of their quiet patience and almost fatalistic courage and humility, are so often left out of account by politicians and theorists and even by practical businessmen, but yet constitute the body politic to a much larger degree and in a much more lasting sense than most of those who claim to be India's spokesmen and guides. While in the political and economic spheres policies and opinions change from hour to hour, the sturdy steady agriculturist is in truth the backbone of the land and holds the country-side together with a culture all his own. It

* Speech made by His Excellency the Governor of Bombay, to Rotarians on the 13th September 1933.

is therefore in the highest interest of the nation that the tiller of the soil should know that his belief in the essential worth and dignity of the calling is endorsed by the city and the State. He must learn that the new constitution, though coming on like a highbrow wave enveloping the whole country, is yet dependent finally on the still waters that lie low beneath the surface. The final goal must not be forgotten in the rush of first enthusiasms. India must be both made and kept safe for her new political life.

4. Nor must one forget that it is from the agricultural classes that the defensive forces have been, and will be, mostly drawn. The Mahrattas, who did so well in the Great War, are the cream of Maharashtra. All tillers of the soil, they constitute an asset of which the Bombay Presidency is rightly proud, a source of power which will not fail should the time ever recur (which God forbid) for ploughshares to be turned into swords and pruning hooks into spears.

5. It is to the villager, then, to the cultivator, to the man of moderate outlook, of limited means, of local education, that I would point you, Gentlemen, on this occasion and at this critical period in the history of India. Few seem to realise that these political changes will affect the agriculturists and the villagers as much as, if not more than, the man of affairs. The agriculturist is shrewd but his interests have been narrow and he will have a hard task, indeed, to adjust himself to the new conditions. He will therefore require, for many years to come, continued support from other and more developed members, other and more advanced organisms.

6. But you may readily ask for suggestions as to how influence may be brought to bear on the problem which is presented. How, indeed, can this big principle, this momentous call to arms, be applied to present company, or turned into anything like a practical issue?

7. There is nothing new in the policy of village improvement. It has been followed by the British Government since its establishment in this country. But experience has shown that it is a policy which requires the mobilisation of all possible resources and the exertion of the fullest possible effort. The Government indeed realise that they have not been able to do all that they would wish. That is not due to any lack of desire or efforts, but to the disadvantages which have handicapped their endeavours and the inadequacy

of their resources. The rich and the enlightened have not yet come to the aid of the Government in their efforts to ameliorate the condition of the villagers to the extent which the importance of the object demands. Government want help from all possible directions. There are already, of course, a large number of workmen in the field, but cannot something more be done by educated and affluent citizens to bring home to their less favoured countrymen a bond of sympathy, a sense of fellow-feeling, a unity of political existence? Cannot something be done to repay in part the debt which the town owes the country for the provision of all the necessities of life and the sinews of commerce? We want, indeed, the reconciliation of the plough with the loom. We want the townsman to come into contact with the villager.

8. In the past the work of stimulating the villager to take a greater interest in the improvement of his village and its amenities and directing his energies in this direction has fallen chiefly on those officers of Government who have been closely in touch with all the villages of the Presidency. For many years they were able to carry on this work and to achieve a certain rate of progress, which, though not as great as they themselves would have wished, still enabled some results to be achieved. Except in certain fortunate areas, they had little help from non-officials. Now, however, circumstances are changing. With the increasing complexity of administration more work is being thrust upon all officers of Government and with the constant pressure of financial stringency the staffs of all departments have been drastically pruned. If, therefore, there is to be a reasonable hope of speeding up the rate of progress, which for economic, social and political reasons we all realise is essential, it is obvious that the Government departments cannot carry on without extensive non-official assistance. One of our problems will be to ensure systematic communication between official and voluntary agencies so as to effect a pooling of knowledge and a useful division of labour. Our scheme will be largely assisted by Government servants, but they will be rather a co-ordinating, technical and stimulating agency than the direct promoters of the movement for village improvement which we hope to inspire. For carrying out the actual work itself we shall rely on a large body of non-official workers. As recruits to this body, I hope that we may look to some extent to people like yourselves, Gentlemen, who are primarily townsmen, and who, though your first interest is in industry and commerce, depend on

the existence of a hardy and contented peasantry and a prosperous agriculture for consumers, workmen and raw material.

9. Are Government alone and unaided to bear the brunt of the ignorant or malicious attacks which continually mar their efforts? Broadcasting, if the experiments which we are now making show that a satisfactory method can be evolved, will undoubtedly play a large part in future in the cause of publicity and general enlightenment. It will surely offer a vehicle which none who has any message to give to the agriculturist will disdain to use. But let us employ every means of contact whereby laymen can become better acquainted with village and district administration, and administrators. Cannot mutual benefit be made to accrue from a more hearty understanding between the personnel in different spheres of life, different strata of society? Cannot men of peace and men of war, men in office and men in the open, men of leisure and men of labour, men of culture and men of the back-woods meet on some common ground to create and cement a friendship that shall go far towards developing a sound constitution and a healthy body politic? Is not the part which women may take likely to be even more productive still?

10. Closely allied to this is the assistance that men of Education and means may give in preserving order, or even in anticipating disorder, by personal contact with responsible bodies and by taking an intelligent interest in causes of discontent or trouble. The revolutionary or subversionist is never so foolish as to plough the sand. He has an unerring eye for misfortunes and grievances. The truest defence against him is the removal of injustice wherever it may lurk. The best equipment therefore is knowledge and the best weapon is the truth. It is up to us to make sure of facts, and to make others sure too; and then we may be positive in combating lies.

11. You may do much as ordinary citizens to persuade vacillators, challenge wobblers, help enquirers, strengthen welldoers, and finally oppose heart and soul those who by preaching an imaginary and misleading millenium are a permanent obstruction to a real and lasting peace. You may do much, I say, individually; you may do infinitely more in combination. People follow those who win their gratitude and I do not think it is unfair to say that not a large proportion of affluent dwellers of the cities have taken steps to

draw confidence. I am thinking more especially of those large firms and organisations which have agents in the villages, whether for the buying of their raw materials or the sale of their products. Many of the agents of these firms would in their own village, market or other centre be natural leaders. But apart from that the prosperity of industrial concerns which have no such ramifications is largely dependent on a healthy supply of intelligent labour and I cannot think of any large concern which has opened hospitals or schools or aided such institutions established by Government in areas from which they draw their supply of labour.

12. Gentlemen, the time is now propitious for concentrating our attention afresh in light of the experience of the past, the recommendations of the Linlithgow Commission and the changing political and economic factors on the problem of the village and all it means. Before I leave India my last and most earnest word is to commend to you the cultivator. Do not allow India to be theorist-ridden in politics as she has been, in the past, in other lines of life. Town and country are all part of the same mechanism: they stand or fall together: agriculture is the feet, legs and body: science and industrialism the hands and arms. Increasing and live interest is being taken in the matter from many angles. The village is awakening; country and town, town and country must understand and help each other.

13. I think you might perhaps be interested to hear a few details of the steps in the matter which I hope may be initiated before I leave India. To explain the problem, I am holding Darbars at Belgaum for the Karnatak, and Surat for Gujarat, on the 30th September and the 2nd October. To these will be invited the Patils of as many villages as possible and also the representatives of local bodies and other people who have already shown interest in the work in the various districts. These and other addresses asking for co-operation will be translated into the various vernaculars, printed and distributed as a small brochure containing information as to the scheme. Rather than to start new agencies, our effort will be to try to co-ordinate the sources of energy that are at present available for work in this direction, and there must of course be considerable elasticity of method. On this and kindred questions I propose in the first place to invite opinions, suggested modifications and new developments, and I hope as a result, when at the end of October I hold a third and final Darbar in Poona, to be able to set forth a more

clear-cut scheme. The pamphlet will then be brought up-to-date, including a precis of the suggestions received and an amended constructive plan, and be re-issued for public information.

14. May I quote from G. W. Russell's "Co-operation and Nationality": "We want pioneers of civilization to go out into our country districts with a divine passion in them, the desire of the God-implanted spirit, to make the world about them into some likeness of the Kingdom of Light. There are no barriers in our way except ourselves and our supineness. The men in any rural district united together could make the land they live in as lovely to look on as the fabled gardens in the valley of Damascus. Only let us get our men together, get them organised, and one improvement will rapidly follow another. For all great deeds by races, all civilizations, were built up by the voluntary efforts of men united together."

15. This is a doctrine the truth of which, I believe, is widely felt in India to-day. We see the results of it in various new activities and movements which have been springing up in different Provinces and States in recent years. The special difficulties from which we on this side of India have lately suffered have tended to turn our energies into other and less fruitful channels. I am most anxious that we should now mobilise them afresh and assume our rightful place, in the forefront of the movement. Nothing less would accord with our traditions and the great resources with which we are endowed. There is much that you will find it within your power to do to bring this about. I therefore commend these suggestions to your most earnest consideration and support.

Support your Store—Success depends on your loyalty.

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Co-operative Education is the vital thing.

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Capitalism is killing the bird which lays the golden egg.

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The local society is the root of the Co-operative tree.

Indian Women and the Co-operative Movement.

BY

MRS. AMALA MUKHERJEE.

(Member, Bihar and Orissa Council of Women, Ranchi Branch and Hony. Secretary, Ranchi Maternity and Child Welfare Association.)

The Indian Statutory Commission have very aptly observed that, "It is not too much to say that India cannot reach the position to which she aspires in the world until its women play their due part as educated citizens". Organisations have no doubt been started in various parts of the country to improve the educational and economic outlook of Indian women. Bodies like the All Indian Women's Conference, Bihar and Orissa Council of Women, the Y. W. C. A., are rendering splendid services to the cause of Women's Welfare, but much yet remains to be done. So far whatever work has been done, has mostly been confined to the women of the middleclass living in towns or in their neighbourhood. Very little has been done to approach the village women, to raise them from their depths of ignorance, superstition and poverty and to set up organisations among them with a view to enable them to solve their own problems and to better their conditions of life and incidentally to give them a valuable training in citizenship. Attempts are being made by our leaders to secure privileges in various walks of life for our women, to widen the franchise with a view to give the vote to as many women as possible, to introduce social reforms by legislation, but unless the very foundations are strengthened, is it not all building on sand? Our Sisters in the villages merely "exist", they do not "live". Till ideas of better living are developed among them, till they learn the great virtue of mutuality, till their intellctual horizon transcends beyond the narrow confines of their immediate home surroundings, it is idle to expect that any appreciable progress can be achieved within a short period even if the efforts of our progressive sisters to secure rights and privileges are crowned with uniform success. Rights we may secure, but rights bring obligations in their train. Should we not prepare ourselves so as to be able to discharge these duties satisfactorily.

Co-operation is the key which will help our women to solve most of their problems, because it creates an organisation which is based not on philanthropy but on the sure foundations of self-help and mutual service. The most important feature of this organisation is that it is autonomous and it demands the greatest amount of sacrifice from its members and gives them an invaluable training in citizenship. The development of such organisations among our women, backward as they are at present, will no doubt be slow, but once these organisations are started and steered on right lines, they go far beyond the immediate objects to secure which they were started and result in reforming and revitalising village life as a whole. The principle of self-help which Co-operation enjoins, not only ensures the permanence of these organisations by compelling the members to pool their resources to carry on their work, but inculcates this cardinal principle in the members individually for its application in their daily life.

The education of girls, education of their mothers and broadening of their intellectual horizon, promotion of ideas of better living, teaching the laws of health, maternity and child-welfare, thrift and avoidance of waste in daily life as well as in social ceremonies, utilisation of the spare time of the women by developing cottage industries—all these problems are closely interconnected and they can best be tackled by organising the women co-operatively. Welfare work is being carried on by various agencies. The Government gives funds for the starting of schools for the education of girls in rural areas but a local organisation can alone create the desire for education. The Government employs a large staff for combating epidemics, for adopting preventive measures against the outbreak of small-pox, cholera and plague but unless the men and the women living in the villages appreciate the utility of these measures and co-operate with the authorities their efforts are not likely to be successful. Infant mortality is very high in rural areas and this is mainly due to the dirty methods of untrained midwives and ignorance of the laws of health of the mothers. The only effective method of combating this problem is to develop among the women a demand for trained midwives and create a consciousness of the laws of health.

The promotion of these activities among the women will result in an improvement in the men's Co-operative Movement. Co-operators all over India are making efforts to reconstruct village life on the basis of Co-operation but unless the women are organised this movement will not make much headway. In course of our visits to

Hessel, a village in the Ranchi District, we noticed that the attendance of the men at the meetings of their Welfare Society was poor and irregular. On enquiry we learnt that the women discouraged their husbands from attending these meetings as they considered such work as waste of time. They wanted me to convince their women that village improvement work was really useful. Men are being encouraged to clean their houses and to put in windows so as to admit more light and air, but the women invariably make the yards of the houses dirty and oppose all attempts to improve the ventilation on the ground that their children would catch cold and their privacy would be lost.

Men are not so much opposed to vaccination against small-pox as the women are. During the last small-pox epidemic in the same village, the vaccinator came back baffled several times but after the utility of vaccination was explained to the women, in one day we succeeded in getting a major portion of the villagers vaccinated. Extravagance in marriages and other social ceremonies is often the result of woman's ignorant persistence and false ideas of prestige. These are some stray instances to indicate the nature of the problem to be tackled.

Women are no doubt members of the ordinary Co-operative Societies but they are in a minority and due to the Purdah system and their ignorance, they donot take any active interest in them. Women have their own problems and their own methods of solving them. It is desirable therefore that a Women's Co-operative Movement should be inaugurated with a view to organise them Co-operatively and enable them to improve their social and economic condition. This movement will be developed side by side with men's movement and in areas where it is not possible to start a separate Women's Organisation, it may be developed as a part of the existing organisation for Rural Reconstruction.

Welfare work among women can be carried on the following lines:—

In the headquarters of the District or Sub-division where it is proposed to start welfare work a Ladies' Committee, to be called the Co-operative Womens' Guild should be formed. This Guild will guide the welfare work in the villages and arrange to help the Village Centres in all possible ways. This Guild will be a member of the Provincial Co-operative Federation or Institute.

Women's Welfare Co-operative Societies will be formed in villages after careful propaganda. The objects of the Society will be :—(1) To promote thrift (*a*) by encouraging savings (*b*) by preventing waste of (i) money *viz.*, in curtailing unnecessary expenditure in daily life as well as in social ceremonies and of (ii) time by utilising their leisure more profitably, (2) to spread adult education, by teaching the alphabets and by giving talks and readings on useful subjects with a view to widen their intellectual outlook (3) to promote maternity and child welfare by diffusing knowledge about laws of health in general, and about maternity and child welfare in particular, by arranging for the training of village midwives, and by arranging for elementary training in first aid (4) To introduce some simple cottage industry, *e.g.*, Bee-keeping, Elementary Tailoring, Embroidery, Rope-making, Door-mat making, Cane-work, Eri Silk-rearing, and spinning, Jam and pickle making etc., with a view to increase the family income.

The funds of the society will consist of (1) subscription payable by members at the rate of four annas per head annually (2) deposits made by members (3) Donations from members and non-members. No loans will be given to any member. Temporary advances to the extent of 50 per cent., of the amount saved by a member may be given in cases of emergency.

The Society will be managed by a Panchayat of 5 members to be elected annually. If there is a Girls' School in the village or in the neighbourhood, the mistress of the school will be ex-officio President or Secretary of the Society. The Panchayat will meet at least once a month. The Annual meeting of the society will supervise the work of the Panchayat and elect it. The liability of a member will be limited to annas Four only. Profits will not be distributed in the form of bonus or dividend, but after allotment to the Reserve Fund, a portion of the balance may be devoted to some object of public utility.

Where the organisation of a separate society is not possible, this work can be done through the existing Rural Welfare Society. The women, in such a case, should have a representative on the Panchayat of the society and they should have votes in the Annual meeting. Co-operation of the women will go to strengthen the society and ensure its smooth working.

It is proper that the All India Women's Conference should give the lead to the inauguration of this movement by appointing a Special Co-operative Committee composed of representatives from all the Provinces. This Conference was started with a view to promote the educational development of Indian Women and to improve their social condition. A well managed Co-operative Society affords not only the best form of adult education but is the best agency for securing the educational, social and economic development of women, hence co-operation should have a prominent place in the programme of the Conference.

Women in the West have started Co-operative Organisations of their own. These organisations have not only improved the economic and social condition of women but have contributed not a little, through the International Co-operative Women's Guild, to the promotion of Peace and Disarmament in Europe. In fact the remarkable success which Consumers' Co-operation has achieved in the West is mainly due to the active support of the co-operatively organised women. Frau Emma Freundlich of Austria, Madame Heymann Coulon of Belgium, Mrs. Ivanova of Bulgaria, Mrs. Barton and Miss Enfield of England are well-known figures in the field of Women's Co-operation.

In India, some work has been started in various provinces. Bombay City has two flourishing Co-operative Stores managed entirely by ladies, while Bengal has some Ladies' Industrial Societies and a Co-operative Store in Calcutta. The Saroj Nalini Association is doing much work in this direction. In the Punjab, the Government has appointed a staff of Lady propagandists and as a result of their activities a large number of Ladies' Thrift and Adult Education Societies has been started among the women.

Let the All India Women's Conference, through the Committee suggested above, promote co-operative activities by organising co-operative conferences in the different provinces. Let each province have its own Co-operative Propaganda Committee whose function will be to interest women in this work with a view to organise them co-operatively. The Co-operative Department of the Government should be approached to help this movement by giving it all the assistance that it may require. Thus by the joint efforts of officials and non-officials women of all castes, creeds, and sects will be able to form a great organisation which in course of time will not only promote the economic and social welfare of Indian Women but will contribute in no small measure to the peace and prosperity of India.

Supervision of Co-operative Societies

BY

RAO BAHADUR A. VEDACHALA IYER.

Every Rural Co-operative Credit Society is an autonomous unit and can be run only by the members who have joined it and who undertake *Unlimited Liability* however ill defined and ill understood it may be. No outside agency should dictate as to what it should do towards granting loans or as regards recovery—if it does not work well, and on business lines, it will not be given the required credit either as a loan from the District Bank or as a deposit from the depositing public. Thus at the outset there was the Rural Primary Society as a borrower on behalf of its members staking Unlimited Liability and the outside creditors—Central Bank and depositors.

By self-supervison and efficient working, a Rural Society is bound to meet its economical obligations to its creditors and satisfy them as to its solvency and good working. Such institutions were supervised at first by inspectors appointed by Government and controlled by an Assistant Registrar. Practically everywhere the primaries came into existence at first, and the financing centre was the Madras Central Urban Bank alone which dispensed credit all over the Presidency, till District Banks came into existence. The connecting link between the Madras Central Urban Bank and the Primary Credit Societies till 1912 was Department and its officials who certified about the sound financial condition of the Primary Societies and who recommended the grant of loans except in one or two places where there were local unions managed by governing-body members alone. Later on it was found that District Central Banks can operate more effectively in each district in place of single institution working up the finance of the movement throughout the Presidency. District Central Banks were brought into existence with Primary Societies as shareholders the original object being that the financing operations can be satisfactorily conducted by individual shareholders and that the representatives of societies will be educated to serve on the board of Central Bank and acquire knowledge in finance and administration. Each Government Inspector was then responsible for the good working of 30 to 40 societies. He arranged for administration, finance, and audit of the Primary Societies.

As the work of supervision was found beyond the strength of e Government staff then employed, and as they had to attend to ganisation propaganda and other departmental work, it was condered desirable to call upon the District Bank and the primaries evolve an arrangement for non-official supervision by a paid staff. he Central Banks at first declined to take any lot or part and the rimaries were asked to pay ½ per cent., on loans and deposits in rimaries to the Union.

A local union was then composed of all the societies in a Taluk ea and was expected to have between 50,000 to 1 lakh of transtions. Each Union had a clerk on Rs. 15 or 20 to do the clerical ork and a supervisor on Rs. 25 or 30. The clerk of the head uarters society was usually the clerk of the Union with a slight lditional remuneration. The Government Inspector was in charge f one or two union areas and attended to administration finance nd audit. The supervisor was a good as a Government Inspector nd was trained in the work. In fact, Government Inspectors were cruited from the supervisors who have had some service and who ere efficient. The larger union areas were served by an additional ipervisor. It was then that the District Central Banks were asked give a rebate of ½ per cent., on the interest collected from the priaries and it was made over to local Unions. This was the state of ffairs till 1918 or 1919.

The Government sanctioned a large establishment in 1921 for xpanding the movement to all parts of the Presidency, hoping to et them abolished in 10 years, before which the Registrar expected ie completion of the expansion of primaries as also the scope of xpanding and strengthening the work of local unions so as to secure ure non-official supervision. The Government or the Registrar had n idea in 1925 to put forth a scheme for reduction of Government dministrative establishment, as the establishment available was ound insufficient even to cope with audit. The eagerness with hich Deputy Registrars and Assistant Registrars were whipped up form local unions of small sizes with a radius of 5 or 6 miles had s full play and larger unions were split up into 3 or 4 unions in 'aluk. The bait of privilege of recommending loans were thrown efore them, and the glare of becoming a Director of the District Bank loomed enchanting for each local union. In fact the formation f small local unions was done very rapidly so as to enable the Department to report that every society in each district was under non-official supervision either under local unions or District Federations. The Central Bank did not then concern itself at all with this evolution or revolution. All sorts of supervisors ill-trained and inefficient were appointed with the result that the work of local unions unaided by Government Inspectors which was practically withdrawn and put on for audit, became inefficient in a number of cases. In some districts political influences worked against efficient men being selected as supervisors or elected to run local unions.

Mr. Ramadas' scheme is practically and really to get rid of local unions and to put the whole work and responsibility on the Central Banks. There was a time when the Central Banks declined to take any responsibility even to contribute towards supervision fund. As far as the Primary Societies are concerned, there does not seem to be any objection to the supervision of primaries by the Central Banks if they will undertake the responsibility, for after all it is their money at stake. The local unions were voluntary associations of society representatives levying a tax on themselves. It is honorary service and when it is not wanted, Primary Societies may withdraw from unions and leave the Central Banks to do what they like as regards the safety of their money—*the primaries should not be asked to make any contribution towards supervision.* The primaries need not care to be on the directorate if such a course is attempted in a capitalistic spirit. No one need be sorry for the abolition of local unions or District Federations, for after all co-operators were asked to do honorary service in them and they should welcome their withdrawal when their services are not wanted by the Central Banks.

Mr. Ramadas' modified scheme to abolish 50 out of 100 local unions, to amalgamate smaller unions into bigger local unions, to appoint supervisors and a well paid manager by the Central Banks to run the show seems open to much criticism. If the governing body members are to be puppets in the show contemplated, let them who choose to occupy that position do so, but self-respecting co-operators ought to refuse to form themselves into local unions of the type suggested. The primary societies have been run by honorary service and therefore have become inefficient in working, as there has not been a continuous flow of leisured and well-to-do and efficient men as they are rare in rural parts, what is the highly paid manager

to do in the union with supervisors except to run the show on his own responsibility? Will the system work harmoniously and will it become efficient? The work in the primaries requires a constant attention by paid men who should get trained by the supervisors.

Mr. Ramadas' scheme—abolition of unions which he seems to support whole-heartedly involves the exhibition of super-abundant enthusiasm and energy on the part of the Central Banks to undertake the running of the movement themselves and the reversion of the state of affairs in 1911, Bank Inspectors taking the place of Government Inspectors. Such a step seems likely to bring forth trouble to the movement by the overweighted responsibility in the Central Bank especially now when the movement is subjected to severe strain owing to financial depression. Co-operators will do well to consider the matter deeply and exercise their discretion unaffected by any influence from outside. At any rate Mr. Ramadas' scheme might be tested in one or two districts of importance and the result watched. It is inadvisable to draw any lesson from Aska Central Bank and local unions in that area.

Prior to 1919 primaries usually sent up a scheme of distribution of loans to members through local unions and when the Central Bank sanctioned the loan, supervisors and Government Inspectors were asked to see that the scheme of distribution was adhered to or the changes properly accounted for. Each distribution of loan was scrutinized by the supervision staff official and non-official and it was ascertained if the security offered was sufficient and could be relied upon. Reloaning out of collections was prohibited and the supervisory staff kept up the duties of primaries manned by paid men by constant supervision and personal touch. Primaries lent money above Rs. 100 only on the security of immovable property excluding houses. Later on pressure was put on the primaries to lend money on surety bonds as it was considered that this method alone was co-operative but without adequate investigation of the solvency of the surety or the repaying capacity of both. This system was availed of by unscrupulous office-bearers to put in benami loans to cover their misappropriation. Even in regard to the pledge of immovable property, encumbrance certificate was not insisted on before the grant of loans, on the ground that unlimited liability would furnish the required safety. Correct rules of business was not adhered to or was evaded and the result was a break-down of the primaries which had to carry on the work without responsible paid-men. The local unions could not do any better as they had no clerical staff to run the business. The supervisors felt that they were the masters of the union and not the subordinates of the union. Co-operators had little confidence in them as experts owing to their bad equipment and efficiency centralised control of the union agencies contributed not a little to the inefficient working of some local unions and to the deterioration of the work of the primaries. The real remedy seems to be to bring in thinking and earnest men (rural co-operators) into some suitable democratic arrangement without interfering with their agricultural avocation and to give them adequate and expert clerical and financial assistance to run the institutions on business lines with a self-helping and sacrificing spirit. Rural Co-operators are practical men whose knowledge of men and money and agriculture are not in any way inferior to many of the supervisors as regards the daily affairs of life and as regards the credit transactions connected with agriculture. They have not been given full facilities to work the local unions or primaries and their condemnation is largely undeserved. They are the real backbone of the movement. Let every rural society have a paid man to run the society on any salary it can command in relation to transactions and let each society ***finance the agricultural industry*** instead of lending to a few agriculturists. If the agricultural industry is to be financed no one in any village would get excluded and each village will have transactions ranging from 5,000 to at least 20,000 or 30,000. Let the societies join together and have local unions of any size until they think they can manage with an efficient clerk to run the business and a well-paid and well-equipped supervisor to serve as an expert guide, philosopher and friend. A local union should get a combination of societies with transactions amounting to at least 50,000. It does not matter if co-ordination of work of local unions is done by a District Federation or by a Central Bank or even by Tamil Nadu Federation or Provincial Union.

A decentralised agency for supervision work must be rendered efficient at any cost borne by co-operators by the primaries and the Central Bank. The efficient working of the unions must reach a stage when Central Bank will be in a position to treat the union as a branch of the Central Bank for the specified area. Co-operators in each district should think out the problem in all its aspects and work out their own salvation.

The Department, it seems, is trying to bring about a reduction of seats in the Directorate of Central Banks by forming it out at 14 for representatives of unions and for individual shareholders. This can be done without abolition of unions. All the unions might fill by election the seats allotted to society shareholders. Let the Central Bank run on purely business lines and connect itself with the management in a business likeway and allow the co-operators to combine in a suitable manner to manage their business efficiently. Each District will have to carve out its own scheme and carry it out without any extraneous influnce and there does not seem to be any need for any absolute uniformity.

Co-operation gives back to the customer the whole of the value of his purchase in goods and dividend. No private trader can do that.

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It is not possible permanently to make a success of co-operation without co-operators. Local as well as National Education is needed to create them.

REPLY

By Mr. V. Ramadas Pantulu.

Rao Bahadur A. Vedachala Iyer has subjected to a very full and vigorous criticism, in these columns, the scheme of supervision of Co-operative Credit Societies, which I submitted to the Madras Provincial Co-operative Union and which is now in circulation to the Central Banks and Supervising Unions for the expression of their opinion thereon. Criticism coming from such a veteran and well-informed co-operator as Mr. Iyer is naturally entitled to careful and respectful consideration by co-operators. Before co-operators arrive at final conclusions, I would like to place before them the essential difference in the viewpoints of Mr. Iyer and myself so as to clarify the main issue involved in my scheme which is the subject matter of Mr. Iyer's criticism. If Mr. Iyer's major and minor premise are right, his conclusions are undoubtedly logical and there is no flaw in his reasoning. In framing my scheme, I proceeded on entirely different hypotheses from those with which Mr. Iyer started. The real question, therefore, is whose hypotheses are right?

Mr. Vedachala Iyer begins with the premise that "every Rural Co-operative Credit Society is an *autonomous* unit". He proceeds to say that therefore "no *outside agency* should dictate as to what it should do towards granting loans or as regards recovery". He further postulates that the Central Bank is an "outside agency". Therefore, the Central Bank has no claim to dictate to Primary Societies in regard to granting loans or their recovery and much less to supervise them. *Quod erat demonstrandum.*

I must confess that I based my scheme on a fundamentally and radically different conception of the relations between the Rural Credit Societies and the Central Banks. I do not look upon the Central Bank as an "outside creditor" or "outside agency", but as an integral and most vital part of the Co-operative Credit structure. The Central Bank is essentially a federation of the Primary Societies notwithstanding the fact that some individual shareholders are also included in its composition. The official and non-official co-operative opinion has all along been unanimous in the matter of insisting on a preponderant voice to the Primary Societies in

the General Body as well as the Committees of Management of the Central Banks. It is the representatives of these societies, constituting a decisive majority in the Central Bank, who fix the volume and period of repayment of loans to the primaries, the rates of interest to be charged on the loans and all other details. The Co-operative conception of this credit structure is that, in the Central Bank, the primaries play a double role, of both the lender and the borrower. In their corporate capacity as Central Bank, the primaries lend to themselves; in their individual capacity, they borrow. The Societies thus decide their own terms of borrowing and repaying, sitting in the Central Bank; they are their own creditors and debtors. They share the profits made in this money-lending business, after creating reserves to meet unforeseen losses and funds for utilisation in the promotion of common good.

I am, therefore, unable to accept Mr. Vedachala Iyer's theory of the Central Bank being an "outside agency" in the co-operative credit structure. This conception is wholly opposed to my notion of co-operative credit organisation. In my humble opinion, the lending banks and the borrowing societies do not stand in the relation of outside creditor and debtor or of dictator and defaulter, but are organisations whose interests are indissolubly bound up as those of units moved to a common purpose and fellow pilgrims in search of a common end. The notion of the autonomy of each unit of the co-operative credit structure will necessitate the alteration of our well-known co-operative maxim into "Each for each and all for none".

Mr. Vedachala Iyer's criticism of that portion of my scheme relating to the control of indoor and outdoor staff of unions by the Central Banks is based on the doctrine of "Divorce of supervision from finance". Mr. Wolff is often quoted by the advocates of the application of this doctrine to India. In my opinion, they misread Mr. Wolff. In his scheme, the attraction of working capital, the watch over its employment, the enforcement of its recovery and the employment of idle balances are all done and ought to be done by the primary society itself. His Central Bank is merely a balancing centre and a clearing house for the primary societies. The conditions in India are diametrically opposed to the fundamental assumptions of Mr. Wolff. The Central Bank in India is virtually finding the bulk of the working capital for societies; and any scheme which denies to our central banks the right to watch over the employment of such capital and the enforcement of its recovery from those to whom it is lent, will simply not work. Indeed Mr. Wolff has recognised this difference between conditions in India and the Western countries and considerably modified his views in his later writings. Moreover a dispassionate study of the development of central banks in this province shows that, besides attracting local capital, they were also expected to actively supervise the societies to watch if their loans were safe. The theory which prevailed during the evolution of these banks, as far as I am able to gather from the papers which I had the opportunity to study as a member of the Townsend Committee, is that in any scheme of supervision, the existence of financial community of interests between the supervising agency and the supervised bodies shall be an essential factor. In the realisation of this principle in co-operative finance and administration in this province, it was intended each Central Bank should undertake the supervision of societies by maintaining a special staff. The principle that "co-operative practice as well as co-operative convenience point to the local Supervising Union as the body which was best capable of conducting supervision at close quarters" is a later development like the union itself. But, I feel that the establishment of the Local Union as a convenient supervising agency does not necessarily involve the conclusion that the indoor and outdoor staff of the unions shall not be controlled by the Central Bank. The Townsend Committee made the inspection of societies not only a right but a duty of the Central Banks and the Madras Co-operative Societies' Act of 1932 gave a statutory right of inspection and enquiry to the Central Banks over the Societies financed by them.

In my opinion, the doctrine of "Divorce of Supervision from Finance" is an exploded theory in this Province and has, I believe, now ceased to be comforting and satisfying to the bulk of our co-operators. It is not necessary for me to examine Mr. Vedachala Iyer's observations on the several details of my scheme, as I have already said that, generally speaking, his criticism of my scheme will be right if his axioms about the relations between the Rural Credit Societies and the Central Banks are right.

So, the central question that awaits the decision of official and non-official co-operators is the true place of the Central Bank in the movement. The future development of the credit movement in this province will entirely depend upon the definite conclusions at which

co-operators may reach on this question. I may be permitted to say that three successive Registrars, Mr. Hood, Mr. Strathie and Mr. Deivasikhamani Mudaliyar have expressed themselves very differently from Mr. Vedachala Iyer, on this vital question. The general co-operative opinion, since Mr. Vedachala Iyer retired from service, has definitely veered round to that of the Provincial Co-operative Bank in regard to the true place of the Central Bank in the movement. In some areas, the financial position of the Rural Credit Societies is such that there is room for considerable anxiety, though not for alarm, regarding the safety of the money. The Provincial Bank and the Registrar have been endeavouring to assure the depositors in such areas that any loss that may arise will be borne by the Movement and that the depositors and investing public will be guaranteed the safety of their investments in Central Banks. These endeavours will be completely frustrated if Mr. Vedachala Iyer's solutions are accepted by the rural credit societies and central banks. If co-operators deny to the Central Banks the right to control the lending and recoveries by the societies, and the control over unions, I am afraid the collapse of the movement is inevitable. I would earnestly implore co-operators to give a serious thought to this matter and not be influenced by *a priori* theories of autonomy of each unit of the co-operative organisation.

Recent Utterances.

THE FOURTH WEST GODAVARI DISTRICT CO-OPERATIVE CONFERENCE, BHIMAVARAM, 19-11-1933.

SPEECH OF RAO BAHADUR K. DEIVASIKHAMANI MUDALIYAR AVL.,
(Registrar of Co-operative Societies, Madras.)

I thank the organisers of this Conference for giving me an opportunity to be in the midst of the Co-operators of this district and acquaint myself with their views.

I feel I should say a word in regard to the circular letter referred to by the President of this Conference in the valuable address delivered to you last evening. I have no hesitation in saying that I agree with Mr. V. Ramadas Pantulu when he says that there can be no greater dis-service to the movement than the convening of the conference suggested therein. When I say this, I do not say that the movement is all right and that there are no bad debts in Societies which will cause losses to the Central Banks. You will concede gentlemen that I have got a full knowledge of the working of Central Banks. You know that I have scrutinised the audit reports of Central Banks and issued the audit certificates during last three years. I may also tell you that I have inspected a very large number of primary societies during this period in my tours with a view to find out how much of their assets would become bad. My attention was first drawn to the existence of bad-debts in societies when I was inspecting a Central Bank some four years ago. I found that in over hundred societies the entire loans outstanding against members were overdue. My further enquiries showed that at least fifty thousand rupees would prove bad in those societies. I may say I was not wrong in my estimate as subsequent events showed. Since this inspection I have been urging suitable action against defaulters in all places.

I have suggested that a classification of borrowers should be made, those against whom action should be taken at once to avert losses, those whose loans are adequately secured and who can be expected to pay in two to five years and those who can give additional security and ask for extension of time. Though action has been taken on these lines here and there no systematic work has been done in any area. Although no systematic work has been done, a rough estimate has been made of the bad debts in Central Banks. You are aware that before the audit certificate of the

Central Bank is issued an estimate of the probable bad and doubtful debts is made and profits are retrenched and a bad debt reserve is created. I have asked the auditors of this year to make a careful enquiry about each loan outstanding and find out the amount of bad debt in each society. So far as information now available with me goes the bad debt may not amount to more than twice or thrice the bad-debt reserve till now accumulated, about Rs. 7 lakhs. Even assuming that it will be four times that amount the depositors' money would be quite safe as pointed out by Mr. Ramadas Pantulu. There is no need for alarm on their part. This, however, does not mean that co-operators have no anxiety over the affairs of their societies. Many of them are no doubt bad but it seems to me that they can be pulled up, if only action suitable to each case is taken without further delay. The most urgent action required now is to examine each loan outstanding in Societies and to take additional security wherever is forthcoming. Where loans are not adequately secured, steps should be taken to recover them without delay.

One other way in which Central Banks and Societies can remove the suspicion in the minds of investors as regards the safety of their money is to strengthen their reserve and bad debt funds. This can be done in two ways (1) by reducing expenditure and (2) by increasing their business. You are aware that the volume of business in Central Banks has considerably fallen and consequently their profits have been much reduced. Societies do not want to borrow for fear that their members may not repay their loans owing to the fall in prices.

As Mr. Ramadas Pantulu pointed out, a man has to borrow for seasonal purposes such as cultivation expenses, payment of kist whatever may be the fall in prices, Societies should try to give loans and increase their own transactions as well as transactions of Central Banks. By doing this they will be helping the deserving members of their own societies and also the Central Banks. Owing to the fall in the income of Central Banks it is essential that their expenditure should be cut down. It may not be possible to reduce the staff or its salary to any large extent in all cases. It should certainly be possible to reduce the size of the Board of Management. Although I do not say that the unions all of them—should go, those which are not functioning and which are unnecessary should go. The size of the governing body of these Unions can be reduced without detriment to their efficiency.

THE FOURTH WEST GODAVARI DISTRICT CO-OPERATIVE CONFERENCE.

(*Bhimavaram, Saturday, 18th November 1933.*)

PRESIDENTIAL ADDRESS

BY

MR. V. RAMADAS PANTULU

BROTHER CO-OPERATORS:

It has given me genuine pleasure to accept your generous invitation to preside over this Conference. Let me thank you most sincerely for the honour you have done me.

The Critical Condition of the Movement.

The position of the President of a Co-operative Conference at a time like this, when the Movement is passing through the most critical period in its history, is, however, anything but enviable. It is a matter of common knowledge that our primary societies as well as their financing and supervising organisations have considerably deteriorated and that a majority of the primary societies are really not in working order. Influential, punctual and solvent members are dropping out, either because they are penalised for the default of their brethren who have failed to discharge their obligations to the societies or because the management of the societies has fallen into undesirable hands. Overdues have mounted up, the assets of societies have become frozen and credit is consequently rigidly contracted. Coercive processes are being taken on a very large scale to effect recoveries from members. During the present, unprecedented economic depression, our societies are incapable of rendering any assistance to their members when it is most needed. Societies are being liquidated on an average of about three per day. The organisation of new societies is practically stopped. The efforts of the Central Banks and the Department are concentrated on the collection of overdues and there is no atmosphere to give any thought to the problems of expansion of the Movement and its being put to new uses. There are wide divergences of opinion amongst co-operators as regards the methods to be employed to rescue the movement from its present critical condition and to place it on a sound basis once more. In these circumstances, no President of a

Co-operative Conference, however well informed and experienced he may be, can feel confident of his ability to give a right lead or offer solutions which will find general acceptance.

No need for anxiety or despair.

Notwithstanding the gravity of the situation in which we find ourselves to-day, I must state that there is no need for anxiety or despair. I received a few days ago a circular letter, signed by some prominent co-operators, of a most alarming nature. It suggests the convening of a Conference of the individual shareholders and depositors in Co-operative Central Banks in the province to "decide quickly" on the steps to be taken "towards securing the monies which have got into the quagmire of rural credit." There can be no greater disservice to the Movement at this stage than the convening of such a Conference. I am in a position to assure the public of this province, with a full sense of my responsibility as the President of the Provincial Co-operative Bank, that every pie of the depositors' monies in the Central Banks is absolutely safe and that the Central Banks are in a position to meet their commitments to their creditors and depositors. I have come to this conclusion after closely examining the financial position of the weakest of the Central Banks. Let us look at a few figures. At the end of 1932-33, that is, on 30th June 1933, our agricultural societies were working with a capital of Rs. 545·40 lakhs. Out of this, a sum of Rs. 357·95 lakhs represents capital borrowed from Central Banks and Rs. 37·67 lakhs derived from deposits from members and non-members. The amount of the loans outstanding against their members on that date was Rs 449·36 lakhs. As against these figures, let us see what these Agricultural Societies and Central Banks, which finance them, have to show to the depositors in Central Banks as a safeguard against any loss arising from some of the loans to members proving bad. The agricultural societies have an owned capital (share capital plus reserve fund) of about Rs. 140 lakhs and the Central Banks have a reserve fund of their own amounting to about Rs. 27 lakhs, separately invested in the Provincial Bank, besides a bad debt reserve of about Rs. 7 lakhs. Can any one say on these facts that the position of the depositors is risky? Roughly, unless the whole of this owned capital of Rs. 175 lakhs is lost, depositors of Central Banks will not lose. The Registrar is getting an annual estimate of probable bad debts made in each society and the aggregate of such estimates comes to nowhere near the figure of Rs. 175 lakhs, which the Agricultural Societies and Central Banks can offer to cover any unforeseen losses before depositors are hit. The position will be found to be equally safe even if each Central Bank is taken individually.*

The Real Problem.

The anxiety of most of the Central Banks to-day is not how to retain their deposits and the confidence of the depositors, for evidence of such confidence is forthcoming in abundance, but how to prevent money flowing into them from the depositors, for there is no co-operative or other outlet for it. The need of the hour is to decide quickly on the steps to be taken to repair, widen and deepen the channels of communication between the reservoirs of capital in the Central Banks and the parched fields of our villages "dried up for want of wealth-bearing and fertilising moisture". The way to remove the barrier that intercepts the flow of that wealth is to improve the working of the rural societies, to overhaul the supervising machinery and to give a new orientation to our credit policy by eliminating some patent economic fallacies about Indian Rural Economy no which we have hitherto proceeded.

In attempting any reform of the Movement, we must show a larger measure of self-reliance, greater confidence in ourselves and more resourcefulness than we have hitherto shown. Dependence on the Government or the Department for all initiative and drive in the matter of reforming the Movement will yield no results. The officials may be sympathetic; they may have faith in the Movement, and they may be inspired by a zeal to serve the interests of the masses in the discharge of their duties. But, they can achieve little unless the initiative and drive come from within the Movement itself. I therefore plead for better and more strenuous non-official endeavour in pulling up the Movement.

Need to revise our theory and practice of Co-operative credit.

There is a general belief among co-operators that the poverty of the agriculturist is due to his indebtedness and that co-operative credit can solve the problem of chronic indebtedness. I am unable to agree with either of these propositions. It is true that the vast majority of the agriculturists are poor and that they also carry a heavy burden of usurious debt. But such debt is not the *cause* but the *effect* of poverty. The explanation for it is simple. The supply of money

* I append to this address a table which will show the position for the last four years in the Province as a whole and in the West Godavari District.

on credit and the price paid for it are not regulated mainly by demand, as in the case of other commodities, but by other important factors as well, the most potent of which is the "business risk." Most of our cultivators have insufficient security to offer for the credit they require, because they are extremely poor. Their chronic poverty is due to a variety of causes into which it is neither necessary nor convenient to go on this occasion. The money-lender who advances money to a man who can offer only slender security, naturally charges heavy rates of interest to cover the risk he is taking. He often spreads it on solvent and indigent customers and makes money dear to both alike. He wishes to recover from the solvent debtor at least a part of the loss he sustains by his inability to ultimately recover even the principal from a bad debtor. It is indeed urged on behalf of money-lenders, who are known to charge such usurious rates as 36 per cent. or more, that on the average, the net return on their money-lending business as a whole does not exceed 6 or 7 per cent !!!. A British observer of our rural economy describes the assets of the average Indian agriculturist thus: "An acre or two of impoverished land, a pair of lean cattle, an eight annas plough, a dry cow, a two rupee goat." It is therefore no wonder that he cannot command credit either in an adequate measure or at a reasonable rate of interest. So, credit to him means loan of money at a usurious rate of interest, and when once he is immersed in such debt, indebtedness becomes the most patent cause of further indebtedness. So, it is more true to say that indebtedness is the *effect* of proverty and not its *cause*, so far as our rural economy is concerned.

Schemes for relieving this chrnoic indebtedness of the average agriculturist through co-operative credit cannot, in my opinion, achieve results, which can make any impression on the solution of the problem of our rual debt. The utility of co-operative credit, which is undoubtedly very great, lies in other economic spheres altogether. Let us take our latest venture to liquidate the old debt of the agriculturist through Co-operative Land Mortgage Banks. It is estimated that the volume of rural debt of this province is at present in the neighbourhood of Rs. 150 crores. It is said that one half of it represents floating debt borrowed and repaid annually and the other half standing debt. If we attempt to tackle one fifth of only the standing debt, that is, Rs. 15 crores, and leave out the other four fifths as representing the indebtedness of persons who do not possess any repaying capacity, even under the most favourable schemes of regulated cheap credit, what will be the pace of our progress ?. Assuming that the Madras Co-operative Central Land Mortgage Bank can lend to the rural debtors half a crore of rupees a year, it will take 30 years, or one generation, to liquidate a debt of Rs. 15 crores. It is certain that at the end of 30 years, there will be an addition of much more than Rs. 15 crores to the present volume of old debt. So, the problem persists unabated in its entirety, though I admit that some individuals will be benefitted in the meantime. At one time we thought that this difficult problem of redemption of old debt could be solved through Rural Credit Societies. It is a matter for gratification that the belief has now largely died down. The centre of gravity of the prior debt redemption schemes has now shifted from the unlimitted liability Rural Credit Society to the limited liability Primary Land Mortgage Bank. Without in the least minimising the benefits of these Mortgage Banks and their potentialities for the economic uplift of the agriculturists, I must confess to a feeling that even these Land Mortgage Banks can touch only the fringe of the problem of chronic rural debt, and they must be put to other economic uses as well to prove really beneficial.

Replacing old usurious loans by loans which carry less heavy interest charges and emancipating the debtor from the traditional bondage to the money-lender is, I admit, an economic benefit. But, after all, credit advanced for the liquidation of prior debt is for an unproductive purpose. Most of this chronic debt, like the hereditary skill of the village farmer in his profession, has come down from his ancestors' time and what the village money-lender had not recovered the co-operative societies would not wipe out. The real position is there is no margin for repayment of the old debt from the precarious and slender income of the farmer in the vast majority of cases, however low the rate of interest may be.

Short Term Seasonal Credit.

I plead for a new orientation of our credit policy. I feel that the rural credit societies for some time to come, at least as a temporary measure, until the present economic depression passes away, and values of land and prices of products recover, must confine their operations to short term agricultural credit for seasonal operations payment of Government revenue and Landholders' rent and other similar urgent needs. On a rough calculation, the amount that the

cultivators in this province borrow and repay every year for such agricultural needs comes to about Rs. 40 crores. Less than Rs. 5 crores of co-operative credit is now circulating in the societies for all kinds of purposes. The co-operative societies which now exist in roughly 1/4 of the number of villages in the province, ought to make available to their 7 lakhs of members a larger proportion of really productive credit at easy rates of interest and also relieve the cultivators from the obligations imposed upon them by the money-lenders to sell the products to them at low prices as part of the consideration for lending the money. If we devoted our time, energy and resources in the pursuit of such purposes in the past, more assiduously than we did, we could have better served the economic needs of the members of rural societies.

I therefore appeal to all Central Banks to put new nife into the decaying rural societies and to dispense rural credit, no doubt with caution and discrimination, but on a wider scale than has hitherto been done. Seasonal loans which are advanced promptly and repaid punctually out of the year's harvest, will prove extremely beneficial under the present economic conditions. In this connection, I would commend to the Central Banks' favourable consideration the suggestion that credit should not be cut off to punctual or new members of rural societies, simply because they are in overdues to the Bank. A sympathetic, but businesslike, policy should be pursued in keeping up credit to deserving members.

I think that the present money market conditions justify a lowering of the lending rate by Central Banks to societies and by the latter to their members. I understand that the Registrar is prepared to amend the bye-laws of primary societies suitably for the purpose.

I would also urge that, if a society can be improved by some suitable. device such as superseding its panchayat and vesting its management in a competent person, it should first be tried before liquidating it. I further urge that new societies should be formed in promising localities, no doubt on a cautious plan, at least to make up for those that are liquidated annually. These new societies may be worked on a regulated plan of seasonal credit for agriculture with a suitable maximum borrowing power.

Produce Loans.

Equally important is credit for marketing of crops. We have done little so far to seriously foster this form of credit. It is self-liquidating credit which is recovered as soon as the produce against which it is advanced is sold. This will enable the cultivator to take his produce to the best market place in the neighbourhood and sell it for such price as a man, who is not in need to sell it in haste, may reasonably expect. It is almost impossible for our rural credit societies to handle this form of credit. There are no facilities in villages for storing the produce which is pledged nor is there enough business talent in the Societies' Panchayats to eliminate the risks involved in the working of the scheme. It must be done by a different type of organisation and mainly by skilled and paid agency. This form of credit is most useful for commercial crops. But it in not without its use even for staple crops like paddy, if wisely utilised.

Some active steps must be taken to ascertain how far loan and sale societies of good size may be started on a larger scale in suitable places, where there are chances of their being successfully worked and to formulate a scheme to finance them. So far, Central Banks have not evinced much enthusiasm in developing these societies and have not been quite responsive to their needs where they exist. In my opinion, it is desirable either to federate the loan and sale societies in an apex financing institution of their own or to affiliate them as an experimental measure to the Provincial Co-operative Bank. The Provincial Bank can help them by some subsidy and in other suitable ways. Some of the good loan and sale societies now working may be thus helped when the local Central Bank does not come forward to do so. The Provincial Bank can of course finance these societies at a cheaper rate of interest than the Central Banks can afford to do.

In this connection, I must state that the outlook of the Madras Government in regard to liberation of this variety of extremely useful and beneficial form of credit through co-operative banks is most disappointing. In negativing a proposal of the Central Banks' Conference that loans against produce of members of rural societies may be permitted to be made by Central Banks to which the societies are affiliated, the Government said that such loans by Central Banks directly to members of the rural societies were "unco-operative" and would involve Central Banks "in competition with commercial banks." I tried to ascertain by a study of the available literature the source from which the Government could have derived their inspiration in this matter. I have found that the Local Government have virtually paraphrased the evidence of the representative of Imperial

Bank before the Indian Central Banking Enquiry Committee. In their review of the latest Administration Report of the Agricultural Department, the Government say that they hope that the marketing conditions will be improved through co-operative movement by the heads of the Agricultural and Co-operative Departments. The hope that the Departmental heads can improve the marketing of agricultural products, while Co-operative Banks are prohibited, *in the interests of Commercial Banks*, from advancing money against produce, is indeed a vain hope. Even the omniscient and omnipotent departmental heads cannot make bricks without hay.

Land Mortgage Credit.

The land mortgage banking organisation in our province is in its formative stages and is in very competent hands. So, it is best to watch its progress along its present lines of development. When debt conciliation operations are set on foot, the Land Mortgage Banks will be of great help to advance in suitable cases the conciliated debt, for unless there is an agency to satisfy by ready money payment the claim of the creditors who agree to forego a part of their dues and receive less, the debt conciliation schemes will not succeed.

I have only two suggestions to make. Having regard to the present easy money market conditions, it must be possible to reduce the lending rate to members of Primary Land Mortage Banks. On good security, such as the mortgage banks demand from our villagers, they are now able to get accommodation at less than 8 per cent., the rate charged by the mortgage banks. I suggest that the rate may be reduced to 6½ per cent. I understand sources are now found for 20 year debenture money in an appreciable volume at 4 per cent. interest. I therefore appeal to the authorities of the Madras Co-operative Central Land Mortgage Bank to examine and explore the possibility of bringing down the rate to 6½ per cent. The benefits of village societies and primary land mortgage banks are carried to the rural masses in general, not so much by the actual amounts loaned to their members alone, but by the ability of these societies and banks to reduce the general level of interest rates in the neighbourhood. So long as we maintain our lending rates at a high level even when money is cheap in the market, we can make no impression on the money lending conditions in the sphere of our activities.

The other suggestion that I desire to make is that land mortgage banks must in future devote more attention to financing land improvements and find capital expenditure for them and not concentrate mainly on redemption of prior debt. It is true that there is no demand for this form of credit now, but it must be encouraged by bringing the benefits thereof to the notice of the agriculturists. Rightly or wrongly, there is a general notion that land mortgage banks are intended only for discharge of prior debts.

Our Supervising Organisation.

One of the main items of reform in the Movement on which much depends is the overhauling of our supervisory machinery. The Provincial Co-operative Union has put forward a definite scheme for reducing the number of local unions and the size of their governing bodies and for pooling the entire supervision fund and vesting the control over supervision in the Central Banks and for effecting economy wherever possible. I am glad to find that the Registrar has not only accepted the main principles of this scheme but has also already induced some districts to give effect to it. I hope that we shall make rapid progress in these directions and make our local unions really efficient and useful bodies.

Arrest Capitalism and Socialism by Co-operation.

I have not been able to suggest any heroic remedies to set right matters, but contented myself with simple specifics which in my opinion will prove efficacious if well administered. I have however very great faith in the future of the Movement. It may not have achieved much hitherto. But its potentialities lie not so much in the number of rupees that it has put into the pockets of its members, but in its moral value as a factor of our national economy. I feel that it is only the Co-operative solution that can save our rural economy from the onslaught of Capitalism on the one hand and Communism on the other. The preachings of Communism are now heard from several quarters. I am definitely of opinion that neither the individualistic profit seeking Capitalism nor Socialism or Communism, or Bolshevism fit in with our national economy and we, co-operators, must do all we can to resist the spread of those forces by unfurling our Co-operative Flag. The Co-operative Ideal is described in the language of European Co-operators as the "Principle of religious and Political Neutrality." An infringment of this principle and any attempt to instal the principle of class war is emphatically discountenanced by international co-operative opinion. So, let us march along the true Co-operative Path and our endeavours are sure to be attended with success.

APPENDIX.

Resources of the Agricultural Co-operative Societies.

(*Note*:—The figures are given as on 30th June of each year and in lakhs of rupees.)

Particulars.	Agricultural Societies in the Presidency.				Agricultural Credit Societies in West Godavari District.			
	29-30.	30-31.	31-32.	32-33.	29-30.	30-31.	31-32.	32-33.
1. Share Capital	84·75	87·24	81·75	76·10	5·35	5·81	5·33	5·20
2. Reserve Fund	47·64	54·96	59·09	63·63	2·34	2·83	3·04	3·33
3. Deposits from Members and Non-Members ...	32·30	36·13	34·20	37·07	0·70	0·57	0·56	0·60
4. Loans from Financing Banks... ...	499·58	477·15	406·37	357·95	40·99	34·84	24·03	22·99
5. Loans from Government	12·80	13·61	11·36	10·65	Nil.	Nil.	Nil.	Nil.
6. Total Working Capital	677·10	669·10	592·79	545·40	49·38	44·08	33·02	32·12

Loan Transactions of the Agricultural Co-operative Societies.

	Whole Presidency.				West Godavari District.			
1. Loans outstanding against members ...	591·43	575·68	500·47	449·36	43·79	37·56	26·67	25·15
2. Loans made during the year	255·38	163·50	97·43	92·37	36·04	16·87	7·73	6·43
3. Loans repaid during the year ...	217·86	177·54	168·17	132·80	24·56	23·11	17·27	10·93
4. Loans overdue at the end of the year: Principal.	177·53	256·09	277·21	265·78	4·68	14·76	14·82	14·07
Interest.	45·00	61·00	69·00	77·00	0·61	1·62	2·27	3·36

Extracts.

THE CO-OPERATIVE COMMONWEALTH.

PRESIDENTIAL ADDRESS

By Mr. Good

(at Regina Co-operative Congress.)

The Meaning of "Co-operative Commonwealth".

At recent annual meetings of this Union, I have tried to analyze the causes and significance of the economic breakdown, and have pointed out the opportunities and duties of Co-operators in this connection. On the present occasion, and in view of the facts already mentioned, I think it would be useful we considered in some detail, first, what is meant by The Co-operative Commonwealth, and, secondly, how it may be attained.

The Co-operative Commonwealth is, as yet, largely an ideal to be realized, a plan to be worked out, and therefore, both questions take us into the realm of prophecy. It is always counted rash to make predictions. Yet it is inevitable that we should ever attempt to foresee the future; for not only is every creation of hand or brain at first only a vision in the mind's eye, but also every true prophet or seer who discerns the purpose and design of this universe is necessarily somewhat of a predicter. This is true in every department of human affairs; in Science and Art, in Morals and in Statecraft. "All these ideals of freedom, of brotherhood, of power, of justice, of beauty," says A.E., "which have been at one time or another the fundamental idea in civilizations, are heaven-born, and descended from the divine world . . . Every heroic deed is an act of the Spirit, and every perception of beauty is vision with the divine eye". The Co-operative Commonwealth is, as yet, largely a vision; but not on that account any the less true or worthwhile; for the seen and the temporal are but manifestations of the unseen and the eternal, and he who descerns the ultimate and the infinite behind the present and finite is in closer contact with realty than he who is concerned with but passing events. Therefore, without apologies, but with a deep consciousness of all men's inevitable limitations, and fully aware of the folly of attempting a detailed economic forecast, I venture some answer.

What, then, is the Co-operative Commonwealth and how may it be attained?

What is Meant by "Profit".

I deal first with a phrase one hears much in this connection: "Production for Use and not for Profit." Now words are tricky. They are but symbols and imperfectly convey ideals. As the poet says, "They half reveal and half conceal the thought beneath." They mean different things to different people. "Capitalism versus Socialism!" What endless and futile controversy arises if these terms are not carefully defined and the issue more clearly stated. Among these tricky words "profit" is one of the trickiest. We use it in a great variety of senses and with the greatest carelessness. We speak of a farmer making more "profit" than his neighbour when we mean that he reaps a larger reward for superior intelligence or industry. We speak of a merchant making "profit" out of a large business which he has built up by honest and courteous service, while another merchant makes a "profit" by cheating. One man makes a "profit" through better use of nature's opportunities; and another makes a "profit" by fleecing his fellow-men. Surely we cannot understand ourselves, nor other people, unless we think and speak with some precision.

In what sense, then, shall we use the term? The economist defines "profits" as the wages of risk-taking. Personally, I see little justification for any such special category. Many kinds of work are risky, to health, or life, or comfort; and some allowance is made for such facts in wage-scales. Many kinds of risks are covered by insurance schemes; others not now so covered are coverable. Why should we retain any category called "profits"? Wages for risk-taking there may be, but they fall in the category of wages, and it only adds to confusion of mind to retain a special category called "profits". I think, therefore, that the use of the term "profits" in the sense of an appropriation of values created by other people's efforts has most justification; in which case we should perhaps use another, and more precise, if less polite, term.

Two Kinds of "Profit".

Having said so much by way of explaining the various senses in which the term is used, I am bound to say that no individual has the power to alter social usage in this matter. The most I can do is to try to define clearly my own meaning whenever I use a term which is likely to be ambiguous. And with respect to "profits", I think there are two general senses in which the term is used. One, the wages of risk-taking, comes in the class of insurance; the other, being value received for no value given or service rendered, is properly called theft.

In practice there is hopeless confusion between these two kinds of profit. Just as the term "business profit" often includes rent, interest, wages of management, wages of risk-taking and plain theft, so the more general term "profits" in actual life almost always signifies both insurance and theft; and the tragic thing about the situation is that theft is concealed and apparently justified within the category of wages. So when he talk of the "profit-motive" who knows whether we have in mind the desire to get what doesn't belong to us or the desire to cover risks. Ethically the two things are as far apart as the poles, but in real life, they are often inextricably commingled and confused.

The current formula, therefore, needs to be examined. Now I think no rational human being denies that production is, ultimately, for use. The stoutest defender of modern capitalism will admit so much. The real question at issue is as to how far "profits" in any sense are necessary or desirable as an inducement to productive effort, or are socially beneficial: that is the real point.

What, then, are the facts lying behind this whole matter? Our remote ancestor who caught fish from the stream, or captured the deer in the chase, or climbed the tree for cocoanuts—was he thinking in terms of "profits"? And if, perchance, the fisher exchanged his surplus fish for the surplus deer meat of the hunter upon any basis mutually satisfactory, where and what was "profit"? But if several Indians joined in capturing a buffalo, how should the carcass be divided? Should all who participated share equally? If not, why not? What principles should govern the distribution?

Nearly Everything a Social Product.

In all cases, therefore, where the individual comes into direct contact with external Nature, and, unaided by others, wrests his living therefrom, there can be no question of unethical "profits" or the "profit-motive". But in all cases of obvious exploitation of others, and in all cases where production is social in its character "profits" in the sense of ethically unjustified appropriations do, or may, arise. Leaving aside cases of plain theft, the fact of social production inevitably presents to us the problem of the equitable distribution of the product. And now-a-days nearly everything is a social product, including man himself. Even the seemingly isolated settler on the frontier has a legacy of knowledge, tradition and tools which come from others and which are factors in his productivity. How far these social factors are equitably recognised and distributed through Exchange is difficult to say: but there can be no question as to the impossibility of so distributing the products of those who definitely and personally co-operate in a modern factory; and, with the

progress of large scale machine production, its social character becomes more and more pronounced. How solve the problem of distribution in all such cases? It is not an easy task.

Furthermore, when a relatively small number of people have control over natural resources and capital equipment, and "profits" in the sense of wages for risk-taking disappear, industry stops, and widespread unemployment, with its appalling consequences follows. Industry must stop, under the ordinary rules. A business whose costs continue to exceed its revenues cannot escape collapse. And what then? Are people to starve because the risks of carrying on business are too great? That were certainly confusion worse confounded, the supremest folly!

Whether, therefore, "profits" are considered in the reputable or in the disreputable sense, co-operators claim that "Production for use and not for profit" is a sensible and salutary economic policy. Co-operators believe also, and for reasons which I cannot adequately set forth now that the dominance of the "profit-motive" in industry is not only unscientific, and often unethical, but eventfully reacts injuriously on production itself, through mal-distribution of purchasing power, economic friction, and unemployment, of which we have had abundant evidence in recent years. The sickness of "An Acquisitive Society" has surely been conspicuous enough!

Motives Are Mixed.

So far as motives are concerned, the fact is that most people's motives are mixed, and mixed in varying proportions. The main motives of the burglar and the gangster are obvious enough. They seek, as do all gamblers to give little and receive much. But it is surely the densest of stupidity to liken them to the skilful dairyman because, forsooth, both aim at maximum results from a minimum expenditure of effort. The vital point is not the quantitative relation between effort and reward, but the qualitative character of both. It is the social value of the efforts and the ethical character of the motives that count. The burglar's efforts are anti-social and his motives bad, while the dairyman's are at least potentially social and good, though not, indeed, so conspicuously noble as those of a doctor or nurse who risk their lives to stay a plague.

There is much loose thinking and talking about motives. It is true that ordinarily all men seek to satisfy their desires with the least expenditure of effort, and that one way of doing this is to steal what others have laboured to produce. But another way of attaining the same results is to work more intelligently and efficiently. And, bad as people may be, I think it is simply not true that the "profit motive"—in the sense of the desire to appropriate for oneself without effort what others have produced with effort—is the main economic motive. Granting that some people are motivated in this way, it is surely desirable that social motives should become more dominant; and, if some people are now motivated by the collective tradition of giving service, it is not impossible that such altruistic motives should become relatively more important; nor is it unlikely that the more definite appeal to higher motives which is implied in the conception of a Co-operative Commonwealth will be in vain.

Having said so much in an attempt to clarify our thinking, I return to our questions—What does the Co-operative Commonwealth mean in the concrete, and how may it be realized?

Co-operation an Extension of Family Relationship.

In general terms it means that economic organization should be based upon the recognition of men's common needs. As consumers, we all have the same physical needs; and in the wider sense as human beings we all have other like needs, for enlightenment, for sympathy, for creative activity. Is there any good reason, therefore, why human affairs should not be so based? The Co-operator thinks not. He, therefore, organises demand, and then proceeds to supply that demand. The individual primitive man was hungry. He, therefore, put forth effort, sought food, and satisfied his hunger. The modern co-operator also needs food. He, therefore, seeks it, not individually, but in co-operation with his fellows. Collectively they provide themselves with stores, with flour mills, with bakeries, with everything necessary for the satisfaction of their needs. The proposition, in outline, is transparently simple. It is an extension of the ordinary family relationship.

There can be no "profits" when people are collectively in business for themselves. Obviously, there can be none in the bad sense. Nor can there be "wages of risk-taking", for they are paid by the same people who receive them and therefore disappear. And we can no more imagine industry stopping under such a system, in the face of human need, and because of risks, than we can imagine a hungry man refusing to pick an apple from a tree in his own yard.

Of course, this way of carrying on industry has not yet become world-wide. Therefore, many embarrassments arise from the co-existence of different methods. But if we can imagine, for a moment, that the co-operative way has become universal, it will simply mean that people

collectively employ themselves individually to provide for their individual needs. British Co-operators have done this for many years, so that now not far from half the population has a large proportion of its needs supplied in this manner. It is true that in Britain a considerable number of co-operators earn their wages outside the movement and spend them inside. But when the co-operative way shall have become universal, this will disappear, and all industry will be owned and operated by the people collectively.

Co-operation Is Ethically Sound.

It is claimed, of course, and justly, that under the system generally called "capitalistic" as in earlier economic systems, producers are, in effect, hired and paid by consumers, through exchange and the price-system. There is no denying this. But that does not dispose of the many charges of injustice or inadequacy that have been made against the system hitherto popular. Nor indeed does it mean, on the other hand, that all features of capitalist industry must be changed in the Co-operative Commonwealth. No one can say with certainty just how the general principles will be applied; no one can say just how they ought to be applied. Many perplexing questions will remain. For instance, how will agriculture be carried on in the Co-operative Commonwealth? Will farmers operate their farms individually and be rewarded according to their efficiency, or will they be paid a stated wage by the associated consumers (including themselves)? What will be the position of so-called professional men? Is there a place for "Producers' Co-operation" so-called, in the Co-operative Commonwealth? Shall wages be paid on the basis of service rendered or on the basis of human need? How far and in what way should the Co-operative Commonwealth be established through political action, and how far merely by voluntary organisations within the state? How is the international Co-operative Commonwealth of the future to deal with nationalism in its various aspects. These and many other like questions provide room for a great variety of opinions even among those honestly devoted to co-operative philosophy, and should induce some degree of humility.

I do not, in this connection, presume to answer, even for myself, many quite pertinent questions. I suggest, however, that as change is inevitable, and its pace likely to be repaid on account of the conspicuous break-down of old methods, and further because the co-operative way is ethically sound and practical, and does hold out real hopes for humanity, we should try to visualise it more clearly, and that we should also honestly examine hitherto popular methods in order to discover what features of them we may safely carry into the future.

Cannot Come Suddenly.

The Co-operative Commonwealth cannot come suddenly. Change may come suddenly, tremendous change. In times of crisis and when people are desperate, anything may happen. Witness what has occurred recently in Italy, in Germany, and even in the United States. But let us not be too much impressed by these changes of political structure or methods. They have to do more with externalities than with the silent unseen forces in human society. Sudden action may be followed by sudden reaction; and, if I have not misread history, we shall neither be too much elated nor too much depressed by happenings of this kind. I may be mistaken but I do not look for any sudden real transformations in society. The durable transformations depend upon the growth of intelligence and character, and of the institutions and methods which result therefrom, and not primarily from the overthrow of governments or dynasties. The Co-operative Commonwealth, as I said, cannot come suddenly. It must grow. It depends upon the willingness and the ability to co-operate, and neither can be developed over-night. It is, therefore, important to recognise and patiently encourage those agencies and forces which make for intelligence and character, and not rely unduly upon other things of lesser importance. Nor should we presume to prescribe too minutely for the future. It is sufficient if we see clearly the few next steps, mindful of the fact that we shall see more clearly into the future when these steps shall have been taken. Only let the rainbow gleam ever guide us in the same direction.

I conclude with a few brief observations as to the principles and considerations which should be our guides.

No Co-operative Commonwealth without Co-operators.

Obviously, in the first place, the Co-operative Commonwealth cannot be realised without co-operators. People filled with envy, bitterness and greed cannot build a co-operative society; the social mind is an absolute requisite. In the development of co-operators, various agencies are available—schools and other educational institutions, the church, and the Co-operative Movement itself. What these agencies have done and may yet do to assist in the realisation of the Co-operative Commonwealth is a most important question but I cannot pursue it further now.

In the second place, I think we should fix our minds on human need as the essential and universal basis of economic organisation, and therefore find in Consumers' Co-operation the final type. But this does

not mean that organisations of other types may not be valuable subsidiaries. There is nothing necessarily anti-social about organisations of producers. To a large extent they are inevitable if production is to be carried on economically. It may seem to smack of capitalism and combines to justify producer organisation; but let us not deceive ourselves with the idea what we can make a sudden break with the past. Since time immemorial the individual producer has realised that man must eat his bread in the sweat of his brow! This inevitable and immediate relationship between the effort put forth and the result of that effort is just as inevitable when production is social; but unfortunately the individual realisation of it is not so keen. The individual may shirk his fair share of effort, and thus compel others to assume more than their fare share. If shirking becomes common, social effort loses its value. I believe, therefore, that it is important to retain the realisation of this relationship between individual effort and individual reward until such time as altruistic motives and the tradition of public service become more dominant. Eventually, I trust, a new social order based upon the motto "From every man according to his ability; to every man according to his need" may be wise and practicable. But meanwhile, let us not forget the less Utopian motto: "Equal opportunities for all, and to each according to his effort." There is no real inconsistency between the two viewpoints; as the social mind becomes more prevalent and the tradition of public service a more effective incentive, the more primitive incentives will naturally fall into the background. Meanwhile, the co-operators' motto—"Each for all and all for each" serves as a practical reconciliation. "Prcoducers' Co-operation", therefore, is at least a stage in social evolution. Producers' organisations may, in fact, remain permanent features of the Co-operative Common-wealth, provided they are devoted to the general welfare and not to private or class advantage.

Relation of Voluntary to State Action.

Thirdly, no arbitrary lines should be drawn between what may be accomplished by political action through the State, and what may be secured by voluntary group action. There is indeed no sharp line of demarkation. The activities of the state are due to the voluntary action of its citizens, while the coercive features are necessary, at least for the time being in order that voluntary associations may be free and safe within the general frame-work. Moreover, each method has both advantages and disadvantages, the relative importance of which vary from time to time according to circumstances. I think there is a general danger of over-estimating the importance of political action, first because it is more spectacular in its manifestations, and secondly, because there lies more or less hidden within the coercive features of government, subtle but strong personal temptations. At the moment, both in Canada and elsewhere, people are looking mainly to political action for relief. This attitude may be quite justified, but we should, in view of the considerations already mentioned, try to see things in their right perspective. Only thus can we be saved from serious mistakes and subsequent disillusionment. I should like, also, if we would ever keep in mind the close relationship between action through the State and action within the State. Political action indeed depends for its effectiveness upon good citizenship; and nowhere is there a better school for the training of good citizens than in the voluntary Co-operative Movement. Then on the other hand, the State may either foster or impede the growth of co-operation. No happier relationship could exist, I think, than that of complete sympathy and mutual assistance between the Democratic State and the Voluntary Co-operative Movement, leaving quite open the question of what parts of the economic life should fall under state auspices, and what under the voluntary movement. Each case can well be considered and decided on its merits, if sympathy and good-will, and not prejudice, be guides. At the moment the outlook is not bright, particularly in Europe. Political reaction following upon the war threatens both Democracy and the Co-operative Movement, and what the outcome may be one cannot say. We may be entering upon another era of the "Dark Ages". We hope and trust, however, that behind the clouds now threatening is the silver lining, and that in good time the sun of righteousness may again shine forth in life-giving splendour. Faith in the ultimate supremacy of Truth and Justice and Love alone can guide and sustain us in continued patience and effort.

Reviews.

REPORT ON CO-OPERATION IN INDIA AND EUROPE.

(By L. D. Gammans, Government Printing Office, Singapore, 1933.)

This Report on Co-operation in India and Europe is a much more serious production than a tourist book. It would have been impossible of achievement in the short time (six months) at the disposal of the author to visit the several parts of India and Europe but for the fact that he had already had three years' experience as Assistant Director of Co-operative Societies in Malaya, and had evidently made a thorough study of the literature on co-operation. Indeed, his present Report is itself a very considerable contribution to the subject, and, in our view, can very well compare with similar valuable productions of Registrars of Co-operative Societies in India who had gone on study tours to Europe, notably Messrs. Darling, Otto Rothfield and Strickland.

The aim of the author has been to glean from his study of the movement elsewhere lessons which could be applied to the local problems in Malaya. We are, however, more interested in the incidental descriptive and critical accounts. We get an excellent picture, a refreshingly frank estimate and a sympathetic appreciation of various types of co-operative societies in India and in about half-a-dozen European countries famous for co-operation of particular types. The Report is indeed a mine of information; the facts are so closely packed and well-arranged that it is bound to be consulted as a book of reference for some years to come, as we have not had in recent years any such comprehensive account.

With regard to each of the seven countries in Europe dealt with, a neat sketch of the rural economy and the environment, in which co-operation thrives or struggles, precedes a detailed account of the movement or of such phases as are most striking. In refreshing contrast to the number of text-books, whose materials are obtained secondhand, we have, in this Report, the author's personal impressions which appear quite balanced and fair, and, if he indulges in criticisms, he does it with the least possible offence. His modesty and courtesy, however, do not prevent his laying the finger on the sore spots in the movement in particular countries, *e.g.*, the religious differences in Holland, the racial cleavage in Czecho-Slavokia, the effects of currency difficulties in Germany.

Space does not permit a detailed review of *the several interesting* items of this valuable Report; but we are struck as ever by some common features of the movement in Europe as contrasted with ours. In most cases, Government aid is neither sought nor accepted. A very large number of producers are in the co-operative fold rendering competition by private enterprise ineffective. The application of science to various phases of agricultural production and processing of produce is the bedrock on which several types of Societies have been built up. The adoption of National Marks, guaranteeing quality of goods exported, by a Governmental agency, is becoming more common, involving, no doubt, some State control. Unlimited liability is the general rule not only with regard to credit societies but even the trading ones, and this liability is pledged to more than one central institution — which looks indeed paradoxical, but is indicative of the confidence inspired by the societies in the minds of the investing public. *Deposits are attracted by* even village societies at 3 to 4 per cent. while lending to members is done at 5 per cent. on an average, and less if it is for a long period. Dividend is restricted by law to 4 per cent. in Czecho-Slavokia. Another heterodox practice is that of lending money, received mostly as deposits *at call, for long periods,* even for 10 years; they are so sure of renewal of deposits in many cases. Those to whom the auditing of a society's account by a financing institution is anathema may be surprised to note that in Holland the Central Bank appoints inspecting officers and undertakes annual audit of affiliated societies for which a nominal charge is levied.

There cannot be much that is new to us in the account of societies in India; but the acute observations and criticisms of this sympathetic visitor are very welcome. He is not obsessed by the therotical soundness of the system of Supervising Unions in our Presidency, and its commendation by the Agricultural Commission. He thinks that its growth has proceeded at too rapid a pace, that the local committee members are lacking in knowledge and enthusiasm and leave too much to slack, inefficient and ill-paid Supervisors with poor prospects of promotion and little independence. He does not seem to believe in District Federations either, if Unions are retained also. It is not clear, if he would vote for "the *old system* of supervision by Central Banks". He is right in thinking that the Madras Provincial Co-operative Union suffers for lack of funds and lack of co-ordination of its activities with those of other agencies in doing propaganda and *training and he rightly contrasts it* with the very strong position occupied by the Punjab Co-operative Union which undertakes the work of supervision and audit as well.

He points out some valid objections to admitting in the same Urban Bank both traders and salary earners. He paints a comparatively rosy

picture of the state of affairs in the Triplicane Urban Co-operative Society which has "been extremely fortunate in the selection of the governing body". He is not unaware of the ridiculously low dividend and the lack of loyalty as exhibited by transactions in spite of the bait of credit facilities in the past. But the very existence of this big Store Society when several others have failed in this country is a puzzle to strangers, and they are at their wit's end to explain our "success". Closer observers have a different view of our actual achievements.

We may close this review with the very wise remarks of our author, "It is not sound to minimize the defects and disappointments, but is equally unsound to lose a sense of proportion. In spite of set-backs, the movement has shown a steady progress and is becoming more and more a definite factor in the rural life of India". He legitimately asks of the many critics to suggest an alternative method of tackling the problem.

We have no hesitation in commending this very serious production on the co-operative movement in our country and in well-known European countries to the earnest attention of all students and administrators in the co-operative field.

K. C. R.

"MODERN RUSSIA—THE LAND OF PLANNING"

BY

Dr. Louis Segal, M. A., PH. D.,

(Published by Industrial Credits and Services, Ltd., Imperial House, Kingsway, London W. C. 2, 1933. pp. 170, Price 5 shillings.)

There have been many books on Russia during recent years. Some of them are written with the deliberate purpose of attacking the political, social and economic structure of the Soviet Union while others over state the case for the soviets. Dr. Segal's book modern Russia is a clear analysis of the economic development so far achieved in the Soviet Union since the revolution. The book is intensely factual. It is, as it were, an encyclopædia of the first five year plan, the fifteen year plan and the general system of state planning in Soviet Russia.

On February 24, 1921 by a decision of the Council of the people's commissaries; the state planning commission of the U.S.S.R. was brought into being. The chief task of this commission is to prepare economic lans in accordance with the attainments of modern science and corres-onding to the needs of the country. It was in the year 1928 that the '.S.S.R. attained the prewar level in its economic conditions and the me was thought propitious to introduce the five year and the annual lans prepard by the commission after two years discussion and delibera-on, for the development of the country in all its phases. Dr. Segal's ook serves as a guide to the achievements and drawbacks of the plan. [e describes the results of the first five year plan in Agriculture ad Industry, Railways and Transport, Finance and Banking, Towns ad Housing, Education and Health, Labour and Trade Unions, Scientific ad Technical Research, Local Government and Social Services.

In the past, Russia has suffered most from periodic famines affecting rge areas of the country. The Russian system of Agriculture was ctremely permitive. Under the five year plan these methods were vept away. Great industrial farms were built up and supplied with actors and the latest Agricultural machinery and implements. While ie revolution resulted in almost all industrial activities in the untry being transferred to the state, agriculture for the most part mained in private hands. Provision was made in the plan for large llective farming, for it permits of a wide utilisation of Agricultural achinery, tractors, fertilisers, the introduction of scientific methods of nd cultivation and the employment of Agricultural experts. State rms were started. Large scale farming by the state provided the imulus to the poor peasants to pool their resources, the soviet authori-es and Co-operative Societies providing them with active assistance. he progress of collectivisation was rapid. To meet the demands of Agri-ilture Tractor service stations and factories for the production of actors were organised. With the introduction of the second five year an it is proposed to utilise the scope for extensive development of ural Electricity. "It has been found that the electrification of the mosphere by a special apparatus promotes growth and out-put and sists disease. These recent discoveries in ionisation are being exten-vely utilised on the farms under the direction of the Electrification ureau. A considerable number of small electricity stations several undreds in number have been established in the villages and are utilised r supplying energy to various enterprises engaged in the working up agricultural produce as well as for lighting purposes." Can we in idia even dream of such a thing as this in the next half a century?

The great task of industrialising the country was begun on October,)28, and the results that have been attained in four years are almost credible. "Over 1,500 new factories works and electrical stations have een built and nearly all of them have already started working. Soviet ussia has thus progressed more in four years than imperial Russia did

in forty years." The vast natural resources of the Soviet Union, its enor-mous mineral wealth, coal, oil, iron, gold, platinum, Non-ferrous metals and timber are being developed at an accelerated pace. The industrial output as a whole has been doubled in four years.

In the sphere of Railways and Transport remarkable results have been achieved. During the first five year plan 5,500 kilometres of new Railway lines have come into operation. In the hurry to develop the Railway system, the waterways were not forgotten. Navigation conditions have been considerably improved on all the rivers. Similarly in regard to sea-transport, a considerable increase has been effected in the number of regular lines in every one of the ten seas that wash the shores of the U.S.S.R.

Especially outstanding have been the results attained in the fight against illiteracy and introducing universal compulsory primary educa-tion. Since the revolution about 30 million illiterates have been taught. It is now anticipated that by the end of 1933 illiteracy will be non-existent. A lesson worth emulation by countries like ours with 92 per cent illiterates.

In the concluding chapter of the book Dr. Segal has the following 'The education and health of the people were placed in the forefront of, the plan and amongst the first essentials in every new building scheme was the erection of schools, hospitals, sanatoria and so on."

The book is one of the most comprehensive on Soviet Russia and deserves to be read by every one who wishes to know the truth of the great work done by the people of the U. S. S. R.

M. D.

Co-operation stimulates thrift by creating savings.

***

Co-operation is intended to place people in a position which will enable them to create new wealth for themselves.

***

The Co-operative movement eliminates occupational barriers.

***

Sound Co-operative undertaking is essential to success.

District News.

THE ALL INDIA INDUSTRIAL & AGRICULTURAL EXHIBITION, 1933.

Irinjalakuda (Cochin State, S. I. R.)

With a view to bring to the notice of the public the enormous progress made in industry, agriculture and arts in our Country and with the sole object of popularising the wares of manufacturers and tradesmen and of obtaining a very wide and permanent market for their materials and the various parts the Co-operative movement performs in the development of Agriculture, Trade and Industry, an All-India Industrial and Agricultural Exhibition has been organised to be held in the local Sirkar Boys' High School along with the State Co-operative Conference during ensuing Christmas season.

An influential and representative Committee has been formed and has undertaken the task of successfully conducting the Exhibition on a grand scale. The Government of His Highness the Maharaja has been pleased to promise to render all possible help and encouragement and the Diwan has kindly consented to be the Patron and His Lordship The Rt. Rev. Dr. Francis Vazapilly, D. D., Bishop of Trichur and His Highness Kerala Varmah, B. A., Prince of Cochin, have also consented to be the Vice Patrons of the Exhibition.

Mr. C. K. Devadhar of the Servants of India Society, Poona, Mr. S. K. Yegnanarayana Iyer of the Pachaiyappa's College, Madras and other prominent gentlemen from far and near are expected to grace the occasion with their presence.

A huge concourse of pilgrims from all over Kerala flock down to take bath in the Thiru Thirtham of the Koodalmanickom Temple during the full moon days. The Epiphany Festivals in the local Church also attract a big crowd during the season.

The manufacturers will have a very good opportunity of exhibiting and advertising their articles and even for finding a ready market for them.

Musical parties, Cinema shows, circus troops, Magic and Wrestling performances form part of the Exhibition activities.

Intending Exhibitors of articles and Managers of Sideshows are requested to apply for space and stall arrangements before hand.

A detailed Prospectus of the Exhibition will be sent on application.

Irinjalakuda,
15—10—1933.

K. E. LONAPPAN,
Secretary.

Mr. P. V. Sundaravaradulu, Secretary of the Andhra Provincial Ryots' Association and an Honorary Member of the Madras Provincial Co-operative Union, has been nominated by the Government of Madras to represent the Agricultural interests on the Advisory Committee of the Madras and Southern Mahratta Railway Co., Ltd. Mr. Sundaravaradulu writes to us requesting that the Co-operative Societies interested in the marketing of agricultural products, may write to him about any grievance felt regarding the *Railway Freights* on the agricultural products on receipt of which he will endeavour his best to get it removed.

THE MADRAS PROVINCIAL CO-OPERATIVE BANK, LTD.

(Formerly The Madras Central Urban Bank, Ltd.)

TWENTY-SEVENTH ANNUAL REPORT AND STATEMENT
as on 30th June 1933.

The Executive Committee have the pleasure to submit herewith audited statements of the affairs of the Bank for the year ending 30th June 1933:—

	Rs.	A.	P.
The Net Profit amounted to	1,40,258	10	1
Deduct amount added to Reserve Fund being ¼th of the Net Profit	35,065	0	0
Balance ...	1,05,193	10	1
Add balance brought forward from last year ...	45,810	7	0
Total ...	1,51,004	1	1

The Executive Committee make the following recommendations for the disposal of this amount:—

	Rs.	A.	P.
1. To pay dividend on Preference and Ordinary shares at 9 per cent	59,212	0	0
2. To appropriate to Common Good Fund ...	10,500	0	0
3. To add to Building Fund	20,000	0	0
4. To add to Reserve Fund	935	0	0
5. To add to Depreciation Reserve	15,000	0	0
6. To pay Bonus to Establishment	4,578	8	0
7. To carry forward to next year	40,778	9	1
Total ...	1,51,004	1	1

With the additions made and to be made as above, the Reserve Fund would amount to Rs. 13,86,000 and the Depreciation Reserve to Rs. 2,15,000.

The working capital has increased during the year by about Rs. 40 lakhs. There has been a further decline in the loans due from Central Banks which fell from Rs. 39 lakhs on 30-6-1932 to Rs. 10 lakhs on 30-6-1933. The Bank's investment in Government Securities has again considerably increased during the year. The yield on these investments, being at a lower rate of interest, has, as in the previous year, contributed to a reduction in the earnings of the Bank and consequently of the profits for the year. Acceptance of fresh money has practically been stopped and rates of interest have been cut down all round to meet the present situation.

The Executive Committee desire to thank the Registrar of Co-operative Societies for help rendered and advice given during the year.

(By Order of the Committee)

MADRAS
25th September 1933.

V. C. RANGASWAMI,
Secretary.

BALANCE SHEET AS ON 30TH JUNE 1933.

CAPITAL AND LIABILITIES.	Rs.	A.	P.	Rs.	A.	P.
Paid up Share Capital—						
Individuals (Preference) ...	18,400	0	0			
Central Banks & Societies (Ordinary).	6,40,350	0	0			
				6,58,750	0	0
Funds—						
Reserve Fund	13,50,000	0	0			
Depreciation Reserve ...	2,00,000	0	0			
Building Fund	1,05,160	8	5			
				16,55,160	8	5
Common Good Fund ...				1,726	7	6
Preference Shares Redemption Fund				2,040	0	0
Debentures ...				2,14,600	0	0
Employees' Provident Fund ...				92,202	9	3
Deposits—						
Fixed, Current, Prudential, Provident and other Deposits ...				208,35,628	5	5
Unclaimed Dividend ...				1,239	13	1
Sundry Creditors and Accrued Interest				5,09,624	13	8
Subvention Payable to Central Banks				21,625	8	1
Profit and Loss Account—						
Net Profit for 30th June 1932 inclusive of balance carried over ...	1,85,460	4	8			
Less appreciations as passed at the General Body Meeting held on 19-11-1932	1,39,649	13	8			
Balance brought forward ...	45,810	7	0			
Net Profit for the year ...	1,40,258	10	1			
				1,86,069	1	1
Total ...				2,41,78,667	2	6

PROPERTY AND ASSETS	Rs.	A.	P.	Rs.	A.	P.
Cash—						
On hand	2,09,610	6	10			
With Bankers in Current Account.	23,18,265	13	4			
				25,27,876	4	2
Investments—						
Govt., Securities: Face Value Rs. 151,98,200... Book Value ...				146,31,907	3	8
Fixed Deposits with other Banks.				43,00,000	0	0
Shares in Central Co-op. Printing Works, Ltd.				1,000	0	0
Shares in S. India Co-op. Insurance Society, Ltd., ...				15,000	0	0
Loans—						
To Central Banks ...	10,74,959	0	0			
To Depositors	7,21,317	0	0			
Debentures of Land Mortgage Banks	4,68,500	0	0			
Overdrafts (fully secured) ...	96,645	7	11			
To Primary Societies (under liquidation)	2,478	0	0			
To Employees against Provident Fund	1,169	0	0			
				23,65,068	7	11
Agricultural Lands in Chingleput District				18,365	5	6
Sundry Debtors and Accrued Interest (Considered good) ...				3,13,695	1	3
Furniture and Fittings ...	7,186	8	0			
Less Depreciation written off ...	1,431	12	0			
				5,754	12	0
Total ...				2,41,78,667	2	6

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 30TH JUNE 1933.

DEBIT.		Rs.	A.	P.
To Interest on Deposits and other Borrowings	...	8,76,639	7	4
,, Establishment Charges ...	...	57,116	4	6
,, Contribution to Employees' Provident Fund	...	3,377	12	0
,, Contingent Expenses ...	...	12,956	1	9
,, Rents and Taxes	...	77,052	6	7
,, Directors and Auditors' Fees ...	...	8,216	3	0
,, Inspection Charges	...	897	14	6
,, Depreciation on Furniture ...	...	1,431	12	0
,, Allotment for Subvention to Central Banks	...	40,000	0	0
,, *Net Profit*	...	1,40,258	10	1
Total	...	12,17,946	7	9

CREDIT		Rs.	A.	P.
By Interest earned on Loans and Advances, Commission and Miscellaneous Fees	...	5,51,329	14	10
,, Interest earned on Government Securities	...	6,66,616	8	11
Total	...	12,17,946	7	9

T. RAGHAVENDRA RAU, A.L.A.A.,
Accountant.

SASTRI & SHAH,
Incorporated Accountants, (London), *Auditors.*

V. C. RANGASWAMI, *Secretary.*

The Government Telegraph Employees' Co-operative Society, Ltd., Madras.

FREE PUBLIC LIBRARY.

The number of readers during October 1933, was 1371 and the number of volumes issued for home reading was 739. The Library is kept open on all working days of the Society from 10 A.M. to 5 P.M.

International Co-operators' Day.

SPEECH BY

HON'BLE MR. P. T. RAJAN, BAR-AT-LAW.

(Development Minister with the Government of Madras.)

GENTLEMEN AND BROTHER CO-OPERATORS,

I thank you very much for having asked me to preside over to-day's function. You will not expect me on an occasion like this to make a long speech detailing the various aspects of the movement. However, the celebration of the International Co-operators' Day serves to remind us that co-operation is universal brotherhood and through which many of our difficulties national and international, can be solved. Co-operation generates among its followers a spirit of mutual good-will and trust, qualities essential for the establishment of harmony, peace and plenty. On an occasion like this, we will have to take stock of the situation and consider what problems have been solved and what progress has been made. It is only by knowing what each country has achieved in this field that we can gauge its international character. Before I proceed further I wish to say that the world has been going through an economic crisis and it is to the Co-operative Movement that sane-minded people turn for the solution. The depression had left its mark on all the activities of the people and the movement had more than its usual share.

The people have been seeking to apply the co-operative principle to all branches of economic activity, production, consumption and distribution and each country has applied this co-operative method to its varying and peculiar national conditions and environments. This constitutes both the strength and the utility of the movement. It has assumed the form of Consumer's Co-operation in England while the principle has been applied to marketing and sale of agricultural produce in America and in Canada. Co-operative Credit in the shape of Raiffeisen Societies or the Landschaften has been developed in Germany. Italy has applied the principle of economic co-operation to agriculture and labour. Co-operative landholding and labour societies are a peculiar feature of Italian Co-operation. South Africa has made sufficient progress in co-operative marketing and sale. India, being mainly an agricultural country and the people being proverbially in need of loans, has applied this principle of economic co-operation to credit, though here, too, we have a variety of Co-operative Institutions. The Punjab has made its special contribution to the movement by applying the principle to the consolidation of agricultural holdings and the institution of Co-operative adult schools. Bengal has applied the co-operative methods to irrigation and anti-malarial work. Bombay has developed the marketing of cotton on a co-operative basis. Here in our Presidency we have developed not only the ordinary Village Co-operative Credit Societies, but Co-operative Land Mortgage system, and we have been making every sincere endeavour to apply the co-operative method to the marketing and sale of agricultural produce, insurance, supply of milk and such industrial concerns as the growing and manufacture of sugar. This variety of co-operative organisation is very significant as indicating the adaptability of Co-operative principle to varying aspects of economic life.

In other spheres of life, too, we find that this principle is copied and international co-operation is found necessary to surmount international difficulties. Whether it is in matters of Banking, Trade or Commerce or matters affecting the interests of labour or capital, we find the peoples of all countries striving together and working as a body for the solution of problems touching their interests. Whether it is the Wheat Conference or the World Economic Conference or the Bank of International Settlements or again, the Anglo-Japanese and Indian Cotton Conference, you find the one principle of Co-operation being applied to solve common problems and promote common interests. It is the path of Co-operation, not competition, that makes for world peace and world brotherhood. Economic nationalism has been tried and found wanting; it should give way to International Co-operation.

The movement, even in Central Europe, has revealed a greater vigour than was expected. In Germany, it is showing renewed confidence and is assuming new responsibilities. In Eastern Europe and Scandinavia, it is exercising new capacities for domestic and international development. In the British Isles, the rural as well as the urban movement grows in strength and numbers. In Canada, there is a renewal of confidence in Co-operative methods in general and an active revival of the Wheat Pools. In the United

States, the liquidation of the Governmental Stabilisation Corporations is demanded by the co-operators. In Australia, the Wheat Pools buy out grain brokers and the volume of other co-operative business increases. In South Africa, membership shows an increase of one-fifth during the year. In New Zealand, co-operation "is holding its own". In Japan, the Government comits its agricultural population to a Five Year Plan devised and administered by the Co-operative Union. China adopts a policy of co-operative development. Spain clings to it through all political changes. The economic hope of our countrymen is more firmly set than ever on co-operation. This is how the co-operative movement has been progressing notwithstanding the world economic depression. As a certain writer says "confidence has not been undermined; there is no process of disintigration, no attempt to liquidate co-operative fortunes, no sign of paralysis, no thread of bankruptcy or of collapse...... The recognition of the survival value of co-operative organisation, its power of resistance to economic shocks which affright the most powerful capitalist combinations is profoundly stirring the co-operative thought of the world". The official brain of the co-operative movement in the world, the International Co-operative Alliance, has been laying well and truly the foundations of co-operative principles and co-operative policy. In any scheme of planned world economy, Co-operation is bound to play a very important and useful part, and let us all hope that Co-operation may progress from strength to strength and bring all peoples of the world together in mutual bond of sacrifice and service for the promotion of common weal.

To us in India the Co-operative movement has a message peculiarly its own. We live in villages and agriculture is our main industry. And co-operation is the handmaid of agriculture. There is no branch of village life which cannot be brought within the fold of co-operation, and the movement is synonymous with village uplift or rural reconstruction. A village credit society, a small stores society, a co-operative adult school or an arbitration society and a co-operative society are all matters which concern village life and if rural India is to be given a new and happy life, it can be only through co-operation. The strength and success of the movement in its turn must necessarily depend upon the type of men who guide and direct it. I can visualise an era in the future when co-operation will have brought into existence a new country with contented and happy population. I might as well close my speech with the observation, almost prophetic of the Royal Commission on Agriculture in India in the following words—"Many millions of peasant proprietors may be led to a better life through a sound co-operative movement. If this is secured, much else is brought with the bounds of attainment. If co-operation fails, there will fail the best hope of India." If all our efforts cannot achieve anything else, let us at least avoid this calamity.

INTERNATIONAL CO-OPERATORS' DAY.

(a) PLACES THAT SENT US REPORTS.

District.	Place.	By whom celebrated.
1 Arcot (North)	... Pallikonda	... The Pallikonda U. Bank, Ltd.
	... Tiruvannamalai	... The Tiruvannamalai Urban Bank, Ltd.
2 Arcot (South)	... Sankarapuram	... Co-operative Supervising Union, Ltd.
	... Chidambaram	... Do.
3 Chingleput	... Big Conjeevaram.	The Town Bank, Ltd.
	... Kattankolathur	... The Co-op. Supervising Union, Ltd.
	... Mugundagiri	... Do.
	... Nelvoy	... Do.
	... Pallavaram	... The Co-op. Union, Ltd.
4 Coimbatore	... Coimbatore	... The Co-op. Institute, Ltd.
	... Perundurai	... The Perundurai Rural Re-construction, Centre.
5 Cuddapah	... Cuddapah	... The Cuddapah Dt. Co-op. Central Bank, Ltd.
6 East Godavari	... Peddapuram	... The Local Co-op. Union, Ltd.
7 Madura	... Melur	... The Melur Co-op. Urban Bank, Ltd.
	... Melur	... The Melur Co-op. Union, Ltd.
	... Periakulam	... The Co-op. Urban Bank, Ltd.
	... Usilampatti	... The Kallar Co-op. Unions of Chekkanoorini and Usilampatti.
	... Uttamapalayam	... The Co-op. Urban Bank, Ltd.
8 Nellore	... Virur	... The Local Co-op. Union.
9 Nilgiris	... Ootacamund	... The Nilgiris Public Servants' Co-op. Society, Ltd., Ootacamund.
10 Salem	... Tiruchengode	... The Tiruchengode Co-operative Union, Ltd.
11 Tanjore	... Nidamangalam	... The Teachers' Association.
	... Tanjore	... The Supervising Union and the Hood Co-op. Institute, Ltd.
12 Tinnevelly	... Alwartirunagari	... The Co-op. Bank, Ltd.
	... Chinthamani Puliangudi (P.O.)	... The Chintamani Co-op. Union, Ltd.
13 Trichinopoly	... Trichinopoly (Teppakulam (P.O.)	The Dt. Urban Bank Staff Co-operative Society, Ltd.
	... Udayarpalayam	... The Udayarpalayam Co-operative Society.
14 Vizag.	... Yellamanchilli	... The Rural Development and Slum Clearing Society.
15 Pudukotta	... Viralimalai	... Rural Co-op. Credit Society.

District.	Place.	By whom celebrated.
16 Travancore State	...Trivandrum	... The Travancore Co-operative Institute, Ltd., and the Trivandrum Central Co-operative Bank, Ltd.

(b) PLACES MENTIONED IN THE LOCAL DAILIES.

Place.	Where or by whom celebrated.
1 New Delhi	... Mr. Sant Singh, M. L. A., read messages from H. E. the Viceroy and the Chief Commissioner, Delhi.
2 Hyderabad	... The Hyderabad Co-operative Union.
3 Mysore	.... Celebrated at the Rangacharlu Memorial Hall.
4 Bangalore	... Celebrated at the Apex Bank Hall.
5 Nanjungud (Mysore)	... The Co-operative Credit Society, The House Building Society, The Commercial Society and the Arya Maha Vysya Society.
6 Kolar (Mysore)	... Kolar Co-operative Society at the Jubilee Hall.
7 Conjeevaram (Chingleput) District ...	Celebrated at the Central Bank.
8 Erode (Coimbatore Dt).	Celebrated in the Saraswathi Hall.
9 Tiruppur (Do.)	... The Co-operative Supervising Union.
10 Rajahmundry (East Godavarey Dt.) ...	The Ramadas Co-operative Institute.
11 Bezwada (Kistna Dt)	... Celebrated in the Ram Mohan Library Hall.
12 Dindigul (Madura Dt.)	Celebrated at the Municipal High School.
13 Madura	... Madura-Ramnad Co-operative Central Bank, Ltd.
14 Madras.	... The Madras Provincial Co-operative Union
15 Calicut (Malabar Dt.)	... Celebrated at the Town Hall.
16 Nellore	... Celebrated in the Venkatagiri Raja's College Hall.
17 Salem	... Celebrated at the Victoria Market Maidan.
18 Cochin	... The Palluruthi Co-operative Union.
19 Trichur (Cochin State)	... The Central Co-op. Institute in the premises of the Government High School.
20 Pudukottah	... The State Co-op. Institute at the Town Hall.
21 Quilon, Travancore State.	The Quilon Co-op. Union, at the St. Aloysius English High School.

Circular.

GOVERNMENT OF MADRAS.

Development Department.

G. O. No. 1403 Press. *Dated 17th Nov. '33.*

ABSTRACT.

Co-operative Societies—Honorary Assistant Registrars—Appointment—Abolished.

Order:—Honorary Assistant Registrars of Co-operative Societies were appointed for the first time in 1919. They were selected from persons who were known to have taken interest in the Co-operative Movement. In 1925, these appointments came in for some criticism and the Government thereupon restricted the selection to members of the governing bodies of local supervising unions, to enable the unions to devote more time and attention to inspection and rectification of societies. As there were others doing the same work without the title of Honorary Assistant Registrars, it was considered undesirable to make a distinction between the two sets of workers. In 1927, the Government therefore discontinued the system of appointing Honorary Assistant Registrars of Co-operative Societies from among the members of the governing bodies of unions and decided to appoint a few gentlemen for the supervision of societies in special cases. The duties of these Honorary Assistant Registrars continue to be twofold :—the organisation and supervision of Co-operative Societies, and the decision of arbitration references. Duties of organisation and supervision are now usually performed by unions, banks and Federations, but any individual interested may take the initiative in forming societies. There are a large number of arbitration cases to be dealt with each year and many honorary arbitrators are appointed, but there is no reason why some of these arbitrators should be singled out for the special distribution of appointment as Honorary Assistant Registrars. Honorary Assistant Registrars and Honorary Arbitrators are nowadays treated alike and given a maximum travelling allowance of Rs 50 each for a year. The Registrar therefore recommends that the system may now be entirely abolished. The proposal was placed before the Advisory Committee on the administration of the Agricultural, Veterinary and Co-operative Departments for opinion and the Committee agreed with the Registrar. The Government accept that opinion and direct that the system of Honorary Assistant Registrars be now entirely abolished.

(Sd.) C. A. HENDERSON,
Secretary to Government.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 24th November 1933.

B. 2154/33.

Copy to all Deputy Registrars and Sub-Deputy Registrars in independent charge for information.

24-11-33.

By Order,
A. SINGARARAJU,
Manager.

PUBLICATIONS RECEIVED.

From the University of Missouri—College of Agriculture—Agricultural Experimental Station :—

(Research Bulletins).

1. No. 189 ;—Growth and Development.
2. No. 190 ;— Do.
3. No. 191 ;— Do.
4. No. 192 ;— Do.
5. No. 193 ;— Do.
6. No. 194 ;—The Normal Development of the Mammary Gland of the Male and Female Guinea Pig.
7. No. 195 ;—Effects of Variations in the Amounts of Vitamin and Protein in the Ration.
8. No. 196 ;—The Function, Assay and Preparation of Galactin, a Lactation Stimulating Hormone of the Anterior Pituitary and An Investigation of the Factors Responsible for the Control of Normal Lactation.
9. No. 197 ;—Power, Labor and Machine Costs in Crop Production—Linn County, Missouri, 1930.
10. No. 198 ;—The Nutritional Requirements of Chick.
11. No. 199 ;—Rural Community Trends ; (Second Report.)
12. No. 200 ;—Histological Differences in the Muscles of Full, Half and Rough Fed Steers.
13. Bulletin No. 324 ;—Soil Fertility Losses under Missouri Conditions.
14. Bulletin No. 325 ;—Wheat as a Cattle Feed.
15. Bulletin No. 326 ;—Better Methods for Growing Alfalfa.
16. Report of the Minister of Agriculture—Province of Ontario—for the year ending October 31, 1932.
17. Report on the working of Co-operative Societies in Bihar and Orissa for the year 1932.
18. From the Department of Agriculture, Union of South Africa :—Fruit Production in the Union—Report No. 13 ;—The 1931-32 Deciduous Fruit Export Season.

34. The Manitoba Co-operator ... (Winnipeg.)
35. The Co-operative News ... (Sydney.)
36. The Canadian Co-operator ... (Brantford, Can.)
37. The Co-operative Review ... (Issued by the Co-operative Union of Great Britain and Ireland); (Manchester 4.)
38. The Co-operative Official ... (Published by the Co-operative Union Ltd., Holyoake House, Hanover St., Manchester, No. 4.)
39. The Millgate ... (Published by the National Co-operative Publishing Society, Ltd., 22, Long Millgate, Manchester, 3.)
40. Co-operation ... (Published Monthly by the Co-operative League of the U. S. A. 167, West 12th St., N. Y.)
41. The Co-operative Educator. (Published by the Co-operative Union, Ltd., Holyoake House, Hanover St., Manchester).
42. The Co-operative News ... (Published by the National Co-operative Publishing Society, Ltd., Long Millgate, Manchester, 3.)
43. Young Ceylon ... (Colombo.)
44. Industry ... (Calcutta.)

SUPPLEMENT TO THIS ISSUE.

Report on the working of the Indukurpet Rural Reconstruction Centre, for the half year ending, 30th September, 1933.

Madhavarow Enadi Colony :—During the half-year under report, the first instalment towards the cost of the land assigned to the colonists fell due and it was paid at the rate of Rs. 10 per settler by borrowing Rs. 200 from the Nellore District Co-operative Banking Union, Ltd., the balance of Rs. 50 being contributed by the colonists themselves. Ten acres of land were brought under cultivation, this fasli and Molagoluku Paddy is now raised over the entire area.

An interesting feature in this year is, that most of the colonists soon after finishing the cultivation work of their lands, migrated to Nellore, where they could get 4 as. per day as, wages double the wages, they could earn in the village. This is a departure from the usual life led by this community and is a significant factor, because, their freedom of action is entirely due to their freedom from liability to the village ryot. To this extent, their economic bondage is reduced and the colonists hope to be masters of their own labour in the course of a year.

There has been an increase in the number of settlers owing to the increasing popularity of the colony. Fresh applications are pouring in every day. So, with the object of widening the limits of the colony and extending its operations, the organisers have approached the Government with a request that an acre of Poramboke land close to the present colony, should be assigned for house sites. If this is sanctioned, the organizers hope to accommodate a dozen more families of Enadies.

The lease of usufructs of avenue trees in Iskapalli Branch road, which the colonists have had for the past three years, came to a close this year and on a fresh application, the Nellore District Board was kind enough to sanction at the old annual rental of Rs. 7 another lease for a period of 5 years. The colonists hope to turn this to their advantage.

The whirlwind changes that have taken place in the society throughout the country, in the matter of untouchability, did not fail to leave their mark on our little colony also. Consequently, there was a small storm in the otherwise peaceful and contented atmosphere of the colony, over the right to use the common well, by three Harijan settlers of the colony. There was a division which gave rise to little friction which was sought to be magnified by a few villagers who threatened to discontinue some of the Enadi womenfolk as their domestic servants. The organizers insisted more by persuasion than by force, that the well being a Taluk Board well, and hence a public one, every one irrespective of caste and creed, should have free access to it. The area and he is educating the members of different Panchayat Boards in this direction.

General :—The Supervisor attended to the correspondence, withdrawal of land-cess due to Panchayat Boards and maintenance of necessary accounts and registers of all the Boards. He is, also, attending to the execution of estimates for the works undertaken by different boards.

Magic Lantern Lectures:—During the half-year under report, the Supervisor delivered 25 magic lantern lectures on Small-pox, Temperance, Co-operation and stories from Puranas. The Committee purchased a new set of Ramayana slides for Rs. 45.

Public Health:—The Supervisor induced the Panchayat Boards of Gangapatnam and Mypaud to take up the sanitary arrangements during the annual festivals of the local deities and they have done so. The Nellore Taluk Board, contributed a sum of Rs. 20 for the purpose. The services rendered by the concerned boards during the festivals, were of great use to the pilgrims. Health and Baby Week, was celebrated by the school staff at Indukurpet, Mypaud and Gangapatnam. The Supervisor took part in the celebration with his gramaphone and magic lantern. In addition to this, the Supervisor secured contributions for the organization of these celebrations from the Local Panchayat Boards.

Co-operative Work:—During the half-year under review, the Supervisor collected the following overdue amounts in the Co-operative Societies in the area of the Rural Reconstruction Centre :—

Mypaud...	Rs.	2,000
Narasapuram	"	100
Somarajupalli	"	500
Total ...	"	2,600

Execution of claims in Mypaud and Narasapuram societies, were undertaken and the progress in this direction is slow, as most of them are through Civil Court.

Circulating Library:—The Supervisor circulated 80 books during the period under report. There is demand from the readers for new books and the Supervisor is unable to meet the same as the books available with him, are circulated often and no new books were supplied.

Mypaud Colony:—Even during the period under review, the colony in question could not be started, as the settlers have not come forward. It is hoped that the colony will begin to work in the next half-year.

K. RAGAVACHARI,
Convener.