~~277~~
279

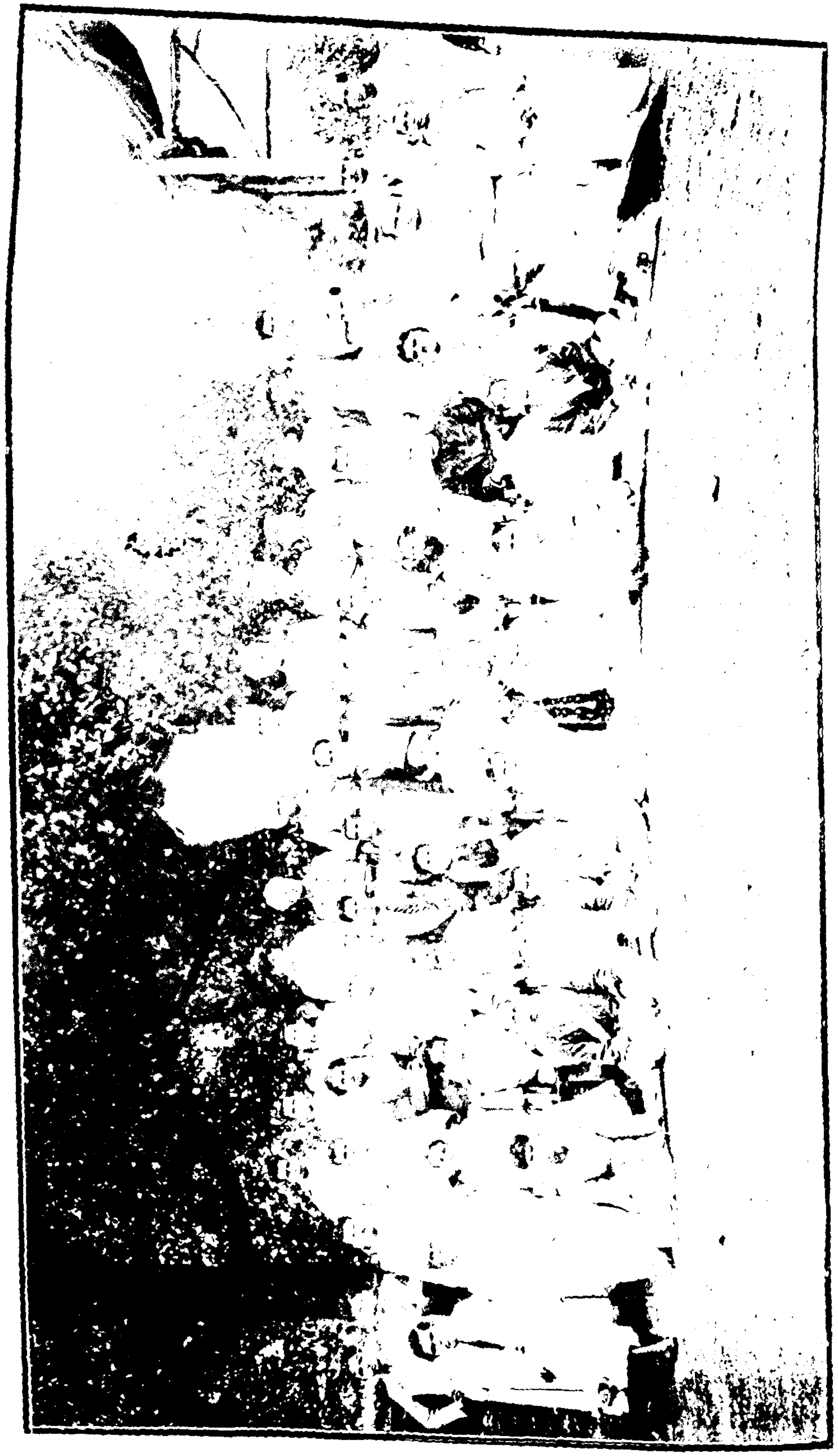
Madras Journal of

Co operation

NCS

XXIV

1933



THE SEVENTH TRAVANCORE CO-OPERATIVE CONFERENCE.

HELD ON 26 12 1932.

THE

Madras Journal of Co-operation

VOL. XXIV]　　　　FEBRUARY 1933.　　　　[No. 8.

The Editorial Committee do not hold themselves responsible for views expressed by contributors. Contributors are requested to write legibly and on one side of the paper. Manuscripts will not be returned unless stamps are sent to cover postage. Matter intended for the issue of any particular month should reach the Committee before the 15th of the previous month.

Editorial Notes.

Sir Lallubhai Samaldas in Travancore.

The Co-operators of Travancore deserve to be congratulated on their being able to secure Sir Lallubhai Samaldas to preside over their conference. Sir Lallubhai's great enthusiasm for the cause of co-operation though well known is borne additional testimony to by his undertaking this long trip to the southern corner of India which might have caused him considerable personal inconvenience. As might be expected from one of his standing and experience, his address was full of practical suggestions which are of more than local importance and we would like to make some observations upon those points. To start with, he advises co-operators to have sessions of conferences like these less frequently than now, because the time is past when these gatherings required to be assembled for purposes of propaganda. He advises on the other hand the holding of local conferences frequently in rural areas, where deliberations can be carried on in the language of the region " and where village leaders can freely bespeak their minds, because such gatherings are not usually dominated by the intelligentia as the provincial conferences very often are."

After congratulating the Co-operators of Travancore on their being able to secure the services of Mr. G. K. Devadhar to preside over the Co-operative Enquiry Committee, he made a very valuable suggestion that they will do well to confine their attention to a few specific issues and also to see that the recommendations of the Committee are implemented. He also advised the Co-operators of Travancore to devote greater attention to Co-operative Training and said that in a land where literacy among the people was so wide spread such a training could easily be given. He warned against the practice of giving loans for clearing prior debts and on personal securities, most of which inevitably become overdue loans because of the inability of the borrower to repay according to the conditions laid down and suggested such loans should be on mortgage of properties and for longer periods and should be taken up by land mortgage banks *only* and not by the ordinary co-operative societies. Another point on which he gave useful advice is one to which attention has been drawn in the pages of our journal whenever the Travancore reports have been reviewed, that is, on the matter of lack of organic relationship between the various units of the finance system. They have an apex bank at the top and rural societies at the bottom and in between they have an organisation known as Taluk Banks, which are not flourishing and which are neither good urban banks, nor efficient central banks, but combine in a very indifferent way the functions of both these types. "I find from my experience" said Sir Lallubhai, "of some what similar institutions in my presidency that advances to individuals and to societies do not generally go well together and apart from the theoretical objection it is recognised that this type of intermixure of business breeds, sooner or later, conflict of interests, which is detrimental to the movement."

He also advised them to take the fullest advantage of the new enthusiasm for things Indian and start producers' societies and enlist the services of the vast number of unemployed for co-operative

organisation and work and especially of the educated women of the State. One point he emphasised, and we are glad that our views on the *need for cautious expansion* are shared by the great Indian co-operative veteran. "Consolidation and rectification are words all of us have heard very often from various committees and individuals. These usually mean the weeding out of the hopelessly weak societies and strengthening the other weak ones. Such consolidation work ought in my opinion to be carried on together with the work of extending the influence of the movement in other parts of the State. Otherwise, consolidation alone is likely to lead to stagnation which none of us desires. Besides there is no reason why consolidation and growth should not proceed apace."

We offer our hearty felicitations to the Nestor of Indian Co-operation and hope his advice would be followed to their lasting benefit by the Co-operators of Travancore.

Our Comrades in Bengal.

The latest number of the Bengal Co-operative Journal contains an account of the 17th Session of the Bengal Co-operative Conference and the Annual General Body Meeting of the Bengal Co-operative Organisation Society held in November last. Dr. Pramathanath Banerjea, M.A., D.SC., Bar-at-law, Minto Professor of Economics, Calcutta University, the President of the Society, presided and in the course of his Presidential Address he surveyed the general situation of the Co-operative Movement in Bengal and showed how in spite of economic depression, there was a general increase in the number of societies, their membership, working capital and reserve fund. He recorded his emphatic protest against the recommendation of the Bengal Retrenchment Committee to the effect that the Government should not incur any additional expenditure for the expansion of the Co-operative Movement. He also exhorted his audience to take to co-operation more and more, as "the co-operative way is the way of both individuals and corporate effort." Among the various resolutions passed the following three deserve special mention. (1) "That the recommendation of the Retrenchment Committee that no fresh expenditure be incurred for the expansion of the movement, if carried, is likely to prejudice the development of the movement" and hence the conference requested the Government not to give effect to it. (2) The Conference also requested the Registrar to appoint a committee of officials and non-officials in the proportion of one-third and two-thirds respectively to enquire into the causes of deterioration of the co-operative societies in the province and to suggest measures for improvement. (3) They resolved that a committee be appointed with the Registrar, the President and Secretary of the of the Bengal Co-operative Organisation Society and five co-operative workers from five divisions and an expert as members to devise ways and means to establish a Provincial Land Mortgage Corporation and district co-operative land mortgage banks, as soon as possible.

The report of the Bengal Co-operative Organisation Society for the year 1931 submitted to the conference is a record of good work. The society continued the publication of its two journals, the Bengal Co-operative Journal in English (Quarterly) and Bhandar, the Bengali Monthly. The publicity officer of the Society did tour throughout the province visiting societies and places that required his services. He gave lectures illustrated by lantern slides in many places. Mr. H Sanyal, the assistant editor of the Co-operative Journal and Mr. S. K. Lahiri visited Madras at the time of our last annual conference and the celebration of the Silver Jubilee of the Provincial Bank. The report also mentions the holding of the 16th Bengal Co-operative Conference and of the 9th International Co-operators' Day and states how only 17,000 societies or 72 per cent of those in existence are affiliated to the Bengal Co-operative Organisation Society. One important point mentioned in the report deserves special mention. The co-operative training which should be the main work of the Central Institute like the Organisation Society, was practically neglected owing to "the inactivity of the co-operative department, indifference of co-operative societies and the paucity of funds of the society." The gist of the whole report is that a good deal of work is held up on account of lack of funds and we hope the appeal for funds would be responded to enthusiastically by the Co-operators of Bengal.

We are glad to note that Prof. Paramathanath Banerjea has been re-elected as President and Mr. S. K. Lahiri as Secretary of the Bengal Co-operative Organisation Society and we have no doubt that the Society would be able to do much good work under their able guidance. We wish our comrades in Bengal success and prosperity.

H. G. Wells on Co-operation.

Mr. Wells in his latest book on "The Work, Wealth and Happiness of Man-kind" has got something to say on Co-operation. Our readers may remember that this book forms a trio with his *Outlines of History* and *Science of Life*, wherein he has dealt with the origin of life and the history of mankind not from the narrow nationalist point of view from which Histories have been hitherto written, but from the universal or cosmopolitan point of view. In dealing with the economic structure of human society Mr. Wells introduces the topic of modern socialistic experiment called "Co-operation" (in the limited sense of the term) and traces its history from the old Owenite days to the present in Europe and America with a bare mention of the fact that being always a propagandist and cosmopolitan institution it has spread its tentacles to distant Japan and India. In his view it has the same origin as "Socialism" though in later days they have drifted apart. He gives an account of the Consumers' Movement as it is in Great Britain: but thinks that it has been nipped in the bud in America and has been converted into a sort of state department in Italy and Russia. He thinks the movement owes its present success to "the passionate devotion of a few hundred or a few thousand men" and these have not succeeded in "imparting their passion to the masses of the movement." Another observation of his is that European Co-operation supplies only "honest goods at honest prices, but they do not lead in the production of better and novel goods. They do not supply *interesting* goods." He thinks that the co-operative movement may not be "so much defeated and disappear as be overtaken—as it has already been overtaken in Russia and Italy—and incorporated in bolder and wider enterprises with a more explicit plan and a deeper emotional drive."

His first observation that the movement has not been able to impart its enthusiasm to the masses brings us to the old question of Co-operative Education and propaganda. At no stage we can afford to neglect it, least of all when we think we have achieved a magnificient success; because it is then it becomes all the more incumbent upon us to keep up that level and *that* is possible only if arrangements made are satisfactory to fill up the gaps when they do occur and *that* means more education and propaganda. With regard to the second charge that there is not the same incentive to improvement and the initiative for making better and more *interesting* goods as in private enterprise actuated by motive of profit, we should think that much depends upon the consumers. If they demand better and more interesting things, co-operative organisations would as well produce it as capitalistic concern without the waste involved in advertisment and without the demoralisation implied in creating a taste for the new article and artificially manufacturing a market.

We cannot close this short note better than by quoting Mr. Redfern (quoted by Mr. Wells), who puts his view in the future of Co-operation thus:—

> Whether the movement can lead a stubborn world decisively along this co-operative road, probably will depend more and more, not only on its numbers but also on its power to enlist intelligence, and develop in all ranks a leadership capable both of creating enthusiasm and producing everyday convictions amongst the masses of mankind."

This puts the case for education and propaganda as effectively as is possible and we hope this advice would not be lost upon the workers in this country. It is a tragic fact that Truth however good and useful does not spread of its own account and requires an agency for its dissemination; equally tragic is the fact that mankind is not always so intellectually sensitive that a truth has only to be presented to it to be accepted. Persistant propaganda is necessary before a large number of people can be brought to accept a view point and in social science unlike in Natural and Physical Sciences, where there are always two sides to a question the necessity for efficient propaganda for what one considers a useful view cannot be over emphasised. Here again, we come to our old conclusion, propaganda, more propaganda and still more propaganda is what is required.

Encouragement of Thrift.

Among the lower middle classes and low paid employees in our province it is so difficult to start thrift societies. Encouragement of thrift is one of the recognised aims of the co-operative movement and yet taken as a whole the movement cannot boast of ahving done

substantial work in that line. It is therefore with peculiar pleasure that we commend the work done by the Thrift Society started at Conjeevaram an account of which appeared in the last issue of our journal. Every member is induced to save a small amount and if at all he is to get a loan, the amount of loan granted is within the amount he has to his credit.

In this connection, we would like to draw the attention of our readers to the practice obtaining in England where Thrift Societies encourage people to save against expected items of expenditure. The Christmas is a season of enjoyment and workmen are encouraged to save for 11 months from January onwards, so that their small savings are collected and returned to them in a lump sum before the Christmas. We may have similar institutions in our land and if poor workmen and lower middle class people be induced to save in small sums, say 8 annas a month, they would have an appreciable amount, which may be returned to them for expenditure in festive occasions like Pongal and Deepavali. Members may be induced to open recurring deposits for 6 or 12 months so as to mature against these festivals. Every urban bank should make it a point to encourage the saving of small amount by giving home safes to its members. The common proverb "many a mickle makes a muckle" can nowhere be better demonstrated than in the savings to be made by the poor people. They would have a respectable amount at the end of the year, if their savings are collected and kept for them. Every co-operative society must have a definite agency for enabling its members to effect small savings. We have neglected this aspect of our duty so long and can no longer afford to continue in that state.

Village Factions.

We have received a report of how certain members of a co-operative society were present near a place where a meeting was to be held and yet did not go to the meeting and successfully prevented that meeting from taking place for want of quorum. We do not publish details lest it should create bad blood. But this bad practice if allowed to continue would be a serious menace to the movement and hence we should like to sound a note of warning. Any one who has studied closely the problems of rural life knows well that all village folk are not simple and unsophisticated. One rock on which village organisations have split so often is faction and this factious spirit is to be avoided at all costs in co-operative organisations. There is no justification for the existence of such a factious spirit within the co-operative fold, as there is very little of power and patronage in the hands of workers for distribution. There should not be misunderstanding and quarrels between persons who come to serve and all the workers should be actuated by the ideal of service only. We hope even at that particular place better sense will prevail and reconciliation will be effected between the two rival parties. The atmosphere of co-operative societies is too sacred to be vitiated by factions.

A Free Public Library.

The Government Telegraph Employees' Co-operative Society Ltd., deserves to be congratulated upon its having been able to start and run a free public library. It has a decent collection of over 1400 volumes of books, of which 300 are in Tamil and half that number in Telugu and the rest in English. Their catalogue is scientifically arranged and they have a good collection of books on Economics and Co-operation in particular. The library is thrown open not only to the members of the society, but also to the public at large during the working hours and the public are given the concession of borrowing books from the library, provided they deposit the price of the book they borrow. The Common Good Fund of the Society is utilised for this purpose. We wish the good example set by this Society would be copied by other Employees' Societies and Urban Banks.

The future of Land Mortgage Credit—Need for linking up the Central and Primary Land Mortgage Banks.

We publish elsewhere a communication relating to the future development of Land Mortgage Banks in this Province by Mr. E. S. Ganapathy Iyer of Erode, a leading co-operator, possessing considerable experience of the working of co-operative credit institutions. His main suggestion is to centralise not merely the debenture issue, but so the function of canalisation of land mortgage credit in the Madras Central Land Mortgage Bank. He has some concrete proposals to make in support of his scheme and they deserve serious consideration. We do not, however wish to express any view on the subject, because non-official co-operative opinion thereon has not so far been gauged. In fact, we have not yet formed any definite views on the matter. We shall be glad to give due publicity in our pages to all shades of opinion on the question.

The plan now in operation seems to be, generally speaking to provide each revenue taluk with a primary land mortgage bank, if there are reasonable prospects of its successful working in the area. So far, about 45 such banks have been established in about 15 districts over a widely scattered area. These are all independent units with their own directorates, and each making its own profit and loss. The Madras Central Land Mortgage Bank, which finances them on certain conditions, has got powers of inspection over them under the bye-laws as well as under the Co-operative Societies' Act; otherwise it has no control over their management. About 10 districts are not yet touched. There are about 250 taluks (including agency) in the province and even assuming that in one half of their number, conditions for the satisfactory working of a bank will not be forthcoming, the number of primary land mortgage banks may be expected to reach the figure of 125 in the course of the next decade. There are now two Deputy Registrars, one for the Telugu districts and one for the Southern districts, with their head-quarters at Madras, to supervise, control and guide the primary banks. There are also ten Sub-Deputy Registrars in the districts who help in the operations of the primary banks, specially in the matter of the valuation of properties and estimation of the credit worthines and repaying capacity of the borrowers.

The Deputy Registrars and the Sub-Deputy Registrars, who now discharge the functions of organisation of new banks as well as of supervision and control over the existing banks, are not likely to be placed at the disposal of these banks permanently. They are on the list of annual appropriations, and the budget for 1933-34 contains financial provision for their upkeep for an year. The provision has to be renewed from year to year and it is unlikely that it will be renewed indefinitely. It is much more unlikely that their number will be increased with the multiplication of the primary banks. Indeed, we understand that the proposal for the sanction of four additional Sub-Deputy Registrars was not supported even by the Development Department and that it was turned down by the Finance Department. In areas, where there are no Sub-Deputy Registrars or where they are withdrawn the Deputy Registrars can hardly exercise any real control over the operations of the primary banks. If a bank's supervisor is inefficient or unreliable, and the directors are not vigilant, the 'risks will be grave. As the official agency is liable to be withdrawn at any time in future, the central and the primary land mortgage banks must, in the meantime, evolve their plans to shoulder the responsibility when it devolves on them, for they may have very short notice or none at all. The first step to take is to insist on the supervisors of the primary land mortgage banks being thoroughly trained for their work, which is of a technical nature, and to make them subject to the control of the Central Land Mortgage Bank as well. When the free services of Sub-Deputy Registrars are withdrawn those who are competent and have evinced a real interest in the work may be employed on deputation for a period by the Central and Primary Banks. The institutions will profit by the training and experience, which these officials have acquired. They will be also helpful to train others.

As far as we can judge, there seem to be three main alternative modes of tackling the problem :—

(i) Firstly there is the proposal to centralise the functions of collection of working capital as well as its distribution to ultimate borrowers in the Madras Central Land Mortgage Bank. The floating of debentures and finding all the requisite funds is already being done by the Central Institution, save for the nominal freedom which some primary banks have in their bye-laws to float their own debentures, which freedom may be ignored for all practical purposes. The Central Land Mortgage Bank may as well instal its paid local

agencies to stimulate loan applications, evaluate properties, investigate titles thereto and, in a word, to complete all the processes culminating in the distribution of the loans to the ultimate borrowers. The setting up of regional supervisory staff of its own to oversee the work of the local staff is a necessary corollary to the scheme.

Mr. Ganapathy Iyer's scheme is, in essence, the same as this. Here it is in his own words: "The idea that the borrower should also be the manager should be given the go-bye. The presidency may be divided into proper areas for the purpose of administration and trained executive officers on or about a pay of Rs. 100, or if this is considered risky, at such percentage of profits as may be fixed, with an Advisory Board of three or five members to be nominated by the Executive of the Bank at Madras, from among the members in the area, may be appointed to carry on the work of the bank. In case of difference of opinion between the Executive Officer and the Advisory Board, the opinion of the Executive of the Madras Bank may prevail."

(ii) A second alternative is a proposal to convert the existing primary land mortgage banks into so many branches of the Central Land Mortgage Bank and to establish new ones definitely as branches from the very inception. They may be locally directed by their own elected Boards of Management, but will be subject to the general administrative control of the central authority. In this scheme, the profits and losses of all the primary banks will necessarily be pooled in the Central Land Mortgage Bank. Some may work at a profit and some at a loss, and the net financial results of their operations will be reflected in the profit and loss account of the Central Land Mortgage Bank. The staff of these primary banks will have to be paid for from the central funds, or the local deficit, if any, must be made good from the centre, which comes to the same thing. The difference between the first alternative and the second may not be appreciated from the legal or the financial standpoint. But, in practice the second alternative has the advantage of drawing into the organisation a number of local co-operators who constitute the local committees and who will bring to bear on the enterprise their experience and local influence, which a paid employee or employees of the bank alone or the advisors nominated by the Central Land Mortgage Bank cannot be expected to do. The branch system enlists the co-operation of elected local leaders who are interested in the movement in general and agricultural mortgage credit in particular.

(iii) The third alternative is to leave existing plan of treating the several primary land mortgage banks as independent units, with their own profit and loss accounts undisturbed and set up a machinery for the co-ordination of their activities and for their supervision and control. In order to secure adequate local control over the working of the primary banks, the Central Land Mortgage Bank may be vested with the power of appointing and controlling the chief administrative officers of the primary banks, whose duties are to examine the loan applications, evaluate the properties and fix the repaying capacity of the borrowers and so forth. The Central Land Mortgage Bank may eventually employ an Inspector of the grade of a Deputy Registrar, say, on a monthly salary of not exceeding Rs. 200 for each compact area having a prescribed number of banks. If, for instance, 125 primary banks are working, the districts in which they are located may be divided into 5 circles and about 25 banks may be put in charge of each Inspector. These are, however, matters of detail which will have to be settled between the primary banks and the Central Bank. This alternative, besides possessing all the advantages of the second alternative in the way of enlisting in the cause the services of local co-operators and utilising their knowledge and influence, has a further and real advantage. Where the local committee of the Central Land Mortgage Bank is a mere agent with no financial interest in the development of the bank, as all profits are pooled in the centre, the motive to promote and expand business and the enthusiasm which is born of a personal attachment to one's own local institution, in the prosperity of which one feels vitally interested, will be lacking. In this third alternative all the stimulus is there which comes of a desire to build up profits and reserves for their own bank by expanding its business to the fullest limit and eliminating all risky transactions which will reduce the profits or impair the assets. The Central institution at Madras can only thrive on the volume of business which comes to it by intensive stimulation of loan applications by a local organisation which has direct touch with the borrowers. The difficulties in the way of constituting really efficient elected boards to look after the true interest of the banks, are incidental to all demorcatic institutions and must be got over otherwise than by destroying the principles of Co-operation and Self-Government.

There may be other alternate schemes besides the three mentioned above. We know that a suggestion to link up the co-operative

central banks with the Central Land Mortgage Bank and to utilise them for sending up loan applications as well as for collection of dues on behalf of the Central Land Mortagage Bank, is also being discussed. But, we are of opinion that it is an impracticable idea. The central banks have in many cases no adequate administrative and field staff to safeguard their own financial interests. They are fully engrossed in setting their own houses in order. In any case the central banks cannot assume any responsibility for the collection of the mortgage banks' loans. It is obviously unfair to ask the central banks to guarantee the recovery of such loans. It will not be a responsible agency in any sense and it is neither expedient nor prudent for the Central Land Mortgage Bank to rely on them for the transaction of business on its behalf as agents.

We must, however, point out that the notion that there is nothing "co-operative" about land mortgage agricultural credit, that our organisations may therefore be modelled on the commercial type of land mortgage banks and that the borrower must be excluded from management does not seem to accord with the fundamental basis of our land mortagage banks' constitution. Any scheme that may be suggested to consolidate or reform the existing land mortgage banks must not offend against the basic principles of co-operative land mortgage credit or have the effect of converting our organisation into a commercial land mortgage institution. We may be permitted to say a word or two to elucidate our position. It is true that the emphasis in land mortgage credit is on tangible security of real property and that there is no joint unlimited liability, even as an ultimate contributory resort. But, there are other very vital co-operative features about it. The German "Landschaften" furnish to us, as to the other countries, the model for the Real Estate Credit Co-operatives. The co-operative idea is the foundation of the Landschaften. The primary land mortgage bank as at present conceived in this province is an institution of Real Estate Credit, composed of a number of owners in partnership and which undertakes the securing of loans required, through the medium of issue of bonds, guaranteed by the real estate properties of the borrowing members. In the process of mobilisation of agricultural land for raising capital and credit through the device of the debenture issue, a new form of collective liability is created in the shape of a floating charge in favour of the debenture holders on all the mortgages executed by the borrowing members of the credit institution. The mutual guarantee of the Rural Credit Society transformed in this wise into collective liability involved in a floating charge is not readily recognised by us who have become familiar with unlimited liability of the Raiffeisen Society. But, the essence of our existing land mortgage credit organisation is that the borrowers are integral units of the credit institution and form a partnership, which assures the debenture holders that the money advanced by them can be recovered if necessary on the ultimate security of the sum total of the mortgage securities held by the institution. The Trustee, to whom all the mortgages are, as a matter of course, assigned, holds them in the aggregate as security for all the debenture holders. The non-borrowing share-holders contribute very little to the capital and take no risks whatever in the matter of satisfying the claims of debenture holders. In our primary land mortgage banks, the borrowers get their own capital by collective liability even in a more real sense than the members of rural societies help to do so by accepting unlimited liability. The divergence between this mode of attracting capital by the borrowers themselves and that of the share-holders of a joint stock concern finding the funds to be lent, either from their own resources or on their own liability cannot be ignored. There is again the insistence in a co-operative land mortgage bank on the usefulness of the purpose of the loan, its economic predestination—a factor which normally does not enter into the operations of a commercial bank, when the loan is adequately secured. That it was neglected hitherto in co-operative credit is no reason for being oblivious of its benefits. The insistence on its observance in co-operative land mortgage credit must be intensified. There are also other co-operative features like rigid restrictions on the size of the dividends on share capital and interest chargeable to borrowers. So, any scheme that may be formulated to consolidate or reconstitute our land mortgage institutions must conform to these co-operative ideals.

Land Mortgage Banks—A warning.

By Mr. E. S. Ganapathi Iyer, B.A., B.L.

1. I am afraid, I will be evoking a heated controversy by this communication of mine but I have to voice forth in public interest what I honestly feel and think. We are in the third year of the activities of the Central Land Mortgage Bank at Madras and we have already ample proof—thanks to the discredit that has befallen private lending—that there is scope for tapping all resources necessary for the long term purpose of improving land, or redeeming the debt heaped on land. The agency of the present Central Land Mortgage Bank and the arrangements made for floating debentures have led to success and I do not think it is necessary to feel worried about the adequacy or the competency of the means employed. The real trouble however is only in regard to the agency to be employed and the manner and methods to be adopted for purpose of distributing these resources so as to be able to make the benefit of the scheme reach the people that really need it, and also to make sure that the money so distributed will come back to the financing institution.

2. I have been watching closely the organisation endeavours made in pursuance of the present scheme of policy laid down for development of Land Mortgage Banking, and feel convinced it will be a huge blunder to begin to take stock of the position when we have gone too far and will be too late to mend. The point that I desire should be considered well even now, is about the wisdom of seeking to distribute the resources of the Central Land Mortgage Bank through organization of primary societies. There will be no difficulty to find out that we are pursuing for this purpose the same line of development as was adopted for the regular credit movement. It is in seeking to attack the wisdom of this step, I have my fears that I will be courting the opposition of the vast number of people who are already in Land Mortgage Primary organizations and those who are on the point of getting one organized. As time passes and when more Land Mortgage Primaries have come into existence, the difficulties experienced in regard to supervision elsewhere will crop up in this branch of activity also. After all, should we not consider to whether

it is really necessary to resort to organization of huge number of primaries for purpose of distribution and collection of money made available by the central bank? It must first be pointed out that these primaries do not offer the glamour of unlimited liability so as to tempt us. Our only out-look in dealing with the problem should be from the point of view of efficiency in organization and administration. The alternative course that I have in view for carrying on distribution and collection is by branch banking, in properly formed areas under the direct management and control of the Board of Management of the Central Bank itself. What I mean, may further be explained as noted below :—

Every borrower under Land Mortgage Scheme will become directly a member of the Central Bank at Madras. It may be said that the term 'Central' may mean as popularly understood now, a bank in which societies are members. If there should be a difficulty on this account, it is not impossible to have it cleared, especially when we seek to introduce a new policy. The borrowing members so admitted, along with other non-borrowing individual members who are interested in developing the Land Mortgage Scheme, may form the General Body of the Bank at Madras, without any restriction on the number of such individuals, or other restrictive influences that have come to play a part in the credit side of the movement. There may then be the Board of Management, and the Executive appointed from the among the Board of Management. Members of the Board of Management may be got elected either at a general body meeting of the members, as is now done in the case of credit societies or may be on the system adopted by the Triplicane Urban Co-operative Society, Ltd., by requiring the members in particular areas to elect a director. This arrangement will it is hoped tend to maintain always a strong Board of Management that may be expected to initiate and adopt administrative policy and enforce proper principles of administration, so as to be able to maintain the dignity and prestige of the institution.

The idea that the borrower should also be the manager should be given the go-by. The Presidency may be divided into proper areas for purpose of administration and trained executive officers on, or about a pay Rs. 100 or if this is considered risky, at such percentage of profit as may be fixed with an advisory Board of three or five members to be nominated by the Executive of the Bank at Madras, from among the members in the area may be

appointed to carry on the work of the Bank. In case of difference of opinion between the Executive Officer and the Advisory Board, the opinion of the Executive of the Madras Bank may prevail.

It is my earnest belief that it is only by an organisation on these lines, we could avoid the pit-falls and dangers that are confronting us on the other side of the movement. The responsibility for policy and administration should rest entirely with the Board of Management and the anomaly of creating another body the primary, that is more an obstacle than an aid, should be avoided. I shall analyse and show hereunder the comparative merits and demerits of the two schemes.

(*a*) From the point of view of debenture-holders the primary societies do not add much by way of security. In the scheme proposed by me many individuals who do not borrow but feel interested in the movement will step in and contribute share capital which will be security.

(*b*) From the point of view of administration the Primary society that could not be fully controlled by the Central Society and that is not in itself satisfactory will be more a hindrance to the efficient working than an aid, while the executive that could be well controlled and disciplined could be expected to bring to bear better efficiency and a better sense of responsibility.

(*c*) From the point of view of local knowledge and command of influence, the Advisory Board coming in by nomination will be more useful and free from election influences, interestedness and other causes that deter a conscientious administration.

(*d*) The dangers and freaks of modern elections can be warded of and we may assure ourselves of hitting at the rightmen for help and action, by nomination. We will be avoiding the dangers and troubles arising out of local factions, quarrels and combinations that intervene as a result of forming very many societies at close quarters. Under my scheme we will on the other hand be assuring ourselves of selecting the personnel needed from a large stock of men in a wider area, who may be expected to be free from local attachments, enmity and other baneful causes, that tend towards deterioration in work. In this way there are very many aspects to be compared and contrasted.

I am honestly of opinion that under the present circumstances of the country and people, branch formation will be more useful than the organization of Primary Societies. I am aware I will be attacked as undemocratic in my proposals but I am convinced we will be injuring our cause if we forget the realities and stand for theories. Right democratic spirit has yet to grow in our country. Those that may feel inclined to differ from me, may look at the results of similar activities for over a decade on the other side of the movement. Those who will not look at facts cannot be convinced. It is for those who tap the resources of the depositors out of higher motives, to look at facts and take lessons from past experience and the present condition of the movement. If really the primaries are considered necessary, should it not be possible that the existing credit societies themselves are made use of, without duplication of organization? Is it the impression that the Land Mortgage primaries will now or in course of time draw better personnel than the existing organizations, by exercising election franchise? Have we not before us, the Government that is administering its loan branch over wider areas? Does Land Mortgage banking aim at developing democracy or affording relief to the land-owners in distress?

Rural Credit.

By Mr. R. G. Nallakuthalam Pillai, B.A., B.L.

Long term loans and the indiscriminate and indifferent lendings of large surpluses of Co-operative Banks in 1927 are mostly responsible for the continuous increase of overdues and they have not only affected the credit of some small and weak banks but also have seriously affected the credit of many a borrower who then went in for big loans because of their being readily available. The successive failure of crops and steady fall of prices combined with the recent depression all over the world have complicated the situation still more. The lands may pass off the hands of their present owners, but the succeeding landed proprietors are sure to fare better and come out stronger in the present economic crisis.

Even literate agriculturists do not maintain accounts of their cultivation expenses and income and have no basis to study the relative advantages of different methods of farming and to adopt the most advantageous methods. The education of past generations had no agricultural bias and even the present generation is not given any training in working out farming expenses and finding out the profit or loss of any venture.

The nature and importance of agriculture in agricultural countries like ours make it necessary that the Government should have a definite policy of its own with regard to the productivity of lands and marketting its produce. Agricultural countries like Denmark have been successful only because of the adoption of such definite policies and their steady application. Things cannot be better done than by joint endeavours, mutual appreciation, healthy emulation and the widest publicity of successful methods; the co-operative spirit should, in short, prevail throughout. If co-operation fails, really there is no hope for agriculture.

The rural credit must be not only prompt and adequate but also rigidly controlled and well regulated if the villagers are to raise their head at all in the coming new era. The registration of village money lenders and Chit Karasuvans must be made compulsory above certain limits and optional below them and all such people as come under the regulations must be given special privileges with regard to the production of their account books and proof of their claims coupled with severe penalties for the improper and dishonest entries or omissions of transactions with their clients The Co-operative Societies must be in a position to fix credit for their members and take a single bond from them for the entire amount and allow them to operate on the same bond as long as they continue to be a member within the limits so fixed or reduced afterwards. It must be further obligatory on the societies as well as money-lenders and Karasuvans to issue pass books to their clients and enter therein every transaction with their initials and similarly take their initials or signatures in their books.

The small debts that are incurred become heavy in course of time and any attempt that is made to wipe them off in the course of fewer years cannot but fail. The ordinary credit societies that made such attempts have all invariably failed inspite of their enthusiasm for the amelioration of their villagers and inspiration of several official and non-official co-operative leaders. It is therefore good that the discharge of prior debts should be completely separated from the functions of ordinary credit societies and allocated to the Land Mortgage Banks.

The needs of villagers are otherwise very few, when expenses for domestic ceremonies which must be in the interests of the country curtailed at any cost, are excluded and they will almost be covered under some agricultural expense or other. Therefore, there may not be any difficulty felt in controlling such needs especially when the supply of seeds, manure, and agricultural implements are undertaken by the societies. A time may come soon when we see the present credit societies replaced by the more useful loan and sale societies.

The successful working of a loan and sale society depends not only upon the absolute trust-worthiness of the man in charge of it and his steady and self-less application of all his time and energy for the social and economic betterment of its members but also upon his business intelligence and knowledge of the most up-to-date improved and successful methods of farming. It may not be possible for us at least for some time to come to get such experts outside the group of agricultural graduates. They may be trained in Co-operative Trading

Societies before they are put in charge of supervision and advice of one or more societies.

The area of societies, if their success should make an effective impression in the neighbourhood, should be neither so wide and unwieldy as that of Tiruppur or Koilpatty Cotton Sale Societies nor be confined to a small village but should cover at least a radius of about 5 miles with an important central village as their head-quarters.

The Deputy Director of Agriculture with sufficient number of subordinates may be appointed early to take up the organisation and working of loan and sale societies in the several centres of the Presidency and publish from time to time the success of their several attempts in their respective areas and such useful figures as may help the agriculturists to grow particular crops and sell them to advantage. The Deputy Director of Agriculture himself may for agricultural produce serve as the marketting officer and correlate under the orders of the Registrar the working of all agricultural societies in the presidency. The provision of ware-houses should be taken up simultaneously with the appointment of the agricultural staff and completed before the first crops are harvested.

We can surely have substantial benefits of co-operation when the policies detailed above are adopted and worked.

The "Unlimited Liability" and the Co-operative Paper.

BY MR. K. RANGASWAMY.

With the progress of events and consequent on the limitations of co-operative finance, the co-operator is at his wit's end to now steer the movement at least as successfully as he did before if not in a better degree. The chief problem that faces him is how to restore confidence and soundness in his investments upon which he has to build the large edifice of credit wherewith to carry on his daily business of punctually meeting his obligations on the one side and of financing the dependent societies on the other. The apex Bank and the various Central Banks which have to marshall the resources for this purpose have got to depend on the Imperial Bank and the general money market and be subjected to all their fluctuations.

The mounting overdues, the dislocations in the co-operative finance and the stagnation of the investments have in a large measure begun to affect the credit of the movement. The Imperial and the Apex Banks to safeguard themselves are demanding a better form of security for their advances than the present unlimited liability rural society registered pronotes that were hitherto freely accepted. Their chief considerations for this change may be the growing overdues which make the investments more and more frozen and difficult of realisation. Most of the advances of the Imperial Bank are temporary and callable by nature and it is fruitless for them to depend on the security of the rural pronotes in times of need.

But the co-operators urge the importance of the pronotes from the standpoint of safety and security. They lay stress on the ultimate unlimited liability of one and all the members whose entire net assets which is many times more than their borrowings provide ample cover. Not only this, each member is jointly and severally responsible for all the commitments of the societies. Logically the unlimited liability seems a step in advance of the ordinary limited liability institutions in point of safety and security. Thus co-operative societies are stated to possess far more advantages and facilities for commanding credit than the ordinary joint stock commercial institutions whose liability is limited to their share capital. But it is a travesty to note that all the apparent advantages have had little or no effect in the matter of securing credit which is

so easily obtained by the other set of institutions having no pretence to such special privileges.

It is therefore necessary to pause and ponder over the real factors that command ready credit. On this, the limited or unlimited nature of an institution can have no bearing. The delay and difficulty in bringing to operation the rule of limited or unlimited liability for the recovery of debts; the doubt about the person who is to enforce the rule; the indifferent and uninformed nature of the large body of shareholders who do not view with concern any such threatened operation of the rule; the very narrow scope and restrictions for such enforcement; and lastly, the shrewd mentality of the creditors to avoid rather than risk such complications—all these make the paid or reserve or unlimited liability of the shareholders of no importance in estimating the credit worthiness of institutions. The joint stock and co-operative institutions are equally alike in this respect, though the unlimited liability of the latter is intended to create confidence in the minds of the investors and fear in the minds of the shareholders to run the institution properly. While the investor cares for mere safety and security, the ordinary lender is after the solvency of the borrower, his repaying capacity and general business morality. Business turnover and fluidity of transactions will go a large way in favourably disposing a lender to advance money more than the mere strength of the share capital and the extra undertakings of the shareholders to meet the obligations of the institution to an unlimited degree. Nobody likes to sink his capital whatever its interest bearing capacity. Even Government Bonds and other gilt edged securities redeemable after a long stretch of years and the fixed share capital of big princely firms are being constantly changed and negotiated into fresh forms of security just to have the capital mobilising and always at ones command. Surely in times of need, the co-operative paper cannot help such changing and negotiation.

Compared with limited liability, the unlimited liability of the co-operative institutions seems to be more unprecise, troublesome and wanting in legal perfection, less tangible, less paying and less dependable. The co-operative movement has from its inception been so spoonfed and artificially nursed by the Department that it has not stood the test of time and experience in the hard real world.

Even the so-called safety and security of unlimited liability is open to considerable vitiations, for the bed rock of unlimited liability lies in the property statement of the society and every drawback therein goes to undermine the safety and security. At first the statement is in almost all cases subject to verification. It is not certain if the members have a precisely established legal right to the properties mentioned as theirs in the statement; and it is also not certain that beyond the mere mention in the statement whether the society has any legal hold on all such properties. The maximum borrowing power of the society which is based on the net assets has no relation to the maximum borrowing power of the individual member, because the latter is a flat and uniform one without any reference to each member's net assets. In such cases the compensatory hold the society has over the surplus security of the non-borrowing and other members cannot be legally maintained as there is nothing to prevent the free alienation of lands. In several societies the security for loans is merely mutual surety and in such cases even borrowing members can with advantage alienate their holdings. It is this drawback that makes the society practically worthless in its last stages of existence when heavily indebted and insolvent members alone constitute the membership; the rich and non-borrowing ones scenting danger, having long ago deserted.

Even in case of pledged lands, the existence of prior encumbrances and the want of legal title will considerably hamper the security, because in law no man can transmit rights to others not actually possessed. In some cases the system of tenure under which the so-called owner can enjoy only the fruits of the land itself is legally possessed by the shrotriemdar or zamindar will make the land practically worthless as a form of security. The title to land is the most complicated thing and the co-operative society with its imperfect human material is the least fitted thing to tackle it.

However reliable, land security is the least realisable one, because a productive loan on the pledge of the land and repayable from out of its proceeds is not paying; and in the case of improvident loans it is worse. Other compensating factors being absent, it must end in the eventual liquidation of the loan only by selling away the land. The sale will take time. Forced sale will spoil the fruit. Often the lender has to take the land himself. More so if the sales are too many. Every purchase of land by the lender towards his dues change and divert his capital to other than the prescribed purpose and ultimately he is saddled with too many scattered, unmanageable and unproductive lands. Co-operative borrowing if it

is unscientific and indiscriminate increases and strengthens the borrowers at the base and dissipates and weakens the lender at the top, because the lender is an impersonal institution managed in a large measure by the borrowers themselves to their own advantage. This accounts for many of the cliques in societies to avoid biddings or to underbid at auctions for the disposal of lands. Thus when once a co-operative loan proves sticky and difficult of realisation, the impediments are too many, more than the facilities for getting back the loan.

The legal complications of any co-operative case are peculiarly interesting and wonderful. The data will be so wanting or conflicting that the chances of a party getting over a case are more than ever certain if a regular tribunal handles it. But instead of this, the Department itself arbitrates over such affairs and passes decrees. Even this decree at times is highly defective and flagrantly violates fundamental principles of law, such as those relating to the law of surety, of appropriation etc Further the execution of the decree is either costly if made through the civil courts or low or restricted if made through the Revenue Department. Wrong executions result in separate court actions and damages. Often the lenders try to execute a decree against a third party member of a society on the plea of his unlimited liability, but this is a wrong procedure and open to dispute. The competent person to enforce unlimited liability is the liquidator and the proper time is after the dissolution of the society. There is also a by-law apportioning the extent of unlimited liability according to the shares held. In the face of all these, it is most unwise to execute a decree against a third party member of a society while the society is alive.

When the process of execution is delayed other well to do members either abscond or alienate their holdings thereby making the net assets of the society very much poorer than what it was. If liquidated the contribution levy has to be made and the whole process is very slow and takes time Nobody can have an interest in the society as much as he had while it was alive. In the investigation that follows many of the cases will fall to the ground when examined on strictly legal basis. Recoveries cannot be enforced and losses cannot be avoided.

After all these troubles successfully ending, the cost of recovery will be proportionately very high and at times will be by far above the marginal profits accruing to the lender over the transaction. Portions of investments prove bad and doubtful and the necessity for providing reserves arises. Thus at any rate the prospect of profit is lost and the prospect of losing the investment itself is by all means threatening and has to be avoided at considerable expense. These are the features of unlimited liability as a form of security and to quote them as a source of strength is perhaps misleading and doubtful. It is quoted as a last bulwark to stand, but like the last stoppage of the heart at the time of the dissolution of the body, it must fall when all the rest have failed. Apart from the legal implications of the unlimited liability and its potentialities, morally it is horrible to think of, as the innocent and mostly misled and ignorant non-borrowing members are sought to be victimised. I think, it requires a more educated and enlightened clientele to realise the significance of the unlimited liability than is the case with a commercial joint stock institution.

Anyhow the following are the more necessary and important features for the well being of a society or in fact any business institution. (1) The productive purpose of the loan wherefrom to surely repay it, (2) good character and punctuality of the borrower who will keep up his obligations in time and (3) convenient terms of the loan which will facilitate its easy return. These are the essential factors for real soundness. The security is a very formal affair and by itself cannot count in business. Unproductive loans increase one's indebtedness and delays repayments. Lack of good character and punctuality of the borrower result in endless complications and inconvenient terms bring about overdues. Observance of strict business principles is also a very great necessity.

The confidence in co-operative paper rests on the existence of these factors in a large measure, failing which the mere unlimited liability security alone is next to nothing. The present day tendency of co-operative finance has fully revealed the entire absence of these features and no wonder the financing banks at the top to safeguard their own interests demand a better and a more realisable form of security for their advances. The future of co-operative paper is all the more gloomy and unless the movement is completely rehabilitated on strong and safe lines, mere dependence on unlimited liability will do no good. Co-operative shares used to sell at a premium not because of the unlimited liability but on account of certain healthy

signs of business life, such as absence of speculation, careful conduct of business, love for service and safety more than mere profits and exploitation, and lastly the paternal supervision of the Department at the top which guarantees the accuracy and truthfulness of the accounts. But with the persent decadence, these good features will also go to the background and excepting for considerations of power and patronage, even co-operative shares will not be selling at a premium and will soon come to share the fate of the ordinary rural society pronotes.

It is not my intention to exaggerate things or give expression to alarming views that will tend to scare away the public and efface the little of enthusiasm the workers have for the movement and thus precipitate the end of the movement. There is no use in being blind to realities or in laying stress on unimportant things, or clinging to empty rights and privileges. The co-operative movement being a social one should be a practical affair without being merely an ideal. It should be adaptable and serve its purpose. We have over emphasised certain minor things and underestimated certain other important points. The result is before us very patent. As every human activity comes to perfection only after a long course of experience with all the ups and downs, we need not be disheartened at the untoward turn of events. They can be rectified and can come round again. My observations are not unknown to others and intended, as they are only for us, let us face and solve them without stressing any further on things of third rate importance.

The day that saw the birth of the movement in India is indeed a great day and the cardinal virtues of the movement at least as far as what it has been able to achieve at its best in our country have been ; (1) raising the average standard of comfort of man by making him bold and self-reliant and (2) working up the natural resources of the country by encouraging production in all its forms. Unfortunately in India, these good features have been more or less absent and in their place we find growing despondency and slackness of production. In other places, land as a form of security was not very prevailing and credit for unproductive purposes was also little known.

Mutual trust and surety were potent in preserving the integrity of the movement and productive activity of the members made them less and less eager for credit. After all from an economic point of view credit can only be a temporary accommodation intended to maintain the producer and finance production right through its course. Production should therefore be inherent in every case of credit. Or there should be the ability to save which comes from thrifty habits if one were to usefully command credit facilities.

It is the failure to observe these essential principles in the zeal to expand the movement that now brings us a set back. Already we are taking-stock, rectifying the errors and consolidating what we have so far achieved. With the vast and unlimited resources of the country the potentialities of the movement are immense, and it is providential that we have paused so early in time to set things right and run them on proper lines hereafter. Therefore the Imperial Bank cannot be blamed for their underrating our rural society pronotes, and it is up to us to improve our societies and force our financing bankers to recognise the security of our investments as equivalent to gilt-edged securities, and thus make them unhesitatingly grant us the required cash credit.

Recent Utterances.

THE SEVENTH TRAVANCORE CO-OPERATIVE CONFERENCE

held on 26th December 1932.

PRESIDENTIAL ADDRESS

BY

SIR LALUBHAI SAMALDASS KT., C.I.E., J.P.

Ladies and Gentlemen,

I am deeply grateful to you all, co-operators of Travancore, for the honour you have done to me by asking me to preside at this the VII Session of the Travancore State Co-operative Conference. Although I have had occasions to preside over co-operative conferences in various parts of the country, I can honestly say that I accepted none of these invitations with greater zest and alacrity than I did yours. The fame of your beautiful country with its backwaters and its charming verdure is by itself enough to induce even a person of my age to agree willingly to visit Travancore on co-operative work. Besides, the high level that education has attained among the people of Travancore, especially the women, the excellence of the State administration, and your achievements in the field of co-operation, all combined have drawn me here though I have often felt since I accepted your invitation that it would have been better if your choice of a President had fallen on some one younger in age than myself and some one much better acquainted with the economic problems of South India than I can claim to be.

Conferences like the one we are having here to-day have become a common feature of co-operative propaganda all over India with the possible exception of the Punjab. In Bombay, now-a-days, we hold our Provincial Conferences at intervals of two or three years and I understand that this session of your Co-operative Conference is being convened after a lapse of two years. In most Indian Provinces and States the time has now passed when these provincial gatherings need be assembled regularly every year for purposes of propaganda. A much more effective method of propaganda among the mass of the people is the holding of local conferences in rural areas where deliberations can be carried on in the language of the region and where village leaders can freely bespeak their minds because such gatherings are not usually dominated by the intelligentsia as the provincial conferences very often are. Moreover, for the work of careful deliberation on issues of importance you have not now to depend on these Provincial and State Conference as you have in your Co-operative Institute a body which can discuss and formulate considered opinion on questions of broad policy affecting the co-operative movement.

Each province and State has its own problems to solve and difficulties to remove though all are not of the same nature. You need not therefore feel overwhelmed by the difficulties which are facing you, and you may find some consolation, though a poor one, to know that most of the States and provinces in India—let alone in other parts of the world —are not in a much better position. This does not mean that I want you to rest content with your present condition; on the contrary I want you to adopt the wise policy of examining the root causes of your difficulties, and of making a real effort to seek remedies and adopting the same thereafter. Your State is actually following such a policy, for soon after having a comprehensive inquiry in the credit needs of the State conducted by your Banking Inquiry Committee, your Government appointed last year a special committee to investigate and report upon the causes and extent of the present depression in so far as it affected Travancore. The Report of that Committee and the measures it has proposed for meeting the situation constitute a complete study of the economic frame-work of the State, and I desire to take this opportunity of offering my sincere congratulations to the members, for the excellent manner in which they conducted the inquiry and for the valuable recommendations they have made. I may add that I have derived considerable benefit from the reading of the same.

I shall with your permission refer to some of the difficulties of the agriculturists mentioned in that report which the co-operative movement can remedy to a certain extent. The Committee say in their report.

"The main need of the Nanjinad paddy cultivator at present is a market for his produce."

It is said later on that this result is due to Burma paddy flooding the market. The Travancore rice is of a slightly superior quality, but the reason why it cannot easily be marketed at a price propotional to its superior quality is that the cost of cultivation has not gone down to any extent comparable to the fall in selling price. It is also said "that if paddy lands were properly manured, the yield would increase several fold" and the people of Travancore require an increase in the present production of only 50 per cent and 'not several fold' to meet their own requirements. The removal of this difficulty depends upon work being done in different directions and in doing them the Co-operative Movement can render useful help as follows.

(i) Although it is the duty of the Agricultural Department to find out a proper kind of manure referred to by the Committee, it should be the duty of the various Co-operative Societies to popularize the selected manure and also providing financial facilities to purchase the same.

(ii) The movement can also, by starting societies in these areas, help the agriculturists to reduce the cost of cultivation equivalent to the margin between the money lender's rate of interest and his methods of advance and recovery and the rate of interest charged by the Co-operative Societies.

(iii) The movement can render further assistance to the agriculturists by establishing Co-operative Sale Societies and also a Central Sale Society at the Capital to which the individual societies ought to be affiliated.

One of the most important—if not the most important—statement of facts contained in the Committee's Report is that while the population of Travancore has increased from about 9 lakhs in 1816 to about 50 lakhs in 1921, the area under paddy cultivation has increased during the same period from 474 thousand acres to only 665 thousand. In other words as the report says "When the extent of paddy cultivation increased by 40 per cent the population increased by 462 per cent."

There is a danger of this disproportion going on increasing from year to year unless active measures are adopted to reduce it. In my opinion this can be done either by reducing the birth rate or by increasing the acreage under cultivation and the productive capacity of the soil. The Co-operative Department has nothing to do with the first alternative. But the second alternative does fall within its scope, and I believe it is almost the primary function of the department in co-ordination with the Agricultural Department to have a well considered scheme for bringing larger acreage under cultivation and increasing the producing capacity of land now under cultivation As a sincere friend of the State and not merely as a co-operator, I would like to take this opportunity to request the Head of the Administration to bring about a proper co-ordination between the two departments mentioned above and to ask them to take up this work in right earnestness and prepare a few years plan to be put into execution as early as possible. This suggestion means that the Registrar of Co-operative Societies should be a full-time officer and should be free not only to consolidate and rectify existing weak societies but carry on expansion on correct lines. In some of the Presidencies the Reorganization or Retrenchment Committees have proposed that the Agricultural or Industries and Co-operative Departments should be placed in charge of one officer. Real retrenchment does not in my opinion lie in the direction and I hope and trust that your State will not think of following the precedent of those Presidencies or Provinces.

The problems of the co-operative movement came in for examination by this Committee only incidentally, and one can well appreciate the desire of the Registrar of Co-operative Societies and other Co-operators to have Co-operative problems investigated by an expert committee. You could hardly have secured a better chairman for this proposed Inquiry Committee than my friend Mr. G. K. Devadhar, who in addition to his membership of similar committees in Mysore and Madras, has recently had the advantage of studying the problems of co-operative credit and banking all over India as a member of the Indian Central Banking Inquiry Committee. I have only two suggestions to make in reference to the work of the proposed committee. The first is that it may do well to concentrate its attention on some leading specific issues rather than undertake a general inquiry covering the same ground as other committees and commissions. And secondly, when definite recommendations and proposals are received on these specific issues no time should be lost by Government in implementing the conclusions and decisions arrived at by this Committee. I am making this suggestion, for I have seen even the Government of India ignoring or pigeon-holing the reports of Committees, feeling that their duty ended with the appointment of such committees. I am sure your State does not want committees merely to submit reports to adorn the book-shelves of the State Offices, whose recommendations will be pigeon-holed by co-operators, officials as well as non-officials.

The provision of satisfactory arrangements for the education of the members of primary societies in the principles and practice of co-operation should in my opinion form the first item in any programme for improvement or re-construction of the co-operative structure. It is a matter for regret that even after nearly three decades of co-operative activity, no State or province has been able to devise a suitable machinery for spreading knowledge of co-operative principles among the ordinary members of village societies on whom admittedly the success of the whole movement depends. In other parts of the country there is a very serious obstacle to the spread of co-operative education in the illiteracy and the so-called backwardness of those who constitute the membership of village societies, but in this respect as in several others Travancore is more fortunately circumstanced than most parts of India. The question of establishing a co-operative training institute somewhat on the lines outlined by my friend Sir Daniel Hamelton for Bengal needs careful consideration at the hands of Devadhar Committee. Periodical rallies, one day training classes, lecture-seties, lantern-slides, have all been tried in different parts of India with varying degrees of success,

and I commend those methods of your attention. Great value attaches to the personal instructions by the local supervisor who should work in the spirit of a missionary in the cause of economic betterment of his poorer brethren. The supervising union is from this point of view a most valuable agency for education and in spite of administrative difficulties —such as the control of the work of the paid staff—I think supervision by the local union such as the one you have in Travancore, representative of and responsible to a compact group of societies—is much to be preferred to supervision exercised by a larger unit for the whole of a district or the whole of a province. But whatever the agency, it is essential that the Travancore Co-operative Institute should draw up a well planned campaign for regular and systematic instruction to be imparted even in the remotest parts of the State, and see that this campaign is inaugurated without delay and carried out efficiently.

Once proper arrangements for instruction in co-operation have been made, there is no reason why any artificial brake need be applied to the registration of new societies. You have some 1800 societies as against a tatal number of 4,000 villages, and unless the soil is particularly unsuited to the germination of the co-operative plant, in course of time the movement should extend to all the villages in the State, particularly when only 4·3 per eent of the population have so far been recruited as co-operators. Consolidation and rectification are words all of us have heard very often from various Committees and individuals. These usually mean the weeding out of the hopelessly weak societies and strengthening the other weak ones. Such consolidation work ought in my opinion to be carried on together with the work of extending the influence of the movement in other parts of the State. Otherwise, consolidation alone is likely to lead to stagnation which none of us desires. Besides, there is no reason why consolidation and growth should not proceed apace. The bulk of the societies started in this State as well as in other places have been for the purpose of providing credit facilities and in view of the state of chronic indebtedness of peasantry this is indeed inevitable, as is recognized even by so far-seeing a co-operator as Sir Horace Plunkett. Co-operators should not, however, confine their activities to this side of the movement and they must realise that the creation of credit societies is not an end in itself. Moreover, to bring such societies into being is much more easy than to see that they run well, that their members understand and practice the principles of co-operation and that the facility of cheap credit instead of demoralising the members stimulates the increase of production and raises the social and educational standard of the community. While, as I have said above, I am opposed to the idea of putting a stop to fresh orgnisation of Societies and development work, I do insist, at the same time, that no pains should be spared in making the societies successful both as business institutions and as educative influences in the communities they serve.

The primary concern of the bulk of the societies being to provide credit to members, it is essential for the success of societies that their lending operations should be well devised and systematic. Co-operative credit is the reverse of being facile credit; it is controlled credit: and to my mind our difficulties begin when we attempt by means of rules and safeguards to control credit for the agriculturist. These rules and safeguards are inherent in a system operated by democratic institutions rather than by individuals—our indigenous sowkars—who are masters of their own purses and responsible to none but themselves. And in times of acute depression such as those we are now passing through, the rules and safeguards are subjected to an undue strain that is likely to have serious repercussions in the movement. The system of normal credits for instance which has been introduced in accordance with the recommendation of the Maclagan Committee on Co-operation, the policy of fixing periods of loans in accordance with the purpose of borrowing, the practice of granting loans on purely personal security, all these distinctive features of co-operative finance as they have developed in various provinces seem destined to undergo some transformation in response to the needs of the situation, and it will be the duty of the proposed Inquiry Committee to see what modifications in the arrangements for finance are demanded by the altered conditions of rural economic life in your State. One feature of the system of co-operative finance in the Travancore State will, I believe, have to be scrapped as a result of the inquiry, if not earlier. I refer to the prevailing practice of societies in the State to issue loans for purposes like payments of prior debts to an extent out of proportion to the long term resources commanded by them. The total amount of such loans constitutes over 50 per cent of the aggregate advances made during the year, and further many of the loans appear to have been made repayable in two or three years, a period that is undoubtedly too short for the purpose. Besides, it is not the practice here, as is the case in the Madras Presidency and elsewhere, to obtain the security of mortgage of lands for such loans, and hence the bulk of these advances can be considered to have been made on personal security only. To allow long term credit except on specific security is, in my opinion, a very hazardous undertaking and I for one would not hesitate to recommend the immediate abandonment of the present practice. Now that the State has established a Land Mortage Bank, there is no reason for members of agricultural societies to borrow from their local societies for redeeming prior debts. In fact, I would go further and state it is in the interest of the co-operative movement to arrange for the transfer, after due enquiry, the existing long

term outsandings to the Land Mortgage Bank. Unless that is done the position is bound to remain a very unsound one.

Presumably, the link between the various constituents of the financial structure in the Sate is too loose to enable the central bank or the taluk banks to exercise any control over this type of lending. It will, I expect, be one of the terms of reference of the proposed committee to chalk out some suitable arrangements for the financing of primary societies and the building up of organic relations between the various agencies. You have had for the past 15 years at the apex of the movement a well-established and well managed Central Bank, but at some later stage there have been interposed between the apex bank and the primary societies, twenty taluk banks, three of which are recognised as banking unions (or rather central banks of the pure type). The others are central banks of the mixed type, but grant advances to individuals as well, and such advances are permitted also at the apex bank, although personally I am in favour of creating a strong and efficient apex bank for each Presidency or State with branches all over its territories and with local Advisory Committees. I know that a large majority of co-operators believe in the establishment of smaller financing institutions affiliated to an apex bank. If it is the general desire here that the existing intermediate bodies should continue, then I beg to suggest that they should be recognised as local central banks to which all societies situated within their respective jurisdiction should be affiliated and thereafter such societies should cease to have any connection with the apex bank. It should however be a condition precedent to the recognition of their status that they stop granting advances to individuals. Banks which refuse to do this may well be divested of the function of granting loans to societies which could be entrusted to the apex bank operating if necessary through branches. The present existing banks can then function as pepole's or urban banks of which you have a fairly large number in the State. I find from my experience of somewhat similar institutions in my Presidency that advances to individuals and to Societies do not generally go well together and apart from the theoretical objection it is recognised that this type of intermixture of business breeds, sooner or later, conflict of interests which is detrimental to the movement. If these advances are found necessary to provide an outlet for surplus funds, the only exception I can contemplate is the grant by the apex bank of overdrafts or cash credits against Government securities, deposits in the Bank itself or agricultural produce. But such expansion of its activities should be carried out by agreement with the existing urban or people's bank in the area.

The figures given in the Registrar's report show that repayments by members to societies and by societies to banks have been falling off in the State as in other parts of India. Apart from the non-recovery of loans caused by the economic depression, there are other defaults due to recalcitrancy. To deal with such defaults, your neighbours in Madras have recently enacted some stringent provisions in their new Co-operative Law and the proposed State Inquiry Committee will have to see if any such provisions are required in the Travancore State. It is, however, a moot point how far we co-operators should resort to the State for assisting in coercive action against our own members and in the Bombay Presidency some of us have begun to question the wisdom of utilizing the agency of the Revenue Department for the excution of the awards of arbitrators. The more we have of these provisions the more do we become dissociated from the basic principles of mutual good-will and confidence and honesty of purpose which should always be the foundation of a correct and strong co-operative structure. The habit of leaning more and more on the official machinery of the Government of the State or the province leads at times to foreget our goal of de-officializing the movement. One of the results of this close association has been to keep out of our ranks, at least in my Presidency, national workers. It also gives grounds to outsiders for looking upon the co-operative movement in India more as an 'official policy' created through Resolution of the Government and conducted by an official department rather than a 'movemet' drawing its inspiration from the faith, zeal and ardour of the people. Possibly, it is not easy to call into requisition such fervour and enthusiasm for a movement that has to be conducted in areas outside the lime-light of journalism and can only be worked by unassuming persons in the spirit of a missonary.

If the co-operative movement is restricted mainly to the credit side there is also the danger of the mentality of even ardent co-operators being affected by the continuous work of making loans and also recoveries. It is generally known that the constant handling of money makes a man a practical hard hearted business man and reduces or removes altogether his higher instincts of brotherliness and also his imagination. If this is your experience also and if you find that banking fails to evoke the requisite response, it is necessary that in all provinces and States an earnest effort should be made to outgrow this dependence of the movement on banking and to launch forth into new activities. The number of societies for purposes other than credit is yet very small in Travancore and the few that are in existence do not appear to be doing particularly well. It is necessary that the interest of the educated sections of the community should be enlisted for the furtherance of consumers and producers' co-operation in urban areas and the number of the educated unemployed is so large in Travancore that I am confident that the response to any well conceived compaign to secure their active support for co-operative work is likely to be satisfactory. I know that if an

appeal is made to the nobler instincts of our young educated men and if they realise that by helping in the building up of a movement that is and ought to be of a real national character, a movement to uplift economically and intellectively our poor illiterate brethren, they are assisting in the rebirth of a strong Indian nation, the appeal will never fail.

Among the existing non-credit societies which are running successfully is, I observe, the Distributive Co-operative Society at Trivandrum. As the success of this Society and of the pioneer co-operative store at Triplicane indicates, the people of Southern India have a peculiar aptitude for consumers' co-operation. In Bombay all attempts on the part of men have so far failed—I must again make an exception in favour of the South Indians settled there—and it is only educated women from Gujarat who have recently made a successful debut in the sphere of distributive co-operation. Their's is an example which needs to be copied. A large measure of the success achieved by the Women's Store is due to the strength of the Swade hi spirit among Gujarati women, which induces them even at a sacrifice to be loyal customers of a Store where the Swadeshi origin of the goods sold is guaranteed. That should not, however, detract from the value of selfless services of a band of young educated women all well placed in life who regularly devote their leisure hours to the cause of Swadeshi through the agency of co-operation. I attach some importance to this Women's Store in Bombay as I am keen that this pioneer attempt at combining Swadeshi and co-operation should find emulations elsewhere especially in regions like Travancore where women's education has made remarkable strides.

As an ardent upholder of the Swadeshi sentiment, I am also anxious to see that the small number of producers' societies that you have should be multiplied and that these should develop on right lines. Conscious as I am of the handicaps to industries in the present times, I still hold that in an Indian State it is possible for the Ruling Prince by his personal interest and by suitable changes in the fiscal policy of the State to stimulate a degree of interest and support for the products of local home or cottage industries which we always find lacking in British India. I have observed this in Hyderabad, in Mysore and last but not the least in Travancore. I would like to see this patronage and sympathy from the highest in the State directed to enterprises run on co-operative lines; and on the part of the people. I plead for similar sympathy and patronage on the ground that the products are purely indigenous in origin, that the value they are priced at *will all accrue to local handicraftsmen* and that as such they should receive preference—in the shape of purchases even at a sacrifice—from all lovers of true Swadeshi. To this end, it is necessary not only that societies should be started for handicraftsmen, but that these should be linked up with some active central organization responsible for the supply of raw materials, improvement of processes, marketing and publicity.

It should be the duty of the Central Institute to interest itself in all such schemes for the organization of cottage industries, the introduction of subsidiary occupations, such as hand-spinning or poultry farming and even in the work of agricultural improvement and organization. A policy of isolation is harmful to the interest of the movement itself, and in fact the feeling has been growing on me—as it has on several other co-operators who have been associated with the movement since its inception—that we cannot succeed unless we embrace within the range of our activities, either directly or indirectly, all that affects the happiness and welfare of those individuals to whom we have set out to carry a message of hope and good cheer, Rural reconstruction in the most comprehensive sense of the term is what we in the movement should aim at, and to you it should be a matter of genuine pleasure that a well planned campaign on the lines I have in view should have been inaugurated in your midst. I refer, of course, to the well-known rural reconstruction centre at Martandam which in a 'Review of Rural Welfare activities in India' is described as 'a striking example of broad ideas, careful training, economical methods and obviously permanent achievement.' The movement is reported to be entirely un-denominational being conducted by the Rural Development Association and vigorously backed by the State authorities. I urge that through your Institute similar centres should be opened all over the State and through these a vigorous compaign should be initiated to interest the villager, to awaken him, to give him new occupations and, in brief, to change his general outlook so that he feels a new enthusiasm for life and work. It is true that the conditions which beset agriculture to-day in India— or for the matter of that industries—are such that many of the best among us are seized with despair. "Science has so altered our techniques" Bertrand Russel writes "as to make the world one economic unit. But our political institutions and beliefs lag behind and each nation makes itself artificially poor by economic isolation. We invent labour saving devices and are troubled by unemployment. When we cannot sell our products, we cut down wages, under the impression, apparently, that the less men earn the more they will spend. All these evils arise from one source, that, while our technique demands co-operation of the whole human race as a single producing and consuming unit, our passions and political beliefs persist in demanding competition." Co-operation which is the opposite of competition is, in a sense, a solvent for such despair as it represents a move towards a complete change in the economic system, a move which will remain a solid moral advance

and will unchain powerful motives in the minds of men which capitalism has allowed to rust unused. The new social order based on co-operation, common good and collective action makes great demands on our sagacity and courage; it calls for a supreme effort at intelligent planning and vigorous united action towards realization of the aims. If we make our choice and embark on planning and action we will find that there is no rational ground for despair. As a social philosopher puts it: the means of happiness for the human race exist, and it is only necessary that the human race should choose to use them.

Some thirty years ago Lord Curzon said "In the whole of India, there is no State with greater fertility of resources, with more picturesque surroundings, with ampler opportunities of work, with richer prospects for development than Travancore." The picturesque surroundings I myself saw only the other day and the fertility too appears to be the same. Providence seems to favour this area. It is now for men to take advantage of the ample opportunities of work and development, of the State's resources. The Co-operative Department, if properly conducted, and supported can play a very important part in helping His Highness the Maha Raja and His subjects in achieving the goal of full development of the States resources and making it not only self-contained but take its stand in the forefront of the Federated State's of the New Federal India. I pray to God that He in His Wisdom may guide the Ruler and the subjects of the State to this goal.

Amendments to Draft Rules.

TO MADRAS CO-OPERATIVE SOCIETIES' ACT.

Suggestions of amendments to the draft rule G. O., M. S. No. 34 Development dated 9th January 1933. Page 21 of the Fort Saint George Gazette dated *10th January 1933.*

Definition (d) Decree holder. Add after "Society" the word "Person".

It may happen that a member of a society may prefer a claim for excess collections or share capital or any other dues and may obtain an award against the society under the arbitration rules. So he must also be called a decree holder.

Definitio. (e) Defaulter.—Add after the words "Person" the word "Society". A defaulter may be not only a person who may be a member of a society but also a society which may borrow from Central Bank or from outsiders. Decrees are got even against societies and hence defaulter should include even societies.

Definition (h) Add after the words "Department" the words "Any Person". In consideration of enormous decrees pending execution in societies it may in course of time be found necessary to authorise even non-officials to be sale-officers. Hence the amendment.

Rule XI (c)—Delete the words "In existence on 9th July 1932". There is provision for engaging certified public accountants as auditors on the approval of the Registrar. When that is allowed I don't see any reason why the formation of Audit Unions in any definite area should not be allowed if the Registrar finds it possible to register such institutions. Hence the amendment.

Rule XII (i) and *Rule XIV (2) (iii)* Correct "9%" into "7½". The rate of interest on deposits and other borrowings have been considerably reduced and to allow a dividend of 9% on Share Capital is unreasonable and is calculated to bring in all abuses into the movement. It may safely be reduced to 7½%.

M. S. SESHACHALAM IYER,
Convener,
The Madras Co-operative Urban Banks
Conference Working Committee,
Tiruvannamalai.

International Co-operative Alliance.

"ORCHARD HOUSE",
14, GREAT SMITH STREET,
London, S. W. 1, December, 1932.

I. C. A. Congress, London, August 1933.

Dear Co-operators,

The arrangements for the reception and entertainment of the delegates to the Fourteenth Congress of the International Co-operative Alliance, to be held in London during the last week in August, 1933, are now gradually taking shape. The work of the Organising Committee and that of the International Co-operative Alliance Secretariat would be greatly facilitated, however, if we could receive from you some particulars of the probable requirements of your Organisation in respect of the several matters enumerated below :—

1. Approximate number of delegates.
2. Hotel Accommodation 1.
   (a) 1st, 2nd or 3rd class.
   (b) Number of Single rooms.
   (c) Number of Double Rooms that can be accepted.
   (d) Probable dates of stay in London.
3. Fares and Tickets for the return journey to London.

Are there at the disposal of your Organisation special facilities for group tickets at cheaper fares ?

Is Thomas Cook's (Wagon Lit) office at your disposal for this service ?

If not, would you like to have the bookings for your delegates made collectively through a Travel Bureau in London ?

4. Excursions and Visits to Co-operative Factories in Great Britain.

It has been suggested that some national delegations would probably like to visit Co-operative Institutions in various parts of the country, either before or after the Congress.

Will you, therefore, let me know whether your delegates would desire to participate in a tour, or tours, around England in order to see both the country and Co-operation. If so, will you please give an indication of the proposed length of their stay and the character of the Institutions they wish to visit.

On receipt of the replies from the different countries our utmost endeavours will be made to arrange for the satisfaction of the various needs of the delegates.

Yours faithfully,
HENRY J. MAY.

		RS.	A.		RS.	A.
1st Class—Bed and Breakfast, (English)	...	12	6	to	16	6
2nd Class— ,, ,,	...	8	6	to	12	6
3rd Class— ,, ,,	...	6	6	to	8	6

Co-operation in England.*

The structure of the Co-operative Movement in England is simple and easily understood. At the very basis of the movement we have the retail Co-operative Stores, organisations of consumers and these retail stores have combined along two lines. We have at the apex the Co-operative Wholesale Society and the Co-operative Union; the former is in charge of the business side of the movement and the latter deals with the ethics, principles and structure of the movement.

The English Wholesale Society has got Co-operative Societies as its members, each member society taking up shares at one five-pounds share for every two members. The Wholesale Society is doing transactions on a large scale. They have banking and insurance departments and they manufacture mos tof the articles required by the retail societies. They are their own shippers and carriers. They have begun to own their own coal fields and produce their own tea in their own estates.

The Wholesale Society is managed by a body of 32 Directors called the General Committee. The Wholesale Society encourages the loyalty of its constituent members by giving additional representation for more business done with it. Every constituent society has got one vote as member and one additional vote for the first complete £ 10,000 worth of business and an additional vote for every complete £ 20,000 of additional business. The component societies hold their general meetings once a quarter in the three divisions of the country, Manchester, Newcastle and London Sections and the final meeting is held at Manchester a week after the divisional meetings.

The Co-operative Union consists of societies registered under the Industrial and Provident Societies Act i.e., retail societies and higher secondary organisations. Every member society pays an annual contribution of 2 *d.* per member and the bigger societies make a contribution of a lump sum, fixed after due consideration of their business and capacity to pay. There are 9 sections of the country so far as the Union is concerned, each having its sectional board and the central board consists of 73 members, that is the total membership of the sectional boards. The number of members of each sectional board varies according to number of societies in that section. The Central Board gets its work

* (We are indebted to the Review of International Co-operation February 1929 and the People's Year Book, 1932 for the information contained in the above article.

done mostly through a smaller body called the United Board at whic all Sectional Boards have proportionate representation. The Unio carries on its work by means of various committees such as those fc Education, Publications, Propaganda, Agriculture, etc. The Englis Co-operative Wholesale Society joins with a similar organisation fc Scotland and it is this combined organisation that is doing world wid trade.

Besides these two main organisations, that is the Co-operative Unio and the Wholesale Society, there are minor organisations or departmen of these apex organisations, such as, (1) Co-operative Insurance Societ (2) National Co-operative Publishing Society, which publishes co-ope rative periodicals, such as, Manchester Co-operative News, the Milga Magazine, etc. We have the Union of individual co-operators, suc as, the Women's Co-operative Guild, the National Co-operative Men Guild, the National Guild of Co-operators, which is a mixed Guil the British Federation of Co-operative Youth. There is also th Co-operative Productive Federation Ltd., whose object it is to ai co-operative productive societies by united action, to open a mark for the sale of their goods and to obtain capital for co-operative produ tion. On the political side, there is the co-operative party which organis and moulds political opinion and sees to it that this co-operati political opinion is given vent to in Parliament and on local bodie There are many associations of co-operative employees and on edu cational side there is the Co-operative College situated at Manchest whose principal and adviser is Prof. Hall, M.A..

Unity in diversity is the key note of English Co-operative organ sation.

Gosaba—A Co-operative Commonwealth in the Sunderbans.

If anyone wants to be assured of the value of the thoroughgoing application of the co-operative idea to the solution of the economic rural problems of India, a visit to the Estate of Sir Daniel Hamilton at Gosaba in the Sunderbans of Bengal cannot fail to convince him.

This estate is about 50 miles from Calcutta and is situated on the Bidya or "River of knowledge" and to get to it one has to journey for some miles down the river Matla or "the drunken river." So we pass from the shores of drunkenness to the place of sobriety and knowledge. I am writing about what has been done at Gosaba because I have found among so many people considerable doubt and uncertainty concerning the possibility of applying the co-operative principle to all problems of rural economics.

The estate of Gosaba is really a Co-operative Commonwealth in itself. It is 20,000 acres in extent, with 14,000 acres already under cultivation, and it has no police thana and no resident magistrate. For the past thirty years only one case has gone to the courts from any of the villages in this Commonwealth. Later on I will explain how quarrels and disputes are dealt with. A steamer that plies between Port Canning and Gosaba on the rivers Matla and Bidya connects Gosaba with the great city of Calcutta. Though only fifty miles have to be traversed, the train and steamer between them manage to occupy six hours of one's time.

TIGERS' PLAYGROUND.

Twenty-eight years ago the land was wild jungle tenanted by tigers and crocodiles. By the side of the little Christian Church is a banyan tree under which the present pastor twenty-five years ago saw tigers playing and later discovered a head of skulls and bones remaining from the animals killed by tigers. To-day the tree is the centre of a prosperous Christian village, the central village of Gosaba, and there are altogether nineteen villages on the estate with a population of 9,000 people, all of them either tenants or officers of the estate or connected in some way with the estate. Every one of these villages has its own co-operative society based on the principle of unlimited liability.

Twenty years ago Sir Daniel discovered that one of his tenants was in debt to a money-lender for a sum of Rs. 700 on account of an original loan of Rs. 300 taken three years previously. As a result of this discovery Sir Daniel made a thorough inquiry into the debts of his tenants and arranged for their repayment from the estate to a total of about Rs. 15,000. He gathered together the money-lenders concerned and calculating a fair interest in each case offered to settle

each debt for a round sum, which was accepted and paid at once. Since then the mahajan has found no clients in this Estate.

It was not till 1919 that Sir Daniel began to think of the possibilities of the Co-operative Movement for the solution of the economic difficulties of his tenants. Mr. Mozumdar, the Manager, who has worked on the estate since 1905 and is a keen believer on Sir Daniel's methods, managed to persuade the tenants in one of the villages to organise a co-operative society on the unlimited liability basis, which took over the debts of the tenants and arranged to meet their regular economic needs.

Gradually these societies were introduced in all the villages and the estate refused to give any more loans to tenants directly. In 1919 a Central Bank was established in order to supervise and finance the village societies and the estate deposits funds in this bank. At the same time a Co-operative Paddy Sale Society was started on a limited liability basis, which was afterwards converted into a Co-operative Rice Mill Society. The tenants bring their paddy to this mill and are at once credited with its value. During the past 10 years the mill has proved itself a flourishing concern.

There are five hundred shareholders, all of them being tenants of the estate, and it has paid 12½ per cent in most of the years. Last year for the first time it sustained a slight loss which was easily met from the Reserve Funds accumulated. In addition it has been able to give a large rebate to the tenants, which has averaged Rs. 2 per thirteen maunds of paddy yearly. The mill has a paid up capital of Rs. 16,000. There is also a Co-operative Stores Society with one central store at Gosaba and two branch stores. All sales are for cash and there are no bad debts. Every year a dividend has been paid on the shares, and also a rebate on purchases of an average value of three quarters of an anna per one rupee. The annual turnover of the stores amounts to Rs. 24,000.

The Panchayats of the Co-operative Societies act as arbitration tribunals in all disputes. In the first instance the panchayat of the society of which the aggrieved persons are members considers the case. If one of the parties is not satisfied with the decision, the neighbouring panchayat is called in to help. If either of the parties is still unsatisfied, the directors of the Central Bank sit with the two panchayats and the final court of appeal consists of the estate officers, but disputes very rarely get as far as this without being settled. During the whole existence of the estate in only one case were the police called in and that was a case of murder last year. One murder case in nearly thirty years for a community of nine thousand people is a record in India.

In addition there is a dharmagola or grain bank in each village which is intended for helping deserving cases of need and for any special emergency. Each member of the village gave as much paddy as he could spare in 1930 as a free gift to this bank and Sir Daniel added an equal amount. This paddy is than lent out to the members to be repaid to the bank at the rate of five measures for every four borrowed. Thus the grain capital of the Bank is being continually increased and will be immediately available to any famine or flood.

There are fifteen primary schools and one middle school in the estate. The tenants pay an educational cess of one anna per bigha (1/3 acre) and Sir Daniel supplements the amount from estate funds. The middle school has a Boarding Department, Agricultural Farm and Industrial School attached to it, where the boys are trained to be better farmers and to employ their spare time in cottage industries, such as weaving of cotton and wool fabrics, silk rearing and so on. One of the most interesting things in the weaving school is an old Scotch spinning wheel brought by Sir Daniel from his Scottish home, which the boys use to spin woollen thread, the wool having come from both Scotch and Indian sheep and the product being, like all the constructive services in Gosaba, a mingling of the best of the East and the West.

A TRANSFORMATION.

Visitors who come to Gosaba nearly always inquire about the savings of the tenants in the rural banks and they are surprised to find the amounts saved in cash very small. The manager, however, points out that their savings are seen in their houses, the implements, their cattle, and their well-educated children which all help them to live better lives. Some of them also still hoard their savings and the habit of depositing in the societies has not yet grown to any extent.

The people who came to Gosaba in the first instance were, as a rule, penniless agricultural labourers, but to-day they are respectable citizens contributing their share to the prosperity of this little estate. Arjun Mondol is a case in point. Twenty years ago he came to the estate as a penniless and illiterate labourer. To-day he is cultivating forty bighas of land and has a fine house and garden and cattle and is President of the Rangabalia Co-operative Society. A few years ago he received from Lord Ronaldshay a silver-mounted staff for his enthusiastic work for co-operation, which he shows with great pride to all visitors.

Another, Suren Mondol, came in 1917 with nothing but a loin cloth and now has fifty bighas of land, a fine tank and garden and some very good sheep and cattle. Such instances could be multiplied and show how ordinary village labourers can prosper with the aid of the co-operative movement.

Gosaba is one the few places to which the economic depression does not seem to have penetrated to any extent and this is due to the shrewd and far-seeing planning of a Christian business man, with the help of a capable and energetic manager, Mr. Sadhansu Mozumdar and enthusiastic assistants and especially with the aid of the magic wand of the co-operative movement.

If anyone doubts, let him go and see for himself.—(*From the Statesman*).

P. C. U. Propaganda at Arni.

BY RAO BAHADUR A. RAJABADAR MUDALIYAR.

I visited Arni in North Arcot District and attended a meeting of the Executive Committees of the District Council of Supervision and of the District Bank held on 16-1-33.

The occasion served to learn the differences in the policy and procedure adopted by the two districts in several important respects and it struck me that the Presidents of the Central Banks and the Federations would be well advised to attend the meetings of their neighbouring districts and exchange views profitably for the better administration of the movement in their own respective districts. I was personally much profitted by the discussions at the meetings. To mention some of the matters in which North Arcot follows a policy and procedure different from Chingleput.

1. Several unions—at least four—have been liquidated in North Arcot for unsatisfactory work and the societies affiliated to them are now under the supervision of the District Council. The supervision by the Council is considered distinctly better than under the liquidated unions. In the Chingleput District only one *viz.*, Satyavedu Union was liquidated some years ago. The Chingleput Federation can profitably consider the question of liquidating one or two more unions for indifferent work as this is sure to stir up other unions to do their work better.

2. In the matter of share capital of societies invested in the Central Bank where it is not only larger than the amount of share capital held by the societies from members but also in excess of the loan requirements of the Society, the North Arcot Bank proposed to the Registrar the adjustment of the excess share capital towards the overdues to the Bank. I understood that the Registrar did not permit this but suggested the question to be discussed at the Bankers' conference. A copy of this correspondence may be obtained by the Conjeeveram Bank for our consideration and necessary action.

3. With regard to loan applications the procedure of the Vellore Bank in getting most of its applications scrutinized by a special supervisor maintained by the Bank may be considered by the Conjeeveram Bank for adoption if advisable.

4. The Vellore Bank has already adopted the standard form of loan application suggested by the Registrar. The delay of the Conjeeveram Bank to adopt the standardised form may be noted on by the Secretary.

5. Loan applications from Limited liability societies pass through the Council of Supervision to the District Bank. Several such societies in the Chingleput District are affiliated to the Audit Union which exercises no supervision. The question of requiring loan applications of such societies to be sent through the Federation may be considered.

6. The sitting fee of members of the Board of Management and of the Executive Committee in North Arcot is limited to Re. 1 instead of Rs. 2 in the Chingleput District. The question of reducing the sitting fee in the latter District may also be considered, especially in view of the rapidly declining state of our finance.

7. With regard to the levy of audit fees by Government the North Arcot District appears to have proposed to the Registrar that the Auditor employed and paid by the Bank already might be accepted as one competent to do the audit for purposes of Government also and the Registrar appears to have agreed to the proposal. As the Conjeeveram Bank employs an auditor already, that Bank also may make a similar proposal to the Registrar and avoid the payment of the audit fee.

8. The highest rate of interest allowed for Fixed Deposit in North Arcot is 5½ per cent as in Chingleput District. The Vellore Bank is not in favour of reducing this rate further.

9. The Council of Supervision passed a resolution at its meeting requesting Government to reduce the land assessment leviable in the current year in view of the large and unexpected fall in the prices of the grains. A similar resolution by the Chingleput Federation may add strength to this most useful move in the best interests of our rural members.

Reviews.

1. RURAL WELFARE ACTIVITIES IN INDIA 1932.

By

C. F. STRICKLAND C.I.E.,

Oxford University Press, pp. 58.

This little book is published by the Indian Village Welfare Association founded in England in the beginning of 1931 by a group of persons in the condition of the Indian rural population. The book contains a foreword by Lady Irwin and a preface by Sir Francis Younghusband, Chairman of the Association. The material collected by the Association was entrusted to Mr. Strickland who is well known to Co-operators all over India as a former Registrar of Co-operative Societies in the Punjab and notable writ r on Co-operation, and he was assisted by Dr. Harold Mann, equally well known as Director of Agriculture, Bo nbay and a friend of the Indian ryot. The Review for 1932 is in the nature of a beginning—a first attempt—and the Association rightly hopes to make the subsequent annual reviews more full and informing as more information becomes available till the publication comes to be recognised as a hand-book for village workers. One will certainly say Amen.

Mr. Strickland observes: "The rural reformer is often in an isolated position, knowing nothing of comparable experiments or relevant conclusions in other places. He may be glad to learn, even in the most summary fashion, what others have done, in order that he may refer to them for advice and criticism." One realises the truth of this observation by referring to what we consider is the most valuable part of the little publication—the list of Governmental or non-official organisations in the various provinces of India from which the Association received information. More than sixty such sources are given, of which the majority are non-official organisations, with brief notes regarding each. A useful bibliography is also given at the end.

The Review is necessarily brief and incomplete and the reader interested in the subject has to apply to the institutions themselves for more information. In this connection, it may be mentioned that two useful books have recently been published: "Up From Poverty" by Dr. Hatch of the Y.M.C.A., Rural Centre at Marthandam in Travancore, and "Reconstruction and Education in Rural India" by Dr. Premchand Lal, former Director of Sriniketan, the Rural Welfare Department of Dr. Rabindranath Tagore's Viswa-Bharati. These books describe in detail the work carried on in those respective institutions.

V. V. S.

2. OUR AGRICULTURAL DEVELOPMENT.

The Administration Report of the Madras Department of Agriculture for the year 1931-32 is of more than usual interest. It is the first report by Mr. S. V. Ramamurthi, the new Director of Agriculture and previously Development Secretary to the Government of Madras. Though he had been but two months in his new Office in the year under report and has had to contend against the effects of unparalleled depression, we find here ample evidence of the rare earnestness and robust enthusiasm people have learnt to associate with him. With the willing co-operation of the scientific men of his Department, he has chalked out several ways of intensifying agricultural development and of extending experiments on new lines. It is difficult to do justice to this report, which is far from drab, in this meagre review. We shall content ourselves with noticing but a few of the new lines of activity.

The full effect of the depression has been felt in paddy prices and hence trials in all paddy stations have been made on possible substitute crops. The depression may well prove a blessing in disguise if some at least of the trials turn out to be successes. A promising line is said to be the raising of Cambodia cotton on wet lands in the Godaveri delta in winter, when the canal water is just enough for irrigating cotton but inadequate for paddy. Sugar-cane is likely to be the most valuable substitute crop in some areas and a great deal of hope has been inspired by the new protective duties on sugar. There is no reason why South India, climatically and agriculturally most favoured in respect of sugar-cane crop should not at least be self-sufficing in respect of sugar-though if the taste for white sugar persists, sugar factories will have to be started in regions of concentrated production. Sugarcane sorghum (cholam) cross evolved by the Sugar-cane Expert is still in trial and if it succeeds it is bound to revolutionise sugar-cane cultivation, as it takes to grow only the time needed for a long duration paddy crop and will therefore bring down cost of cultivation. Another fruitful line of work is that on fruits and here is another illustration of the service that science can render to humanity. As Mr. Ramamurthi aptly puts it: "Fruit is becoming more and more an article of diet in the middle class families of the Presidency. While this is what it ought to be, the aim should be to make the growing of fruit so profitable and yet in such abundance that it would be within easy reach of the man in the street." With this end in view, work is being attempted on different varieties of plantains, mangoes, citrus, cashewnut and some hill fruits.

We are glad to note the emphasis laid on the business side of farming "which is all important when dealing with individual ryots" and to hear that village surveys are recommended as part of the work of the Demonstrators to help them understand the economic position of the farmer.

As for the aid that Co-operation can render to spread agricultural improvement, the Director duly acknowledges their help though in two brief paragraphs. The Loan and Sale Society at Anakapalle helped the sale of Rs. 30,000 worth of jaggery. The societies at Adoni and Tadpatri sold and distributed cotton while those at Bantamahal, Polur and Revanur did 'other agricultural work' than merely ginning and marketing cotton. Several

societies were engaged in multiplying and distributing paddy seed, securing manures to members and maintaining breeding bulls. Co-operators will be glad to note that the Government in their Review of the Report "regard close co-ordination between the Agricultural and Co-operative Departments as of vital importance and the next report should state as fully as possible what is being done in this direction."

'R. E.'

---

3. THE WORK OF THE MADRAS VETERINARY DEPARTMENT.

The importance of the services rendered by, or expected of, the Veterinary Department will be admitted by all who have devoted any thought to the terrible economic incidence of cattle diseases in this country. Many an agricultural debt may be traced to the loss or disablement of cattle due to one or other of the diseases they are subject to in this land. Prevention and cure by effective control and treatment are rendered particularly difficult in India, on account of the ryots' prejudices and poverty. Our sympathy need not be confined to the ignorant or indigent ryot but may well be extended to the department in its highly humanitarian as well as utilitarian work done in the midst of difficulties.

It is a happy sign of the times that the prejudice against indigenous methods of treatment is tending to disappear. 'A thorough investigation on scientific lines of the indigenous drugs from the veterinary standpoint' has been planned and will be carried out 'with a view to utilising to the fullest possible extent the vast agricultural and vegetable resources of the country in veterinary medicine and animal husbandry.' Steps are being taken in consultation with the University of Madras to institute a degree in Veterinary Science in the course for which the basic sciences will be developed. Extensions to the Laboratory of the Veterinary College have been made which will facilitate independent research so far as the needs of our Province are concerned. Another respect in which South India is sought to be made self-contained is the opening of the Serum Institute for the manufacture of anti-rinderpest serum.

The fell scourge, Rinderpest, is usually responsib'e for 50 per cent. of cattle mortality from contagious diseases and attmpts to combat it form the subject of a special investigation. The acid test which the public apply to the work of the department is the diminution of death-rate from such diseases. It is said that in the year under report (1931—32) the number of deaths was only 56,634 as against 99,890 and 1,58,523 in the previous two years. The Government Review of the Report would not permit us to gloat over this almost dramatic decrease in death-rate. The report is perhaps too good to be true. We are told that 'these diseases occur in cycles and their virulence varies. Allowance must also be made for defective reporting of disease" Even making such allowances we are of the view that definite progress has been made due to departmental efforts. We are glad to note that the Government recognise the force of the chief comp'aint that "there is far more to be done than can be attempted with the present strength."

'R. E.'

Urban Banks' Conference Resolutions—Action taken.

Action taken by the Government or the Registrar of Co-operative Societies on the resolutions passed at the Second Urban Banks' Conference held at Tiruvannamalai. (For the full text of the resolutions vide pages 286 and 287 of this Journal for November '32).

Resolution No. 2.—On the removal of certain disqualifications on the part of employees of Municipalities and Local Boards.

"The Government prefer to watch the working of the existing provisions of the Act for sometime longer before considering the question of amending them as suggested" (Government).

Resolution No. 3.—Non-credit societies being financed by urban banks.

"The question will be considered as recommended by the Central Banking Enquiry Committee, when need arises in any special case. I am not prepared to issue general orders for the registration of amended bye-laws for all urban banks." (Registrar of C. S.)

Resolution No. 6.—About Impleding subsequent alinees.

"I regret I cannot support the resolution, as there can be no rule made in respect of a matter not provided for in the Act." (Registrar of C. S.)

Resolution No. 9.—Issue of loans on the pledge of silver and gold jewels.

"The proposals of the Urban Banks to amend their bye-laws so as to permit of jewellery loans will be considered on their merits.

The Deputy Registrars do register suitable amendments providing the grant of loans on jewels in Urban Banks on merits." (Registrar of Co-operative Societies).

Resolution No. 11.—Exclusion of Provident Fund Deposit from Working Capital for collection of audit fees.

"I regret I cannot accept the proposal that Provident deposits should be excluded from working capital for purposes of audit. The items of receipt of these deposits will require to be audited like any other item even though the accumulations are transferred to Central Banks. There are also other items of deposits which are not used in loan transactions and it is undesirable to make exceptions. Remission of audit fees will be made in deserving cases." (Registrar of Co-operative Societies)

Resolution No. 13.—Affiliation of Urban Banks to Unions.

"It is not possible to issue general instructions to all the Deputy Registrars now, but orders will be issued in individual cases if and when representations are received both from Urban Banks and Unions to which they are affiliated through the respective Deputy Registrars explaining fully the necessity for such a procedure." (Registrar of Co-operative Societies)

2

(1)	(2)	(1)	(2)