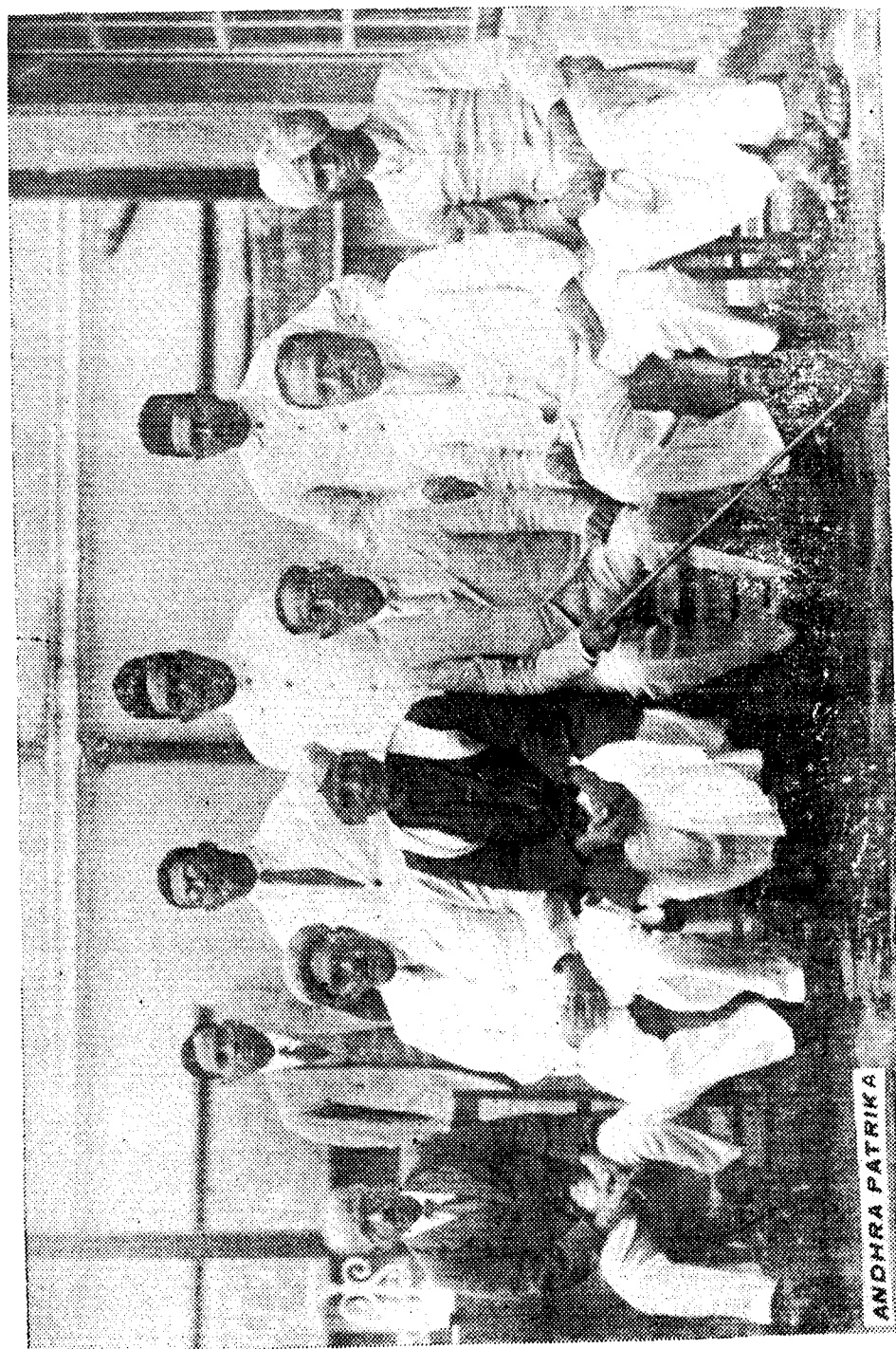


Group Photo taken at the Tea Party given to Mr. V. Ramadas Pantulu on the eve of his departure to London
by Sir Chunilal V. Mehta, Kt., K.C.S.I., President, Provincial Co-operative Institute, Bombay.



ANDHRA PATRIKA

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THE Madras Journal of Co-operation

VOL. XXVI.]

SEPTEMBER 1934.

[No. 3

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Editorial Notes.

Reconciling antagonistic interests.

When we study the important resolutions passed at the annual conference of Co-operative Societies in England held at Rhyl in North Wales, the three following points were, we notice, specially laid stress upon:—

1. That marketing schemes generally are in the interests of the producer only and hereafter distributive agents and consumers should also be consulted;
2. That existing co-operative distributive societies in England buy articles from non-co-operative producers to the extent of fifty million sterling every year and that hereafter all stores must purchase their articles only from the Co-operative wholesale society; and
3. That in the way in which retail societies are working in England there is a good deal of overlapping and competition between different stores, that these causes leading to friction and inefficiency should be minimised, that there should be a national plan of development into which the various schemes of expansion should be fitted, that the Co-operative Press should be encouraged and that by means of it the idea of a planned economy should be popularised among co-operative societies.

will withdraw and entrust the complete management of the movement to non-officials. That policy to which at least lip sympathy was given in former times has been completely given up. From the time of the Royal Commission on Agriculture every Committee and Commission that enquired into the co-operative movement has been recommending the strengthening of the department as the only way of making its working more efficient with the result that the original goal has been forgotten and in all provinces strengthening of the official section has been going on vigorously. This being the policy, to revive the old institution of Honorary Assistant Registrars would be to add a disturbing element. Evidently the Government was under the impression when they practically gave up the policy of de-officialisation and accepted the full responsibility for running the movement efficiently that the old experiment which was tentatively tried for a time was not successful and before they can be requested to commit themselves to a re-trial of the former experiment there must be a change of heart and change of policy correspondingly. In the absence of such a change to have a fifth wheel attached to the coach would be absolutely a waste of time, effort and money. It rests now with the Government to come forward with a statement of their policy and if still they retain faith in their old ideal, the institution may be revived as a practical step towards the reaching of that ideal; not otherwise.

A Promising Educational Experiment.

A great western philosopher once said "I am a man and nothing human is alien to me." It is in that spirit that we view the educational experiment that is being carried on at Mayanur about which a brief account appears elsewhere. Three decades of working the co-operative movement and frequent examination of its fundamentals by Committees and Commissions have made us realise how erroneous a policy it is to take a narrow and one sided view of the Agriculturist's life or even a portion of it, that is, the economic aspect of it. Co-operators have been guilty of this to start with, for they thought that if the ryot be given cheap credit all his troubles will be over; and now we have realised that unless we take a comprehensive grasp of the economic life of the peasant as a whole nothing can be done; nay, the agricultural Commission advised us to go a step further. We have to view his life as a whole, improve his habits, raise him from unhealthy customs and traditions and give him a new and healthy outlook upon life.

All these refer to adult agricultural co-operators. What about the younger generations that are being trained in the olden ways in classes in schools and colleges? That our educational system has been responsible for producing many social misfits is one of the standing criticisms about that system. The number of literates in the land is so few and the percentage amongst them with University degrees is very much less and yet there is a glut in the market. The general tendency of the so called education has been to draw the villager away from his village and his fields and make him long for some sort of employment in towns and urban areas. Our problem, therefore, is how to arrest the emigration of the agricultural population into towns and make agriculture itself more paying, how to make village life more attractive so that the average villager can get many of the amenities of the town in his own village, so that he will lead satisfied life within his village and will devote himself to rural uplift. With a view to bring about this desirable change, it is not enough that we advise graduates who have all been given a wrong training to go back to the land. We have to begin from the very beginning and devise a scheme of education that will take the village lad and make him a better agriculturist, a better citizen at the same time more loyal to his village by making him settle there and give the benefit of his education to his village instead of drifting to towns.

It is because we consider such a step necessary for the uplift of the major portion of our nation that we welcome the educational experiment conducted by the Servants of India Society at Mayanur in Trichinopoly District, about which a brief account appears elsewhere. We know that in the field of education there is so much of discontent and experiments are being tried; but as co-operators interested in economic welfare of the villager we shall watch with special interest this interesting experiment and record in the pages of this journal its progress from time to time. We wish all success to the institution.

A very promising step forward.

Mr. G. K. Devadhar President of the Travancore Co-operative Enquiry Committee has been requested by the Government of Cochin to conduct an enquiry into the condition of the working of Co-operative Societies in that state as well and submit a report with his recommendations for improvement. During his stay in Travancore in connection with the enquiry and during his recent tour in

Nazi authorities liquidated the German Central Union and amalgamated the four different organisations of co-operative consumers' societies and kept the control of the new organisation under their direct charge. This new institution known as *Reichsbund*, though it applied to the International Co-operative Alliance for membership, could not accept certain preliminary conditions which the Alliance wanted and hence it could not be admitted.

The general economic depression has affected the Alliance also and much good work which the Alliance has been commissioned to undertake by the successive previous congresses has been retarded. The Alliance, however, conducted an investigation as to how far the fundamental principles of Rochdale Pioneers are observed by co-operative organisations and reports that the following seven points may be taken as constituting the Rochdale System and of these the first four are to be taken as forming the test of the co-operative character of the undertaking and the last three may be regarded as methods of action rather than of standards :—(1) Open membership ; (2) Democratic control, (3) Dividend on purchase ; (4) Strictly limited interest on capital ; (5) Political and religious neutrality ; (6) cash trading and (7) Promotion of Education. The report mentions that there is vast scope for genuine missionary enterprise in this field.

The Report of the International Co-operative Women's Guild is an equally interesting document regarding the progress achieved in the teeth of great difficulties. The report gives a brief account of the progress made by the constituent national organisations, and the following paragraph about the progress of Women's Movement in India should make us bestir ourselves a little more and give a more prominent position to our sisters in the movement :

“ Numerous contacts have now been established with the leading women of the Indian Movement, whose co-operative activity has increased much in the last four years. In Bihar and Orissa a yearly conference has been organised and propaganda for women's clubs, thrift societies and handicraft societies for women have been carried on. In Bombay the women's stores have increased both in numbers and membership. In Mysore the shield offered by the Provincial Co-operative Congress to the women's society was won in 1931 by a Banking Society run by women. While there is as yet nothing in the shape of National Women's Organisation, it is hoped that a linking up of the various provincial efforts will in time make this possible.”

The guild also conducted a very effective campaign on disarmament. As mothers and wives they know the havoc committed by war more intimately than men and therefore their voices, we hope, will prevail against this disgrace of humanity, namely, war. The Standing Committee of the Guild met and did useful work. We hope to give a more detailed account of other institutions and conferences after the arrival of Mr. Ramdas Pantulu.

The Ottawa Agreement and After. REPORT OF RESULTS OF AN YEAR'S WORKING.

BY MR. V. RAMADAS PANTULU.

The scheme of Imperial Preferences to which India was committed by what is familiarly known as the Ottawa Agreement, was the subject of acute difference of opinion between the supporters of the Agreement and its opponents. The Governments in Britain and India and their delegates to the Ottawa Conference were naturally among the most enthusiastic and strong supporters of the scheme. A large and influential body of public opinion in India was, however, definitely against the scheme of Imperial preferences embodied in the Ottawa Agreement. Among the opponents in India were distinguished economists, leading industrialists and prominent businessmen who could speak with authority. The main argument of the authors of the scheme and their friends and admirers was that while India's export trade in and the production of her chief agricultural products would be greatly stimulated by the preferences she had obtained for her products in the Empire countries, her own industrial enterprise and trade would not be adversely affected by the preferences she had given to the Empire countries in respect of the articles selected for import into India. If this assertion were correct or could be demonstrated, to be correct, the Ottawa scheme would have been hailed by every sensible Indian as the greatest boon which India had obtained from the United Kingdom and her Dominions in the history of India's connection with the British Empire.

Many sensible Indians, who gave a careful and anxious thought to the question, however, came to the conclusion that the Ottawa scheme of Imperial preference was on the whole prejudicial to true Indian interests and that the advantages, if any, were greatly outbalanced by the disadvantages. On a critical examination of the position of India's chief agricultural products in the overseas markets of the Empire and non-empire countries, the opponents of the Ottawa scheme contended that the scope for increased demand for them by the Empire countries resulting in an expansion of India's total export trade in them and consequent increase of their production was very little, almost negligible, as a factor in the bargain. These critics of the Agreement further contended that certain economic factors which were in operation even at the time when the Agreement

RICE.

The United Kingdom and other Empire countries account for a very small fraction of the total rice trade of India and Burma, as the following figures will show :—

Year.	TOTAL VALUE OF INDIA'S RICE TRADE.	
	With countries <i>not</i> granted preference.	With countries granted preference (i.e. Empire Countries.)
	Rs.	Rs.
1931-32	16,94,62,000	45,39,000
1932-33	13,26,51,000	47,85,000
1933-34	9,32,51,000	57,20,000

In these three years, the total rice trade of India fell from about Rs. 17 crores to Rs. 9 1/3 crores; the increase in the trade with Empire countries is about Rs. 12 lakhs. The report therefore very frankly and rightly says: "The preference on this item therefore cannot be expected to affect the Indian or Burma production appreciably."

TEA.

The authors of the Ottawa scheme of Imperial preferences laid considerable stress on the great benefit which the scheme would confer on Indian *Tea* industry and that benefit alone almost justified the preferences given by India to the imports of the United Kingdom and the Empire countries. Let us now read the figures.

Year.	Total exports of Tea from India.	Export of Tea from India to the United Kingdom.
1932-33.	379,000,000 pounds (lbs.)	331,000,000 pounds (lbs.)
1933-34.	318,000,000 "	276,000,000 "

There was a fall of 16 per cent in the export trade of India's tea. This may be due to Export Restriction Agreement or other causes. But the fact remains that the expectation that the Tea trade of India would gain substantially in return for the preferences given to the Empire countries has not been realised. There has, on the other hand, been a decline in that trade even with the United Kingdom.

JUTE MANUFACTURES

Another very important product of India which was expected by the authors of the Ottawa scheme to profit by the Agreement was Jute. At a time when the international trade was declining,

jute manufactures, which provide the containers for goods (bags) and packing material, could not be expected to command an increased demand. Moreover, the United Kingdom is a small importer of India's Jute manufactures (about 8 per cent. of India's total exports). After the preference (that is in the year under report-1933-34), the export of gunny bags to the United Kingdom declined by over a million in number and the export of gunny cloth showed a decline of six million yards. The report, therefore, necessarily warns India against entertaining any great hopes of the expansion of exports or production of jute manufactures by reason of the preference. All that is claimed is that the preference maintains Indian jute manufactures on equal terms with the British manufactures in the latter's home market and gives the Indian jute industry a preference against foreign jute manufactures. The fact remains that while the value of India's jute manufacturing trade with countries not granted preference practically remained at the same level since 1931-32, the share of the United Kingdom in that trade with India has been declining since 1931-32 in spite of the preference.

VEGETABLE OILS.

Trade in vegetable oils is an expanding item of trade in India. But a study of the figures of recent expansion of that trade shows that the share of the countries granted preference in that expansion is less than the share of the non-Empire countries not granted preference.

Year.	Total export of Vegetable Oils from India.	Export to countries granted preference.
1932-33.	24,40,000 gallons.	16,16,000 gallons.
1933-34.	29,15,000 "	17,95,000 "

These figures show that out of the increase of 4,75,000 gallons in the export of our vegetable oils in 1933-34 as compared with the previous year, the countries granted preference took only 1,80,000 gallons. Two-thirds of the increase in our exports went to non-Empire countries not granted preference.

RAW COTTON AND COTTON YARN.

Raw cotton is of course the most important of all the export commodities of India. The Ottawa Agreement merely embodied a clause holding out a hope that the United Kingdom would take steps to encourage the greater use of Indian Cotton by the British textile

mills. The British Textile Delegation headed by Sir William Clare-Lees, made recommendations to Lancashire to take more Indian cotton. The following figures will give an idea of the share of the United Kingdom in the export trade of India's raw cotton.

Year.	Total exports of raw cotton from India (including Kathiawar ports).	Share of the United Kingdom.
1929-30.	7,27,000 tons.	50,000 tons.
1932-33.	3,75,000 „	30,000 „
1933-34.	5,14,000 „	61,000 „

It will be thus seen that the United Kingdom's share of the trade is very small and it remains to be seen how it will develop in the next few years. This has, however, nothing to do with the scheme of preferences for India's Raw Cotton has no preferences in the United Kingdom or the Empire countries. Such encouragement as the United Kingdom is expected to give for India's raw cotton is by way of good-will in return for the preference given by India to her.

As for cotton yarn, the United Kingdom's share in the total export trade of India is small. While India exported 16 million pounds (lbs.) of cotton yarn in 1933-34, the share of the United Kingdom in that was 4,40,000 pounds, less than half a million pounds. The scope for expansion is not much.

OTHER PRODUCTS.

In regard to other products, there is no need for any detailed examination. In the case of Tobacco it is not of much importance to the mass of Indian producers. India which supplies a small quantity of pipe tobacco to the United Kingdom cannot capture the trade from Cuba even with the aid of the preference. As for castor seeds, our trade has been rapidly declining and the preference has not been of any use. In groundnut the report itself concedes that other Empire countries benefitted to a greater extent than India. The export trade in groundnut has been so unsteady in the last few years as to make it impossible to make any intelligent forecast. The net result of the review of the working of the Ottawa scheme of Imperial preferences is that India's export trade in or production of her chief *agricultural* products did not improve by the preferences.

IRON AND STEEL.

The Ottawa Agreement was supplemented in the United Kingdom soon after the conclusion of the Ottawa Conference by what is

known as the Iron and Steel Supplementary Agreement. It is claimed in the report of Dr. Meek that the effects of that supplementary agreement have been beneficial to India. It is enough to examine the case of one important item of India's export under this agreement to test the soundness of the view expressed in the report. With the Iron and Steel Supplementary Agreement coming into force at the beginning of 1933, the exports of steel bars increased considerably, more than doubled themselves. The following are the figures for export to the United Kingdom alone:—

1931-32	9,000 tons.
1932-33	16,000 „
1933-34	41,000 „

These steel bars (half finished product) are exported to the United Kingdom to be converted into galvanised sheets and imported into India. It is claimed that nearly 45 per cent of the galvanised sheets exported from the United Kingdom to India from May 1933 to March 1934 were made from the Indian steel bars.

Is this a benefit to India? It is not seriously denied that there is scope to so expand the steel plant of Tata's at Tatanagar, put up at a cost of about Rs. 25 crores, as to enable that concern to manufacture all the galvanised sheets required by India for her internal consumption. What then is the necessity to ask Tata's to be content with manufacturing steel bars and exporting them to the United Kingdom to be made into galvanised sheets? By this arrangement, not only does the Indian consumer pay the British manufacturer of the galvanised sheets the cost of manufacture, but pays the British Steam Ship Companies the freight for carrying the steel bars to the United Kingdom and bringing the sheets back to India, the British Insurance concerns to insure these goods and so on. The increase of export of steel bars is not, therefore, a result at which India should rejoice. It actually limits India's output of galvanised sheets for which there is increasing demand for internal consumption in India.

THE OTHER SIDE OF THE BARGAIN.

So much for the effects of the Ottawa scheme on the export trade and production of India's main agricultural products. It is clear that India has not benefitted by the scheme in this direction. What about the effect of the preferences granted by India to the United Kingdom and the Empire countries? Even though India's export trade and production have not benefitted by the Agreement, India need not complain of the bargain being one-sided, simply because the United Kingdom may have benefitted by the scheme, provided of course that India's industry and trade did not thereby suffer. If the United Kingdom, as a result of the preferences given to her by India is able to supply India's needs in respect of the commodities which are given preferential treatment, without unfairly competing with Indian industry, manufacturing the same

articles and on the same terms as other countries like Japan, America, Germany or France for instance may be able to supply similar goods, India may and ought to buy from the United Kingdom instead of from those other countries. But two essential conditions must be forthcoming for India to assume such an attitude: *firstly*, the British imports stimulated by the preferences should not adversely affect the Indian manufacturing industry in those articles; *secondly* the Indian consumer should not be unduly penalised as a result of the preference by being compelled to pay a higher price for the British article, while equally good articles of the same kind could be imported from elsewhere. Even if this second condition is not immediately forthcoming, there must be reasonable prospect of the British manufacturing industry fulfilling that condition in the shortest time possible with the aid of the preferences granted by India. But are these two conditions forthcoming?

Making allowance for the considerable decline in the purchasing power of Indian masses, conceding that a part of the increase of British Imports into India was due to her going off the gold standard, taking also due note of the fact that the depreciation of her currency by the United States of America and the depreciation of the Japanese exchange had an adverse effect on Imports from other countries, it must be said that the total import trade of the United Kingdom with India had improved as a result of the Ottawa preferences. A detailed examination of the items of imports which account for this increase, the reaction which these imports had on Indian Industries and the effect of the preferences granted by India on the market prices of imported articles which received preferential treatment is reserved for another occasion. It may be stated at once that Dr. Meek's report is not helpful to enable us to ascertain the effect of these preferences on Indian Industries. The report states that as many of these industries are what may be called "small scale" industries without any organised association of establishments, it has not been possible to obtain much statistical material relating to their progress. These "small scale" industries are still of very great economic value to India, for they still give employment to millions of her masses and some of them provide subsidiary occupations to the agriculturists whose hereditary occupation of husbandry is becoming more and more unremunerative. It is not creditable to the Government of India to plead ignorance of and want of information on such a vital matter. The report of Dr. Meek itself contains definite evidence of the adverse effect of the preference on the rising aluminium utensil manufacturing industry in India. No investigation into the effects of the working of the Ottawa scheme of preferences will be complete or useful until the effects of that scheme on the "small scale" industries of India and on the large mass of Indian consumers of the imported articles which are given preferential treatment are fully ascertained and made known.

"The need for an Emporium".

(BY NILKUMAR D. SHUKLA, B. A.

Propaganda Officer, Surat District Co-operative Institute).

During these days of economic depression when prices of Agricultural Produce are low, it is very difficult for an Agriculturist to carry on the livelihood of his family merely on agriculture. Majority of the farmers are holding less than five acres of land, and hence their earning is very low. But the problem that now arises is, whether an agriculturist has any spare time, and if so, is there any occupation which may engage his leisure, and thus create an additional source of income for him. It has been found even by the Central Banking Enquiry Committee that many of the farmers have three to four months of absolute leisure, and if that leisure can be profitably employed there would be an increase in the annual income of farmers. Subsidiary Industries can very well engage the times of farmers. These can be mentioned as under:—

Spinning, Handloom Weaving, Silk, Silver and Gold Thread, Poultry Farming, Envelope making, Brass Ware, Bell metal, Gur making, Hand hulling, Sericulture, Ericulture, Epiculture Dairy Farming, Bidi Making, Cherrut making, Rope Making, Matting and Lac Industry. All these are industries that can profitably engage the spare time of an Agriculturist. It is very essential for an Agriculturist to pick up anyone of these, and create an additional source of income that may render some help towards the problem of leading a better standard of life.

To-day, a common feature about these Industries is that the people engaged in them do not as rule make for stock, but only make to order, having received the necessary raw material or an advance in money. This is said to be due to a variety of reasons viz., (1) Lack of Capital, (2) Uncertainty about marketing products due to importation of cheaper and more convenient substitutes, (3) Unwillingness to take up contracts for continued regular supply due to inability to organise the business so as to obtain an uniformity of quality in the raw material and in the workmanship, (4) Need for co-ordinating specialised functions in such industries the lengthy technical processes involved in some industries such as calion printing and the inability of a small artizan to lock up his capital for long,

and (5) the seasonal nature of the industries and the facilities afforded by the middle men to keep the artizan going during the slack season. The chief difficulties to be surmounted are generally (a) Indebtedness of the artizan. (b) Lack of organisation among them, and (c) Marketing facilities.

The first two difficulties can be solved by credit societies or by Urban Banks providing finance at reasonable rates of interest. As to a solution of the third problem, Emporiums both for the exhibition of the materials and selling the same, will serve towards a good end. In this connection, mention may be made of the work done by the Arts and Crafts Exhibition at Lucknow. It is reported that the Emporium has established a contact between the products of the Cottage and Village Industries in the Province with internal and external markets. The Central Banking Enquiry Committee has recommended that its activities should be extended in various directions, such as imparting commercial and technical education to the industry and trade, assisting in the production of approved designs prepared by the School of Arts and Crafts, advertising the artistic products of the industries and acting as the headquarters of a system of Sale-Depots not only in the province but, also, in the major portion of other Provinces.

The Central Banking Enquiry Committee has come to a conclusion that by the introduction of new and the expansion of the existing industries much can be done to provide the Cultivator with a suitable subsidiary occupation for his spare time. Despite a complete lack of organisation, there are many thriving industries with established markets both in India and the Overseas. All the industries stand in need of organisation and guidance in the selection of designs and processes, assistance in obtaining suitable tools in marketing, in the diffusion of market intelligence and in the advertising of their wares. There is a good deal of useful work that can be done both by the Co-operative and the Industries Department in the introduction of new and the development of existing cottage industries which will ultimately result in relieving the poverty of the small cultivator and raising the standard of his living.

We find from the report of the Central Banking Enquiry Committee that in other provinces the Department of Industries is working in close collaboration with the Co-operative Department. The

Department of Industries in Assam is introducing improved looms on the Hire Purchase system through Co-operative Societies and granting Industrial Loans at 6 per cent interest. The Co-operative Department in Madras along with the Industries Department has done a great deal of work in improving Cottage Industries, and in organising Societies of various kinds, to provide raw materials, to grant loans and to facilitate marketing.

The question of vital importance in relieving the distress of the cultivator is that of a suitable market for all their products. If there is no such market all the labours of the farmers would not be well rewarded, hence it is necessary that there should be a market facility. Not only the goods are in need of market facilities, but they are also required to be well advertised. With these two aims Emporiums should be organised, where manufactured goods may be exhibited and sold, and thus a double purpose may be served: that of advertising and selling the goods. Such a type of Emporium is working, at present at Gauhati. It is a Government Emporium, and is providing a market for Silk Cloths, buying both from the middle men and the actual weavers. The Government of Burma, have for ten years employed an Officer, as Superintendent of Cottage Industries for the purpose of promoting Cottage Industries and improving their materials, appliances and technique, and in particular to assist them in obtaining the credit they need. The Officer works in close Co-operation with the Co-operative Department. Besides, special Co-operative Societies have been formed for particular industries. Urban Co-operative Banks also supply credit to artizans and small industrialists. The rate of interest on loans from Co-operative Societies is $1\frac{1}{2}$ per-cent per-mensem.

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Decrees And Extensions.

(BY RAO SAHIB M. S. SESHACHALAM IYER.)

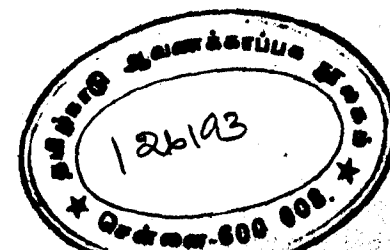
The Central Banks are allowing extensions for payment of principal in Societies on a certain standard specifically allowed by the Department. It mostly includes cases where decrees have been obtained by the societies either in the Civil Court or by Arbitration. A perusal of the Provincial Administration report will show that the decrees pending in execution are increasing in leaps and bounds, and cases are not wanting where they have also been reported to be barred by limitation. In execution of decrees even portions of the decreed amount are not collected now-a-days and in very many cases no steps are taken by the Panchayatdars themselves for years for reasons best known to themselves. I am not able to understand the logic with which these items are taken as substantial assets for extensions for payment of the dues to the Central Bank. The very fact that an extension is given to society by the Central Bank is really mis-representing its true state of affairs and unless the decrees as collected it cannot be taken to credit. These extensions are mostly resorted to by societies only for getting fresh loans or to make themselves eligible for seats in the Unions and Banks. These extensions do also reduce the overdues in the Central Bank to that extent. It is not desirable that societies where decrees have been got and no steps have been taken for collecting them should be treated as sound by giving extensions. As for giving fresh loans to members other than the defaulters who may deserve the loans inspite of the fact that the decrees are outstanding, loans may be given even when there are overdues if the Central Bank is satisfied that the management has taken all possible steps to recover the dues and, they are all sound and fresh loaning need not be on condition of giving extension to the defaulting loans.

Societies' Bought-in Properties.

BY RAO SAHIB M. S. SESHACHALAM IYER.

Owing to economic depression, societies find it impossible to collect the dues from its members and have recourse to coercive process and mostly in cases of sales of mortgaged properties, societies themselves have to purchase them owing to want of bidders. The advisability or otherwise of purchasing these properties by societies by which they not only lose interest on purchase money, but also undertake the burden of paying the Land Revenue, is a matter to be discussed separately; but I am here concerned only with the accounting of such purchases in societies. Mostly the purchase money is adjusted to the loans for principal and interest. It is a known fact that in very many cases the properties purchased by societies are not sold and may not fetch even the purchase money. The village societies have now been rightly or wrongly classified as those requiring detailed control by the Unions or the Federations and every action should get the sanction of the Bank or the Federation. It is possible in societies where there is a selfish Panchayat they will purchase the mortgage property for the society for the entire amount due from a member in whom they are interested, and thus discharge his loan and the society may not after all be able to recover even a portion of the sum. So it is highly desirable that in cases where properties are to be purchased by societies, for their dues, sanction of the financing bank or the Deputy Registrar must be made imperative to safeguard the interests of ignorant members of the General Body against the machinations of the Panchayat.

The overdue interests are excluded from the net profits for distribution of dividends etc., and I think the same will apply even for the adjustment of interest made from the sale of mortgaged properties by the societies themselves. It is an imaginary receipt and unless the property is sold by the society the receipt is not real and to give credit to such receipts of interest and to include them in the net profits for being divided to Reserve Fund, Dividend, and Honoraria is financially unsound. It may be included in the book profits and when it is recovered in cash it may be taken to the disbursable item. I hope these suggestions will engage the attention of the Registrar and the Co-operative Institutions.



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Co-operation and Electric Power Supply.

BY P. S. G. GANGA NAIDU.

*President, The Peelamedu Co-operative Land Mortgage Bank, Ltd.,
Peelamedu.*

Thanks to the initiative of the Government of Madras, Electricity has come to stay in our province; and the Pykara Electric scheme whose head work under which the machinery works is one of the highest of the world has been completed within about three years of its inception, and within the scheduled time, the outlay not exceeding the estimate. It is now the duty of the public to make the greatest possible use of the power for the promotion of Agriculture and Industries in our Presidency. The Government of Madras have been spending large sums of money during the last several years to promote Agriculture and Industries. But, Alas! the people have not been educated as to the benefits of the methods adopted by the Government and so maximum benefit could not be derived and enjoyed by the people from the several schemes initiated by the Government. Whatever be the opinion as to the value and efficacy of the methods adopted by the Government for promoting Agriculture and Industries all these years, the supply of electric power from the Pykara scheme, if utilised by the large numbers of Agriculturists and Industrialists is, in my opinion, calculated to give a great push, and advance the material prosperity of our country, to a level obtaining in the western countries. I understand that it is contemplated to inaugurate the Mettur and Periar Electric power schemes; it is incumbent on us to press on the attention of the Government through the Legislators, our representatives on the council, to sanction and complete these two electric schemes within as short a period as possible. Then we shall have a National Grid constructed for the whole of Southern India, a series of generating plants mostly hydro electric and generating stations with a net work of primary and secondary transmission lines extending to all the principal towns and centres in our Presidency. While the Government will have done a great thing by the people of the country in constructing the National Grid, the duty of the public is no less insignificant. If electric power is to be supplied at cheap rates to people, it is clear that we should have a large body of consumers. Hence propaganda is essential. It is my firm conviction that Co-operation is the only effective means of popularising the use of the power and that the distribution of power among Agriculturists and

CO-OPERATION AND ELECTRIC POWER SUPPLY

owners of small and big Industries, should be organised on a Co-operative basis. Co-operation has played an important part in several countries in many directions of economic progress. I am aware of the fact that Co-operation to-day in our country is at a low ebb and that the Government and the people may be sceptic as to success of this new experiment. But if the power-resources of the country are to be utilised for the advancement of Agriculture and Industry which are essential to national progress and if our country is ever to rise to the level of the western countries, I venture to state that our people should be educated to think electrically and that for this purpose the Co-operative method must be harnessed for the distribution of electric power. I appeal therefore to my brother-co-operators in the province to give their kind consideration to this suggestion of mine and I shall be glad to convene at an early date a conference at Coimbatore of Co-operators, Agriculturists and Industrialists, if there be good response to my appeal. Friends interested in my scheme will communicate to me.

The Mysore Economic Journal.

BANGALORE.

Published on the 7th of each month.

(The only English monthly Journal in Mysore State which has the largest circulation of any Newspaper or other periodical published in it.)

An Advertising Certainty and not Mere Speculation.

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*No. 19, Gundopunt Buildings, Siddicutta,
BANGALORE CITY.*

Supervision of Co-operative Societies.

BY "A CO-OPERATOR."

Professor H. L. Kaji in his Presidential Address at the third Madras Urban Banks Conference says "the problem of supervision of Co-operative Societies is one of almost supreme importance to us at the present day". He further says that in spite of the rapid increase in the number of societies, the perfect arrangements in financing them, the suitable extension of Administrative machinery yet the Co-operative Tree thus planted has not borne the fruit that it was expected to bear. It seems that the matter of improving supervision to the required standard of efficiency is engaging the careful attention of All-India Co-operators, in general, and, in particular that of the All-India Co-operative Institutes Conference, of the Registrars of different provinces and of the Government of Bombay who even appointed a Committee to go into the matter.

From the above facts it is evident how very grave is the problem and it is further clear that the superstructure of co-operation is raised on ill founded basis and it may come down with a crash unless prompt measures are taken. Before we seek any remedial measure, we must know the reasons for the present impasse and the static condition to which many societies and some banks have come to. The causes are two old viz., the hasty propagation of the co-operative movement at the wrong and secondly the neglect of supervision by leaving it entirely in the hands of unqualified and incompetent persons.

Instead of first concentrating the co-operative movement in Urban Areas by starting Urban Banks and societies of Limited Liability, whereby the rural population could be gradually initiated into the technique and the responsibilities and privileges of the movement, it was at one stretch introduced in the villages by starting unlimited liability societies wherever desired. To the illiterate and ignorant villagers, accustomed to high usuries and unestimated and unbudgeted ways of expenditure, the profuse supply of money at much lower rate of interest produced quite the reverse effect of what the co-operative movement intended. Instead of promoting thrift, solvency and co-operation among people, it encouraged lavishness, increased indebtedness and created dissensions. General education and business instinct being at a discount, most of the societies have

been ill managed by the directors and the credit abused by the Individual Members. The legislation too was defective. Accurate property statements were not called for and the properties were not properly assessed and individual repaying capacity was not enquired into. This state of things continued until the economic depression and the hopeless deterioration of values gave a rude shock to the governing and financing bodies. Some expedient steps were taken to ameliorate the condition, the effect of which time alone can decide.

The secondary reason is the inefficient and incompetent supervision. What a village karnam is to the British Government, what a field worker is to an Insurance Firm, that is a supervisor to the co-operative movement. His importance has been overlooked all these years. Most of these supervisors are ill educated and ill trained, installed in their places by favouritism. They are there merely for their grub, not knowing either their sense of responsibility or the spirit of co-operation. Constitutionally the position of a supervisor is peculiar, is almost an enigma, a paradox in human institutions. He is expected to exercise some authority, a corrective influence on the executives of the societies for whose representative body called the union, he owes his very existence and promotion in life. How can he call a spade a spade? Is it not impossible for him to discharge his duties conscientiously?

And what is the kind of men and material we have in the co-operative field? The Non-Co-operative movement has brought to the fore-front men of questionable character and mental equipment who have studded the co-operative field with their magnified notions of self importance. They are co-operators on the one hand and non-co-operators on the other and they scarcely know when and with whom to co-operate or non-co-operate. It is no wonder if some of them meant one thing while they did the other. The interest in the movement and the institutions they manage are generally prostituted to their greed for power and position which they want to perpetuate at any cost. What do you think, dear Reader, of the Secretary of a Central Bank who in his frantic effort to succeed in the ensuing election manipulated things to give not only extension of time for the overdue loans to the tune of nearly three lacks but also granted fresh loans to the same societies thus absolved. It is no consolation then that the supervisor is liberated from the control of the Union and is brought under the care of the Administrative Committee of the Central Bank because it owes existence to the Unions,

The need for the control of the supervisors by an outside agency was recognised even some time back when the District Federations were ushered in. Unions on whose power privilege and existence, the Federation threatened to encroach, sedulously conspired and sounded the death knell of the Federations. Now we are at the beginning of the problem again.

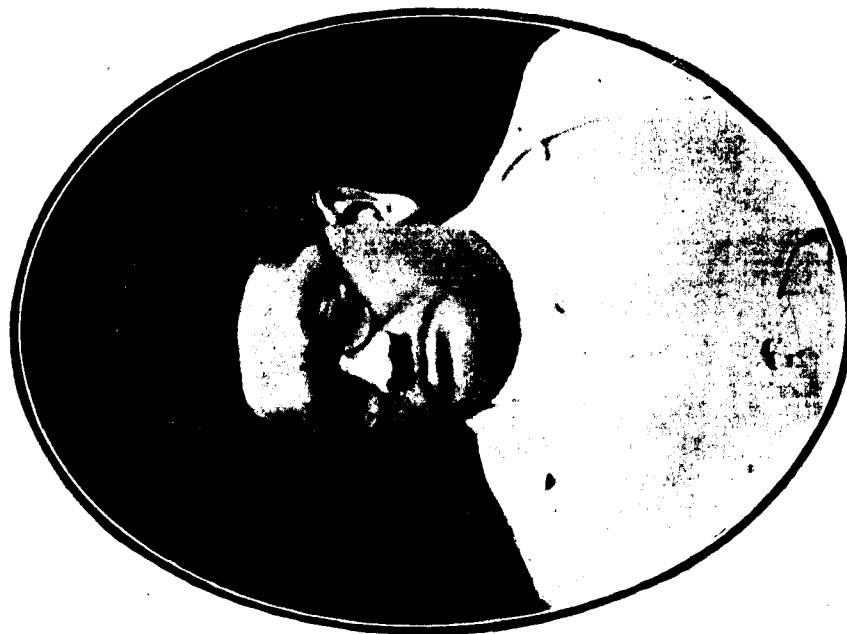
In order to make the supervision effective, the first step should be to dissociate the supervisor from the whims and graces of the ignorant and illiterate electorate. The supervision must be officialised or demi-officialised. All the supervisors may be brought under the direct control and responsibility of the Deputy Registrar if the Provincial Union cannot find a way of making the supervision effective.

If the Government or the Provincial Union cannot afford to maintain, the supervision fund may be recovered from the Central Banks, and kept at the disposal of the Deputy Registrar or the Provincial Union. The appointing and transferring and promoting authority may be invested in their hands. Test examinations may be held while recruiting new hands. The supervisors must be infused with a sense of security and encouraged in their duty by decent remuneration and travelling allowance, as also by throwing open chances of their being taken into Government service. Unless the present weak-kneed position of the supervisor is strengthened by such a drastic measure, we cannot think well of the future of the Co-operative Movement.

Serious objections may be taken for suggesting to hand over the supervision to the Government but we cannot help it. We have failed perhaps miserably to administer supervision wisely and well. From the shilly shallying way in which most important financial institutions are handled, I would even go to the length of suggesting that an Executive officer may be appointed, paid by and responsible to the Apex Bank or the Government, may be appointed for every Central Bank. In the event of such an arrangement the supervision may be entrusted to the entire charge of the Executive Officer.



MR. G. K. DEVADHAR, M.A., C.I.E.,
President of the Servants of India Society
who opened the New Buildings of the Coimbatore
District Urban Bank.



RAO BAHADUR T. A. RAMALINGAM CHETTIAR,
B.A., B.L., M.L.C.,
President of the Coimbatore District Urban Bank.

Recent Utterances

THE COIMBATORE DISTRICT URBAN BANK.

Opening ceremony of the New Building.

MR. T. A. RAMALINGAM CHETTIAR'S ADDRESS.

In requesting Mr. Devadhar to perform the opening ceremony, Rao Bahadur Mr. T. A. Ramalingam Chettiar, President of the Bank said in the course of his address:—

“This occasion is a land mark in the history of the Coimbatore District Urban Bank. The building has been completed ultimately at a cost within Rs 30,000, including the value of the site on which it stands. The experts opine, that this is a construction carried on at a moderate cost. The credit of this must go to Mr. Kesava Rao Tombet, Assistant Engineer and Mr. A. R. Sivaswamy Aiyer, District Board, Assistant Engineer for their great help rendered in designing and supervising the building operations. The Bank's share in this constructional work was therefore, practically confined towards scrutinizing and paying the bills. Our thanks are also due to the Indian Engineering Co., who as contractors completed the building to our satisfaction.

“It is a matter for gratification that we have Mr. G. K. Devadhar in our midst to-day to bless our work. The Servants of India Society, of which Mr. Devadhar is the President, has been continuously co-operating with our Bank in Rural Reconstruction work. Mr. V. Venkatasubbiah of the servants of India Society, has rendered us valuable help in flood relief. Later on, Mr. K. G. Sivaswamy helped to start and conduct our Rural Reconstruction Centres at Satyamangalam and Perundurai and this year Mr. R. Surianarayana Rao has been supervising our centres. Next month Mr. Surianarayana Rao will shift his head quarters to Madras but we will have the advantage of having Mr. V. Venkatasubbiah or Mr. Surianarayana Rao to supervise our Rural Reconstruction Centres by three or four visits in the course of the year. And it is fitting that Mr. Devadhar, the veteran co-operator, who is responsible for so much progress in the Co-operative Movement in practically the whole of India, should help us to-day at this function. He is, of course, familiar with the movement at every stage, from the village primary society right up to the imperial scale. At the invitation of the Indian States of Indore, Mysore, Travancore and Cochin he has carried on enquiries into the progress of the Co-operative movement in those states and I believe, he has already got a similar request from the Kashmir State.

“I have had the privilege of working with Mr. G. K. Devadhar as one of his colleagues in the Madras Committee on Co-operation and of touring in South-India for a period of nearly six months. It is, therefore,

my duty to briefly inform him of the state of affairs since the publication of the Townsend Committee Report six years ago. Since then the ryots of the Madras Presidency, in common with others, had to meet with various difficulties. The economic depression came suddenly upon them and the question of overdues loomed very large, so much so, that co-operation had to pass through very anxious times. Indeed, Government and those in charge of co-operation un-officially, thought that the last days of co-operation had probably come. But things are getting better now almost all over the Presidency. At any rate, I can assure Mr. Devadhar that the Coimbatore District Bank has turned the corner. But in spite of it all, it is well known that on account of the accute depression, the general question of the condition of the ryot has become more difficult now than ever. Agriculture is no longer a paying profession and therefore the ryot is in a deplorable plight. The question of improving the resources of the ryot is a thing which the Co-operative Movement will have to tackle more and more seriously. The ryot's needs are many, and he borrows money from all available sources and in the economy of the ryot, the co-operative society is one of so many money lenders. He might have borrowed from twenty persons and the co-operative society is, perhaps, the twenty-first for him, and the result is very often the co-operative society only helps to increase his indebtedness. There was some excuse for this method of borrowing in the years past, but there is no room for such a course now, in as much as Land Mortgage Banks are coming forward to help the ryot with long term credit. As I have said from many a platform, we co-operators should insist and see that the ryot confines his transactions to the co-operative societies. There are three chief means of putting more money into the ryot's hands. He has to be enabled to get more produce from his land by up-to-date agricultural methods, his agricultural produce must be marketed on profitable lines and suitable cottage industries should be introduced or revived as subsidiary to agriculture. Unless the co-operative society is made the sole financier of the ryot, the latter cannot be relieved of his debt."

MR. DEVADHAR'S SPEECH.

In declaring the building open, Mr. G. K. Devadhar in the course of his address said:—

"I have the greatest pleasure and the most fervent desire that the choicest blessings of God may rest upon this institution, for enabling those, who are connected with it from the very beginning to carry on the work in an uninterrupted manner, and bringing under its influence, not only those who are at present reaping the benefits but also those who have yet to come under its influence, so that, sooner or latter it might become a very powerful radiating centre of co-operative influence. My

friend Mr. Ramalingam Chettiar has lavished praise on the little service I have rendered to the public—it is only a manifestation of his generosity. He is a veteran co-operator and I have many things to learn from him. He has the element of caution and action. While he combines caution and action along with idealism, my tendency is, to act and then be cautious. I often err on the side of enthusiasm, and I often need to be corrected by him. Even after my arrival this morning, I have been pestering him with questions on public life and public events, and he has been tutoring me. You have in him a veteran publicist who has rendered eminent service to our country.

"Mr. Ramalingam Chettiar has obliged me not only individually but also by his continued co-operation with the Servants of India Society. There is a certain sturdiness in all his public and political activities. He has never sacrificed principle to policy. It is within my knowledge for the past fifteen years, he has adhered to this course of action. My master Gokhale used to say that in our dealings with the public, we should never forget that we are Indians first. Similarly, Mr. Ramalingam Chettiar is a gentleman who acts according to principles first. Men of his type are a real asset to the co-operative movement, for, a co-operator has to stand superior to policies and stick up to principles. A co-operative society is not like a joint stock bank. The distinction between the two must be clearly understood. I have of course no quarrel with the joint stock banks. As a co-operator, I must say that the dominant object of the co-operative movement is service to fellowmen, while the dominant object of a joint stock bank is to secure more profits.

"After a perusal of the Administration Report of the Bank, now before you, we find that the Bank has earned in the current year a net profit of about Rs. 62,000. It is obvious even to a mere onlooker, that the ruling passion of the Coimbatore District Urban Bank is service. I am proud with Mr. Chettiar, that the Bank has turned the corner, and I agree that there is yet more useful work to be done. I congratulate him and his co-workers on the non-credit work carried on in this District. I continued to be the Director of the Bombay Provincial Co-operative Institute for the past eighteen years—rather against my wish—and I am glad to note that like the Bombay Institute the Coimbatore Bank is carrying on work which used to be thought of as transactions outside the ambit of it. I am glad to note that the Coimbatore District Urban Bank has a branch at Ootacamund catering to the needs of the Hill Tribes on the Nilgiris, mostly 'Badagas' and some 'Todas'.

"Another interesting feature of the Coimbatore Bank is the promotion of the work of Rural Reconstruction in two centres viz., Satyamangalam and Perundurai. I myself shared the pleasure, four years ago,

of performing the opening ceremony of the first centre at Satyamangalam. I continued to watch the progress of the two centres not because two members of the Servants of India Society are connected with them in a way, but because you are nearer the solution of some of the problems of Co-operation. You are equally keen on propaganda and co-operative education. It is very important to get men of service in this great temple of co-operation.

"In my part of the country, Bombay, non-officials have taken leading part in the co-operative movement. My late lamented friend Sir Vittaldass Damodaradass Takkersae had great enthusiasm for disseminating co-operative education all over the Bombay Presidency, but he passed away before he could realize his dreams. He gave large sums out of his munificence and he also gave one lakh and fifty thousand rupees to the Bombay Provincial Co-operative Institute. In the Vitaldass Memorial Building, we have to-day the All-India Co-operative Institutes' Association, the Co-operative Club and so on, as different arms of the co-operative movement. All these institutions are there, found under one roof, not for purposes of borrowing but for carrying on the co-operative task. From all these, I conceive a great liking for such permanent buildings for what Shakespeare has called 'Habitation and a name'. I therefore welcome the idea of different co-operative institutions working under one roof in this Coimbatore District Urban Bank. In Bihar and Orissa—there the taluk banks are also known as Central Banks—there are substantial buildings for co-operative societies. In the Indian States of Travancore and Cochin, I have come across such oasis small tiny co-operative organizations having buildings of their own, not for mere money lending, but to locate libraries, reading rooms etc., and there I found several co-operative societies whose halls have been used to house schools, music parties and so on. My test for the soundness of a society—I may be thought to be foolish in holding this view—is whether a co-operative society which is for mutual aid and which is a place of worship has got a permanent building made of brick, mortar and stone.

"Our country is now in the grip of economic depression. In fact no nation in the World has escaped the results of this. But I have come across a significant paragraph in the Year Book of the League of Nations. There, the writer says, that the economic depression has not interfered with the purity of the co-operative movement in the Western Countries. But the co-operative movement in India is not yet truly pure owing to the external as well as internal causes. In the first place, the average Indian co-operator is still under the influence of what I might call the Joint Stock Bankism. The desire to claim larger dividend is always there. Against this tendency, I, as a co-operator, must protest. Economic relief should be the first and foremost object of the co-operative organization. When that relief is given in the shape of

comparatively low rates of interest on loans that they took from the Bank, they have no right to claim a second service with the help of the little money that they have invested in the form of shares. I have often discussed this question with many people in the course of my tours. I have asked the co-operators and the ordinary money lenders as well, as I did at Gokornam in Canara, what would happen if the co-operative society were to disappear from the midst. The inevitable reply received was to the effect that in that case the rate of interest would automatically rise up anywhere from 18 to 24 per cent as before. It is thus clear, that however feeble and one sided the co-operative movement may be to-day its first great service is towards facile credit.

"The co-operative movement in India was started with certain assumptions which have become untrue in the light of experience of the past twenty-five years. The co-operative movement in the West depended for its success on the development of character. The remarkable success of co-operation in Denmark had been a riddle even to the people of England. It is well to remember, and make every co-operator realise, that credit is character. In Cochin the word co-operative society is a joke—a by word of contempt. In Travancore, the fisher-woman simply considered the co-operative society as something like four-annas chit-fund business and in the Bombay Presidency, the villager calls this by a corrupt name of 'chochity' which by mere chance means 'honesty'.

"Another feature that co-operators have is a tendency to look for immediate results. We need sustained work. The work should be persisted on. Those of us who work in the Mill of Co-operation know, that for achieving success there is no magic-wand. We have to be patient in expecting results.

"As for the overdues, I am not at all frightened by it. The clamour over this is rather unmeaning, if we remember that in the West the subject of debt repudiation is freely talked about. In my evidence before the Royal Commission on Agriculture in India I gave facts and figures show that several Municipalities have over-dues and yet there is no clamour about it. But it must be clearly understood that this is no excuse for the co-operators who can afford to repay the loan. The evil of overdues is due to the fact that the villagers never try to utilise the cheap money they get in, really productive purposes.

"One word about co-operative propaganda and education and I have done. Some co-operators have a tendency for watering the branches of the movement. We must on the other hand purify the roots as Saint Tukaram said "Purify the roots by removing the wicked insects to be found in them". The roots lie in rural India and I am far from suggesting that the top of the tree is rotten. When you come across societies

wholly managed by people with selfish interest and with no motive of service, you should withdraw registration. In my tours I am pained to come across instances of educated Government servants borrowing loans from four or five societies. The co-operators ought to cultivate the habit of saving, and in view of the overpopulation in India, the farmer must develop his capacity to produce more grains and more crops.

"I know that the greatest amount of work that is yet to be done in the direction of national advancement is in your rural parts. And if co-operators conduct this kind of activity bringing under its influence all other activities which make up your village uplift, I am sure, India will be renovated in a very short time. There is the experience of the co-operators in Denmark. And I can assure you that the faith which is in them in this field of co-operation, which is strengthening in spite of its shortcomings and failures, tell me that if there is any factor capable of saving the nation, it is this movement of co-operation. If co-operation fails, all hope for progress and prosperity for India will fail. But I am certain we need not despair of India like that. We are laying the foundation of a very big humanitarian movement for reconstruction. It is God's work. It is a sacred work. With these words I have great pleasure in declaring the New Building and the Ramalingam Hall open".

Mr. G. K. Devadhar was garlanded by Mr. M.A. Andamuthu Gounder, the Vice-president of the Bank. Mr. N. Subramanya Iyer translated the speech of Mr. Devadhar in Tamil, to the audience. With a vote of thanks proposed by Mr. T. S. Venkatrama Iyer and with the distribution of *pansupari*, the function came to a happy close.

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OF

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Co-operative movement in India was started some 25 to 30 years before. It made remarkable progress till 1929 with some 30,000 societies, and 600 Central Banks. The working capital of these societies and Banks amounts to Rupees 60 crores. In quality also they are in no way inferior to other Banking concerns.

India is mainly an agricultural country and therefore, the Co-operative movement has to play a very important role in its amelioration. Here, the agriculturist has to pay exorbitant rates of interest, and in addition to these high rates of interest the money-lender imposes upon him conditions which are ruinous to him with the result that he has in most cases to sell his produce in markets when the ruling prices are much low. Thus, he has no freedom even in matters of disposal of his crops. Hence, the agriculturist needs relief with regard to raising of crops and carrying on agricultural operations and also requires facilities for marketing the produce.

The creditors and the State press hard for repayment of their dues as soon as the harvests are ready with the result that every one of them has to resort to sale at one time which reflected on the prices.

The financial accommodation has to be made necessitating the embarking on a scheme of co-operative banking, which plays a very important part in helping the agriculturists. These banks made good progress in the first 25 years and would have maintained it but for the agricultural depression of 1929. To-day the agricultural credit is much lowered as a result of this depression. Since 1929, the societies have directed their energies to the collection of the old dues.

The ordinary village money-lender has withdrawn his credit and so too the commercial banks which have never been so much of help to the agriculturist. The plight of the agriculturist is to-day sad indeed as he has no means to get the required capital. He cannot realise anything from the produce and in some areas his produce cannot yield even as much as is necessary to meet land-revenue and rent to the landlords. This has resulted in the accumulation of overdues of the societies which are his only source of funds.

While the agriculturist is denied the funds, large sums of money are accumulating in Central and Provincial Banks at lower rates of interest which appears inconsistent and as such something must be done to solve the problem, which does not appear possible unless a young and enthusiastic band of co-operators take to it on a large scale.

More attention is now paid to Non-Credit Co-operation, specially in the field of cottage and subsidiary industries.

In Bombay a Co-operative Insurance Society was started and in Madras and Bengal have followed suit.

The most common form of co-operation, viz., Consumers' Co-operation, has not much progressed here in India, but its importance is realized of late. Its aim is to raise the real value of the wage and to secure for the consumer his daily needs at reasonably low rates. In Madras, we have a big co-operative stores of 25 years standing. In Bombay there are a few of such stores. In other parts of India too attempts have been made in the direction. In the West this is the strongest form of co-operation. In England itself 1/3 of the population are members of the co-operative stores. In the agenda of the Congress of the International Co-operative Alliance, which I am attending as India's representative, considerable attention is paid to consumers' co-operation and therefore, I hope to study the problem at close quarters. You may be interested to know that India is represented for the first time by its own representative. There is not much of difference in the problems of India and those of Western countries in the field of co-operation, since the principles are the same.

The latest development in the West with regard to the co-operative movement is the increase in the state-control over it. The State has taken more care about the economic organisation of the country in the interest of the public, and has launched schemes of what is termed *Economic planning*. Co-operation is thus coming gradually under State control. The States in the West are really doing a great deal for the advancement of the movement, while in India through the State is thinking of Economic Planning, the co-operative movement does not seem to be under its purview. It is to be hoped that by the intervention of the International Co-operative Alliance, the Provincial and Central Governments will realise the importance of the co-operative movement. I hope to influence the Government of India through the Congress of International Co-operative Alliance.

Extracts.

* REPORT OF THE EDUCATIONAL DEPARTMENT.

At last the A-B-C's of collective action are being learned in America. Even some of the capitalistically minded economists have been forced to admit that the economic system based on individualism has outlived its usefulness and that a different economic form is necessary in order that society may utilize for its benefit the high advance of technique and the enormous natural resources. All kinds of experiments are being planned. One of the results has been the NRA with its Codes and other measures to regulate production, agriculture and distribution. However, when the main cause for the present economic ills, profit, is to remain, although in some instances camouflaged as "reasonable profit," it is self-evident that such measures will not lead to a new economic system, but instead will remain as attempts to continue the old capitalistic profit system in new forms.

It is no wonder that the much talked of, and hoped for, results of such measures have been meagre. It is true that some patching has been done and that the general economic index has gone up as compared to the corresponding figures a year ago. However, the lessons and experience gained during the past years have brought forcibly to the minds of farmers and workers the necessity of their own collective action if any more deep-going changes are to be had. Individualism is breaking down. Under these circumstances, with the greater activities of farmers and workers, the expansion and strengthening of the co-operative movement is very noticeable.

Not only the increased activity of the Central Co-operative Wholesale and its member societies, but the general trend throughout the United States in regard to co-operation indicates that we are at the beginning of a period of national growth of the consumer's co-operative movement. Not only are the sales of the co-operatives increasing, and new members and customers coming in to the existing co-operatives, but we are constantly receiving inquiries as to how to organize new societies and what help the central organization could give to the farmers and workers in their attempts to establish new co-operatives. Such requests come from different parts of the country, undoubtedly as a result of the national circulation of our paper, 'The Co-operative Builder.' Thus the growing interest in regard to the co-operative movement is not only local, but general.

OPPOSITION TO THE CO-OPERATIVE MOVEMENT.

It is obvious that the profit system does not look favourably upon the possible expansion of the co-operative movement. Being financially and politically strong profit business interests are using all means at their

* Extract from Central Co-operative wholesale year Book 1934.

disposal to thwart the advance of the co-operative movement. In the Codes which were manipulated in behalf of big capital, clauses and regulations were included which were directed against the co-operative movement. By prohibiting the dividing of the net gains to the members of co-operatives on the basis of patronage, the Codes deprived the co-operatives of one of the fundamental bases of their existence. Division of the net gain on this basis was said to be—"unfair competition" against the private profit business!

Sometimes even conscious co-operators lament over the fact that their societies must pay a few pennies a year per member in dues to the Northern States Co-operative League and through it to the Co-operative League of U.S.A. Now, when through the Codes and other regulations the existence of the co-operative movement was seriously threatened, our central organization came to our rescue. Representatives of the Co-operative League fought in Washington against measures and regulations which would have spelled disaster to the co-operative movement, and they were successful to the extent that on October 23rd, 1933 the President of the United States issued an Executive Order exempting all *bona fide*, legal co-operatives from the Code regulations prohibiting return of the net gain on the basis of patronage.

This was a far-reaching decision. It opened wider possibilities for the expansion of the co-operative movement, not to mention the direct benefit received by the members who now were entitled to receive their patronage dividends for the year 1933. The practical results achieved in regard to the Codes was an object lesson in the benefit of centralization and educational work.

The Executive Order of the President, however, did not stop attacks against the co-operative movement. In many states, manufacturers and jobbers refused to sell certain commodities to the co-operatives on the strength of the Codes. Again the Co-operative League was on deck, and as a result, the President issued on February 17th, 1934, another Executive Order, where he clarified his previous Order. The Co-operative League has also been invited to submit to the "Recovery Administration" an adequate definition of "legal and *bona fide* co-operative."

POSSIBILITIES AND DANGERS.

Undoubtedly this new interpretation of the Codes in favor of the co-operatives was an encouragement for the co-operative movement and is contributing to impress the farmers and workers with the economic advantages of co-operation as compared with the profit system. The first co-operatives to show rapid progress were the oil co-operatives. In 1933 the sales of oil co-operatives were \$35,000,000 and they returned to their members as patronage savings \$ 3,500,000 or 10 per cent of their purchases. Naturally the private oil corporations understood what this

expansion would mean to them in their profit business. They demanded a public hearing which was held in Washington on March 2, 1934. In this hearing the co-operative movement, and especially the oil co-operatives, were bitterly attacked by the representatives of the old line oil companies. The profiteers complained that if this co-operative expansion continues, private jobbers would find themselves "rapidly being forced out of the picture," and they, therefore, demanded curtailment of the co-operative movement.

With the expansion of consumer enterprise in various lines, the same kind of attacks will be directed against the whole co-operative movement. For the time being, our movement has been able to withstand these attacks. But we are still facing great dangers. The profit system will do its utmost to prevent the growth of the co-operative system. To-day we need educational and organizational work and centralised action more than ever before. If we cling to the belief that educational expense is an unnecessary burden and that the "best way" to do educational work is to "sell cheap, that the dollar will do the educational work," then certainly we will be lost.

WORK AMONG WOMEN AND YOUTH.

Activities of the Women's Co-operative Guilds and the Co-operative Youth Leagues have become more lively. Through these co-operative auxiliary organizations we can strengthen our societies and bring in new members. Among the masses, who have been indifferent to or have not even known of the existence of the co-operative movement, a change can be noted now, and they can easily be induced into the movement.

It is of special importance that the employees and Boards of Directors encourage in every way the building of these important auxiliary organizations. Old misconceptions and prejudices should not prevent the progress of this good work in this favorable situation for the expansion of our co-operatives.

FORWARD—OUR PROGRAMME.

Because of the favorable conditions, more stress should be laid in planning the expansion of our movement in the coming period. During the past few years everything was done to reduce expenses. This was natural in a time of lessening sales. Now, when we can see an increase in sales and greater interest in co-operation among large masses, a planned expansion program should be adopted. Naturally, this would entail some expense, but this would be more than amply compensated for in immediate future returns.

The capitalist system has outlived its usefulness and cannot serve the interests of society. The old order must be supplanted by a better system in which the profit motive has been eliminated. However, this change requires conscious action and tireless work on the part of workers and farmers. Let us hope that we can build a strong movement which may share in paving the road to our goal—the Co-operative Commonwealth.—GEORGE HALONEN.

District News.

GOVERNMENT CAN HELP CO-OPERATION.

Sir Chunilal V. Mehta, Kt. K. C. S. I., President, the Provincial Co-operative Institute, Bombay, entertained Mr. V. Ramdas Pantulu, B.A., B.L. Advocate, President, All India Co-operative Institutes' and Banks' Association, who sailed as the delegate of India to attend the International Co-operative Congress, at a tea party in the office of the Institute just before his departure.

Sir Chunilal Mehta said that it was strange that while the peasants were in urgent need of funds there were funds lying idle in the co-operative organisation. He said that was not a phenomenon peculiar to the recent times, but that superfluous funds have been in evidence for several years past, of which the co-operative financing institutions could not be proud.

The needs of the agriculturists in the Bombay Presidency alone, he said, were estimated at 21 crores. He did not want to suggest that all the money they could find should be utilised towards meeting these needs of the cultivators, but they could certainly find a great deal more to do. Some methods should be found, which while safeguarding the interests of the co-operative institutions, should reasonably meet the bare needs of the cultivators.

Unless that was done they could not be said to have done very much as co-operative societies.

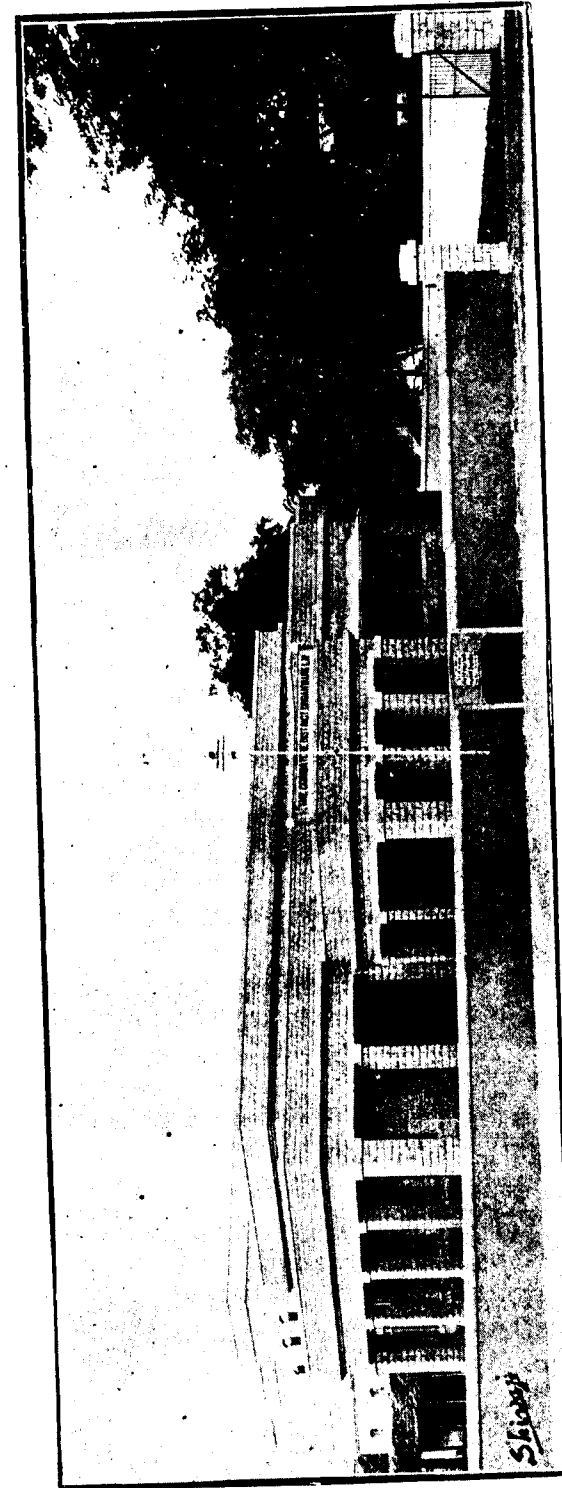
Mr. Pantulu said that the economic structure of some of the countries were in the melting pot as a result of the industrial dislocation after the Great War. These countries had started economic reconstruction by regulating the economic life of the community through certain state restrictions. Economic planning had made State intervention an absolute necessity in western countries.

In India, he complained, the Government had not shown any real understanding of the co-operative movement and did not think it was worth any serious attention, as was evident from its omission by the Government in their long communique on rural economic planning. He could not see how Government was going to effectively organize rural areas without substantial help from the co-operators.

THE COIMBATORE DISTRICT URBAN BANK.

Opening ceremony of the New Building.

There was a well attended meeting of co-operators and leading men of the District on the occasion of the opening ceremony of the Coimbatore District Urban Bank's New Building on 26-8-1934. The function began at 12 noon.



The New Buildings of the Coimbatore District Urban Bank, opened by Mr. G. K. Devadhar, M.A., C. I. E., on 26-8-1934.

DISTRICT NEWS

Among those present were, Mr. M. Giriappa Joint Registrar of Co-operative Societies, Mr. E. S. Sunda, President of the Madura, Ramnad District Co-operative Central Bank and Federation, Mr. K. G. Sivaswamy, Secretary of the Servindia Rural Centre, Mayanur, Mr. C. Varadaraja Mudaliar, Deputy Registrar of Co-operative Societies, Trichinopoly, Mr. Raja Chidambaram, Executive Officer of the Trichy District Co-operative Federation and Mr. and Mrs. Madhava Rao.

Among those who sent messages wishing success were, the Hon'ble Mr. P. T. Rajan, Hon'ble Sir K. V. Reddi, Registrar, Mr. T. Austin, Imperial Bank Local Agent, Mr. H. Carlet, Hindustan Bank Local Agent, Mr. Ananda Ram Vyass, Conjeevaram Central Bank President Rao Bahadur Mr. A. Rajabadhar Mudaliar and Secretary Mr. Ranganatham, Vellore Co-operative Central Bank, Secretary Rai Bahadur V. Murugesu Mudaliar, Trichy, District Co-operative Federation, President Mr. M. M. Krishnaswamy Pillai, Salem District Urban Bank President Mr. T. Adinarayana Chettiar, Tanjore Deputy Registrar, Mr. K. Narayanaswamy Mudaliar and Land Mortgage Bank Deputy Registrar, Mr. M. G. Padmanaba Mudaliar.

THE SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY, LTD., MADRAS,

Business received in the month of August, 1934.

	No.	Amount.
Proposals	112	Rs. 96,700
Policies issued	88	75,900

TOTAL PAID UP BUSINESS IN THE BOOKS OF THE SOCIETY AS ON 31-8-1934. Rs. 14,41,900

THE MADRAS P. C. U. FREE READING ROOM.

The Reading Room of the Madras Provincial Co-operative Union, Royapettah, Madras, is kept open to public from 8 to 10.30 A.M., and from 5 to 7.30 P.M., on all days of the week except Monday. The Reading Room is becoming more and more popular. The number of readers during the month of August 1934 were 1,144.

THE GOVERNMENT TELEGRAPH EMPLOYEES' CO-OPERATIVE SOCIETY, LTD., MADRAS

Free Public Library.

The number of readers and the number of volumes issued for home reading during the month of August 1934, were 1107 and 711 respectively, the corresponding figures for the previous month being 1139 and 695.

The Library is kept open on all working days of the Society from 10 A.M. to 5 P.M.

Reviews.

THE FIFTEENTH ANNUAL REPORT OF THE
WORKING OF THE COCHIN CENTRAL CO-OPERATIVE
BANK, LTD., FOR THE YEAR, 1108 M.E. (1932-33).

The fifteenth Annual Report of the Cochin Central Co-operative Bank for the Malabar year 1108 is a record of good progress under many heads like the number of societies affiliated, the share capital paid and deposits both from individuals and societies etc. Owing to the economic depression the bank was not able to collect as per its demand the dues from its constituent societies and in spite of extensions the overdues rose from about 10 per cent to 15 per cent. We are not at all certain whether the step taken by the Bank regarding providing long term finance to ryots by setting apart one lakh of rupees is a wise step. Experience elsewhere, especially in Bombay, has shown that it is far better to have a separate institution to deal with the Land Mortgage finance. The bank also had to manage an estate belonging to an indebted society. The net profits consequently became somewhat less this year; yet on the whole the Bank showed good progress and the Board deserves to be congratulated.

S. K. Y.

THE SOUTH INDIAN NATIONAL ASSOCIATION
AND RANADE LIBRARY.

The report of the South Indian National Association and Ranade Library for the year 1933-34 is one of useful work done quietly and without ostentation. They were able to arrange as many as 17 functions during the year under review and one of the most useful activities of the Institution is the running of a free reading room to which many proprietors of journals and magazines give a free copy. We are glad to note that the reading room is getting more and more popular and we wish the institution all success.

S. K. Y.

REPORT OF THE CO-OPERATIVE INSTITUTE,
KUMTA, NORTH KANARA.

We have received a copy of the report of the Managing Committee of the Kanara District Co-operative Institute, Kumta for the year ending 31st March 1934.

As might be expected in a year of all round financial depression, this very useful institution had to limit its activities in accordance with the finances available. It was not able to run the training classes for secretaries as usual, though it held classes for training committee members of rural societies and it also encouraged co-operation amongst students by instituting prizes. Members of the committee attended general body meetings of constituent societies as far as possible and gave expert advice and three conferences were held by society members to discuss the best methods of reducing overdues. They celebrated the International Co-operators' day as usual and ran an adult school though their efforts to run a village library were not very successful owing to lack of adequate financial support. The Rural Reconstruction Work carried on at Kallabbe continued as usual and the Institute also distributed Rs. 2,000 for charitable purposes after careful enquiry. It did useful work to popularise the activities of the Bombay Co-operative Insurance Society. Its propaganda officers delivered by popular lectures with magic lanterns. We hope the co-operators of the district will realise the good work done by this institute and give it the necessary financial help.

S. K. Y.

THE TENTH ANNUAL REPORT OF THE CO-OPERATIVE
MOVEMENT IN SIAM.

The report for B. E. 2474 issued by the Co-operative Department of Siam shows that Siam like other agricultural countries could not make much progress owing to general economic depression. The number of societies rose from 128 to 150 and the number of members also from 2200 by an extra 200 to nearly 2500. The Government rendered all possible help for the spread of the movement but owing to the very poor price which agricultural produce was able to obtain the movement could not progress very much, and in the classification by the department not one society could be classified as worthy of being placed in the first class. Members have been encouraged to take up subsidiary occupations. Repayments by the members have not been very encouraging but there is no need for any discouragement as the total assets of Co-operative Societies taken as a whole exceeded their liabilities, and they have been able, moreover, to build up a substantial reserve fund. This being the 10th Annual Report, we may take it that the Co-operative Movement is still in an experimental stage in Siam and we hope that in course of time it will gather strength and prove to be of great usefulness to the agriculturists of the land.

S. K. Y.

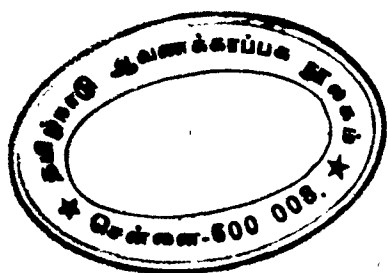
REPORT ON THE ADMINISTRATION OF THE CO-OPERATIVE DEPARTMENT IN THE COCHIN STATE FOR THE YEAR M.E. 1108 (1932-33).

The following statement will give a bird's eye view of the general progress of the movement in the state.

Year.	No. of Societies.	No. of Members.	Working Capital.	Total Transactions.	Reserve Fund.
1106	235	24,580	21,22,935	73,35,382	2,82,821
1107	254	25,290	22,26,336	73,22,445	3,230,57
1108	256	25,346	24,21,557	85,77,506	3,69,026

The Central Bank and the Central Co-operative Institute continued to do satisfactory work. Supervising Unions also did useful work and the Registrar hopes that ere long a well devised scheme of non-official supervision with the existing Unions as agents of the Central Institution which scheme is now in contemplation would materialise and be given effect to. All credit societies, mainly agricultural had the same story as elsewhere, that is growing overdues and generally unsatisfactory progress, but non-agricultural credit societies seem to have done better. Societies intended for the depressed classes and fishermen did satisfactory work in view of the general illiteracy and want of thrift of the members.

We understand that Mr. Devadhar who presided over a committee of Enquiry in Travancore has been requested by the Durbar of the Cochin State to go round and visit the Societies and make suggestions for their improvement and it is hoped that there will be an overhauling of the system and that as a result thereof there will be general progress and all round improvement.



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