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Editorial Notes

Famine in Ceded Districts.

Last year the co-operative societies of our province did their bit for the relief of the Bihar earth-quake sufferers by making contributions from their common good fund to the extent of Rs. 17,215. This year it has become necessary for them to render similar service nearer home to the famine sufferers in the Ceded Districts. Government have already opened several relief works in Anantapur and Bellary districts in accordance with the provisions of the Famine Code. A central and some local non-official committees have also come into existence to organise supplementary relief. The Famine Code, which was drawn up at a time when ideas regarding the duties of the State were much more restricted than at present, aims barely at the saving of life and not at making tolerable the lives of the unfortunate victims of famine by allowing even such things as clothing, milk for babies etc. The provision of these necessaries is left to non-official agencies. The Registrar of Co-operative Societies has earned the thanks of the people of the Ceded Districts by issuing a circular to Deputy Registrars and central banks pointing out that contribution for famine relief is a proper object for the utilisation of the common good fund of societies, and suggesting that contributions may be sent to the Anantapur District Co-operative Bank which is requested "to keep separate accounts for the remittance received and pass on the contributions to a duly constituted committee which will be subject to the control of the Central

Bank and audit by the auditor of the Bank." We trust that as usual the Provincial Co-operative Bank will give a worthy lead and that the central and urban banks will follow it worthily.

Registration and Liquidation.

We have no doubt that co-operators in this province will read with interest the extracts we have given elsewhere in this issue from the report of the Registrar. These are taken from Part I which is general. We propose to give later extracts from Part II which deals with the detailed working of societies. The total number of societies in the province decreased during the year 1933-34 from 13,956 to 13,634. New societies registered were 140, while those liquidated—all bad and dormant societies—were 462. The societies liquidated in the previous year were 691. If a smaller number was liquidated in 1933-34, it was not due to the Registrar becoming less zealous in weeding out bad societies, but due to the fact that liquidation is a very troublesome and unsatisfactory process, to be resorted to only when there is no alternative. An alternative is available in model by-law 62 of the agricultural credit society, according to which a general body meeting called by the Registrar is competent to appoint, irrespective of quorum and other requirements, any member to be in charge of the society in supersession of the panchayat. Action was taken under this by-law in as many as 244 societies; otherwise the number of societies liquidated would not have been less than in the previous year. Appeal against the cancellation of registration was made in 30 cases but was not successful in any. Of the societies liquidated 3 were district federations and 18 supervising unions. In the current year we fear even a larger number of unions is being liquidated—mainly because funds are not forthcoming to keep them going. There were in all 1,615 societies in various stages of liquidation, a considerable number being under liquidation for the last five years. The cash collections made in these societies during 1933-34 amounted to Rs. 7.02 lakhs, but more than Rs. 2.5 lakhs was written off as irrecoverable from members. The financing banks had to write off Rs. 42,361. Owing to combination among the villages and also to the continued agricultural depression the liquidators found it very difficult to find a sale for the properties in their hands. There is no alternative but to wait for better times. The Registrar is reviewing the collections every month and issuing instructions to the liquidators, so that everything possible is being done by him to help the situation.

Public Confidence.

Of special interest are the results of the detailed examination of loans due by members, made under the revised scheme of Mr. Deivasikhamani Mudaliar, though the Registrar's report has given only

the results obtained by 4 central banks. (*Vide* table given in para 12 of the extracts from the Registrar's report). But as these banks are among the weaker ones, we may assume that the results in other banks will not on the whole be worse. It is true that the estimated bad debts (column 8) in societies in all the four banks together form a little more than 10 per cent of the total loans (column 3), but the amounts that will affect the central banks (column 9) are all less, and in the case of Guntur District Bank very much less, than the bad debt reserve of each central bank (column 13). And in addition the central banks have their ordinary reserve funds which are very much larger than the special bad debt reserve. It will thus be seen that the position of no central bank has been rendered dangerous by the existence of bad debts in the societies, however unfortunate their existence may be conceded to be. This should prove reassuring to the investing public, who, be it said to their credit, have continued to place great confidence in the central banks in spite of alarmist reports. This confidence of the public is also reflected in the increase of the total working capital in the movement, exclusive of the investments of one society in another, from Rs. 924·87 lakhs at the beginning of the year to Rs. 1,011·97 lakhs at the end of the year. Two-thirds of this working capital consisted of deposits from individuals and institutions.

A British Ten Year Plan.

Ten years hence falls the centenary of the Rochdale Pioneers co-operative society, which British Co-operators propose to celebrate as the centenary of the co-operative movement in Britain. One smiles when told that the preparations for it are already begun. But the smile would not last long—for the preparations are a Ten Year Plan for enrolling millions of members more into the movement and to convert the present members into 100 per cent co-operators. That is a worthy way of celebrating a centenary. The movement in India has to wait a long time for its centenary, but many societies are celebrating their silver jubilees. But to how many of them has it occurred to launch a membership campaign or to make its members 100 per cent co-operators? Our celebrations generally end with show and self-adulation. Decidedly the British co-operators have a more practical idealism than we have. But what prevents us from learning from them?

Reducing Social Expenses.

The Baroda State authorities are contemplating the introduction of legislation in order to prevent caste dinners on occasions of marriages, thread ceremonies and funerals becoming too expensive, by limiting the number of guests to be entertained to one hundred persons. The tyranny of caste dinners is very great in Gujarat and we guess the proposed legislation will be quite welcome. Marriage and other ceremonial expenses are ruinously heavy in all parts of India, and their reduction is the main object of the better living societies of the Punjab. These societies however have not taken root in other provinces, perhaps because social tyranny is too strong for them. But the reduction of these expenses is abolutely necessary, if our social and economic life should become healthy. The depression has taught us to view debts and the sanctity of contracts from a new angle. We are not therefore likely to strain much at the idea of the State stepping in to save the individual from the tyranny of society. Just as the Sarada Act was necessary to save the country from the evils of too early marriage, so is another act needed to save the country from the evils of too much expenditure on ceremonials. We hope the cue of Baroda will be taken up by the legislators of British India.

A Marketing Society.

The Sivagnanam Co-operative Agricultural Society of Lalgudi in Trichinopoly district, which maintains a demonstration farm and supplies seeds, manures and advice to its members and is perhaps the best society of its kind in our province, has now added a marketing section to its useful activities by the organisation of a loan and sale society attached to itself. The object of the society being to enable its members to hold up produce until better prices are obtainable, it will arrange for godown facilities not only at its head-quarters but also in important centres of production. It further proposes to issue bi-weekly current market price reports of paddy from important centres of production and consumption for the benefit of its members. It hopes in course of time to standardise weights and measures used in the sale of paddy and to introduce grading and a system of sealing bags, so that any produce passing through the society may be accepted as perfectly genuine. Sir T. Desikachariar and Mr. S. V. Ramamurti, Director of Agriculture, who took part in the opening of the society, expressed confidence in its future success, because of the excellent human material that is available at Lalgudi for co-operative work. They hit the nail on the head, because without honest and capable men in the management no society can succeed, whatever its by-laws.

Telegraph Employees' Society.

The Government Telegraph Employees' Co-operative Society, which celebrated its tenth anniversary in the first week of February with Dewan Bahadur M. Ramachandra Rao in the Chair, is one in whose footsteps other employees' societies will do well to walk. On 30-6-1934 it had 1,278 members with a paid up share capital of Rs. 46,718 and a reserve fund of Rs. 16,693. It held fixed deposits from members and non-members to the extent of Rs. 1·25 lakhs. Its most notable feature is that it has made the practice of thrift

compulsory on its members by requiring them to contribute a small fraction of their salaries to the 'Thrift Fund' on which, in addition to an attractive rate of interest, a bonus upto 4 per cent is given from the profits of each year. This Thrift Fund was instituted 5 years ago and amounted on 30-6-1934 to over Rs. 80,000. Another admirable feature of the society is that for the last two and a half years it is running a store department, where the goods sold are confined to the products of the Salem Weavers' Co-operative society and the Devang Knit Works Co., Salem. The sales last year amounted to nearly Rs. 4,400 and the society earned a commission on them of Rs. 374. It now proposes to add a tailoring section to it. A third feature of the society is its library which was started in 1932-33 with an investment of nearly Rs. 2,000 from the society's accumulated common good fund. The library not only received last year a grant of Rs. 100 from Government through the Registrar of Co-operative Societies, but also liberal contributions from the Telegraph Recreation Club and the Indian Telegraph Restaurant. It is remarkably popular, as the number of persons who made use of it was 13,881 and that of books issued for home reading 7,863. Yet it is run without any paid staff. On its last anniversary day the chairman announced that the society had instituted a gold medal and a silver medal to be given as the first and second prizes in an essay competition the thesis being 'Co-operation.' The Society is fortunate in having as its Honorary Secretary a co-operator of the enthusiasm of Mr. V. Manikka Mudaliar. We wish it a long career of usefulness.

Unedifying.

We do not at all regret the publicity which the correspondent of the *Hindu* has given to the unedifying manner in which the directors of the Vizagapatam Co-operative Bank have been conducting their meetings. Owing to differences among them, it seems, some ten meetings of the Board had to be adjourned for want of a quorum. Then, between the president and the secretary there has been keen difference as to their respective powers. The former requests the latter to convene a meeting, the latter refuses to do so, the former calls the meeting himself, the latter cancels it and issues a notice to the staff threatening with suspension anyone who assists the president in convening a meeting. There is then dispute about the custody of cash, the Deputy Registrar and the Union Secretary go to the Bank, find the atmosphere too tense, send for the police and further proceedings are held under the protection and in the presense of the police! And this protection was sought for two successive meetings of the directors. What an exhibition of the most un-co-operative spirit in a co-operative society! It occurred neither to the president nor to the secretary to resign and let other people carry on the work of the society. The vindication, even in this manner, of what they thought to be their rights appeared to them more important than that the society should work. Now that public attention has been drawn to their conduct, we are sure the Registrar is taking or has already taken steps to ensure the future smooth working of the society. We guess it is not the ambition of any society, in or outside Vizagapatam, to emulate this bank in this respect.

Mayanur Rural Centre.

The Servants of India Society are conducting a rural centre at Mayanur in Trichinopoly District, where in addition to other activities an agricultural vocational boarding school with provision for general education is being run. The centre is in charge of Mr. K. G. Sivaswami who is well known to co-operators all over this province. The school has received the enthusiastic support of the Registrar of Co-operative Societies and of co-operative institutions in the Tamil districts. The rural centre has been recognised by the Provincial Co-operative Union and is given financial help and advice like other rural reconstruction centres. In the last week of January, the Hon. Mr. P. T. Rajan declared the new school building open. There was a conference of agriculturists at the same time. It was opened by Mr. T. Adinarayana Chettiyar and presided over by Mr. V. Ramadas Pantulu, the chairman of the reception committee being Mr. L. N. Paramasivam Pillai, a leading mirasdar of the district. Extracts are given elsewhere from the addresses of Messrs. Adinarayana Chettiar and Ramadas Pantulu.

State and Marketing.

We give below the salient features (extracted from a Government of India Resolution dated 10th January 1935) of the big marketing drive planned recently by the Government of India in consultation with Provincial Governments and some Indian States. The original inspiration came from the report of the Royal Commission on Agriculture in India which drew pointed attention to the loss sustained by the producer by ineffective marketing of his produce and put forward recommendations for improvement. Provincial Governments were more directly concerned with marketing, but were deterred by financial strigency from undertaking any work on the lines recommended by the Agricultural Commission and reiterated by the Banking Committees. The Government of India, who could best assist in co-ordinating provincial activities, have felt the importance of improved marketing even as an aid to the general economic recovery of the country and have considered substantial expenditure justifiable even at a time of financial stringency, if thereby "the position of Indian agricultural produce in world markets could be strengthened and greater advantage taken of the huge internal market for such produce."

The subject was considered by the Advisory Board of the Imperial Council of Agricultural Research and their recommendations were discussed at the Provincial Economic Conference convened by the Government of India at Delhi in April 1934. The Conference advised action to be taken as regards the main marketing problems such as, propaganda and the supply of information in external markets regarding Indian products, the grading, sorting and bulking of the main staples, special market organization for perishable commodities, information to India's producers of consumers' requirements both in India and abroad, the planning of production on the basis of quality and demand, the undertaking of market surveys for the purpose of developing a common plan throughout India, the establishment and development of "regulated markets", and of properly organised 'futures' markets, commodity exchanges and warehouses. This is indeed a very comprehensive list but the intial steps to be taken were, the appointment of a central marketing officer, and of provincial marketing officers, and the recruitment of staff to assist them, all of which has been nearly accomplished now, by the energetic Imperial Council of Agricultural Research with the help and co-operation of the Government of India and the local Governments, to whom some subsidy for five years has been promised from the central revenues, subject to the vote of the Assembly. The central marketing staff, attached to the Imperial Council of Agricultural Research, will consist of the Agricultural Marketing Adviser, for which place Mr. A. M. Livingstone, a senior official of the Marketing Branch of the English Ministry of Agriculture, has been appointed for 3 years, seven marketing offiers and ten assistant marketing officers, while in the Provinces, one senior marketing officer with one or more assistants will be doing the work in co-ordination and consultation with the central staff.

The work to be undertaken forthwith is of three kinds: (*a*) Investigation, (*b*) Development and (*c*) work on grade standards.

(*a*) Investigation will include a series of marketing surveys with immediate reference to the more important commodities grouped as:

I. Crops:

(*a*) Cereals (wheat, barley and rice),

(*b*) Oil-seeds (groundnuts, linseed and rapeseed) and

(*c*) Plantation and special crops (tobacco, fibres and fruit; and

II. Animal Husbandry Products:

(*a*) Dairy products etc., (milk, butter, eggs and pultry),

(*b*) Livestock etc., (hides, skins and wool, fish and meat.)

Marketing surveys, when completed, will set out in detail the present system of marketing of the commodities concerned, not only in each province separately but in respect of inter-provincial, inter-state and foreign trade, so as to provide an all India picture of existing conditions and a common basis for future progress. It will also set out in precise technical detail definite suggestions for standard grades, containers, handling, method of packing, contract conditions etc.

(*b*) The development work will depend on the results of the marketing surveys but will usually include the demonstration of any recommendations with the object of informing both producers and traders of consumers' requirements and the popularisation of the recommended standard grade, containers etc. Some small packing stations may be organized (e. g., for fruits and eggs) and demonstrate the practicability of bulk sorting, grading and packing and the commercial advantages of employing the new standards. It will secure the more extensive use of agreed commodity standards, the elimination of waste and the better organisation of products. This work will be done in the provinces and will fall mainly on the provincial staff. Work on grade standards will be of a technical character relating to the chemical and physical characteristics of such products as oil-seeds, grains, fruits etc., and the testing of grading technique and equipment under practical conditions.

It is a matter for gratification that the Governments in this country have, though tardily, recognised the importance of proper marketing organisation. We, as co-operators, find only one serious omission, which, we hope, is not deliberate, and that is the place assigned to co-operative marketing. Small as is the part played by the latter, it is not without its boons. Even the advertisements for the several posts of officers contained no specific demand for the possession of knowlege or experience of co-operation. In the actual choice of officers, perhaps, such qualifications were given due weight.

As for the effect of improved marketing conditions all round on co-operative organisations, we are sure it will be all to the good of our institutions as they will have fairer conditions of competition than at present. Co-operators will, therefore, watch with keen interest the work of investigation and improvement envisaged in the elaborate plan sketched above.

Co-operation and Economic Planning

BY

MR. K. S. SRIKANTAN, M. A.

"Thirteen years after the war, we seem to be back in the chaos that immediately followed it. The road to real recovery is more tortuous and more arduous than we had thought; but it is not beyond finding and following." (Sir Arthur Salter.)

Among the oft-used economic terms to-day, Co-operation and Economic planning are perhaps the most outstanding. Hardly a day passes without a reference to one of these, either in the press or on the platform. Though the role of Co-operation and Economic planning in the emancipation of India from the thraldom of poverty and penury is universally recognised, it is strange no attempt should have so far been made to connect these two effective engines of economic and social amelioration. In short, we require as much planning in co-operation as co-operation in planning. An attempt is therefore made in this paper to show that the success of any scheme of economic planning in India depends as much on the co-operative movement as the co-operative movement itself on careful planning.

Co-operation in India can no longer claim to be an infant. It has assumed large proportions. The number of societies exceeds a lakh with a membership of 43 lakhs and a working capital of 5,218 lakhs. Taking a normal family, at a little under five, it is clear that more than two crores of people of India are being served by the co-operative movement. In the words of Ruskin, "Co-operation and Government are the laws of life, anarchy and competition the laws of death." Although India is second to none in her faith in co-operation, the movement has created little impression in the public mind. In fact, the gulf between its aspiration and achievement is becoming wider and wider almost everyday. The failure of the movement so far has been, in my opinion, due to its lop-sided development. Too much emphasis on the credit side has been the ban of our movement. Except in the Punjab and Burma, the non-credit aspect of co-operation is almost neglected. It is time that co-operation frees itself from this bondage and tries to play its legitimate part in the planned India that is to be.

The reconstruction of India, as the reconstruction of other countries, it is now clear, depends upon a cautious economic planning.

It is no longer possible to face this paradox of plenty and poverty. In a country which has millions of mechanical slaves working for it and which can produce enough paddy to consume, cotton to clothe, and timber to shelter in decency, there are millions of persons idle against their will, hungry despite their offer to work for their food, humiliated despite their faith in the dignity of human labour. This paradox of 'water, water, everywhere, and no water to drink' is almost a challenge to our intelligence and to our capacity to make life worthwhile. In fact, the only choice is either to face this paradox boldly or declare ourselves mentally and morally bankrupt.* The present slump would not have reached the existing acuteness but for the indifference of the men in power towards a policy of discriminate planning. Since the treaty of Versailles, India—nay—even the world—has been drifting like a boat without a rudder and compass.

The only guide that is now available to take us out of this economic wilderness is wise planning. In the words of the Macmillan Committee "We have now reached a stage when an era of conscious and deliberate management must succeed the era of undirected natural evolution." The emergence of this idea, however, is not accidental. "It is the culmination of processes of thinking that go back to the very beginning of the modern industrial era, and the logical outcome of economic developments which for several decades have been laying the foundations for new ways of doing things based on collective co-operation and social control." * Mercantilism, that novel economic policy of the Tudors, was definitely committed to a plan. In our own land, the *Arthasasthra* of Kautilya is replete with thoughts of planned economy. The idea is therefore not an invention of Russia, nor is the Soviet Plan suitable for us. The aim of a proper economic planning is not merely to maximise the output with a minimum of cost. It is infinitely more than that. Anybody who advocates planning with that and alone, I am afraid, is pursuing a slippery path. Such a plan is going to add little to the welfare of society. The strongest case for planning is at once technological and ethical. Planned Economy is expected to increase the economic stability of a nation, by bettering the economic status of every individual. We are as much concerned with the consumer as with the producer. Consumption, it is

*Journal of Indian Economics: Conference Number. N. S. Subbarao: International Economic planning.

needless to repeat, remains almost individualistic and anarchical. Any plan which seeks to bring out harmony and co-ordination in production must provide also for the full co-operation of the consumer. In this connexion we can't but refer to the 'Recovery Drive' organised by President Roosvelt in the United States of America.

Granting that the economic future of India should be planned, the question that concerns us now is what co-operation can do in achieving this economic goal. Planning in India, it has to be repeated, is altogether different from what it is in other countries. Of India more than any other country, it can be said that the nation lives in the cottage. Nearly 90 per cent of the total population live in the country. The proportion of the urban to the rural population ranges from 18 per cent in Bombay presidency to only 3 per cent in Assam. In the words of Sir Charles Metcalfe, "The village communities are little republics having nearly everything that they want within themselves and almost independent of foreign relations. They seem to last where nothing else lasts. Dynasty after dynasty tumbles down; revolution succeeds revolution. Hindu, Pathan, Moghuls, Maratha, Sikh, English are all masters in their turn; but the village communities remain the same." It is clear, therefore, that any scheme of economic planning which has not for its aim the reconstitution of the village is bound to fail. Planning in India need not be inspired as in Russia, by a crusading enthusiasm against capitalism, nor by a desire to bring order out of wreck of a highly material civilisation.* At the back of economic planning in India, there should be sympathy with the starving millions. Rickety limbs, contracted chests, hacking coughs and hollow cheeks characterise a villager.† Six millions die every year. The average longevity is the lowest and infant mortality is the highest. His poverty is appalling. Owing to the vagaries of the monsoon and the uneconomic holdings, the cultivator lives on one meal a day. The extent of the agricultural holding has been going down, while agricultural indebtedness has reached the unprecedented figure of 1000 crores.

As the problem of economic planning in India is essentially rural, no agency can be more helpful to us than the co-operative society. There is no point in colouring India's plan with a Russian brush. The villages have to be planned first and thus be made fit

* Journal of Indian Economics.

† K. S. Sri Kantan: Rural Reconstruction.

for a nation-wide planning. This planning of the village depends upon a careful study of the economic conditions of the villages. Such a study aims to secure and analyse such facts as are available relating to questions of fragmentation, village organisation, farm-income, farm-credit and marketing of the farm-crop. The object is to collect data and from the interpretation of these data to present the fundamental fact and condition underlying the structure of the reorganisation.* This is a work which has to be done by the co-operative society, for no other body has the facility and the easy accessibility to materials that a society has. Rural workers know more than anybody else the apathy of the village-folk to new men and new organisations. Decades are sometimes not enough to create confidence in the villager. It is no use looking up to the Government to conduct this economic survey which is to be the bedrock of future planning. In the words of Henry Ford, "The moment people become adjuncts to government, the law of retribution begins to work, for such a relation is unnatural, immoral, and inhuman. We cannot live without business, and we cannot live without government, but business and government are necessary as servants like water and grain, as masters they overturn the natural orders. Governments can promise something for nothing; but they cannot deliver; they can juggle the currencies with a patter of solemn nonsense."* So co-operative societies might immediately take up this work. When the surveys conducted within a district are studied together, lines of planning for the whole district can easily be chalked out. The exact position of the cottage industries will be clear. Lines for improving those industries can easily be suggested. The duty of co-operators, however, is two-fold. It is not merely planning for the village, but also educating the villagers.

The villagers should be taught that a new India has come into existence rightly or wrongly. We did not plan it, but we must plan how to live in it and the plan to be successful must be in harmony with the laws of our being and the laws under which this new India happens. The only human plans which ever seem to work were the plans not for changing either human nature or human societies but for coping with the changes that had taken place.†

The time has come for our co-operative societies to give up their policy of extreme caution. They should be prepared to lose

* Henry Ford: My life and work.

† Filene. Successful living in this Machine Age.

within reasonable limits a little money in developing those industries which are special in their area. The immediate problem before the villager is not one of production, but of distribution. Co-operative societies might take the following steps in the course of their planning.

1. The grading of produce.
2. The preparation of some kind of register of producers.
3. Some means of estimating the quantities that are produced by each, and the approximate dates when these quantities will be ready for the market, rates providing the necessary means of transport and the construction of store-houses. Immense are the possibilities of Co-operation in a scheme of planned economic organisation.

Advocates of economic planning in India should realise that agriculture is not an industry so much as it is a way of life. Unless this is taken into consideration, any programme of farm-relief will land us in confusion. Co-operators are therefore the best-fitted to undertake this task. They should however realise that nothing can be done to the peasants without the application of science to agriculture to a much greater degree than it is at present. An Australian farmer produces for his labour something like 100 times as much grain as our farmers. He cultivates 20 times as large an area and gets an yield of 400 tons of paddy per acre. The trouble with some of our economic programmes of farm-relief is that they try to preserve the old way of life and at the same time achieve the new prosperity. This confusion has become chronic in American agriculture. In the words of Edward. A. Filene, "Much machinery has been brought to the farm; but it has been brought there, as a rule, not to pull the loads which machinery might pull, but to pull the machinery which once pulled loads, but which in a machine-civilisation cannot pull successfully. But the new arrangement is not pulling successfully either; hence all sorts of programmes are being launched to get the government to pull the machine which is pulling the ox which is not pulling the load."

Co-operation should be abreast of the times. 'Each is for all' is the only maxim that can carry us through the present economic cataclysm. Co-operative planning means acquiring wealth through distributing it. If it does not mean loving others as we love ourselves, it at least means thinking of others first in our own self-interest and serving ourselves best through serving others best. We need to construct such a frame-work of law, custom, institution and planned guidance and direction, that the thirst of individual effort and ambition can only operate to the general advantage. "We may find a simile for our task in the arch of a great bridge, so designed that the stresses and strains of the separate blocks which constitute it—each pushing and thrusting against the other—support the whole structure by the interaction of this reciprocal pressure."

Co-operative Federalism

By

Mr. V. Srinivasan, M.A.

It has become fashionable to-day to seek a federal solution for many a problem confronting a community. This is the case with our politics and after the Viceroy's speech at the Universities Conference, with our efforts in the sphere of education as well. With the co-operative fraternity, however, the idea has been popular for a long time. The spirit of *comraderie* inherent in the movement lent itself to unionist shapings and hence function organisations which are national and after the formation of the Co-operative Alliance in 1895 international in outlook and range of operations.

Federations have been working in some of the Provinces of India some years now and they were all inspired by Western experience. But great variations have been developed in the West and certainly institutions like the Valio and the Hannkija Societies of Finland and their Hangya counterpart in Budapest differ much from each other and in the matter of organisation and functions there is not much that is common between the Forbundet and the Landesforeming of the Scandinavian Peninsula and the Roumenian Federation at Oltenitza.

In the matter of Federations it was Germany that led the way as in several other things. At the Weimar Congress (1858) presided over by Schulze Delitzsch himself, the principles were formulated which led to the development of big co-operative organisations in that country. Besides the innumerable provincial unions who do the audit and supervision (Revisions Verbande) Germany has some of Europe's largest federations whose detailed work and organisation have been described by Mr. Darling. In India where co-operative planning has proceeded in a national scale the rural and the Urban Societies have developed in unison and harmony. This advantage appears to have been denied to many a country in the West where consequently different types of federations have risen. In Germany the bulk of the country's 47,000 societies are grouped together for audit purposes in the famous Hamburg Federation and the Urban Societies in the Federation at Berlin. All agricultural societies are affiliated either to the Raiffeisen Federation or to the Imperial Federation (founded by Dr. Haas in 1883) which with its 22,000 odd societies is said to be the largest organisation of its

kind in Europe, perhaps in the world itself. These bodies work on distinct lines but tend to come nearer, says Mr. Darling. [1]

The federal idea has caught the imagination of people in other parts of Europe where some have worked it with success while some have not. Danish creameries are grouped in Federations and the export of Danish eggs is all done through the Danske Andelsaegexport. [2] In Belgium, it would seem, political difficulties have prevented the formation of strong unions but six exist. The Finnish federations have much useful work to their credit in the sphere of education, and societies affiliated to them are said to be working materially and ideally better than those outside their pale.[3] In France the Union Co-operative founded in 1900 by M. de Boyve has been forging ahead and Italian response to the impulse is exemplified in the Federazione Milarise delle Co-operative di Produzioe e Lavoro and organisations like the Federazione Nationale and the Florentine, Genoese and Ligurian Federations. English co-operators took to federation in 1868 and in Scotland co-operative bakeries have been federalised in Glasgow and some other places besides.

Federations are generally formed for three purposes,[4] *viz.*

(1) for organisation of supervision and propaganda of co-operative societies *e. g.*, the Irish Agricultural Organisation Society established in 1894;

(2) for trade *e. g.* the reputed C. W. S. founded by Abraham Greenwood in 1863 at the instance of the Rochdale Pioneers;

(3) for credit.

The Indian organisations are all of the first variety and have been concerning themselves primarily with matters pertaining to the supervision and control of the institutions affiliated to them.

Two circumstances gave rise to the District Federations of Madras. There was first the supervisional factor. At the beginning of its co-operative history progress was slow in the province as attention then was bestowed not so much on quantity as on quality.

[1] M. L. Darling: *Co-operation in Germany and Italy*, pp., 39, 8.

[2] L. Smith Gordon and C. O'Brien: *Co-operation in Many Lands*, Vol. I, 149, cp. also: *Co-operation in Denmark*. pp. 53-54.

[3] Dr. Hannes Gebhard: *Co-operation in Finland*. pp. 138, 140.

[4] L. Smith Gordon and O'Brien: *Co-operation in Many Lands*. Vol. I. p. 100.

The troublesome question of supervision did not force itself at that early stage but it did become prominent soon and was met by the registration from 1910 onwards of 'Supervising Unions.' The District Councils of supervision from which developed the Federations were expressive of a feeling that a variation of the supervising system was possible.

There was, secondly, the need felt later on for assisting some of the unions which were weak and money could be got through the Federations from strong unions for weaker ones by distribution of the unions' supervision fund. The fund was mostly uncollected, a lakh and a quarter of rupees being the figure disclosed to the Townsend Committee for 1926-27, and what was collected was not in most cases spent fully. Hence the need was felt for an organisation that would co-ordinate supervision and tone up activities among the unions and perhaps spread true co-operative ideas in rural areas. There were also certain common interests that required to be protected *e. g.*, the loan policy of the central banks.

These considerations led to the starting of District Federations in this Presidency. District Councils of Supervision were working in the North Arcot and Salem Districts and also in Trichinopoly District between the years 1918-19 and 1923. From the latter date similar organisations were started for every district under the name of District Federations, of which there were twenty-five in 1928-29, giving one for all the parts of the presidency except the Agency, Madras City and the Kumbakonam Central Bank area comprising half the Tanjore District. [1]

There was at the outset a controversy regarding the constitution of the Federations. Some said that only local unions should be allowed to join them, while a few others maintained that the affiliation of Central Banks and Urban Banks was necessary for their useful functioning. Eventually the idea prevailed that the federation should be representative of the combined interests of the co-operative societies, and it was decided at a conference held in March 1925 to throw them open to the Central Banks and Urban Banks. From that date the representation of the latter societies has been secured and in 1928-29 the Registrar reported that all but Chingleput and Salem have provided for their adequate representation on their board of management. Model by-laws also were framed

[1] *Report on the working of the Co-operative Societies Act*, II of 1912. 1928-29. p. 20.

for the District Federations which have been incorporated in the Hemingway Manual.[1]

An important step towards the strengthening of the federations was taken in 1926-27 when the power, exercised up till then by the Registrar of passing the budgets of the unions was transferred to the federations. The view taken by the Townsend Committee next year that the supervision of the work of the Unions should indeed be their business encouraged them still more. And the permission subsequently accorded by Government (against a Provincial Conference resolution against the practice) to Deputy Registrars and Assistant Registrars to serve on the federations made available to these bodies the services of trained officials of experience whose value has been recognised.

Their finances also were placed on a sound basis. Their funds were derived partly from the affiliation fees of the unions themselves and partly from contributions made by the societies and partly from the subsidies granted by Government. Government subsidies commenced from 1925 and were stopped only recently. The average income of a federation was computed by the Townsend Committee to be Rs. 3,750 in 1926-27 but some federations have over 8,000 each at their disposal and some not even as many hundreds.[2] As a result of a conference held in March 1927 the unions were required to pool their supervision fund in the federations, and by 1928-29 this was reported to have been actually done in 22 federations, Chingleput, Salem and Nellore being the districts which had not fallen in line.

The duties of the federations were in respect of co-ordination, supervision and propaganda and some work has been achieved in these spheres. Training classes for Panchayatdars were held by many of them for which large sums were expended, a part of the expenditure being met from the handsome contributions made by Government from Provincial revenues. Some federations like those of Chingleput, South Kanara and Anantapur (1926-27) compiled the annual statistics for their respective areas and relieved the departmental officials of much troublesome work. Several others published bulletins and pamphlets and conducted periodicals like

[1] Vol. II, pp. 116-123.

[2] Para 22.

[3] *Report on the Working of the Co-operative Societies Act*, II of 1912, 1928-29, p. 21.

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the *Sahakari* and the *Paraspara Sahayi*. Thus the federations functioned with some satisfactory results till 1928-29 when the Registrar observed that they had amply justified their existence.[1]

In December 1929 the registration of the Salem Federation was cancelled and the administrative section of the bank took over its functions. From that day a steady decline has been noticeable and the process has gone to such an extent that from the total figure of 25 in 1928-29, the number of federations in the province fell to eight at the end of 1933-34 of which five alone were reported to be doing satisfactory work, the rest having suspended their work.[2] This certainly is a serious phenomenon which requires to be investigated, reference being had in the process to the different views that have been taken of the federation as an organisation for work of supervision.

One view that has found expression in the Townsend Report is that supervision as distinct from inspection (which is the bank's business) should vest only in the federations. Opposed to this is the view that Central Banks as financing organisations could not be denied the prerogative of controlling the movement and that it is dangerous to divorce supervision from finance. This is the view taken by Mr. V. Ramadas Pantulu, a member of the Committee, in the spirited dissenting minute he appended to the Report. The same position was taken up by him in his Presidential Address at the Eighth East Godavari District Conference in July 1932, where he reiterated the opinion that the Central Banks were really federations of societies for financial purposes and that they should have a voice in the supervision of societies. He would however scout the idea that the federations were disappearing because of the banks: the reason was to be sought elsewhere. "Those who seek to fix the responsibility for the extinguishment of federations on the Central Banks speak without their books," observed Mr. Pantulu. It may be that here and there a Central Bank acting in sheer self-defence dealt a fatal blow to a federation when the latter was the aggressor in the fight. In the majority of the cases, the opposition to the federation came from the unions themselves of which the federation was composed. A house divided against itself could not obviously stand. That was the diagnosis of a veteran co-operator. "In some cases"

[1] *ibid* p. 20.

[2] *Report on the Working of the Co-operative Societies Act*, VI of 1932, 1933-34 para 26.

he went on to say, "the federations committed suicide being tired of their weary lives which were a burden on the movement in the locality."[1]

That is one view. To many the federations appeared to be a 'fifth wheel to the coach.' Mr. Strathie was of opinion that it was never desirable to create separate bodies for supervision and propoganda. "The directors of Central Banks are keen co-operators and not mere financiers" wrote he in his Report for 1930-31.[2]

Those in disagreement with this view take their stand on the opinion expressed by the majority of the Townsend Committee in their Report and by Mr. Townsend himself in the note he appended to it, that supervision, as distinct from inspection, should not be entrusted to Central Banks. The soundness of this view was stressed by the present Law Member in the course of a penetrating analysis he made of the federation system as President of the North Arcot Conference at Pallikonda in 1932. On that occasion, Sir K. V. Reddy referred to the opinion expressed in the Linlithgow Report at page 456 as to the desirability of keeping finance and supervision under separate control and after referring to the practice obtaining in Japan of carrying on supervision and audit through Government departments, referred to the experience in the United Provinces and Central Provinces which showed the record of the Central Banks as supervising agencies to be hopeless and not good even as loan collectors, and conclusively expressed the opinion that it would be folly in the face of such experience to entrust supervision to Central Banks. "These banks," observed Sir Kurma, "are located mostly in district head quarters and occasionally in taluk centres and not in the villages. Their directors are mostly busy people,—lawyers, bankers and politicians. Their main interest is in the collection of dues. With a few exceptions they do not care to acquire or promulgate a thorough knowledge of co-operative principles or to practise them."[3]

In the face of such divergent views expressed by those who could speak with authority on the subject, it is hard to arrive at a true explanation of the malaise federations are in. It should however be stressed that the banks could not be expected to take

[1] *M. J. C.* Vol. XXIV. p. 35.

[2] *Report on the Working of the Co-operative Societies Act*, II of 1912, 1930-31.

[3] *M. J. C.* Vol. XXIV. p. 20.

kindly to the federations: it is only natural that as financing bodies they resist inroads on their legitimate right to control societies. Apart from this, the federations appear to be rather bad in collection work. The real bedrock on which they floundered was, as explained by Mr. Strathie, the difficulty of getting the societies to agree to centralised supervision. Many unions resisted the idea of federations distributing the supervision fund, and some of them behaved as if the deprivation of their power to appoint supervising staff meant the end of their power to do good. They did not appreciate the advantage of placing the power of appointment in the hands of an outside authority.[1]

It is difficult to hazard any opinion as to how exactly the federations could be made to serve the co-operative movement. Experience of such bodies in India have been conflicting and not helpful in assessing their true worth. Reference has been made to the experience in the United Provinces and Central Provinces. In the former the Central Banks which did the supervision, devoted too much attention to collection work and neglected the educative part of the Movement. Not very encouraging is the tale in Baroda. The Registrar in that State observed in 1932 that generally speaking the supervising unions we are nowhere a success. "In Gujarat when there is a very strong individualistic tendency such unions cannot be a useful agency for supervision." In Bombay on the other hand co-operators seem to pin their faith on federations as being capable of giving stimulus to non-credit activities and promoting mass education and thereby generally strengthening the movement.[2] As for our province there is a steady decline in the number of federations, and judging from a feeling which goes back to 1926-27,[3] that they are failing, it is probable that they may soon disappear.

[1] *Report on the Working of the Co-operative Societies Act* II of 1912, 1930-31, Para 25.

[2] Rao Bahadur S. S. Talmaki in 1 and 2, Kaji: *Co-operation in Bombay*, 302-303.

[3] *Report on the Working of the Co-operative Societies Act*, II of 1912, 1927-28, p. 13, cp. also *Report* for 1929-30, p. 21.

Registrar's Administration Report.

The following are extracts from the Registrar's Administration Report for 1933-34.

Societies.

9. Only 140 societies were registered during the year, though there were applications for the registration of as many as 497 societies. No society was registered in the districts of Bellary and Tanjore; in Cuddaph, Coimbatore, South Arcot and Madura, the number of societies registered was 16, 15, 13 and 11, respectively, and in each of the remaining districts it was below 10. The societies registered are classified below:—

1.	Agricultural credit societies	77
2.	Non-agricultural credit societies	23
3.	Land mortgage banks	8
4.	Purchase, purchase and sale societies	14
5.	Loan and sale societies	4
6.	Production, production and sale societies ...	1
7.	Other types of societies	10
8.	Local co-operative unions	3

The registration of 89 of these societies was effected at the instance of non-officials while 51 were organized by departmental officers. The village credit societies were registered either to connect the ryots with produce sale societies or for the benefit of the depressed classes.

The policy of reconstruction and consolidation of existing societies in preference to the registration of fresh societies was continued in the year and this accounts for the small number of new societies registered.

The department did not cease to weed out bad societies. Four hundred and sixty-two bad and dormant societies were cancelled during the year as against 691 in the previous year. As liquidation work has become very heavy and as the collection of money due is difficult and slow after liquidation, the method of voluntary supersession referred to in paragraph 12 of the administration report for 1930-31 was resorted to on a large scale during the year. As many as 244 societies were during the year brought under the operation of by-law 62 of the model by-laws for village societies and the number of such societies at the end of the year was 591 as against 396 at the end of the previous year. If it is possible to bring bad societies under the operation of this by-law, it will be more effective than liquidation as experience has shown. Deputy Registrars were requested to find out in all cases whether, before suggesting liquidation, resort could not be had to by-law 62. In almost every case, liquidation was carried out with the consent of the Central Banks, the Federation or the Union concerned. A large number of societies was liquidated in the districts of Tinnevelly, Chingleput, Anantapur, Madura and Bellary, the numbers being 42, 35, 34, 33 and 32, respectively. There were only 30 appeals to Government against the orders of cancellation. In no case was the appeal successful. There were at the end of the year 13,634 societies as against 13,956 at the end of the preceding year.

Loans.

10. There was a slight reduction in the amount of loans disbursed by Central Banks to individuals and societies—Rs. 17·44 lakhs to individuals and Rs. 67·33 lakhs to societies as against Rs. 18·65 lakhs and 73·92 lakhs, respectively in the previous year. Only in the districts of Coimbatore, Salem, Vizagapatam and in the Amalapuram area of the East Godavari district, did the societies show indications of borrowing. This is perhaps due to the better economic condition of the ryots there. The Banks at Coimbatore, Salem, Vizianagaram and Amalapuram, therefore, did appreciable business during the year.

During the last three or four years there has been a considerable contraction in the issue of fresh loans by Central Banks to societies and a considerable fall in the amount outstanding against societies and individuals. The factors which contributed to this result were referred to in the last year's report. It is only inevitable that when people are hit hard by a severe agricultural depression and when there is a decline in the purchasing power of the agricultural classes, they hesitate to contract new loans. The depression has equally brought home to the Central Banks the need for caution and circumspection in the issue of fresh loans. But fresh finance should not be denied to deserving members in village societies. While the hard times call for caution it is a fact that it is in hard times that members require easy monetary facilities. The matter engaged the attention of the Eleventh Conference of Registrars of Co-operative Societies in India held in New Delhi in January last and I have commended the resolution passed thereat to the notice of the Central Banks. "The conference is of opinion that—

(*a*) in view of the present depression the rate of interest charged by primary societies should be temporarily reduced as far as possible, consistent with the safety of the society, even at the cost of not leaving a margin for contribution to the reserve fund ;

(*b*) the instalments payable to the societies may be spread over a large period as far as the resources would permit ; and

(*c*) fresh finance should be given to the members consistent with the safety of the funds."

Demand, collection and balance.

11. The following figures show the demand, collection and balance in the Central Banks, agricultural societies and non-agricultural societies during the year :—

	Amount due by		
	Societies to Central Banks. RS. In lakhs.	Members to agricultural societies. RS. In lakhs.	Members to non-agricultural societies. RS. In lakhs.
Amount overdue on 30th June 1933.	168·24	259·93	59·84
Demand for 1933-34	117·24	100·59	207·71
Total demand ...	285·48	360·52	267·55
Extension	7·00	3·32	6·48
Collection	102·91	103·81	199·17
Total of extension and collection.	109·91	107·13	205·65
Balance ...	175·57	253·39	61·90
Percentage of balance to demand under principal	61·50	70·28	23·14
Percentage of balance to demand under arrear interest	48·17	70·38	58·73
Percentage of balance to demand under current interest ...	12·69	63·81	23·35
Percentage of balance to demand under principal on 30th June 1933.	44·86	67·09	23·21
Percentage of balance to demand under arrear interest on 30th June 1933...	41·24	65·81	54·37
Percentage of balance to demand under current interest on 30th June 1933	9·37	59·39	21·74

The repayments by members to societies and by societies to Central Banks were still poor. This is not, however, to be wondered at. The chief contributory cause has been the continued worldwide economic depression with its concomitants of low commodity prices and reduced repaying power of agricultural classes. There are of course other factors to which my predecessor referred in the last administration report but relatively they have ceased to operate to the same extent as before the depression. The redeeming feature, however, is that both the official and non-official staff are alive to the realities of the situation and they are directing their efforts mainly to reducing the arrears. With the continuance of their endeavours with the same degree of patience and courage and an improvement in the general economic condition of the people, the position must get better.

In view of the easy conditions of the money market and the low rates of interest obtaining all round, the Madras Provincial Bank reduced the rate of interest charged by it on loans to Central Banks to 5 per cent per annum. Some of the Central Banks in turn reduced their lending rate to societies to $6\frac{1}{4}$ or $6\frac{1}{2}$ per cent per annum subject to a corresponding reduction by societies in the rates of interest charged on loans to their members. With a view to give some relief to agricultural borrowers in societies during the depression and the difficult times through which they are passing and with a view to stimulate payment on their part, Central Banks and societies were advised to collect interest on all outstanding loans at $6\frac{1}{4}$ per cent and $7\frac{1}{2}$ per cent respectively, provided that the entire interest arrears were paid by 30th June 1934. It was also suggested that the penal interest might be waived if the overdues were paid before the close of the year under review.

Registrar's scheme of rectification.

12\. . . . . The principal features of the revised scheme as formulated by Mr. Deivasikhamani Mudaliyar are briefly indicated below :—

(1) Every loan in every society shall be examined with a view to ascertain whether it is adequately secured and whether action should be taken at once to collect it or time can be given to enable the borrower to pay it of his own accord. For this purpose a classification of borrowers has been suggested : (i) those whose loans stand on good security and who can be expected to pay out of income within the period given, or within the period to be extended ; (ii) those whose loans stand on inadequate security but who can give and are willing to give additional security, and who can pay out of income within the period given or within the period to be extended ; and (iii) those against whom action should be taken at once either on account of their inability to pay out of income or on account of their inability to give additional security or for other reasons.

(2) The work should be entrusted to a special staff under the control of a small committee appointed by the Central Bank. The head of the staff shall be an "Executive Officer" and the subordinate staff shall work under his direction and control.

(3) The scheme should be worked in one compact area after another and the examination of all loans in a society should be completed before another society is taken up.

(4) The previous sanction of the Central Bank should be obtained for giving extension of time for repayment of loans.

(5) If in the course of investigation it is found that with certain concessions, borrowers are likely to pay their dues in full without coercive action, such concessions may be given with the previous approval of the Central Bank, for example, waiving of penal interest, etc.

(6) When it is not possible to rectify or revive a society, the question of supersession or liquidation should be considered.

During the year most of the Central Banks introduced the scheme. Some Central Banks have appointed departmental officers as executive officers to control the work of the rectification staff, *viz.*, at Cuddalore, Coconada, Tenali, Kumbakonam, Tinnevelly and Aska. In Chingleput, North Arcot and Madura districts the scheme is carried on by the

District Federation to each of which a departmental officer has been lent. The few banks which did not launch the scheme during the year have adopted it in the current year, e.g., Coimbatore, Vizianagaram, Tanjore, Malabar and Salem.

The scheme of rectification provides for securing loans outstanding against members of village societies adequately, even if it were not possible to collect them immediately in the present difficult times and some appreciable work has been done in some districts like Chingleput and Guntur. If all the Central Banks carry out the work of reformation of societies on the lines suggested patiently and with zeal, some substantial results will be achieved in the near future. The following statement, for instance, gives the results obtained by the introduction of the scheme by four of the central banks :—

Name of bank.	Number of societies in which examination of loans completed.	Total amount of loans including interest involved in the societies mentioned in column (2).	Of the sum in column (3), the amount which stands on adequate security.	Of the amount in column (3), the amount which stands on inadequate security.	Of the amount in column (5), the sum for which additional securities have been taken.	Amount still ill-secured.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Co-operative Central Bank, Conjeevaram.	253	12,05,123	8,97,105	3,08,018	89,320	2,18,698
Guntur District Bank ...	100	7,04,000	3,04,000	4,00,000	26,000	3,44,000
Srivilliputtur Banking Union.	134	5,56,000	4,35,000	1,21,000	9,000	1,12,000
Sri Konaseema Central Bank, Amalapuram.	113	12,28,002	5,06,219	7,21,783	3,63,474	3,58,309

Name of Bank.	Estimated bad debts in societies.	Of the amount in column 8, the amount which will affect the Central Bank.	Amount of loans collected during rectification work.	Share capital of the Central Bank.	Reserve fund of the Central Bank.	Bad Debt reserve of the Central Bank.
	(8)	(9)	(10)	(11)	(12)	(13)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Co-operative Central Bank, Conjeevaram.	1,25,070	19,207	66,002	3,88,693	2,17,552	24,000
Guntur District Bank ...	1,24,000	20,272	74,291	1,94,755	1,80,710	1,04,000
Srivilliputtur Banking Union.	69,000	21,575	...	98,330	30,358	24,000
Sri Konaseema Central Bank, Amalapuram.	71,128	14,927	...	1,75,200	43,188	28,000

A definite attempt has been made during the rectification compaign to arrive at an accurate estimate of bad debts in societies and the amounts which the Banks may ultimately suffer or write off. It may be seen from the above statement that the financial position of none of the Banks is in jeopardy.

Rectification and consolidation and classification of societies.

13. The classification of societies audited up to 10th October 1934 is given in Appendix No. 4, section II-(*a*) and (*b*). The classification of societies according to audit certificates for 1932-33 and 1931-32 is given below. Classified according to their general working, primary credit societies are grouped as follows :—

	Year. 1932-33.	1931-32.
A. Thoroughly good societies	306	348
B. Societies with some defaulters and some mistakes in accounts	1,832	2,081
C. All other societies that do not come under Class D	8,507	8,951
D. Bad societies which probably have to be liquidated should they fail to come under Class C within two years ...	1,982	1,718
Total ...	12,627	13,098

The number of societies classed as thoroughly good has been diminishing, while many more societies are being brought under class "D". Classified according to collections the figures are as follows:—

	Year. 1932-33.	1931-32.
Number of societies in which collections were—		
95 per cent	604	662
70 do	970	1,159
55 do	687	847
40 do	759	967
Below 40 per cent.	4,119	3,791
Dormant societies	5,308	5,447
Societies in which no loans fell due ...	180	225
Total ...	12,627	13,098

The figures indicate that the number of societies in which there were 95 per cent, 70 per cent, and 55 per cent collections, has been gradually on the decline. The only point for some satisfaction is that there was some decrease in the number of dormant societies. Under the scheme of subvention to Central Banks for carrying on consolidation and

rectification work, the Madras Provincial Bank sanctioned Rs. 17,130 to 22 Central Banks in the year. The Central Banks in their turn spent Rs. 1,31,728 from their funds for the whole year. According to reports received from Deputy Registrars, 8,191 societies were marked for rectification work during the year. Of these, 2,444 particularly bad societies were taken up as shown below :—

Central Bank staff ...	1,494	Union staff ...	390
Federation staff ...	560		2,444

It has been stated that the number of societies rectified by the Central Banks, Federations and Unions were 339, 14 and 68 respectively, the overdues in these societies having been reduced to below 40 per cent.

Resources.

14. The statement given below shows the resources of the various classes of societies on 30th June 1934 :—

Serial number and type of societies.	Total working capital.	Percentage of total working capital derived from					
		Share capital.	Deposits.	Loans from other societies.	Government.	Reserve Fund.	Total.
	Rs.						
1. Madras Provincial Bank ...	190·96	3·45	41·08	41·21	...	7·26	100
2. District Central Banks ...	535·03	10·29	61·26	23·03	...	5.42	100
3. Central Land Mortgage Bank ...	37·40	5·19	93·77	0·67	...	0·37	100
4. Agricultural Societies ...	519·96	13·79	7·40	64·21	1·51	13·09	100
5. Non-agricultural Societies ...	348·70	25·66	53·06	6·86	5·06	9·36	100

The working capital fell from Rs. 1,734·63 lakhs to Rs. 1,632·05 lakhs. The total working capital employed in the movement exclusive of the investments of one society in another amounted to Rs. 1,011·97 lakhs as against Rs. 924·87 lakhs in the previous year; and it is made up of—

	RS. (In Lakhs.)
Paid up share capital	178·09
Deposits of individuals and institutions ...	664·71
Reserve Fund	143·65
Loans from Government	25·52
Total ...	1,011·97

The owned capital in the movement is Rs. 321·74 lakhs (i.e., 31·79 per cent of the net working capital.)

Liquidation.

16. Four hundred and sixty-two societies were dissolved during the year; 3 of these were District Federations, 18 unions, 386 agricultural and 55 non-agricultural societies. This number excludes 65 societies actually dissolved in the year under report, but whose liquidation work could not be taken up as the statutory period of appeal was not over by the 30th June 1934. There were in all 1,615 societies under liquidation. The affairs of 294 of these societies were finally wound up in the year. Thus, there were 1,321 societies under liquidation at the end of the year. Of these, 115 have been under liquidation for over three years; 118 for over four years and 169 for over five years. The total collections in cash in all the liquidated societies amounted to Rs. 7,02,449, as against Rs. 6,78,032 in the previous year. The total amount written off as irrecoverable during the year was Rs. 2,57,713 as against Rs. 2,36,119 in the preceding year. The assets to be collected in the 1,321 societies under liquidation at the end of the year amounted to Rs. 59,52,995, while the liabilities to be discharged were Rs. 37,97,678. The liquidators held Rs. 2,08,980 in cash on hand on the 30th June 1934.

In 469 societies, loans due from members amounting to Rs. 2,03,797 were written off, and in consequence the liablities to the creditors to the extent of Rs. 42,361 had to be written off. Amongst these creditors were the Madras Christian Co-operative Central Bank and the Central Banks at Cuddapah, Tenali, Kurnool, Nellore and Salem. With a view to enforce unlimited liablity contribution orders were passed in 361 cases for Rs. 3,19,676, but only Rs. 20,279 could be collected before the close of the year. Liquidators purchased properties in 109 cases to the value of Rs. 93,049 against Rs. 1,78,999 to be collected; the sale-proceeds of some of the properties amounted to only Rs. 1,903. In most cases liquidators experience difficulty in finding sales for the properties purchased by them. This is partly due to combination amongst the villagers and partly to the continued agricultural depression.

I have been reviewing the progress in collections in liquidated societies every month and issuing instructions to the officers to expedite the liquidation proceedings. In pursuance of instructions from Government, I am now submitting to Government quarterly reviews on the progress in liquidation work.

Supersession of Committees.—At the close of the previous year, there were six societies whose committees were superseded under section 43 of the Act. As the non-official agent appointed to one of the societies did not take charge, the supersession order lapsed. Hence there were only five societies under supersession at the beginning of the year. Five were added during the year. Of these, eight societies were placed in charge of departmental officers and the remaining two, in charge of non-officials selected by the financing banks concerned. Out of a total demand of Rs. 11,22,261 under principal and Rs. 1,80,706 under interest due from members of these societies on the date of taking charge by the agents, an amount of Rs. 2,01,149 under principal and Rs. 89,275 under interest was collected in the year. On the whole, there is an improvement in the general working of the societies under supersession.

Recent Utterances.

While opening the Trichinopoly District Agricultural Conference at Mayanur on 27-1-35 Mr. T. Adinarayana Chettiar, President, Salem District Co-operative Urban Bank made the following suggestions in the course of an interesting address:

Our Duties.

We have first to liquidate illiteracy. Education free and elementary is our birth-right. In the short space of a few years, the Soviet has done it. Why should not we? If we bring pressure to bear on our local bodies and the Educational Department (through Councils) we can do a great deal, provided we do not insist on type design buildings or expensive paraphernalia. Adult education, however, must remain the special duty of the educated and well-to-do classes—a debt they owe to society for their present position. A rural and industrial bias should be given to education forthwith. Of course, when Government comes to co-operate with us, we can have even our primary schools equipped with modern tools besides technical schools in bigger centres.

Secondly, we must carry on ceaseless propaganda among the people, convincing them that their lot is miserable, that it is possible to raise it, that other countries of the world have succeeded in raising themselves, that they need not always continue poor and indebted, that if only there is industrialisation in the country, there will be food enough for themselves and posterity. They must also be told about better living.

Next, people must be taught to make their villages self-sufficient as regards at least their daily needs—such as food, clothing, housing, furniture and utensils. That they need not feel sorry for the absence of the rice-mill in the neighbourhood or that crystalline white sugar is not available in the village or that they have got only locally made pots and brass vessels. Exporting of raw materials and importation of manufactured articles benefits only the foreign capitalists, bankers and shippers and starve the millions of unemployed within the country.

Fourthly, the slovenly habits of the rural people must go. Every member of the house, of either sex, must be appealed to do 7 or 8 hours work daily. The Soviet principle of "*No work, no food*" must be universally adopted. Every member must do some remunerative work and add to the wealth of the household and of the village. Waste and extravagance must be regarded as crimes.

Fifthly, people must be taught that there can be no distinction of high and low; superior and inferior. Touchable and untouchable must soon be things of the past. Friendly co-operation should be made the guiding principle underlying their daily transactions and intercourse. People must be trained to team-work. Frankness, mutual respect and goodwill must be built into the people's character. Factions and ruinous litigations must cease. The idea of the equality of the sexes must be instilled. Such a shrewd and sympathetic observer of the Indian peasant of Mr. M. L. Darling, I.C.S., says, in his latest book:—"Some countries have been saved by their men; but India must be saved by their women." But, if women are to save India, their life must be one of equality with men. The women must be made to share all the amenities of life, such as travel, society of friends, culture-making leisure and above all healthy exercise, and trained to bring up good and healthy children.

Next, courage—mental and physical—is a *sine qua non* for progress. Our political subjection has easily induced in us the inferiority complex. Recent events, like the Police beating, for acts like boycott which would be legitimate in other countries, are not at all helpful to inculcate independence and self-respect among the masses. Early and improvident marriages, and of the unfit and ingenious attempts to get round such beneficial and mild acts as the Sarda Act are making us a race of pigmies unfit for anything except clerical posts and hair-splitting at courts. Government evade giving military training. The recruitment to the Indian Army is confined to the so-called "Martial Classes," keeping the more intellectual classes effeminate. People must be taught that the defence of their homes and of their mother country is their inalienable birth-right.

The following are the extracts from address of Mr. V. Ramadas Pantulu who presided over the same Conference:

India's Agricultural Problem.

The agricultural problems of India are very dissimilar to those of other great countries. In the industrial countries, the problem is to settle more men on land to expand agricultural activities and production. In India there are more men on the land than are perhaps necessary to expand and improve Indian agriculture. Nevertheless, the man power of rural India computed in terms of units of economic efficiency is far inferior to that of almost any other country in the world. This is due to the appalling poverty, gross illiteracy and utter want of vocational training of the rural masses. Only one in 12 can read or write his name and about all of them carry a heavy load of chronic debt on their backs. The condition of agriculture in India can be visualised by a few of the latest figures supplied by the statistical year books of the League of Nations. Take the case of rice, our most important crop. While we produce in India on an average 1,350 lbs. an acre, Italy produces 4,600 lbs.

Japan 2,800 lbs., Egypt 2,350 lbs. and U. S. A. 2,100 lbs. While the average yield of wheat per acre in our wheat producing provinces is 650 lbs., it is 1,800 lbs. in United Kingdom, 1,750 in Germany, 1,700 in Egypt and 1,500 in Japan. Statistics of area under several crops and the yield prepared in Madras for (15 years) from 1920 to 1934 show that we are at a standstill and have shown no advance in these fifteen years. Any book on Indian Economics will give you a comparative estimate of income in money from Agriculture in India in contrast with that in other countries. The conclusion of those who have studied the problem is that Agriculture in India is scarcely more than 50 per cent as efficient compared with most of the European countries.

So, our agricultural problem is moving in a vicious circle. The poverty of the agriculturists results in low and inefficient production and the latter leads to increased poverty. There has been enormous increase in the indebtedness of the agriculturists in the last few decades, and it is still growing with the increasing dependence of the population on agriculture. The decline, rather destruction, of village industries which once furnished subsidiary rural occupations, the constant fragmentation of holdings, increase in the burden of taxation, a bad system of land tenures and an unsympathetic and unscientific system of land revenue administration are powerful contributory causes for the distressing poverty of the rural population. The Simon Commission (Vol. I page 384) drew pointed attention to this phenomenal poverty in these words: "The low standard of living to which the mass of India's population attain is one of the first things that strikes a western visitor. But the depth of the poverty, the pervading presence of which cannot escape notice, is not so easily realised." The only solution of this vital problem of India is the adoption of an enlightened agrarian policy by the central and provincial governments."

Village Industries.

Last but not least, the preservation and organisation of village industries, which provide subsidiary occupations for the agriculturists, must be taken up in earnest. This endeavour will do much to help the agriculturist and improve his economic position. There are still some industries which have not died out, some which are flourishing and some which can be revived with some effort. Now that Mahathma Gandhi has done his best to remove the suspicion of the Government regarding his Village Industries' Association, I hope and trust that the Government will co-operate with the nation to revive village industries and to improve the economic condition of the masses.

I plead for action. There has been plenty of sympathy, much promise and no performance. An ancient philosopher divided mankind into two classes, those that go ahead and do some work and those who sit and ask why wasn't it done the other way. We have few of the former class and plenty of the latter. Let us enlist ourselves in the ranks of the former. The Indian peasant watches us, toiling day in and day out to produce all that we need to feed us, to clothe us and to help our factories going. Look at him.

" Bowed by the weight of centuries he leans
Upon his hoe and gazes on the ground,
The emptiness of ages in his face
And on his back the burden of the world. "

The following passage is taken from the speech of the Hon. Mr. P. T. Rajan, Development Minister, Madras, delivered at Mayanur, Trichinopoly District, while opening the building of the Servants of India Community school :—

Non-Officials and the Co-operative Movement.

Co-operation has been recognised on all hands as the one movement which might save this country and several other countries, and I sincerely believe that it is the only movement which can save this country. The success of this movement depends more on the non-officials than on the officials. If the non-officials conduct the affairs of a society in such a way that the Government has got to interfere and take over the control of the movement, the movement will become only a department of Government. Taking the co-operative societies as a whole, I am afraid I must admit the movement is in a rotten state. If you start criticising, you can criticise the foreigner or even men in your own country. Government can turn round and say, 'people are not up to the standard. They proved to be absolute failures.' I know I am not standing here as the champion of the Government and I do not say that Government is absolutely free from blame. As I said before, as human beings, we are liable to commit mistakes, but I can tell you this much, on behalf of the Government and especially on behalf of the Ministry, we are trying our level best within the limited power and resources at our disposal to do our best for the people. It is our intention that you must take into consideration, not the results. If you judge us by the results, I can tell you I am afraid there is not much to say about. This is a period of transition. Ere long, provincial autonomy is going to be given. Then, it does not matter whether it is the Justice or the Congress Party, it will have an opportunity. Let us not be in a critical mood, criticising everybody. Let us co-operate, and work together. We are your servants and we are prepared to do what you want us to do, within the limited powers, to serve your interests. That is my appeal to you. Even though Provincial autonomy comes, this Province will be subordinate to the Government of India and within the power which will be given to us, let us try to make

this Province a better place to live in. Let us unite and work for the salvation of the country.

The following is an extract from a recent address delivered by Sir C. P. Ramaswami Iyer at Secunderabad on " India Twenty-Five years Hence.'

Co-operative Cottage Industries.

Switzerland, which had no coal and iron resources, was yet the manufacturing country. It utilised its water power and dispersed it all over, instead of centralising it in industrial centres. Switzerland was a land of cottage industries. There were great co-operative agencies, which handed over a lathe at every cottage. The family, children and growing boys and girls, handled the lathe and made a spring, a little pinion. The co-operative agencies collected the parts, put them together and produced the watches; there was not a single watch manufacturing factory in Switzerland. India too would not, likewise, take to factories. " If she is wise, she will organise her own cottage industries like Switzerland and Denmark. No Englishman breaks his fast without Denmark's milk and butter. These poor people, the Danes, are well-organised and have devised their co-operative system which is widespread. If a cow is ill, it is examined in detail, because each cow is a national item, each unit is agglutinated with the other units. India shall not learn to imitate industrialisation, but only that home-life is essential. The patriarchal system, the panchayat system which was sufficient in the past for its judicial purposes, is, coupled with cottage industries, sufficient for India. Giving up competition, we shall organise a system of national planning, and produce in conditions of peace, salubrity and domestic life. Communal representation in political matters will cease to exist. We shall understand that religion is a matter that is irrelevant outside our homes.

Mr. A. H. A Todd, I.C.S. Collector, Coimbatore District presiding over the College Day celebrations of the Government College Coimbatore observed :—

Our duty to the ryot.

If therefore there are any of you who are short of jobs and who do not find employment I would put it to you that you have some obligations, some duty to your country and some duty to your village, viz., that the culture and education which you receive in institutions of this kind should be handed on to your villages. It is quite impossible that people in villages should ever have institutions of this kind springing up all round them. They cannot have much more than a village school. After all the ryot is the person who provides the money to practically everything that goes on and he is entitled to look to some return from those institutions which willingly or unwillingly and consciously or unconsciously he does support. We all of us have got a duty to the ryot and I am inclined to think that because he does not make much clamour and because he is not a politician or does not take a prominent part in public life his intersts are to some extent forgotten and the debt we all owe to him is overlooked. I would suggest to those of you who have villages or who have lands in their villages that they should not cut themselves adrift from where they have sprung but that they should go back. There is no finer thing than that. I urge you to rember your duty to the villages when you are thinking about what you are going to do for the future.

Sir Hopetoun Stokes, Finance Member of Madras Government made the following reference to the Central Land Mortgage Bank in his budget speech on the 20th of February last :—

Central Land Mortgage Bank.

As regards the Central Land Mortgage Bank, the Government, in pursuance of the provisions of section 6 of the Act passed by this House in March last, have guaranteed the debentures of the Central Land Mortgage Bank both as to principal and interest subject to an upward limit, as to total amount, of Rs. 50 lakhs at any one time, and as to interest to an upward limit of five per cent per annum and, in consideration of this guarantee of the Provincial Government, these securities are entitled to rank as trustee securities within the meaning of the Indian Trusts Act as recently amended by the Central Legislature. This is a very important step, as I hope in the direction of affording aid to the ryot in facing his many difficulties, for it enables the Bank to provide with greater ease the long term money which is so essential and which the ordinary co-operative credit bank cannot furnish. At the same time, it must not be forgotten that by giving this guarantee the Government have assumed a not inconsiderable ultimate liability, should the Bank be mismanaged and fail to meet its liabilities at any time. The Government therefore have rightly, as I think, required such changes to be made in the Bank's bye-laws and constitution as will ensure to them, as ultimate guarantors, a sufficient degree of control over the policy and management of the institution, I do not myself believe that the risk is a serious one, but, such as it is. I believe the Government is fully justified in taking it, having regard to the valuable contribution which such an institution if properly managed, can make towards solving the great problem of agricultural indebtedness.

Proceedings of the Executive Committee of the P.C.U.

Some decisions of general interest arrived at by the Executive Committee of this Union at their meeting held on 16-2-1935, are given below for the information of our readers.

1. The price of the magic lantern is reduced from Rs. 45 to Rs. 40 for all, and in the case of Harijan organizations approved by the Secretary of this Union a further concession of Rs. 5 will be shown.

2. A grant Rs. 100 is made to Mr. K. L. Narasimha Rao, B.A., B.L., member of the Board of Management of this Union, towards the expenses of his tour in European countries which he has undertaken in order to study the co-operative movement there, especially its non-credit side.

3. In connection with the request of the III Madras Urban Banks Conference that the Provincial Co-operative Union should take steps to get the Co-operative Societies Act amended to the effect that all persons liable for debt contracted by a member be joined as parties to the dispute; the Executive Committee recorded its opinion that it is now permissible under the Act for a society to sue in a civil court a member along with non-members who are liable for the debt contracted by him. If any doubt be felt in this matter the Government may be addressed to make it clear by an order or rule. In any case it is not desirable to allow the question of the binding nature of a debt on non-members to be decided by arbitrators, as such decisions will give rise to complications.

4. The question of the supervision of societies, about which Rao Bahadur A. Rajabadar Mudaliar had sent a questionnaire to the members of the Board of Management of the Union to elicit their opinions, was considered by the Committee in the light of the replies received, and the Committee reiterating its resolution of 17-12-33 on the subject, recommended for adoption the following policy, special attention being given to the points noted below :—

(i) " reduction in the number of Unions by abolishing unnecessary and inefficient Unions and by amalgamating smaller ones into larger Unions wherever practicable."

(ii) " Central Banks appointing paid Managers of Unions where it is considered desirable and necessary";

(iii) reduction in the number of members of the Governing Body, generally speaking to three of five;

(iv) pooling of the supervision fund in the central bank or federation where it exists;

(v) appointment of supervisors on district cadre under the bank or federation where it exists;

(vi) that it is not necessary to make the election of the Governing Body members subject to the approval of the Registrar or of the Central Banks;

(vii) that it is not necessary or desirable to give the power of nomination of members to the Governing Body either to the Registrar or to **Central Banks.**

Rural Indebtedness in Madras Presidency.

SPECIAL OFFICER'S QUESTIONNAIRE.

The following questionnaire has been issued by the Special Officer appointed to investigate rural indebtedness in the Presidency:—

1. From your experience of a locality with which you are familiar, state how indebtedness has affected the agriculturists, and the percentage of agriculturists and farm-labourers who are free from debt.

Of those involved in debt, can you estimate separately (*a*) the percentage who can be easily rescued and (*b*) the percentage whom it is not possible to rescue, except by resorting to drastic remedies.

2. What do you consider are the chief causes of indebtedness? The following causes have been suggested:—over-population, fragmentation of holdings, cattle mortality, vicissitudes of seasons, lack of insurance facilities, the inherent character of the people coupled with lack of education and the presence of the money-lender in the village. What proportion of the total debt would you ascribe to each of the different causes? Please discuss these causes and suggest remedies.

3. Compared to (*a*) value of assets and (*b*) income, how would you rank the following classes in regard to volume of indebtedness:—(1) Large land-holders (those who pay pesh-kush or land revenue to Government of Rs. 500 and above per year); (2) medium landholders (those paying between Rs. 100 and Rs. 500); (3) small landholders (those paying between Rs. 50 and Rs. 100); (4) petty landholders (those paying below Rs. 50); (5) tenants (long-term and tenants-at-will); and (6) farm labourers.

4. Please state, wherever possible, the purposes for which agricultural indebtedness was incurred such as: (*a*) Payment of earlier debts, (*b*) Marriage and other social occasions, (*c*) Famine and other kinds of distress, (*d*) Payment of land revenue, (*e*) Growth of the debt by compound and simple interest, (*f*) Seeds and manure, (*g*) Improved agricultural implements, (*h*) Sinking of wells and agricultural improvements, (*i*) Education of children, (*j*) Purchase of land, (*k*) Any extortionate demands by overlords, (*l*) Litigation, (*m*) Extravagance.

With reference to the locality with which you are familiar, what proportion of total debt would you attribute to all or any of these purposes?

5. In a locality with which you are familiar, how much debt has been incurred under the following headings:—(*a*) Short-term loans, (*b*) Long-term loans, (*c*) Loans for productive purposes, (*d*) Loans for redemption of prior debts, and (*e*) Loans for non-productive purposes.

Note.—Productive purposes include cultivation expenses and all improvements to land, purchase of raw materials for industries, trade, education and house-building and purchase of carts and bulls. Non-productive purposes include cost of marriages and other ceremonies and litigation. Short-term loans are those repayable in one year and long-term loans are those repayable in longer periods than one year.

What are the rates of interest charged by the various credit agencies with respect to such loans to agriculturists?

6. Describe the part played in agricultural finance by Government, the Imperial Bank of India, Joint Stock Banks, Co-operative Banks, indigenous banks and bankers, professional money-lenders, agriculturists who lend money, merchants and dealers and other organisations giving credit?

7. Can you give an estimate of the proportion of money lent to agriculturists by the professional money-lender, as distinguished from and compared with the money-lender who is either an agriculturist or a trader and not a professional money-lender? Write a short note on their methods of advances and recovery of loans.

8. To your knowledge, what are the various terms of borrowing from professional money-lenders and others? And how are repayments of principal and interest made? Does repayment in kind predominate? Are there any iniquitous conditions attaching to repayment, such as claim by creditors of the right to take and sell produce at ruinous rates and so on?

9. How far have the present depression in the value of land and the fall in prices affected the position of the agriculturists? Has the depression led to a marked increase in the number of civil suits for recovery of loans?

Value of Land

10. What is the present value of land as compared with the value of land five years ago, ten years ago and before the Great War? Has depression led to more borrowing? On the other hand, do you think that the fall in the value of property and the increase in the value of money have led to marked shortening of credit, especially on the mortgage of immovable property?

11. To what extent is land mortgaged by agriculturists as security for debts? Has land changed hands during the last four years to a greater extent than previously?

12. To what categories of non-cultivating classes has land been passing during recent years? What is the effect of absentee-landlordism on the agriculturist who remains in the village?

13. Do you consider the position of agriculturists as regards indebtedness such as to cause grave alarm? If so, give reasons.

14. If you conside that the various means by which agriculturists derive their credit are not sufficiently co-ordinated, or that the rates of interest are high, or that the speed at which the loans are granted is not sufficient, or that there are any other defects in the persent system of credit to agriculturists, can you suggest remedies?

Debt Conciliation

15. Is debt conciliation in any form now being resorted to as far as you know, if so, to what extent?

16. Do you consider that it is advisable and feasible to provide by legislation for the constitution of debt conciliation boards? Will the public welcome such legislation? Is the scope of such legislation to be limited only to debts on land, or should it include all debts of agriculturists? What do you consider should be the nature and constitution of debt conciliation boards? If you have studied the workings of debt conciliation boards or other legislative measures on the subject in any other province (as in the Central Provinces) or in any Indian State, please give a brief resume of your study. If you consider debt conciliation boards incapable in part or in full of meeting the situation, can you suggest any amendment to the law and procedure now applied by Civil Courts as regards the enforcing of contracts relating to indebtedness? Are you in favour of any enactment restricting the alienation of land? If any such legislation whether dept conciliation boards or otherwise, is considered by you necessary can you kindly offer your opinion on how such legislation is likely to affect (1) the sanctity of private contract; (2) the facilities that now exist for borrowing.

17. If you consider that legislation is unnecessary or insufficient to meet the situation, do you think that there are any other remedies which might be usefully adopted, such as improvements or extensions as regards land mortgage banks and agricultural credit societies, development of cottage industries, giving of loans in kind, improved marketing facilities, the opening of price information bureaus and godowns for stroing produce, education of the adult and juvenile rural population in rural economics, laying special stress on sound business metthods and wise balancing of family budgets and so on. Please discuss these remedies in some detail.

18. If the above questions are not sufficient to cover your views on the subject a general note on any other points that might strike you will prove of immense value.

News and Notes.

The M & S. M. Railway Employees' Co-operative Urban Bank Ltd. is the biggest Urban Bank in Madras Presidency. On 30th June 1934 it had 16,622 members with a paid up share capital of Rs. 6,67,485. During the last co-operative year it issued loans to the extent of Rs. 26,46,160 while repayments by members amounted to Rs. 23,65,500. It had also a Mutual Retirement Benefit Fund which on 30th June 1934 amounted to Rs. 9,34,296. It has under consideration an insurance scheme which was drafted in the year under report by a special sub-committee. The bank made a profit of Rs. 1,14,804 during the last co-operative year and was able to pay a dividend of 9 per cent to its share-holders. Its latest report shows that is growing steadily in transactions and membership. During the period under report it celebrated its Silver Jubilee in no less then 30 branches, for which purpose a sum of Rs. 5,000 was sanctioned.

* * *

The Silver Jubilee of the Triplicane Branch of the T. U. C. S., was held on the 15th ultimo and was presided over by Mr. T. R. Venkatarama Sastriar, C. I. E. Prof. K. C. Ramakrishnan who spoke on the occasion observed that the society was likely to achieve greater success if the women folk were induced to interest themselves in its activities and that this could be achieved by having a Women's Day. Dr. P. S. Lokanathan who followed him suggested that the management should try to establish branches among the working classes. The chairman in his concluding remarks exhorted the members to put into practice the principles of co-operation to a greater extent than they were doing at present.

* * *

At the end of 1933-34 the Dharmapuri Co-operative Town Bank had a membership of 1,235 and earned a net profit of Rs. 5,395·6 (an increase of Rs. 619·6 over the previous year's profit). The Bank conducted its tranactions with its own deposits and did not borrow money from other bodies. It spent its common good fund for health, education and earth-quake relief. Nothing seems to have been spent on co-operative propaganda.

* * *

The Erode Urban Bank earned a net profit of Rs. 10,417-14 (Rs. 269 less than last year's profit) and had a membership of 1888 at the end of the year 1933-34. A statement is appended to the report showing the progress of the bank during the last 23 years.

* * *

The Lalgudi Sivagnanam Co-operative Agricultural Society in Trichinopoly district celebrated its ninth anniversary, with Mr. S.V. Ramamurti, I. C. S., Director of Agriculture, in the chair. Speaking on the 'constructive side' of co-operation he observed that societies in this Presidency were increasing only quantitatively and not qualitatively, and that if the co-operative movement be utilised for constructive purposes, there would be immense scope for the further progress of co-operation in this presidency. He said that the Lalgudi society was showing an example of how co-operation could be applied for constructive activities.

* * *

The Malabar Police Co-operative Society which was started three years ago has made good progress. It now has a membership of 1,200 and a share capital of Rs. 10,000. One of its special features is that its

Secretary is authorised to give all emergency loans which are repayable from the month's salary. At its last annual meeting held a few days ago, it resolved to change its name to "Martin Police Co-operative Society" in appreciation of the work done by Mr. A. C. Martin, District Superintendent of Police, now proceeding on long leave, as president of the society.

* * *

A number of co-operative societies have been started on the West Coast for the benefit of fishermen. These are part of the programme of socio-economic work undertaken by the Fisheries Department. The societies however are not working well. They do not come up to the level of the other societies, though that level is low enough in all conscience. In their review of the working of the Fisherries Department for 1933-34 Government note that these societies continued to be unsatisfactory with heavy overdues and very little collections.

* * *

A peculiar feature of Travancore co-operation is the presence of a large number of communal societies. One of the largest and best among them is the Brahmana Mahajana Co-operative Society Ltd. At the end of the last co-operative year it had 1,764 members of whom 303 were women. Recently it has adopted a rule requiring every borrower to make a recurring deposit, so that in course of time he may have his funds to draw upon.

* * *

His Highness the Yuvaraja of Mysore presided over the Silver Jubliee celebration of the Madhugere Co-operative Society in Mysore State and laid the foundation stone of its building. He commended its example to other societies in the rural areas of the State.

* * *

The Government of India have approved the C. P. Government's scheme for the development of the hand-loom weaving industry in the Central Provinces and have sanctioned a recurring grant of Rs. 17,000 for five years for starting a co-operative society of weavers for marketing the products.

* * *

The Khamgaon Co-operative Thrift Society Ltd. in Central Provinces was started only three years ago. It has for its object the purchase and supply of cloth, rice, saffron and a few other articles of every day necessity to its members. It has created not a little commotion among the business people of the town, who are watching its activities with great concern. One thing which deserves special mention is that there are now 15 lady members in the society belonging to well to do families. It is also gratifying to learn that its present secretary is Mrs. Manoramabai Muzumdar, that she is looking after the society with great credit, that out of nine members in the Managing Committee as many as four are ladies. Will our ladies please emulate them ?

* * *

The Co-operative Movement in China is still in its infancy. The statistics collected by Mr. H. D. Fong show that in 1933 there were only 6,834 co-operative societies with a membership of 2,26,075 having a share-capital of 1,265,724. Credit societies predominate there as in our country and are nearly four-fifths of the total number of societies.

The following paragraph occurs in the annual report of the Department of Industries, Madras, for the year ending March 1934:

Services rendered to co-operative societies.—Assistance was rendered by the department to several co-operative societies on a variety of engineering matters. The following are instances where services were rendered to co-operative societies : —

(*a*) A handboring set and a pumping set were lent to the Sri Ramakrishna Industrial and Co-operative Society, Thummapala, Vizagapatam district.

(*b*) A sugarcane mill and a sugar centrifugal were lent to the Udipi Co-operative Agricultural and Industrial Society at Kalyanpur.

(*c*) A boring was put down for the Co-operative Town Bank, Limited, Hindpur.

(*d*) The erection of a huller, an engine and sugar centrifugal was undertaken for the Agricultural Co-operative Society, Melshanankuppam.

(*e*) An engine was lent free of hire to the Perundalayur Co-operative Society, for running a sugarcane and sugar Centrifugal.

(*f*) The plants of the following societies in the Coimbatore and Tanjore divisions were under departmental supervisions during the year :—

Agricultural Co-operative Society, Melshanankuppam.
Udipi Co-operative Agricultural and Industrial Society, Kalyanpur.
Co-operative Society, Kallakurichi.
Co-operative Society, Sankarapuram.
Co-operative Society, Rishibandan.
Co-operative Society, Nangavaram.

* * *

The following observations were made by the *Hindu* recently in connection with the proposed legislation in Mysore for the relief of rural indebtedness:

"Those who undertake legislation of this kind must not fail to remember one or two facts. The first is that restrictive legislation whose effect is merely negative cannot by itself meet the needs of the situation. It is all right to establish debt conciliation boards, to penalise money-lenders who extort usurious rates of interest, to declare moratoria and pass land alienation restriction laws. These may have their uses. But by themselves they cannot bring about an agricultural millennium. Such legislation should be supplemented by State action calculated to provide easy credit, both short term credit and long term, on a sound basis either through co-operative societies and land mortgage banks or otherwise. More than that, the ryot should be educated into realising that the maintenance of his credit is dependent on the way in which he goes about his business and that if he is not thrifty or lives beyond his means, no one can help him for any length of time. On the sound agricultural practice and wise conduct of its ryots must always depend the agricultural prosperity of a State and this is a principle which the agriculturists should be taught to recognise."

Correspondence.

To

THE EDITOR.

Sir,

The question that raises a considerable amount of difficulty is as to whether minors can be sued in arbitration courts at present. Section 65 sub-section 2 (o) II of Act VI of 1932 enables the Government to provide for the procedure to be followed in proceedings before the Registrar, arbitrator or arbitrators or other persons deciding disputes including the appointment of a guardian for a party to a dispute who is a minor or who by reason of unsoundness of mind or mental infirmity, is incapable of protecting his interests. The Rules framed by the Government do not contain any provisions for the appointment of a guardian for a party who is either a minor or a person of unsound mind. A person who is a minor is entitled to have his interests protected by an adult. The failure of the Government to exercise the powers vested in them under the Act can only denote that they do not want that any proceeding should be taken against a minor or a person who is insane before a court contemplated by section 51 of the Act. It has been held that a minor is not bound by a decree passed in a suit in which he is not properly represented.

The practice of the Bank of which I am at present the Legal Advisor is to admit the natural guardian of the minor as a member in his or her capacity as the guardian and then send the reference to the Deputy Registrar making the guardian a party. This does not appear to be legal. The appointment of guardian to minors should be made by Courts after proceedings are commenced and not before the starting of proceedings. Under the Civil Procedure Code the plaintiff to a suit proposes some one as guardian of the minor defendants. Notice issues to the proposed guardian (Please *vide* Rule 3 of Order XXXII of the Code of Civil Procedure.) It is the Court that appoints the guardian and that too with his or her consent. In proceedings before the arbitrator the action of the arbitrator approving of the appointment of a guardian by the plaintiff society or appointing one himself is in my humble opinion invalid there being no legislative sanction for such an act.

I do not know what the practice in other societies is. Perhaps the fact that there has been no rule framed for the appointment of guardians to minors in proceedings before an arbitrator might not have been noticed. Yet it is a defect that can go to invalidate proceedings against minors.

I request to be enlightened as to whether the law as it stands enables creditor societies to institute suits against minors before arbitrators. If you think that the Rules as they now exist do not provide for suing minors in arbitration courts, I request you to be so good as to move the Government for framing necessary rules in this connection since a good deal of money has to be spent when cases are sent to the civil courts.

I have the Honour to be

Sir

Your most obedient servant

P. K. SRINIVASA RAGHAVA ACHARYA,

Legal Advisor to the Urban Bank, Ltd., Tindivanam.

An Interesting Judgment.

IN THE OFFICE OF THE ARBITRATOR OF CO-OPERATIVE SOCIETIES.

Camp. Chipurupalli.

Present: — M. R. Ry. V. Satyanarayana Pantulu Garu *Arbitrator*,

Dated this 9th day of November 1934.

Dispute No. 202/1934-35 on the file of the Deputy Registrar of Co-operative Societies, Vizagapatam.

Between:—

Plaintiff:—Mr. V. Venkatarao Pantulu

Manager, Niddam Co-operative Society No. 7896.

and

Defendants:—(1) Darlapudi Ramamurty,

" (2) Meesala Lakshunnaidu.

This is a reference for recovery of Rs. 901-0-2 claimed to be due to the plaintiff (Manager Niddam Co-operative Society) from the first defendent and his surity the second defendant on account of principal and interest and costs in respect of a loan taken by them on dated 26-1-1930 under loan No. 309.

The dispute was posted for the hearing and notices were duly served on the parties concerned. The first defendant in this case, Darlapudi Ramamurty deposed, that the loan amount was taken by him on dated 26-1-1930 to be repayable within eleven months and the claim against him should be dismissed as being barred by the law of limitation. The second defendant, Meesala Lakshunnaidu deposed, though he stood as surity to the loan, his liability cannot subsist beyond three years from the date of the bond, and that therefore award should not be passed against him. In other words, he urges that the claim against him should be dismissed as being barred by the law of limitation.

It has, therefore, become necessary to decide whether the law of limitation will apply to proceedings before the Arbitrator appointed under the Co-operative Societies Regulation. As per preamble to the Indian Limitation Act IX of 1908, the Act would Apply to suits, appeals and certain applications to courts. The expression 'Court' has not been defined in the General Clauses Act and where it has been defined for example in the Indian Evidence Act, 1872, it is expressly laid down that it excludes Arbitrators. The Arbitrator has no where been described as a Court, either in the Co-operative Societies Regulation or in the rules issued there under, even though they have been given the powers of a Court to compel the attendance of witnesses etc. Under the Co-operative

Societies Regulation Arbitrators are expected to dispose of the references transferred to them according to justice, equity and good conscience and these references cannot in any sense of the term be construed as suits, appeals or applications referred to in the Indian Limitation Act. Reading the language of Section 51 of the Co-operative Societies Act, it will be seen that power is given to the Registrar and the Arbitrators to decide all kinds of dispute arising among members etc., and that is only by way of explanation that a claim for a debt is described to be a dispute touching the business of the society within the meaning of the Section. This would clearly show that the Arbitrator is not intended to take the place of a Civil Court for the disposal of suits. As per Section A of the Madras Co-operative Societies Act VI of 1932 amended, that each member can be proceeded against individually before liquidation.

The defendants were a village Co-operative Society registered under the Act, and having members with unlimited liability.

These co-operative societies are partnership concerns managed by persons elected by themselves for their mutual benefit. And so, claims due from the members to the institution as a whole, stand on quite a different footing from claims between persons with no common interests.

In these circumstances I have no hesitation in holding that the limitation Act will not apply to proceedings before the Arbitrators. The objection of the contending defendants will, therefore, be overruled.

In the result I decree that the defendants do pay Rs. (975-13-8) nine hundred and seventy five annas thirteen and pies eight only to the plaintiff together with subsequent interest at $1\frac{1}{2}$ pies per Rupee per mensem from this date till the date of realisation.

Pronounced on 9th day of November 1934.

(Sd.) V. Satyanarayana,

Arbitrator.

The following is the List of Societies whose Registration has been cancelled during the month of last January.

Name of Society.	District.	Date of Cancellation.
Inokkurpet grain Bank ...	Nellore	... 6-1-35.
Hagari Agricultural Improvement co-operative society ...	Bellary	... "
Gandlaparthi Co-operative Society	Anantapur	... "
Tirupudaimaruthoor Narambrunathaswami ...	Tinnevelly	... 10-1-35.
Devandanam Chucklers C. S. ...	Trichinopoly	... 12-1-35.
Madur C. S. ...	Cuddapah	... "

Name of Society.	District.	Date of Cancellation.
Vittamrajupalli Adi Andhra C. S.	Guntur	... 12-1-35.
Viruponda Christian	"	... "
Handihal C. S.	Bellary	... 7-1-35.
Yerraguntapali C.S.	Anantapur	... 16-1-35.
Bapulapadu Christian C. S. ...	Kistna	... "
Idimepalli C.S.	Nellore	... "
Salavakkam Co-operative Supervising Union	Chengleput	... 19-1-35.
Vilathur C.S.	Ramnad	... "
Mathapoondi C.S.	South Arcot	... 23-1-35.
Maduramangalam Co-operative Supervising Union ...	Chingleput	... "
Madiyanur Adi Dravida C. S. ...	South Arcot	... "
Melacheval Co-operative Supervising Union	Tinnevelly	... "
Ethapur Centre Taluk Board Teachers C. S.	Salem	... 24-1-35.
Madura Union Christian High School Students Co-operative Stores	Madura	... "
Crathy C. S.	Chengleput	... 23-1-35.
Elachipalayam Seed C. S. ...	Coimbatore	... 22-1-35.
Muthupettai C. S.	Ramnad	... 25-1-35.
Viralpatty Venugopalaswamy C.S.	Madura	... "
Avanashilingampalayam Seed C.S.	Coimbatore	... 28-1-35.

List of Societies registered during the Month of February 1935.

Name of the Society.	District.
Tadepalligudem Co-operative Crop Loan and Sale Society.	West Godavari District.
Bhimavaram Co-operative Crop Loan and Sale Society ...	"
Graddagunta Co-operative Credit Society	Nellore.

Registrar's Circulars.

No. A. 797/35.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 12th February 1935.

T. AUSTIN ESQUIRE, I. C. S., *Registrar.*

CIRCULAR.

Subject:—Reserve Bank of India—shares by Co-operative Banks.

Reference:—Registrar's endorsement R. Dis. A. 6718/34, dated 21-12-34, communicating G.O. No. 1696 Ms. Dev. dated 15-12-34.

It is understood that the shares of the Reserve Bank of India will be floated early in March 1935. The value of a share will be Rs. 100 and according to Sec. 14 (3) of the Reserve Bank Act the holders of five shares are entitled to one vote at general meetings. The maximum number of votes that can be exercised by a shareholder is ten.

2. Banks with sufficient resources may apply upto the maximum of 50 shares which would entitle them to the maximum number of votes permissible. The banks are requested to consider and decide at an early date the number of shares proposed to be taken so that there may not be any delay in applying for them when they are floated.

(By Order)
A. VENUGOPAL RAO,
Manager.

No. B. 1185/35.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, Dated 18th February 1935.

T. AUSTIN ESQUIRE., I. C. S., *Registrar.*

CIRCULAR.

Subject:—Loans--Primary societies—individual members exceeding Rs. 250—sanction of the financing Bank—instructions regarding—issued.

Reference:—Registrars Circular A. 1570/32, dated 1—9—30.

In the circular quoted, the form in which primary societies should apply for loans to Central Banks as revised by the Executive Committee of the Madras Provincial Bank was communicated to all Central Banks The Registrar hopes that Central Banks insist on primary societies furnishing a list of persons to whom loans are proposed to be given along with each application for loan and that the loan applications of societies are sanctioned. If the repaying power is properly assessed, a poor man cannot get a big sum. But in practice it is found that small men have been given big loans for various reasons. It is therefore suggested that loans exceeding Rs. 250 to individual members *shall require the sanction of the Central Bank.* The President of the Madras Provincial Co-operative Bank who was consulted in the matter is of opinion that it is desirable that the extention of loans to individual members of Central Banks should be made very effective and he agrees with the suggestion. All Central Banks are requested to give effect to the suggestions at an early date. They will also continue to scrutinise the application for loans less than Rs. 250 as usual. The Deputy Registrars and Sub Deputy Registrars in independent charges are requested to issue instructions to the societies on the lines of this circular and register amendments to by-laws as and when they are sent up.

(By Order)
K. A. PADMANABHAN,
Manager.

Extracts.

CO-OPERATIVE COMMUNITY IN ACTUAL EXISTENCE.

BY ANNIE ARMSON, B.A, HONS. (OXON.)

" We are here to work out our own salvation. We allow no outside interference in the management of our affairs. It may be, of course, that we shall fail, but, so far, all goes well."

The speaker was an enthusiastic young Dane, who spoke perfect English, and he was describing to me a unique experiment which was taking place on a farm near Fredensberg, about ten miles inland from Elsinore, the object of which was to make some attempt to solve the problem of unemployment.

We were sitting in a large, pleasant room of a modern farmhouse overlooking on one side the royal forest of Fredensberg, surrounding the castle which is the summer residence of the Danish King. On the other side, down below, lay a large inland lake fringed with woods and medows. It was all very peaceful and picturesque—an ideal spot, apparently, in which to carry out a social experiment.

Denmark took no active part in the Great War, but she has not been able entirely to escape its economic consequences. In spite of her up-to-date methods of farming and her advanced ideas with regard to social services, Denmark, like the rest of Europe, is faced with the problem of unemployment, due chiefly to the poverty of her neighbours and the loss of foreign markets. She is, nevertheless, making gallant attempts to deal with the situation and to mitigate some of the social evils attendant on long periods of unemployment.

For example, during the winter those of the unemployed who care to do so may spend five or six months at a folk high school, where special courses are arranged for the large number of those who take advantage of the scheme.

The experiment at Fredeusberg, however, is quite unconnected with any national plan. It is entirely a voluntary effort, and has taken the form of a co-operative community.

The impetus came first in Copenhagen at a club for unemployed. Encouraged by social workers in that city, eight or nine members, tired of waiting for work which never came, decided to establish a community on democratic lines. Part of the money to purchase the land came from various philanthropic sources; the rest, it is hoped, will be raised by the community itself and by various contributions which interested well-wishers give from time to time. The community is, naturally, always eager to receive donations to meet initial expenses, but members insist that financial assistance carries with it no right to dictation in their affairs.

Complete democracy exists. The members have formed themselves into a corporation, as they term it, and no decisions are taken without all members being given the opportunity to meet together for discussion and voting. There is even no recognized leader—a new chairman being elected at every meeting. A general meeting of members also elects those who are to be in charge of the various activities connected with the community, such as a foreman to superintend the building of a workshop or a store-keeper to be responsible for the division of produce according to number in family.

When the community was first established, in March 1933, almost complete communism was practised, but since that time there have been several modifications in the original plans.

Eight small wooden houses have now been built for the different families, who have found that it is better for the general harmony to live separately than to eat in common, as they did at first. Nevertheless, they have some social life together in the central buildings when birthdays or other celebrations call for special festivities.

The community has fourteen acres of land. Of this each family is given one-third of an acre for its own exclusive use, and on it are grown fruit and vegetables for the support of each small household. The surplus can be disposed of at the discretion of the holder without any interference from the other members. In addition, each family has poultry, and, in one or two cases, goats besides. So far, the community, in its collective capacity, only possesses a horse and a calf, though it is hoped in time to add to the livestock.

The rest of the land, amounting to a little over eleven acres, is held in common, some of the produce, such as potatoes being stored for winter use to supplement the food grown on the smaller "family plots." All the members give seven hours labour to the common pool, either in cultivating the land or in erecting the buildings necessary on a complete farm. In this way the whole of the community has been built up, with the exception of the original house, which formed a nucleus and a home for the pioneers who came first to build the wooden houses for their own families and for the others who were to join in the experiment.

The community dwellers as far as possible are supported by the produce from their own plots of land or from the common stock—a fact which makes them practise almost complete vegetarianism. Nevertheless, there are some needs, such as clothing, which cannot be met by the community, and to provide for these a small sum of money is given every week to each family, in proportion to its size, from the joint funds of the corporation, raised from the sale either of produce or of handmade goods.

The work on the land must have been and still is, in some degree, very difficult, because the majority of the members were unused to farm life. One of them was a sailor, another a street hawker, and yet another a docker. The human material was not picked for the experiment. Members joined haphazardly—a factor which in the past has, unfortunately, contributed oftentimes to the break-up of communities. Whether it will do so in this case remains to be seen. It is early days yet to judge, but so far there are no signs of disruption, and it may be that the intention of the colony to remain a small settlement will tend to hold the members together.

The colonists intend to be more than farmers. During last winter, with the aid of an artist member, they produced a large number of handmade toys, chiefly of wood, which found a ready sale, although it was difficult to complete with machine-made foreign products. Realising these difficulties, however, the colonists are devoting a large amount of time to the construction of a workshop in which they hope to instal machinery for the mass production of wooden toys of all kinds. Production will begin in the coming winter, and the profits will be used by the corporation for new extensions, the development of the community, and as weekly payments to the members.

The completion of the factory may also mean a grant of money from the State, which will greatly assist the work.

Throughout the colony there is a spirit of hope, adventure, and courage, though there are still many problems to be solved, lack of finance is an ever-present menace, and one or two of the earliest members, whose idealism outran their discretion, have created difficulties since their expulsion from the community. "We must preserve complete democracy and co-operation," explained the young Dane in relating how the community had expelled an offender against these principles.

To British co-operators such an experiment—a co-operative community in actual existence—cannot fail to appeal. It was the desire for such a solution to their economic difficulties which inspired English workers to make their earliest experiments in co-operation, though later history was to show that the most successful form of co-operation in Britain lay not in community building, but in the methods first practised at Rochdale.

Nevertheless, since then times have changed and circumstances altered, and what may not be practicable in England may suit Denmark, long famous for its success in co-operative farming.

The co-operative community at Fredeusborg may fail, or it may prove a valuable social experiment which will be worth copying elsewhere. In any case, those taking part in it will have found it far more profitable spiritually and physically to have attempted to solve their problems by the methods of co-operation rather than to sink deeper and deeper into the hopelessness caused by unemployment.

Extract from "The Co-operative News."

THE GULF BETWEEN FACTORY AND SHOP PRICES.

By Rhys J. Danies, M.P.

When our grandmothers lived they took their youngsters with them on Saturdays to do the week's shopping, each one carrying an empty basket for the expedition. She bought all the requirements for the coming week and members of the family marched home with parcels of groceries, provisions, meat, and vegetables as if they were the commissariat of the village.

To-day, however, milady 'phones for half-a-pound of mutton chops. the butcher packs it up nicely in transparent paper, with a sailor's knot on attractive white string, and the shop-boy delivers it to the customer by motor car.

The bailiff, managing the country family farm, drives a bullock to the slaughter-house, and then the owner-duchess orders the meat man to send her a small cut of the very same beast which walked all the way to be killed, and the joint returns "home" again. Such are the changes that have taken place in distribution during one decade!

A rich lady calls at the ironmonger for a small shovel which the maid must use to remove the ashes when lighting the fire in the morning. The thing is manufactured in Sheffield, and is sold at one shilling. She will not soil her car—it is a Daimler. The shopkeeper must send the shovel up "at once" to the mansion. The same lady complains of the gulf between wholesale and retail prices, and the shopkeeper invariably comes in for all the criticism in the bargain.

There is not much difference between co-operative and private trade customers. The shop assistant has virtually become a public servant, and the shop has been turned into a pantry for the millions. People do not buy in large quantities as they did formerly. Notice the size of the pantry in the modern cottage! The smaller the order the more style there is often about the shopping expedition.

Advertisements on tramcars tell you to send your parcels home by that means of transport. Every encouragement is given to do your shopping without lugging them home. All this, however, adds to the cost of the article. The gulf between wholesale and retail prices widens as a consequence, and still the customer is inclined to blame the shopkeeper for it all.

Shop windows are becoming more artistic and costly every day. People pay for seeing the "movies," and do not complain, but when the shopkeeper displays his wares tastily, especially women's dresses, the customer expects to get all that for nothing. The value of the article itself may be infinitesimal; the cost mounts up because of the manner of showing it.

Thousands of people walk about the large emporia and purchase nothing in the end. They like to see things, that is all. Well, those who buy must pay for those who look at the goods; that is the law of commerce and trade.

Those little drapings for the dressing-table are packed up nowadays in a nice set of cardboard drawers bound up with a glaring ribbon. They sell much better dressed up that way. Some people will have it that coal would sell better if handled in the same fashion!

There are over 2,000,000 persons working for wages in the shops of this country, and there must be another million engaged in various ways in the distributive trades on their own account. We are indeed "a nation of shopkeepers." as Napoleon Bonaparte declared. If it may be termed so, distribution is by far the biggest industry of all.

The number of shop assistants must have doubled as between 1910 and 1934. Moreover, they work much shorter hours then they did before the war. That in itself wants taking into account in calculating the retail cost of commodities. Whilst wages are still very low in some sections of the distributive trades, they are better on the whole than they were in those days when boys and girls leaving school were apprenticed for three years and worked behind the counter for nothing.

True, the producer is not doing as well as the distributor. The man who does the most important work of the world is always the worst paid. It is strange, but that is so. Bank clerks, shop assistants, and insurance agents are all better off than the farm labourer, the miner, or shipbuilder. We could hardly do without the second category of workers. I suppose we might be able to jog along without some of the others if needs be.

Why this difference in economic gains between producer and retailer? It is difficult to tell. We will leave it by saying "such is human nature!" The nearer you get in touch with men and women for trading purposes the more the display. The shopkeeper and his staff come up against human beings, and very difficult ones, on occasions. The miner, farm-worker, and

ship-builder handle inanimate things all the time. Coal, steel plates, and turnips cannot indicate their displeasure; the lady who comes to do her shopping has a tongue, and uses it with some force if she is not attended to at once and with decorum.

There is the customer who demands to see a dozen articles, takes an hour to inspect them, and then departs without purchasing a pennyworth. She will go to another shop, too, and do the same thing, and before leaving town empty-handed, she will have a cheap meal at the emporium restaurant. The meal is cheap as a rule, because the commodities on the shelves, which she refuses to buy, have to bear the burden of all these little amenities. Co-operative customers differ somewhat in this respect.

Sometimes the adventurous shopkeeper will engage a first-class brass band to play in the middle of his establishment for a day, or for a week. You buy with music, as it were. But that also adds to the cost of the article you purchase after enjoying the band.

Some bright economist thought a while ago that he would fathom this gulf. He followed a bundle of cloth disposed of at a shilling a yard at the factory, and sold at four times as much over the retail counter. He was amazed at the result. There were the commercial, transport, and insurance costs to the wholesale warehouse; the rail, rates, taxes, and administrative costs at the warehouse, where the parcel was broken up for display for prospective buyers. On top of that there were similar costs for transporting the broken bundle to several shops, where, in turn, the rates and taxes, wages and insurance must be added.

Then it must not be forgotten that the full weight of local rates falls on shops, as well as cottage property. The De-Rating Act relieves factories and workshops of 75 per cent. of local rates. No wonder so many shops are closed in the main thoroughfares of depressed towns; the weak go into the bankruptcy court, or follow the new estates in the suburbs.

This is not a defence of the rasping profiteer, found too often in the retail trade; it is just an explanation of the idiosyncracies of the shopping public. How each customer differs! How some, who are comparatively poor, pay on the spot for everything, whilst some of the well-to do are always in debt on the shop book! The village shopkeepers, both co-operative and private, could tell some tales if they dared!

Extract from The Co-operative Official (November, 1934).

U. S. A.

Co-operative League's Five-Year Plan. A Five-Year Plan of Co-operative Education and Development on a national scale was one of several important measures decided upon at the 9th Biennial Congress of the Co-operative League held at Chicago from the 18th to 20th October. Over 311 delegates attended, including Ill delegates from 16 States, representing 500,000 organised consumers. The majority of delegates were from the Farmers' Organisations. Dr. J. P. Warbasse, President of the League, who presided, called upon all consumers, both rural and urban, to unite, and re-emphasised the necessity for all Co-operative Purchasing Associations to join the League and contralise their educational work through it. He stated that the present United States Government is friendly to the Co-operative Movement but that the next may not be and that "we must make hay while the sun shines." In connection with the resoultion for a Five-Year Plan for Co-operation it was decided to appoint a committee of eight members which will also promote legislation in favour of the Movement. A committee to plan a national co-operative insurance system was also appointed. A resolution that the League should secure the amendment of the Farm Credit Act, so that all Co-operative Societies may borrow from the Co-operative Credit Banks, was also passed. An interesting feature of the Congress was the display of films of foreign Co-operative Societies taken during a European tour by members of the delegation to the International Co-operative Congress in London. The membership of the Co-operative League now includes 18 Wholesale Societies. The Eastern States Farmers' Exchange, which has recently joined, has over 40,000 members.

Co-operation and the Unemployed. An official of the Federal Emergency Relief Administration, speaking at the recent Congress of the Co-operative League at Chicago, stated that the Administration had already provided $ 1,300,000 for the financing of 'Self-Help Co-operatives' among the unemployed. These Societies organise the production and distribution of articles needed by their members and barter with other similar groups. The Administration is also promoting courses in Co-operation as well as social and economic subjects, with the object of providing work for some of the 4 million unemployed teachers now on its registers. These courses are for unemployed workers and are already being carried on in a number of States.

Extract from Co-operative News Service.