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EDITED BY V. RAMADAS PANTULU

A medium for periodical publication of articles on Co-operation by writers of standing and authoritative position in India and foreign countries

Comprehensive and detailed surveys of co-operative activities covering the whole of British India and Indian States

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THE INDIAN CO-OPERATIVE REVIEW

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EDITORIAL NOTES

OUR THANKS

We are grateful to the Press and eminent individuals for the warm reception given to the first number of our Review. Extracts from their messages and opinions are published elsewhere in this issue. The good wishes and encouragement offered by the Co-operative Press and veteran co-operators will be a source of strength to us and we shall endeavour to deserve their regard and co-operation. We are particularly glad to be assured by the Provincial Co-operative Journals that the Review is quite welcome and has not appeared a day too late, and that it is not likely to affect their own future. We, in our turn, earnestly reiterate our desire to be of service to them and see them flourish. We are happy to note that the Bihar Journal has already fulfilled our wish in respect of conversion from a quarterly to a monthly—surprisingly enough at the same rate of subscription! We hope other provincial quarterlies will not take long to do the same, and that in the Provinces and States which have no journals of their own early attempts will be made to start one or more in vernaculars and one in English also if possible, in order to specialise in the discussion of local problems, while, by all means, they may make comparative studies with the rest of India and even foreign countries, but not at the neglect of local problems.

OUR PLANS

Our plan to get regular foreign correspondents who will send us notes of recent trends of thought and the latest events in the co-operative world abroad has not yet fructified. We are still negotiating with prominent co-operative organisations in the West and we hope we shall succeed ere long. In this issue, however, we publish the notes kindly sent by Dr. Gilbert Slater, who is a great authority on rural and social economics and is quite well acquainted with India, on measures of agricultural relief by the British Government and on the spread of co-operative stores in rural areas in Great Britain. We are sure our readers will appreciate the notes for the refreshing candour and originality of Dr. Slater's remarks. We have also received two very informing notes on the spread of co-operation in the world and State interference in co-operative organisations kindly sent by Prof. Dr. Totomianz of Sofia, Bulgaria, and which we have the pleasure to publish in this issue. We have no doubt that our readers will find them interesting.

Our aim to specialise in each number in one or two major topics of current interest has not been quite fulfilled this time. Our special invitations for contributions on Debt Conciliation and Consumers' Movement in India have not had adequate response. Either our notice was too short or our leading co-operators have been too busy with day-to-day problems of administration to be able to spare enough time to write on the particular questions we wished to discuss in this issue. We, however, propose to pursue the idea of specialisation in a few topics in each issue, while not shutting out discussion of other topics. We invite contributions by specialists on co-operative *education* and co-operative *marketing* for the next issue of the Review.

THE TRAVANCORE CO-OPERATIVE COMMITTEE REPORT

The Co-operative Movement in Travancore State was inaugurated about 20 years back. There were in 1932-33, when the Committee was appointed, nearly 1,800 societies with a membership of 230,000, which considering the population of Travancore (5.1 millions) meant that co-operation attracted within its fold 43.6 per cent of the total population, which is in fact double the average for any Province or State in India. This is perhaps due to the higher degree of literacy among the men and women of this State. But, just as in several other parts of India, all has not been well with the movement in Travancore. While elsewhere there had been some enquiries by Committees, Travancore has had no such stock-taking of its societies for a long period of 20 years. This is perhaps responsible for the arrested development and even deterioration in respect of several types of societies. A Committee of Enquiry was, therefore, overdue and one was appointed at the close of the year 1932 with Mr. G. K. Devadhar as its distinguished Chairman, and six noted leaders and administrators of Travancore as members. It was expected to make its report after a full enquiry in July of 1933. But due to a number of causes, particularly the long and serious illness of the President in Bombay and his subsequent extensive tours in Northern India with a view to get first-hand information on points relevant to the enquiry, the Committee finished its labours only in July 1934, and the report has seen the light of day early this year, 1935.

There is, however, ample compensation for the delay. The report unlike some provincial enquiry committee reports, is a tome of 380 pages and is a sort of general treatise on co-operation, bringing upto-date information on the Movement not only in Travancore but the rest of India with which comparisons are frequently made. How closely it

follows and makes use of the experience in neighbouring States and provinces will be seen by a study of the main recommendations, which we publish elsewhere in this issue. The Committee has travelled beyond the rigid terms of reference by discussing the economic position of some types of agriculture and of industries in the State. There are a number of interesting appendices, among which we may refer in particular to the letters to the President from Sir Prabhasankar Pattani of Bhavnagar and Mr. F. L. Brayne of the Punjab and Lt.-Col. E. Noel of N. W. Frontier Province on schemes of debt redemption, a topic on which the Committee has bestowed considerable attention and made its own definite recommendation. Among the much needed and acceptable reforms recommended by the Committee are the conversion of the Central Bank into a real apex bank for the State, the transfer of all long-term loans from the primary societies and taluk banks to the land mortgage banks, the splitting up of societies with over 200 members, the rigorous collection of supervision fund, extension of sales to non-members in the store societies with a view to persuade them to become members, the revival of the Travancore Central Produce Society with financial aid and the loan of officers by the State, the creation of a separate Bank to deal with depressed class societies and the grant of agricultural loans by the State through the Central Bank. A definite lead has been given on several matters which co-operators would welcome, such as that no communal societies should be started hereafter, that expansion is as important as consolidation of societies, that co-operation should be introduced as a subject in High Schools and that there should be a general reduction in the rate of interest, ordinary and penal.

We are, however, disappointed at the chapter on marketing which is rather thin and meagre. Even on the subject of debt redemption, we find less discussion of the state of affairs in Travancore than of legislation and its effects in other parts of India. While we agree with the Committee that the present is not the time for a very elaborate enquiry and what is wanted is urgent action, surely some more information on the nature of the encumbrance of landholders is wanted, as clearly pointed out by Sir Pattani in his letter, if only to find out the magnitude of the problem and the financial outlay needed to clear off the crushing burden of debt. The Committee's recommendation in the circumstances that the debts might be scaled down to the extent of 60 or 65 per cent, so definitely as that, is not quite convincing. This subject has been referred to another Committee which, we hope, will soon finish its labours. The recommendations that the Central Bank should "conduct a detailed examination of laws in primary societies" and that co-operative department should "make an intensive survey of economic conditions of cultivators" are, we are afraid, likely to become pious hopes in view of the difficulty of the task and the paucity of staff. Nor are we able to understand how co-operative banks, much less insurance societies, can be compelled to invest their reserve fund and premia respectively in long-term debentures of land mortgage banks. With one of the recommendations we positively disagree, *viz.*, the conducting of co-operative training classes by the Department, instead of by the Co-operative Institute, to start with. We fail to understand why Madras should have served as the model for the Committee, especially as the suggestion is made that lecturing may be done on a part-time basis by college professors and non-official co-operative workers, and a handsome grant is recommended to the Co-operative Institute, which therefore may well be entrusted with running the classes in the very beginning, instead of after three years. Even in regard to Madras the recommendation of the expert committee on co-operation, viz., the Townsend Committee, and the co-operative opinion as expressed by the Madras Provincial Co-operative Union are *in favour of co-operative education being entrusted to a non-official* agency like the Institute.

Consistent with the thoroughness of the work done the Committee has not spared itself the trouble of drafting a revised bill and revised rules amending the existing legislation and rules governing the working of co-operative societies in Travancore. This weighty report with its appendices will, in our view, amply repay perusal by all co-operators in the country.

THE NEW MARKETING DRIVE

The Government of India have planned a big marketing drive in consultation with Provincial Governments and some Indian States. Their resolution dated 10th January 1935, published elsewhere in this issue, will give readers an idea of the initial steps they propose to take by the creating of a Marketing Section in the Imperial Council of Agricultural Research. This section has as its head a highly paid agricultural marketing adviser, an expert from the English Ministry of Agriculture. He will have under him a number of marketing officers of different grades to work on different groups of crops. These will have the co-operation of Provincial marketing officers. In the initial stages, which may last for a few years, Investigation will be the principal work of these officers. Development will follow and depend on the marketing surveys which have already been begun. It will include Demonstration of the benefits of sorting, grading and packing and the elimination of all waste.

While we welcome this, though belated, recognition of the importance of improved methods of marketing by the Governments in this country, we would be failing in our duty if we did not point out that in the whole resolution of the Government of India and the advertisement for officers that preceded it, no reference was made to the co-operative organisation of marketing and no demand was made of co-operative knowledge or experience on the part of officers. We trust the omission was not deliberate and the State is not averse, at any rate, to co-operative methods of marketing.

The object aimed at, so far as the masses of agriculturist producers are concerned, should indeed be made clear in any elaborate scheme of marketing organisation. We are tempted to quote in this connection the words of warning of Mr. Manu Subedhar in the Minority Report of the Indian Central Banking Enquiry Committee:

"The mere existence of marketing officers cannot do any good, unless there is a well-defined policy, the ends of which such an officer could secure within the field, which is entrusted to him. What is it that the State wants to be done with regard to the cultivator? Is it that the cultivator should get the whole of the fruit of his exertion? Is it that he should be free from moneylenders and those who finance him for his crop ? Is it that the middleman-trader who purchases his produce is to be eliminated and the cultivator by himself or in association with other cultivators through a common organisation is to reach the final purchaser in the principal market ? Is it that in the principal market, some check is to be put on the wholesale buyers and exporters, who have the advantage of the present situation and try to rig the market for their own benefit, who when they intend to buy and being ultimate buyers yet hammer the market at crucial periods in order to depress the wholesale price and in order to bring down the price, which the cultivator receives at the interior markets ? . . . It is a common place in the life of social organisations that when a new machinery is created, the strongest take advantage of it and turn it to their use. They are prepared with the information before the machinery comes into existence. They understand its full economic effects. They are quick to adjust and they have the will and the power to adjust. The poor are left behind. There would be no justification in interfering with the field of marketing, as it is, inspite of its many defects, or for incurring expenditure from public funds, *unless the object is clearly defined.*"

We cannot understand the exclusive stress on technical qualification in the case of senior officers, which is allright so far as grading and standardization are concerned, but is of little avail in the actual business of marketing, including the financing of crops. A sound theoretical and practical knowledge of the underlying economic foundations of marketing would be more to the purpose. The limitations of agricultural scientists in dealing with essentially economic problems have been pointed out by a distinguished agricultural economist: "Their lack of specialised training caused the treatment of the subject to be fragmentary and superficial—prescribing salve for outbreaking sores, rather than tracing back the chain of their causation to some constitutional or organic development." May we hope that history will not repeat itself in India ?

CONSUMERS' CO-OPERATION AMONG AGRICULTURISTS

The Consumers' Movement has not made much headway in India either in urban or in rural areas. While it is often granted that there is considerable scope for the development of urban stores, it has become almost an axiom with officials, and several non-officials too, in this country that there is little scope for *ad hoc* rural store societies in view of the difficulty of cash trading for people who reap their harvests at long intervals, and the small and discontinuous nature of demand for goods by agriculturists who have a low standard of living and live in scattered hamlets. The assemblage of buyers and sellers in weekly fairs (*hats* in Northern India, *shandies* or *santhas* in Southern India) is also said to dispense with the need for rural stores. There is some force in these reasons for the absence of successful rural stores, but it is possible to exaggerate the importance attached to them. For one thing, these weekly fairs are not universal in India; they are seldom found in Western India and in the deltaic parts of Southern India. There are sharp practices associated with traders in these fairs, particularly in respect of weights and measures. Compact villages rather than scattered dwellings are the rule in India except in hilly tracts like Malabar and Assam. This should make for co-operation. The aspirations for a higher standard of life are fast approaching with the new civilisation, though the means to satisfy them are slow in coming. With the disappearance of self-sufficing rural economy and specialisation in cropping, due principally to the spread of modern transport facilities, it is necessary for the villager to look for the supply of a number of commodities from outside which offers greater scope for co-operative purchase. As for cash trading, while it is a safe and sound rule of practice it is not deemed an inexorable principle of co-operative trade at present and may be suitably modified according to local conditions.

In fact in countries abroad which are largely agricultural, societies for the supply of household requisites have been fast developing in the post-war period, notably in Germany, Denmark, Sweden and Holland in Europe, while in the newer countries, according to the latest Year Book of Agricultural Co-operation, the hitherto neglected branch of co-operation, agricultural consumers' society, is now receiving greater attention. " Increased consumption, limitation of middleman's profits and a check on high prices and speculation are recognised as the needs of the hour."

It is, however, necessary to note the important distinction in the outlook of consumers' co-operation and its ultimate aims between the agriculturists and the urban dwellers, who organise consumers' societies. The latter may well afford to think of the logical extension of the principle of these societies to organise production of whatever goods are needed by themselves. Agriculturists, on the other hand, as small producers which they generally are, will naturally rebel against the idea of surrendering the ownership and management of the land to the control of any big organisation, either of producers or of consumers. With the rapid growth of the agricultural producers' co-operative societies for various purposes, even the apostles of the consumers' movement have had to recognise the practical limitations to the expansion of production by consumers' organisations. Charles Gide, for instance, recognised that " agriculture could not be carried on as so readily an industry by managers and technical experts. Even employees of consumers' societies, if asked to work on lands, will put no more heart into the work than labourers in private estates. In the present state of agricultural production it is better to secure understandings and direct exchanges between agricultural societies and consumers' societies."

But the practical difficulties of an understanding between these two sections of the movement cannot be minimised. Efforts have been made at such a rapprochement in the last ten years, both at national and international conferences, but with poor results due to fundamentally different attitudes. The creating of Marketing Boards in several agricultural countries and in Britain has driven a wedge between producers and consumers. The attitude of consumers' organisations has been roundly condemned in a leading contribution in the latest Year Book of Agricultural Co-operation (1935) published by the Horace Plunkett Foundation. " As a policy, it (opposition to a controlled system of industry) lacks realism. All English political parties are pledged to economic planning in some form, and it is extremely unlikely that any important reversion to free trade and laissez-faire will occur in the near future. The desire for the rough and tumble of competitive economy is an illogical complement to the close historical and contemporary association of the British Co-operative Movement with Socialism. . . . . . The tendency to make common cause with the private middlemen and the insistence on the evils of producer control and the need to bring in not only consumers but traders is something new in the history of British co-operation and is the more startling, since the trader, according to impartial observers, is already placed in too advantageous a position. . . . This is a perplexing slant in the already complicated course of co-operative policy, and will probably not be so complacently accepted, if its implications were realised more clearly."

DEBT CONCILIATION SCHEMES

The urgency of the problem of redemption of the prior debts of agriculturists is undoubted; it is hardly a matter for argument that the agriculturist should be relieved from this dead-weight, if he should improve his lot in future, for which co-operative credit of different kinds has been provided. It is no doubt necessary to find out the magnitude of the problem and the amount of resources that would be needed for any decent scheme of debt conciliation. But an elaborate enquiry into the causes and consequences of agricultural indebtedness and such other fundamental matters, as the detailed Questionnaire of the Government of Madras (published elsewhere in this issue) demands, seems to be a device for shelving the immediate question and postponing action thereon. The member in charge of the Bill for Debt Conciliation in Central Provinces is said to have remarked in answer to a demand from vested interests for proper enquiry, " If you see your house on fire, will you enquire into the causes before you put the fire out ? " The Madras Government's Questionnaire, which by the way has been inspired by the Bill brought by Dewan Bahadur T. A. Ramalingam Chettiar in the Legislative Council on the model of the C. P. Act, may please an ambitious academic mind, though in the past the Government had been fighting shy of impartial economic enquiries. It would be a job for research workers to answer the questions asked. In fact, the Madras Provincial Co-operative Union has engaged a distinguished economics graduate, who was a research scholar of the University of Madras, to collect data with a view to answer some of the questions. Apart from this valuable by-product, we see no use for such an elaborate inquiry at the present stage, especially after the recent Banking Enquiry Committee's report. Readers will also see that almost at the close there are some leading questions which are somewhat tendentious and expect a certain type of answers. Voluntary Debt Conciliation Boards of an ineffective type may be recommended as a result of this inquiry in all likelihood. The attitude of no other Government in India, Provincial or State, has been so frankly conservative, though few have yet begun to act.

Even in Central Provinces where Debt Conciliation Boards have so far functioned, the defects have been revealed, which show that only a small percentage of debtors have been relieved effectively, while a very large percentage of creditors especially where loans have been secured, have not been affected by the scheme. It is no doubt difficult to make a success of any conciliation scheme in the measure in which it has been done in the small Bhavnagar State with a Ruler ready to wipe off arrears of land revenue and a Councillor so able and benevolent as Sir P. Pattani and where sowcars, with a realistic turn of mind, were prepared to have their debts scaled down to as low as 25 per cent. There are inherent difficulties in a British province with a much larger population and more heterogenous creditors. This is not to say, however, that the problem is insoluble or that even the creditor is happier without a conciliation scheme. The cry of expropriation or of restriction of credit can no longer silence the debtor or his champion; nor does the creditor himself find solace in any such cry. Litigation is at best long-drawn while it can often ruin the creditor himself. The prudent creditor would in these days be quite willing to have his loan compounded at a reasonable rate, for he knows full well that in many cases he cannot insist on his pound of flesh. While the time is most propitious, therefore, for any scheme of conciliation, we are not for fixing by statute any definite proportion to which the debts may be reduced. This must vary according to circumstances and individual cases, particularly on the capacity of the debtor to pay, after allowing a margin for the subsistence of his family.

A necessary complement to any scheme of conciliation of debts is the organisation of land mortgage banks, whose debentures may enable fresh long term loans to be given to the debtor and the creditor may be satisfied with the receipt of debenture bonds from which he may expect a sure, though lower, annual return on his investment. The present time is also the most opportune because of the very low rates of interest at which moneys could be borrowed by the Government or land mortgage banks, as many investors, bitten by bitter experience in the past, are only too anxious to secure a safe return.

Co-operative societies and banks have been placed in rather an embarrassing position by schemes of debt conciliation. Are co-operative institutions to be exempted from the operation of such schemes by which their loans would be scaled down, because they have been lending to agriculturists at distinctly lower rates of interest and no unfair dealing could be associated in respect of their loans to their members ? Opinions seem to be divided in co-operative circles on this question. Here again circumstances vary in different parts of India and all societies and members have not been equally prudent in their transactions. It cannot, for instance, be said that in Madras co-operative societies are in all cases lending at distinctly lower rates than private moneylenders, particularly agriculturist moneylenders, especially where land is mortgaged. Again it will be creating bad blood between our institutions and private creditors by any invidious distinction between the two, especially where there had been no foul play by the latter; lastly an understanding has been arrived at that where the reserve funds of co-operative societies could be utilised for the purpose, schemes of conciliation would work in co-operative institutions also. After all, why should this opportunity of writing off bad debts be lost by co-operative societies? The Government cannot also escape responsibility for its share of relief to the agriculturists. We may draw attention to the fact that in the distribution of the proceeds of farms of debtors brought under the supervision of Boards of Farm Relief in some of the British Dominions, quite a subordinate place is given to the rates and taxes due to the Government in the schedule of preferences.

THE CALCUTTA MEETINGS OF THE ALL-INDIA STANDING COMMITTEES

We publish, as supplement to this issue, a report of the proceedings of the meetings of the Standing Committees of the All-India Co-operative Institutes' Association and of the Indian Provincial Co-operative Banks' Association, held at Calcutta during the Christmas Week on the 26th, 27th and 28th December, 1934.

At the meeting of the Institutes' Committee, there was a very lively and informing discussion on the defects in the working of the movement in the various provinces, as a result of which a resolution was passed directing the Standing Committee to collect opinions from the various Provincial Co-operative Institutes on the defects of the working of the organisations in their areas and to invite suggestions regarding the remedies which are calculated to remove those defects. The Standing Committee is then entrusted with the task of making a careful investigation into the defects disclosed and remedies suggested by the reports of the member-bodies and to frame a suitable programme for dealing with those defects and to place it before the next meeting of the Standing Committee. This is a very formidable task for the Standing Committee to accomplish, but if it is done properly, it is bound to give a useful lead to the provinces and the States. There was a general consensus of opinion at the meeting that among the main defects of the movement, lack of education in the principles and practice of co-operation and the almost total neglect of schemes to improve the income of the members of societies were the most outstanding. In order to tackle the second problem, namely, the improvement of the economic resources of the members of societies, it was recommended that the exist-

ing credit societies should function not merely as agencies for supplying cheap finance to their members but also as centres of all fruitful rural activities, social and economic, so as to revive the corporate life of the village as a whole and to promote the well being of its population. A programme of rural reconstruction, somewhat on these lines, was formulated and a note* on the subject was prepared for circulation to the Provincial Institutes.

The next item of absorbing interest that engaged the attention of the meeting of the Standing Committee was the trend of recent legislation in the provinces to increase official control over co-operative organisations and to make Registrars of Co-operative Societies virtual dictators. This unfortunate development was deplored by the representatives from all provinces and a strongly worded resolution deprecating such tendencies and condemning the retrograde and reactionary character of the bills to deal with co-operative societies introduced into the Provincial Legislatures was passed. It was generally felt by the representatives that the sphere of the Registrar's statutory powers should be strictly defined and that in regard to the rest, full latitude should be allowed for non-official initiative and enterprise; in other words, except in matters of discharge of strictly statutory powers, the function of the Registrar should be purely one of advice and guidance. A memorandum on these lines is being submitted to the Government of India and to the Provincial Governments. Co-operators should mobilise non-official co-operative opinion against such tendencies and attempts to over-officialise the movement, so that the Provincial Governments may take due note of accredited non-official co-operative opinion in their respective provinces.

At the meeting of the Standing Committee of the Provincial Banks' Association, only formal business was transacted. The main item of business done was the adoption of a memorandum for submission to the Government of India in regard to improvements to be effected in the Reserve Bank Act from the standpoint of the needs and requirements of agricultural finance in general and of co-operative banks in particular.*

At the end of the session an interesting discussion was held on surpluses in co-operative central banks and how to utilise them. Various useful suggestions were made by the representatives from the several provinces, to which attention is invited.

* *Vide* Supplement.

Two public meetings were held in the premises of the Bengal Co-operative Organisation Society, in connection with the meetings of the Standing Committees, at one of which Mr. V. Ramadas Pantulu gave an account of his experiences of the working of the co-operative institutions in Great Britain and some of the countries on the continent which he visited recently when he went to Europe to attend the International Co-operative Congress as the delegate of the All-India Co-operative Institutes' Association. At the other meeting, Sir Daniel Hamilton delivered a very interesting and inspiring address on the " Soul of India ", extracts from which are published elsewhere.

The authorities of the Bengal Provincial Co-operative Bank and the Bengal Co-operative Organisation Society, Ltd., made excellent arrangements for the holding of these two meetings, for which the thanks of the representatives of the several provinces are due to them.

It was expected that the next meeting of the Standing Committees would be held at Patna in the Easter Week—April this year ; but owing to insufficiency of time to take action upon the resolutions passed at the Calcutta meetings and for getting business ready for the Standing Committees to transact, the meeting is put off to a later date.

RELIEF OF RURAL DEBT

BY

DR. P. J. THOMAS,

Professor of Economics, University of Madras.

Legislation has lately been carried out in many Indian provinces and States for the relief of rural indebtedness, and in some it has led to a clash of debtor and creditor interests, reminiscent of the controversy raised by the Deccan Agricultural Relief legislation in the seventies of the last century. Such a clash of interests is perhaps inevitable, but the creditor has to remember that without an early settlement of debt, the purchasing power of the country cannot revive, and productive activity is bound to remain at a low ebb. Self-interest also dictates the same ; for, the lender's business cannot thrive without a more prosperous clientele. On the other hand, the debtor has to realize that in the absence of a fair settlement, his future credit will be undermined. The relief of rural debt is to-day essential for economic recovery, and both the debtor and the creditor stand to gain by such recovery.

The remedial action for relieving indebtedness must be two-fold. There must be debt settlement in some form, as a relief measure, but this must be accompanied by long-period measures for increasing the income and creditworthiness of the agriculturist and for keeping down rates of interest.

(A) RELIEF MEASURES

The object of such measures must be to rectify the disequilibrium in debtor-creditor relations resulting from the slump in prices.

1. DEBT CONCILIATION UNDER THE AUSPICES OF GOVERNMENT

This has been successfully carried out in the Central Provinces and in the Bhavnagar State, and is contemplated in the Punjab and Madras. In effecting a settlement, the Commissioner or Board must have the power to re-open the whole transaction and see that the creditor gets his capital with reasonable interest. A reduction in interest is justified on many grounds, but it would be unwise to touch the principal.

2. REPAYMENT UNDER GOVERNMENT SUPERVISION

Unless stringent provision is made for repayment, debt conciliation will be ineffective. This is the weakness of the schemes of debt conciliation so far put into operation. Repayment may be (i) directly by the debtor, (ii) through a land-mortgage bank, or (iii) by long-dated, interest-bearing, marketable bonds issued by Government. Alternative (i) will not convince the creditor, even if Government agrees to collect the instalments, as is provided for in the Central Provinces Debt Conciliation Act; (iii) may be considered a risky venture, but its risks are not too large, when the bonds are issued by the Durbars of Indian States which enjoy special advantages for effectively carrying out such measures. On the whole, the most suitable measure is (ii) to make land-mortgage banks the agency for repayment. If they need more funds, bonds may be issued by them under State supervision, and under a partial State guarantee which may take a form calculated to inspire confidence in the creditor's mind.

3. LAND SETTLEMENT SCHEMES UNDER STATE CONTROL

However liberal the debt settlement may be, several persons are bound to lose their land, and the only—and the best—provision that we can make for them is to transplant them from the congested old villages into new land, where they may start life afresh. Hence the urgent need for a land clearance and colonization policy, as has been carried out in Italy and elsewhere. By pushing through such a policy, we may not only relieve those in debt, but may increase purchasing power and productive activity in the country. It is deplorable that this subject is not rousing any serious interest in this country to-day.

(B) RECONSTRUCTION

These must take several forms.

1. A CRUSADE AGAINST UNPRODUCTIVE BORROWING AND SPECULATIVE LENDING

Improvident borrowing for social ceremonies is the bane of Indian economic life and every possible line of propaganda must be resorted to in order to discourage such improvidence. Similarly petty money-lenders who tempt needy people with small loans at exorbitant rates of interest must be brought under strict control. It is gratifying to find that most provincial Governments have either carried out or are contemplating legislation in this matter. Specially noteworthy is the bill now before the Bengal Legislative Council. Paddy loans are generally given on more exorbitant terms than money loans, and therefore grain banks are urgently needed in all parts of the country.

2. INCREASE THE REPAYING CAPACITY OF THE BORROWER

For this purpose, so far as possible, credit must be linked to marketing. The only effective way for recovering loans in India is to control the sale of the borrower's produce. If co-operative credit is to become a source of good, it must be linked up with marketing. The loans given to ryots must be such as to be repaid at the next harvest, or during the year; and if the co-operative society has control over the borrowers' produce, repayment may not be frequently in arrears. Similarly, moneylenders who lend to agriculturists and agree to some form of State supervision may be enabled to have a similar hold, provided safeguards are taken to see that this is not misused. Improved marketing is therefore a fundamental problem.

If credit can be linked to marketing, it can also be linked to agricultural improvement. The co-operative society may offer liberal loans to those who raise improved crops, and for pursuing profitable, but expensive, systems of tillage. This will benefit both the cultivator and the money-lending agency; and the country will benefit by the increased productive activity. Thus, in overhauling the system of credit, we may also improve our agricultural production and marketing.

3. KEEP THE RATE OF INTEREST UNDER CONTROL

If the above measures are given effect to, interest rates are bound to fall, even for rural loans. *When creditworthiness increases, credit will expand and the price of credit will fall.* This is a more effective means of reducing interest rates than to fix rates by law. However, both lines of action may be pursued side by side. The Usurious Loans Act of 1919 has already given power to courts of justice for re-opening transactions and for cutting down interest, if (i) the rate of interest is excessive and (ii) the transaction is substantially unfair. It is not always easy to give conclusive proof of both, and often courts have allowed very high rates of interest. The sanctity of contract is a great ideal, but the letter of the law may be too harsh if the spirit is ignored. Hence the recommendation for a change of law by the Royal Commissions on Agriculture and on Labour, and by the Central Banking Committee. The Act has been amended by several provincial Governments (notably Central Provinces) in such a manner as to compel the Court to interfere if the interest rates are found too high *or* if the transaction is substantially unfair. The rate beyond which future interest is to be deemed excessive has also been prescribed in the Central Provinces (10 per cent. compound).

Laws have also been passed in several provinces—Punjab (1932), Bengal (1933) and Central Provinces (1934)—for regulating the dealings of moneylenders. Moneylenders' transactions affect public interests in many ways, and it is necessary to regulate them, without causing any hindrance or inconvenience to the conduct of legitimate lending business.

The salutary ancient custom of *Damdupat* still survives in many parts of India. It lays down that interest should never exceed the principal. (In the Travancore State, interest should not exceed half the principal). But there are various difficulties in extending the operation of this ancient custom to-day, and easy means of evading it have been devised by clever people.

CONCLUSION

It is clear from the above that the only drastic remedy for indebtedness is the *reform of the borrower* and the *reform of the system of borrowing.* Legislation can do very little, except to give immediate relief; a concerted drive by the various agencies, governmental and voluntary, is necessary. It is not implied that legislative measures are not wanted. Action is necessary in the present circumstances, and such action must be urgent. Agriculturists are severely stricken by the depression, and of the rigidities resulting from the slump, the increased burden of debt is perhaps the most injurious. Therefore, the State has a special duty to relieve the burden and to safeguard the interests of the agriculturists who, while contributing most to the country's prosperity, are least capable of looking after themselves and most liable to be exploited by others. *

* For a fuller account, see the writer's book, *Relief of Rural Debt* (University of Madras).

WANTED A TRUSTEE BANK FOR CLEARANCE OF DEBTS

BY

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Masulipatam

We are now in the midst of an era of banking. Almost every week we hear of the formation of a new banking organization. The co-operative banks, however, have virtually come to a standstill. It is the commercial banks that are growing betimes. The land mortgage banks have an intermediate existence. They have been constructed on carefully prepared data. Yet the calculations of men and mice, and even of bankers, not seldom miscarry. The yield of the land mortgaged to the land mortgage banks is not able to meet the instalments of sinking fund as well as the maintenance charges of the cultivator. There is a tendency therefore for these instalments to become overdue. That the prices of the land have been estimated lower than the low water-mark yet reached in prices has not saved us from these mishaps. Nor have they been escaped by the high margins left available in granting loans.

All this is the result of the sudden fall in the prices of agricultural produce. Such a fall has set up a vicious circle both in rural and urban economics. The low prices all round have lowered the purchasing power of the ryot, as well as the patronizing power of the townmen. The craftsmen are the people that have suffered most. Next come the common labourers. The "Civil Works" of the nation are virtually suspended. Every domestic budget has been fully retrenched. House repairs are neglected and much less are new houses built. Little new furniture is being made. Toys and artistic wares are hardly purchased. Even the household utensils are not renewed. Festivals do not bring new clothes. Ceremonies have become barren of presents. Personal luxuries have altogether disappeared. Even personal necessities such as shoes and umbrellas are purchased only when absolutely unavoidable. Wages have not declined commensurately with prices. Even at their lower level they cannot command patronage, for the producers' prices have suffered an incredible fall. Only the salaried official is prosperous; even the professional men have been hit hard.

But the man that is hit hardest is the moneylender. His bonds have become scraps of paper, which he would fain exchange for clogs of earth; he hardly sees the face of his debtors. The harder the moneylender is hit, the more embittered does he grow. He is sour in temper and vindictive in spirit. He sucks dry the poor debtor, that honestly attempts repayment and lets alone the wily constituent that evades his duty. When asked why he is so exacting from the former, he cynically answers, " because the latter is so evasive, I cannot lose money both from him that pays and him that does not pay." He is really in a sad plight. His is a joint family with a large strength of members and a high scale of expenditure. He cannot mobilise the necessary money for domestic expenses, much less can he find cash that is needed for litigation. If he does not sue, his assets become time-barred. Life has become an utter confusion.

While this is so, the banks are glutting with money. They do not know to whom to lend. A moneylender always suffers from a double anxiety. When the safe is full, he is anxious to discharge the contents; when the contents are discharged, he is anxious to refill the safe. First he is in search of debtors. Next he is worried about their solvency. Clear loans have become a chapter of past history. Produce loans have become the subject and source of frauds. Bills and bill-discounting have become slack on account of the slackness of trade. The total imports and exports of India have been reduced by more than a half. People that have a little money do not know how or where to invest. The crop of money, though it has become poor in general, is still abundant where it does exist. Like the waters of a river which instead of flowing evenly into the sea have become confined in detached and stagnant pools, money has become accumulated in certain quarters and is stagnant in those quarters. As in a municipality standing on the banks of a river people suffer for want of drinking water because there are no engines to pump, no reservoirs to store, no pipes to convey and no taps to yield the necessary quantum to each householder, even so the monetary river has failed of its purpose, because the channels of credit have run dry and money has become pooled in unconnected places. Major Graham Pole speaking of the great world depression all over has rightly ascribed it partly to the banking system in vogue everywhere which holds up the resources and blames the public for not mobilising them. If the banks lend, traders will borrow and hold up stocks and raise prices. When prices rise, the debtor can repay his obligations. But lending and borrowing have come to a standstill. Such is the crisis in which we find ourselves entangled.

There is a general talk about schemes of debt reconciliation. To-day there are creditors who are quite willing to accept 50 per cent. of all their dues in cash, but where is cash ? Who is to lend ? Moneylenders

cannot, and banks will not, accommodate clean loans; even if they are willing to, there is no person to stand as co-obligant. People have become the victims of a panic intensive and widespread, such as of fire or flood in which each man's sole concern is his own self. He sees people lending a helping hand to the victims in distress being dragged down into the tongues of flame or the waves of the tide and lost in the vast void before them. Thus is the very basis of credit destroyed and no measure of effort in the direction of debt reconciliation schemes and legislation to implement them will bring help to the sinking or scorched debtor, unless there is yoked to it a scheme of banking which will give life and sustenance to the millions that are being victimized. It is easy to say that rates of interest of moneylenders should be lowered to six per cent with retrospective effect, but 6 or 12, there must be money to pay with. It is easy to say that the moneylender must take land and be satisfied, but we cannot ignore the gruesome fact that the cultivator is becoming a cooly. The object of all debt reconciliation schemes should be primarily to save the land for the small landholder and secondarily not to ruin credit in the future by ruining the moneylender. The latter is a necessary part, as things stand, of the economic system, which recognised private property and therefore must recognise credit as the basis of that system.

How then shall we proceed ? What shall we do to save the ryot in distress and the debtor who is made helpless and preserve the credit system, without making the moneylender an absentee landlord of a hundred patches of land in several detatched villages or the sole proprietor of the bulk of the land in a single village ? The latter makes him a tyrant, the former makes his constituents beggars or at best wage-earners. We must create an institution that will take up the task of reconciling these conflicting conditions and through it evolve some little order out of this confusion and chaos. It is quite within our experience how honest debtors both from towns and villages are anxious to repay their debts, whether under a sense of expediency in this world or with a desire for salvation in the next. They are quite willing to entrust their whole property to public-spirited men in order that they may sell it all and repay their debts, but there is no one to buy. There is really a sense of fear all round and a want of cash also. People fear to buy and want the money to buy with. The moneylender is already hit hard and the banks will not help. Here again is a vicious circle in which debts, money and prices pursue one another in perpetual hunt, much as a jackal hunts its own tail. Somewhere the vicious circle must be broken.

If there is a Bank that has the courage and generosity to give a loan of ten thousand rupees on a property estimated at fifty thousand at the lowest worth, then surely will it be possible for the trustee to make good the obligations and the party to redeem his debts. But as the banking world goes at this moment and banking ideas run, the banks, even if there be any that render such assistance are anxious to recoup themselves in short periods of say, six months or one year at the outset and press the party and the trustee alike for prompt repayment. They seldom see that if such promptness had been possible—and it would be possible only by ready sale of property—the party would not have created a trust nor would the trustee have approached a bank. The property would have been sold in the first instance and the debts would have been readily repaid. It is because the economic conditions of the country are not ready for such a transaction, that we are obliged to seek the assistance of an organization that would give long-term credit which should certainly be longer than the short-term credit of the co-operative banks but which may perhaps be shorter than the long-term credit of land mortgage banks. The object of the bank should be to finance a series of trusts each of which is managed by a trustee. The trustee should be empowered to settle the liabilities of the trust. He can borrow money at easy rates from the trust bank and repay the creditors on favourable terms. He can sell the property of the trust at leisure and repay the bank in full. All this may not take longer than two or three years, sometimes four years, so that theoretically a four years' fixed deposit may serve the needs of the trust. But as the bank is intended to help in the operation of the affairs of a series of trusts, it may be reasonable to say that the bank should receive fixed deposits for a term of ten years or float debentures to be redeemed after a period of ten years or earlier at the pleasure of the bank, and the rest of the operations will but closely follow the steps and stages that are met with in respect of the usual land mortgage banks of the day. The debentures will be supported by indentures and the latter will be transferred to a trustee and the trustee holds the indentures as the guarantee for the debentures.

The only question that remains to be considered is whether such a bank should be organized under the Co-operative Act or the Companies' Act. Each has its own advantages and disadvantages. The trustee bank we are contemplating will be equally needed whether as an adjunct of a statutory debt reconciliation scheme or as a help to private trustees. Perhaps it would be an advantage to register the bank as a co-operative concern if it should serve as the handmaid of the debt-reconciliation scheme. Otherwise, it would be quite good if registered under the Companies' Act. We cannot have two types of banks registered under two different Acts at the same time. The Companies' Act affords some elasticity in its working, expedition in business and a sense

of responsibility on the part of directors in respect of prompt collection, responsibility which is rooted in business habits. The Co-operative Act is apt to make the bank hide-bound and to officialise the whole scheme much as the central banks, the apex banks and the land mortgage banks have been officialised recently. Anyway there is time enough to think of these details later.

Our immediate duty is to recognise the need for such an institution which we shall tentatively denominate "The Madras Provincial (Co-operative) Trustee Bank Ltd." It should start with a capital of Rs. 10 lakhs and work in the various districts. Here again is the question whether the operations in the district should be carried out by the Provincial Bank direct with branches in districts or whether independent primary banks should be started in the district which should be federated into the apex or provincial bank. If registered under the Companies' Act, the institution must be a single central one for the province with branches steadily springing here, there and elsewhere. We need not doubt whether deposits will be coming in. There is enough money locked up with people who know not how to invest it. Money will be simply pouring in, when the call for it goes forth. The scheme requires courage, sympathy and imagination. The overflowing monies of the Madras Apex Bank encourage the hope that given these three qualities, resources will not be wanting. Everywhere it is the man-power that finds the necessary material for building up a new institution. South India has led the van in organizing the Co-operative Movement in the domains of propaganda and finance alike on a provincial and an All-India scale. Individuals and institutions that have built up a reputation have to live up to it and cannot merely live upon it. Which will South India choose at this moment ?

AGRICULTURAL CREDIT IN THE RESERVE BANK SCHEME

By

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The Creation of the Reserve Bank

Now that the Reserve Bank is created, one has to discern the possibilities of improving the short-term agricultural credit facilities. As the Reserve Bank is a central emergency bank operating in the periphery of the money market, little can be expected out of its successful working in the direction of perfecting the long-term credit requirements of agriculture. The outstanding thing is the creation of a separate Agricultural Credit Department. As India is mainly an agricultural country, it is the bounden duty of the Reserve Bank to perfect the machinery of short-term agricultural finance. But nothing of a markedly decided improvement has been formulated even in the direction of short-term financial requirements.

The special Agricultural Department, whose organization and duties are outlined in Sections 54 and 55 of the Reserve Bank Act, cannot materially improve the agricultural credit situation immediately. The duty of the Special Officer and his staff is to study the peculiarities of Indian agricultural finance. The Department has to make a close study of agricultural credit conditions of other countries. It should furnish valuable help to all authorities who are concerned with the business of agricultural credit, and the improvement of agricultural finance in all its different ramifications. The co-ordination of the activity of the different banks dealing with agricultural finance and the co-ordination of the activities of the provincial authorities perfecting the above machinery seem to be the primary objective. At the end of three years, it has to decide whether the indigenous bankers ought to be linked to the Reserve Bank and if so, how and by what means. This would enlarge the financial resources available to the agriculturist through the machinery of the indigenous banker. Apart from this it has to recommend specific measures for the improvement of agricultural financing machinery. Indian agricultural enterprise would then be benefitted as a result of these activities.

Increased Credit Facilities

Some outstanding provisions deal with the financial facilities which may be provided by the Reserve Bank. The most important is the provision empowering the Reserve Bank to purchase and discount agricultural trade bills which have a maturity of as long as nine months. Secondly, although loans and advances cannot be made directly on warehoused goods and documents of title to such goods, there is nothing preventing an apex co-operative bank from being one of the scheduled banks by observing the conditions laid down and thus get all the facilities which every member-bank is entitled to.

Indigenous Bankers

Indigenous bankers have not been placed in the list of scheduled banks. The linking of the indigenous bankers and shroffs by appointing them as agents in places where the Imperial Bank of India has no branch has not been decided. At any rate, this step will not materialise until another three years to come.

Clause 17, sections 2 (a) and (b) ought to have included the term "indigenous banker;" (a) runs as follows—"the purchase, sale and rediscount of bills of exchange and promissory notes drawn on and payable in India and arising out of *bona fide* commercial or trade transactions bearing two or more good signatures, one of which shall be that of a scheduled bank and maturing within ninety days from the date of such purchase or rediscount exclusive of days of grace;" herein the indigenous banker ought to have been included; (b) runs thus: "the purchase, sale and re-discount of bills of exchange and promissory notes, drawn and payable in India and bearing two or more good signatures, one of which shall be that of a scheduled bank, or a provincial co-operative bank and drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops and maturing within nine months from the date of such purchase or re-discount exclusive of days of grace"—herein also the indigenous banker ought to have been included.

Some Objectives

If the aim is to bring a greater proportion of agricultural population within the banking net by securing a closer connection between agricultural enterprise and the Reserve Bank, it can only be secured by paying proper attention to the following points:—

(i) The appointment of a share-alloting committee to distribute the shares is surely an act of wisdom. But the bulk of the shareholders ought to be the real agriculturists. When share capital is to be increased in the near future, their quota of share capital would have to be adequately increased.

(ii) Nothing is so important as the problem of breaking down the importance of the agriculturist money-lender. For against the depredation of these people, no Land Alienation Act would be of any avail. He should be made to lend to the co-operative banks which finance the rural societies.

(iii) The takavi loans form an infinitesimally small portion of the sums borrowed by the agriculturists. The Government's contribution in this direction is not of much use. Neither is the amount adequate nor is there timely help, free from vexatious details, forthcoming at the hands of the Government to the agriculturists.

(iv) Commercial banking has not extended into the interior of our country. Even short-term agricultural loans cannot be made "in the absence of warehouse facilities, insurance, commercial instruments and practices on the part of the mofussil traders." When these are provided by a Licensed Warehouse Act or the Reserve Bank's model warehouses or railway warehouses, the problem of securing liquid and circulating capital can be solved thereby.

(v) The strengthening of the penal provisions of the Usurious Loans Act of 1918 is a measure long overdue. The Punjab has forged ahead by virtue of its Regulations of Accounts Act and some of its provisions were copied by the Bengal Money-lenders' Act. Such an Act is long overdue in other parts of the country.

(vi) Legislation for furtherance of land mortgage banks falls within the purview of the provincial Legislative Councils. In some provinces the land mortgage banks have not been started as yet. They have been considered as a "wild plunge" in the uncertain ocean of agricultural finance by the Provincial Legislative Council of the Central Provinces. But the Agricultural Credit Department is there to provide men who are well-versed in the intricacies of rural mortgage banking. The Reserve Bank can facilitate the underwriting arrangements for the financing of debentures of the provincial land mortgage banks.

(vii) The dadan system * of disposing of agricultural produce which is so prevalent in Bengal has to be changed. Improvements in agricultural marketing would facilitate the making of loans against agricultural produce in all the important trade centres. Marketing officers are being appointed in provinces to make detailed surveys of agricultural products and their markets. The officers of the Agricultural Credit Department can also undertake the preliminary survey of our markets for the staple agricultural products, and draw up plans for the disposal of produce in distant markets.

* Dadan System is the system of advances made by the *bepari* or trader to the producer.

(viii) Long-term agricultural finance cannot indeed be provided by the Reserve Bank except indirectly. In some of the provinces like the Punjab, the land mortgage debentures are not becoming popular as a result of the Land Alienation Act. The problem of recouping the loan would become serious if the Land Mortgage Bank should find that it had to deal with defaulting borrowers. Such land mortgage banks and co-operative banks should be permitted to become zamindars or owners of the land of the defaulting borrowers. All technicalities prohibiting the transfer of land from the borrower must be removed.

(ix) The immediate redemption of outstanding debts, whose burden has been aggravated as a result of the fall in agricultural prices, by the appointment of Debt Conciliation Committees is long overdue and the Reserve Bank has to appoint certain of its officers possessing financial knowledge to help this equitable process. Future long-term accommodation might indeed be at a reasonable rate and on reasonable security but the debt-ridden farmers must be freed from the clutches of the money-lender.

CO-OPERATION AMONG MUNICIPAL 'MENIALS'

By

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The Servants of the Untouchables Society, now better known as the Harijan Sevak Sangh, was started on 30th September 1932, at Bombay after the memorable fast of Mahatma Gandhi in the Yervada Jail. The Sangh had then 26 Provincial Boards with 213 District Committees. But the activities of all these organizations were more or less confined to towns during the first year of their existence. This too had its advantages, for besides mobilising public opinion, workers in towns made a start with the most neglected and depressed caste—the Bhangi. I am not aware of any other religious or social movement which has paid the same attention to the Bhangis and Mehtars of India.

It was however immediately felt that workers required proper data for this new and untouched work before they could frame suitable welfare schemes for this class. In the towns the Bhangis generally live in concentrated camps (known as Bastis or Padas) on its outskirts and in the proximity of dumping grounds or sullage water drains. The workers felt hesitation but had to overcome their feelings of repugnance. The Bhangi Bastis were visited and the dumping grounds and drains were inspected. In several towns systematic surveys by qualified men were held, reports drafted and figures properly tabulated.

One thing came to the notice of all investigators—that generally speaking the income of Bhangis is high enough to place them above want and yet they are indebted as a class—some of them highly indebted. The Chamar (leather worker) is the most numerous Harijan caste in India and yet the income of members of this caste is appreciably lower, more so now, than that of the Bhangi. The agriculturist Harijan is, if anything, poorer though cleaner than the Chamar. And speaking in general terms the average debt of a Bhangi is eight to ten times his family income. In Delhi, where I surveyed about 40 Bastis in 1933, I found that the average debt varied from Rs. 150 to Rs. 200; and the family income (man and wife) of Bhangis, who are municipal employees, was Rs. 20-8-0. In Sind it is Rs. 30 to Rs. 35 per mensem

and the average debt is Rs. 200—250. In Orissa, which is a poor Province, with an average family income of Rs. 17 the old debt is in the proximity of Rs. 100. There are bound to be appreciable variations to this standard according to place and circumstance. But considering that the ability to pay generally determines the capacity to borrow, the above formula appears to me as a workable one.

The investigations thus made certain things clear. The Bhangi has enough income for maintenance, considering Indian standards, provided man and wife are in municipal employ. He has even a decent income, where he works on his own account in private residences. His most pressing need is the payment of old debts, which are 8 to 10 times the family income and incurred at usurious rates ranging from one anna to four annas per rupee per month. His greatest ultimate advancement lies not in cheap credit but severe thrift in the management of his income. And it then appeared to most of the workers that co-operative societies of the salary-earners' type would meet the needs of Bhangis admirably well.

In 1932-33 the Sangh had 20 Co-operative Societies working under its auspices. The number rose to 32 during the last year and is expected to increase substantially in 1934-35. These Societies have already taken root in Sind, Gujarat and Andhradesa. But there are some limitations under which they are running at present. For instance most of the societies are for Bhangis and amongst these again invariably for those who are municipal employees. Past experience of the Acchut Udhar Mandal, Lahore and other similar organizations has shown the inadvisibility of opening societies for those who have no regular income from which periodical instalments can be recovered. Secondly all these societies have insisted on guarantees from the municipal authorities enabling recovery of instalments from the pay of employees on pay day. In a few cases the authorities even make the deductions themselves and pass them on to the societies. This preliminary condition for the success of such societies has itself been a serious limitation to the growth in numbers. But in several places the Municipal authorities have failed to give a legal guarantee or even a moral assurance that they would recover instalments from their employees—notwithstanding the readiness of the latter to sign a written statement authorising regular deductions. It appears to me that this attitude is not due to any innate defect of the law restraining municipalities, but is the result of the general apathy of authorities to that class of its subordinates called "menials."

The third great, if not the greatest, limitation which we have experienced is the lack or paucity of working capital. No such society can grow without a nucleus and to form a nucleus of ready cash for a society whose members have no immovable and little movable property, whose tenure is employment till further notice, and whose future prospects in most cases are the same as initial ones, is no easy job. In some cases the society starts with a loan of Rs. 100 to Rs. 200 by the Harijan Sevak Sangh. In no case it starts with a loan from the Municipality—as it rightly should and safely can. In all cases the major portion of the working capital is the society's own, which is the most hopeful sign for its future development, yet the most serious handicap to its present activity. Nor is the movement yet sufficiently strong and widespread to encourage the ordinary depositor to open in the society a deposit account.

So far the external difficulties. But the day to day working presents a set of difficulties of another order. To begin with an effort has to be made to secure say 12 members. Within 6 months, if the society is doing any good, the number easily rises to 100. A little laxity and there may be a rush of application for admission. Which debtor does not want a loan, when it can be had at 12½% instead of 75% to 300%? This rapid increase in numbers is often a peril to the sound working of any society on a co-operative basis. Not that the sums loaned are in danger—for they are often secured by municipal authorities and ordinarily the Bhangi does not decamp or default. But it is a peril because it compels the society to depart from its main aims and objects. The society is unable to pay off the old debts of its members and thus enable them to make a fresh good beginning. A society of 100 members each requiring an average loan of Rs. 100 finds that it is hardly able to advance Rs. 20 per member out of members' compulsory deposit, share capital and admission fees. The member then necessarily leads a double life which leads to double dealing. Worse than that it is impossible for the organiser to inculcate habits of thrift among members. A lecture or two or the distribution of leaflets now and then or even the passing of a panchayat resolution is not enough for eradicating old habits of extravagance and rescuing members from the blandishments of the money-lender. A good society must be a well-knit group, where each member is interested in the well-being of others, helps in ejecting wasters and securing steady earners.

But all societies started by the Sangh have to be more than mere debt-reducing bodies, inculcating thrift. The Sangh contemplates the co-operative society as a brotherhood—as a socio-economic group, a community and bank in one. For the cancellation of debts or the improvement of economic conditions is but the means to an end—the social amelioration of the lowest and lowliest in the caste organization.

Co-operative societies are therefore being used as a lever for the uplift of untouchables all along the line. Members of societies are required to send their children to schools; to give up eating carrion or drinking liquor; to reduce expenses on ceremonial occasions; to keep their huts and bastis clean; to hold monthly *Sat-sangs* and *Sabhas*. In fact no opportunity is missed to attack the various factors leading to their social degradation and use the bank as a powerful lever. But where the society consists of a large and miscellaneous conglomeration of mere borrowers the most zealous organiser will find the task of reform far beyond his capacity. It is difficult to be the banker of bankrupts; it is far more difficult to father a large adopted family. Adoption of birth-control by members is necessary to prevent infantile mortality.

It appears to me that partly by chance and mainly by design the Harijan Sevak Sangh has taken one of the most difficult problems for solution—the amelioration of the condition of Bhangis. From experience I affirm that just as the sinking of wells is the most appropriate means of approach to the Harijan in the village, the organization of co-operative credit societies for Bhangis is the most effective means of approach to the Harijan in the town. The limitations as enumerated are there, but I believe they are not such as to obstruct but are large enough to evoke greater efforts. Given a more sympathetic attitude on behalf of Municipal authorities and an increasing belief on the part of the general public in the utility of such societies, it will not be long before the Sangh will dot the country with numerous busy centres of economic and social well-being. More than that. To-day the Harijan is an excrescence for he is "exterior" to society and its organization. The Co-operative societies may be expected to develop in him the consciousness of being a unit of labour and by organising him gradually tack him on to the general labour force of the country. What the Trade Union has done for mill labour, the co-operative society may to some extent help to do for Harijan labour. The problem of the city Harijan may then be the problem of labour as such—rid of all social disabilities and full of promise for the future of the labour movement.

HOW TO MAKE CO-OPERATION IN INDIA A SUCCESS?

BY

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The Co-operative Movement in India was initiated by the Government, as many other reforms have been undertaken by the Government. Co-operative organizations should spring up voluntarily as a result of deep convictions of the theory and principles of co-operation on the part of those who wish to form co-operative organizations. They must clearly understand that co-operation is a mode of life, and it must be honestly and earnestly practised. This pre-supposes a very high standard of education and culture. It may, in short be called character. Character is the basis of business, and co-operation is a method of business. It therefore requires character as its fundamental basis. I am of opinion that this foundation was not sufficiently explored before raising the structure of co-operation in this country. It was transplanted in this country from foreign lands. But in this country there were many social, educational and other conditions which were not quite congenial for the growth of co-operative organizations. The population was custom-bound for centuries, there was appalling illiteracy and ignorance, and the past history had sown many seeds of discord and disunity among the teeming population divided into various castes and professing several creeds. The whole Indian society was static and thus it was not possible for it to imbibe the new spirit of co-operation. Therefore the result is as it is.

In spite of the social, administrative and legislative work for the amelioration of this state of things during the last thirty years, it is still very doubtful whether the necessary soil for co-operation to take root and to flourish has been prepared. There is still appalling illiteracy among the mass of people. The percentage of literacy is about 8. Among men it is 14, while among women it is 2, according to the census figures of 1931. The worst of it is that the women, who count most in co-operation, are practically out of the Movement, owing to their educational and social backwardness. Unless and until this state of things improves in the countryside, the hope of success in co-operation is bound to be frustrated.

Now how this can be done is a great problem. If it be left solely to the efforts of Government, it will take centuries or it may not be done at all. This work of mass education is to be undertaken by the leaders of the people, especially by those who have got the necessary means and leisure, and in this way the efforts of the Government have to be supplemented. A simple method of primary education has to be devised, in order to expedite the pace of mass education. Several methods are being suggested in this direction. But they are isolated non-official endeavours. A comprehensive plan will have to be evolved with the help of the Government, and serious efforts made in order to make the mass of the people literate. It is sometimes said that literacy does not necessarily mean understanding and efficiency. Even illiterate men and women sometimes evince business acumen and they succeed in life more than the literate or educated people. This is true no doubt. But this does not minimise the value of literacy. A man or woman, if he or she is literate, can develop natural mental gifts by reading, writing and thinking for oneself. So, in my opinion, the success or failure of co-operation in India is very intimately connected with literacy and mass education, not the census literacy type, but education of an effective and really useful nature.

Another great impediment to the success of co-operation in India is the curse of social evils. Our country consists mostly of villages. A very large portion of the population reside in villages, which have little in common with the town or city life. They are too much separated from the civilized centres. There is no flow of culture from the city to the village. On the contrary, economically the villages are exploited by the towns and cities. Of course, allowance has to be made for some progress in this respect during the last few years, especially since the Great War and the stir it created in the minds of men and women in general. However the problem remains much the same as it was. There are numerous social customs among the generality of people which are economically ruinous to them, and especially to the rural people whose economic resources are very limited. Among these customs may be mentioned those relating to marriage and death ceremonies. These are enjoined by the Shastras and therefore obligatory. Money has to be necessarily borrowed for the ceremonies to be performed. This means getting into debts and passing them on to the succeeding generations. It is in this way that the rural population has gone into debt, and relief from this burden has become a great national problem, without the solution of which the success of co-operation is uncertain.

Historically speaking, the whole Indian population has passed through many vicissitudes leaving behind marks of different stages of culture, which destroyed the homogeneity of the population. Even in the villages the population is so divided and sub-divided that it is really very difficult to *evolve* a real co-operative spirit. Men of different castes and creeds do not show a sense of identity of interest. When co-operation was started it was believed that it would serve as a solvent for all these differences. But it has not come to be true; and under the contemplated political dispensation, if communalism prospers, the fate of co-operation is sealed. We cannot have two different and inconsistent things at the same time. Co-operation and communalism, or non-co-operation between the several communities, cannot go together. If co-operation in India is to succeed, there must be really co-operative spirit through and through in all spheres of national life, economic, social and political.

In short, in a country like India where the population is so backward in education and there is little common culture among the mass of the people the success of co-operation is problematic. If it is to be made successful a great country-wide effort has to be made by the Government as well as the people. So far no such effort has been made, and now the time is come after our thirty years of experience to take stock of the situation and lay down policies for the future.

AGRICULTURAL CO-OPERATION AND PLANNED ECONOMY

BY

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Planned economy is a phrase which has come into vogue in recent years ever since, as an aftermath of the Great War, the haphazard economic developments that had gone on under the existing capitalistic regime led almost all economically advanced nations to the brink of disaster. It was, however, left to the Soviet Government of Russia first to give shape to the desire for an ordered scheme of economic development by formulating and executing its Five-Year Plan with such an amazing measure of success as to make Russia one of the chief prodigies of our times. Even detractors of communism have had to acknowledge that "from extreme backwardness Russia has advanced at a stroke to the forefront of mechanical development." The example of Soviet Russia has naturally induced economic thinkers, statesmen and industrialists all over the world to contemplate schemes of economic planning for their own countries; and it is in the fitness of things that in India the task should have been attempted by a person who combines all the three qualifications. Sir M. Visvesvaraya has in his latest publication * formulated certain courageous solutions based on recent world experience, which merit the earnest attention of all who wish to banish from the country ignorance, inefficiency and indebtedness, leading to a state of poverty which has no parallel in any modern country.

It is not the purpose of this article to discuss Sir M. Visvesvaraya's main thesis which is that the country's future well-being is dependent on rapid industrialisation to be embarked upon in accordance with a planned programme to be formulated and executed under the ægis of Government. Sir Visvesvaraya admits that a sound economic order is unthinkable as long as a reasonably sound political constitution is lacking, and he also recognizes that not only is the present established system of Government in India unsuited for the task but that it has stood in the way of the country's economic development and has starved, at its source, the people's creative energy. But all through the book,

* *Planned Economy for India*, by Sir M. Visvesvaraya, Bangalore.

Sir Visvesvaraya directs attention to such aspects of the nation's economy as it is within the competence of the people themselves to tackle by means of their own organized efforts and by resort to collective and co-operative action. Such action, obviously, is scarcely possible in the sphere of large or medium scale industries but can be adopted, Sir Visvesvaraya affirms, with some measure of success in relation to agriculture and minor village industries. Hence the importance of his book to the co-operator.

Despite the fact that a larger proportion of the population of India is dependent upon agriculture for their maintenance than in any other country—and that this proportion is steadily growing—Sir Visvesvaraya shows by means of facts and figures that the food supply of the population in this country—even though it is predominantly agricultural—falls far short of the demand. The yield of crops per acre is low as compared with that in other countries and in large tracts agriculture is still carried on on primitive lines. While giving due credit to the work of the Departments of Agriculture in various provinces, Sir Visvesvaraya points out that their activities do not yet appear to permeate to the lower strata of the population. The main reason for this is lack of education, and therefore in the forefront of any programme of agricultural reconstruction Sir Visvesvaraya would put the eradication of illiteracy, the promotion of mass education on a nation-wide scale, the diffusion of knowledge in modern methods of farming and the provision of practical instruction in cottage industries, smithy, carpentry, elementary book-keeping, and principles of co-operative organization. As education is at the root of all progress Sir Visvesvaraya provides, in his 'Schedule of Developments' under the Ten-Year Plan, for the increase of the percentage of the population who are literate from 8 to 50.

Equally essential, in Sir Visvesvaraya's opinion, is the adoption of modern methods of agriculture including the introduction of machinery the use of artificial fertilisers, the application of science to the practice of farming and stock breeding, intensive cultivation and the like. But no less important is the need for the encouragement of collective effort, the promotion of organizations which successfully practise team-work and the pursuit of co-operative effort in the direction of economic organization and the betterment of social life in villages. The people have lost their capacity to develop their own plans for the future, and unaided they have no chance to put their house in order by their own collective effort.

The defects of our rural society, on the removal of which Sir Visvesvaraya lays considerable emphasis, are, however, such as are

capable of solution if co-operative effort is organized on proper lines. Among the economic and social services that co-operative societies can perform will be to educate rural public opinion in a practical manner so as to secure the avoidance of debt, the practice of thrift, the collection of savings for lean years, the proper utilization of the labour and the leisure of adult men and women, the prevention of fragmentation of holdings, the scientific use of farm manures, the provision of capital on a fair basis, the marketing of village produce, the supply of village requisites, the organization of transport, the protection of crops from pests and diseases, the introduction of improved methods and implements, the breeding of healthy live stock and a thousand and one activities that go to the making of a renascent agriculture. It is by the pursuit of well-directed co-operative methods alone that the agriculture of the country can progress—to apply to our rural conditions the appeal which President Roosevelt made to his countrymen at the beginning of his term of office, " if we are to go forward we must move as a trained and loyal army willing to sacrifice for the good of a common discipline because, without such discipline no progress can be made, no leadership becomes effective."

In the course of his analysis and survey of the country's economic position Sir Visvesvaraya naturally lays his finger on the root cause of national poverty, namely, the crowding into agriculture of about twice the population that it can reasonably sustain. The lack of diversity of occupations is one of the gravest defects of our rural economy, for it leads to the concentration of overwhelming numbers upon the land. The old village system which fostered rural cottage and home industries, and eliminated this pressure, has practically collapsed as a result of the impact of modern industrialism, and, as Sir Visvesvaraya observes, no modern or organised methods have so far been devised to replace it. Excessive dependence on land is a phenomenon that is peculiar to poverty-stricken countries and experience all over the world clearly indicates that while poverty and non-industrialization go together, the future of the agricultural industry itself is interlinked with the adoption of measures which combine industry with agriculture. Sir Visvesvaraya's Ten-Year Plan provides for such a course of action. This would secure that when the cultivator is under-employed or during periods in which agricultural operations are more or less at a standstill he should be provided opportunities of utilising his slack or sparetime in the pursuit of some craft or other suitable occupation. A list of such occupations and of minor industries allied to agriculture which are capable of immediate development is furnished in the book, but Sir Visvesvaraya advises that such minor industries alone should be encouraged in the first instance, as supplying staple products for which there is a demand within the country. The greatest need is to make the countryside self-dependent and self-sufficient in the supply of its staple needs.

A re-direction of the system of education so as to impart to it a vocational bias is essential in Sir Visvesvaraya's opinion to stimulate this development. Practical training in the handling of modern tools and machinery is a part of the equipment needed in this industrial age, as also the acquisition of new business practices and social practices. It should be the duty of co-operators and others interested in rural welfare to secure this change. That however is not enough. Hitherto, Sir Visvesvaraya admits, there has been no national policy or organization to fill the vacant time of the cultivator. But this state of things cannot be allowed to continue. If land revenue, purchases of clothing and such other primary necessaries have to be paid for from the meagre earnings of agriculture, no country, Sir Visvesvaraya emphasises, can escape impoverishment. The resulting enforced idleness, he adds, has had the unfortunate effect of keeping the Indian people inefficient and has condemned them to a low and diminishing income. The minor rural industries are in process of destruction one by one as they become unremunerative in competition with modern mechanized industries. Where they continue to operate along traditional lines they do so without guidance or help from science or technical skill. Municipalities, local boards, village panchayats and other local associations such as co-operative societies should, Sir Visvesvaraya suggests, encourage the establishment of industries in their midst by granting all reasonable concessions and facilities as is the practice in other countries. In other countries such as Japan, the village organizations are autonomous bodies enjoying initiative and freedom of action, denied to similar bodies in our country. The only bodies which enjoy comparative liberty of action in their own spheres are co-operative societies or local federations composed of societies, and it is the duty of all connected with these bodies to take in hand at least one item in the programme of economic planning which Sir Visvesvaraya has placed before the country. He recognizes that large and medium scale industries depend to a considerable degree upon Government help for their growth; minor and cottage industries can however be developed by the people themselves to a very large extent. That is possible only if there is some organization to guide, direct and co-ordinate effort; and Sir Visvesvaraya contemplates two parallel organizations, namely, one composed of Government officials and the other one consisting of agriculturists, business-men and experts. The All-India Village Industries Association, started by Mahatma Gandhi, is eminently suited to function as this non-official central organization to guide, direct and co-ordinate efforts in the direction of the revival of

rural industries. The aim of the Association is to foster the revival, encouragement and improvement of village industries and it is to consist of persons who, without any consideration of their political creeds, wish to join together in the common object of promoting rural welfare principally through the revival of village industries on an efficient economic basis. Co-operators, therefore, should welcome the formation of this Association and through its agency strive to promote at least one of the essential activities in any programme of national planning and reconstruction that the country must adopt if it is to be a better, livelier and happier place to live in for its people.

CO-OPERATION IN THE U. S. S. R: (RUSSIA)*

By

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INTRODUCTION

The Co-operative Movement in Russia is of absorbing interest for two particular reasons : First, it is the only economic institution of pre-revolutionary times which has carried on its work, with legal continuity, into the new Russia; second, it is the system by which roughly ninety per cent of the population are served with their daily necessities, and on this service, inevitably, has much of the success of the Five-Year Plan and every other audacious Bolshevik effort depended. For, when men cannot eat, depend on it, neither will they work.

CENTRAL AUTHORITY

In Russia a strong central authority commands the whole resources of the movement and ceaselessly directs the growth of the apparatus. The entire system of Consumers' Co-operative Societies is united by the Central Union of Consumers' Societies, "Centrosoyus." Centrosoyus directs the organisational and economic work of these organizations through the agency of regional and territorial unions of Consumers' Co-operative Societies, which in turn unite the co-operative organizations of the given locality that are formed according to the administrative territorial division of the country and are members of the Centrosoyus. About 100 units are members of the Centrosoyus. The administrative organ of the Centrosoyus is the All Union Congress of Consumers' Co-operative Societies, called every two years and composed of delegates from the co-operative population, one delegate for each 100,000 members.

* This account is based on *Co-operation in the* U.S.S.R. by Leslie A. Paul, published by Messrs. Victor Gollancz Ltd :, 14, Henrietta Street, Covent Garden, London, 1934, Price 3s. 6d. net.

Despite its democratic basis the Russian Co-operative Movement can hardly be said to have had an independent existence during the War Communism Period and it was not until 1922, when the New Economic Policy was promulgated, that it reverted to its original autonomy. While membership was obligatory it could not estimate its real economic powers. Its suddenly assumed responsibilities in the war period, its swollen trade and membership muddled its activities and confused its leadership. By a decree of May 20th, 1924 membership became again voluntary and the movement was charged with its own organization. From that time forward, on the basis of voluntary membership, it worked towards the establishment of a permanent and stable trade structure as an organ of socialist economy within a socialist society.

ECONOMIC AND LEGAL PRIVILEGES

In return it enjoyed a number of economic and legal privileges. The chief of these were : 1. Preference in the utilisation of transport, an important concession in a country whose inadequate transport facilities were permanently overloaded. 2. Preference in the supply of consumable goods. Consumers' co-operatives are recognised as the principal distributors of agricultural produce and manufactured goods, and are, as a rule, the first to be supplied with them. 3. State credits, amounting in some cases to over a third of working capital. 4. Credit from State Trusts. 5. Long-term loans from the State Bank to poorer enterprises, or those developing under difficult conditions, as, for instance, the Timber and Fishermen's Co-operatives and societies in backward parts of the country, and various forms of co-operative industry. 6. Relief from taxation. The smaller and poorer organizations are often exempt from taxes, and larger co-operatives pay at a reduced rate. This list is almost evidence enough of the privileged position enjoyed by the co-operatives under the Soviet system.

MONOPOLY OF RETAIL DISTRIBUTION

The Russian movement has a virtual monopoly of retail distribution. It controls important industries and owns farms, packing-plants, bakeries, refrigerators and key trading industries, in which it has no competitors. It possesses legal and commercial privileges which secure it against any competition. It has no need to carry out flanking movements on private trade ; for private trade, as we know it, hardly exists. It is not dependent on alien interests for its supplies ; it is an integral part of a State which owns and controls all industry and has collectivised the major sector of agriculture.

CO-OPERATION AND SOVIET POLICY

There is the danger of misinterpretation of Russian co-operation when it is treated as a separate movement. Whatever its character in pre-revolutionary days, it is not now a separate, hardly a separable, movement from the broad industrial and agricultural organization of Russia. Its development is bound up with Soviet policy. It cannot pursue an independent course, building up its organisation without regard to the needs of industry and agriculture: it must march with them, dependent upon them for supplies and for markets, plan with them in the struggle for a socialised economy. Its tremendous growth has been possible because industry and agriculture have grown on an unprecedented scale under Bolshevism, for distribution can only follow the growth of a country's productive resources, and not precede it.

CO-OPERATION IN RUSSIA AND OTHER COUNTRIES

It is worth while comparing *a good year* of international co-operation with a *good year* for the Russian Movement to gain an estimate of their relative positions. :—

1932.	1930
Membership in U.S.S.R.: 71.9 millions.	Membership in other countries: 15.6 millions.
Retail turn over in U.S.S.R.: 20,962 million Roubles.	Retail turnover in other countries: 3,950 million Roubles.

PRODIGIOUS PROGRESS

The Co-operative Movement's progress since 1913 is impressive. In membership it has increased over 700 per cent., in share capital 1,000 per cent, in turnover 600 per cent. (approximate figures).

In the Plan period the Co-operative Movement has done more than oust the private trader; it has come within sight of enrolling the whole of the adult population in membership, a fact which brings nearer to actually that nation of "enlightened co-operators" visualised by Lenin.

Consumers' Societies. There are 42,521 rural consumers' societies with a membership of 50 millions. The minimum number of members for opening a consumers' society is 300.

Producers' Societies. There are 93,000 producers' societies with 11 million membership.

Housing Societies. There are 15,000 housing societies with one million and a half members, controlling accommodation for about four million people, or about 15 per cent. of the town population.

Co-operative Farms. Great efforts have been made by the Co-operative Movement to establish farms of every description to supply its members with milk, meat and vegetable produce. Virtually the whole of the bread production is in co-operative hands.

Co-operative Bakeries. The number of bakeries owned by the Co-operative Movement in the large industrial areas is 1,548, of which number 330 are mechanised and automatic and account for 15,696 tons of bread daily. Through these bakeries 68 per cent. of the bread demand of the towns is satisfied.

Co-operative Restaurants. The outstanding example of co-operative enterprise is the public restaurant industry. To provide workers with substantial hot meals at regular hours the co-operatives have set up in all the larger industrial areas a network of factory kitchens in which food is cooked in bulk and delivered to public restaurants where meals are provided at very low prices.

In 1933 Co-operative restaurants provided 36 million meals per day. 14 million people were provided with daily dinners in 1933. 2 million school children, half a million university students and one million employees are served with dinners every day by co-operatives.

In 1933 the retail co-operative system had 323 butter factories and 12755 milk-purchasing centres.

Membership. 96 per cent of adult urban and 69 per cent. of rural population is in membership in Russia. The proportion of women expressed as a percentage of general membership averages 25.9, in towns it is 35.8 per cent and in villages 29 per cent.

Co-operative Employees. The Co-operative Movement in Russia employs over half a million shop assistants, 25,000 watchmen and 1,40,000 managers and administrative workers.

TRADE AND GOVERNMENT REVENUE

66 per cent of trade is in the hands of co-operative societies, 30 per cent in State's and 4 per cent. in private hands. 50 per cent of its revenue is derived by the Russian Government from tax on co-operative societies.

EDUCATION BY CO-OPERATIVE SOCIETIES

The Co-operative Movement has 880 schools and students trained in 1932 numbered 552,000. The Movement gave 22 million roubles (10 roubles equal to one pound) in 1931 to the State for the establishment of compulsory primary education. The Movement possesses cinemas 500, Travelling Cinemas 6,200, Wireless Sets 35,876, Wireless transmitters 393, creches 2,750, Craft Schools 1,541, Child Welfare Centres 2,768, Shops of mother and child 265.

COMMUNISTS CONTROL THE MOVEMENT

The general membership of the Co-operative Movement is, of course non-party. But the higher one goes in the movement, the greater is the percentage of Communists in key positions, and the general leadership of the Co-operative Movement is in Communist hands.

CO-OPERATION AND TRADE UNIONS

With the trade unions the co-operatives are on excellent terms, wage rates are negotiated with them, questions of the transfer, training and registration of workers and codes of working conditions are arranged with them, subject to the labour laws of the country.

CO-OPERATION AND GOVERNMENT

The Co-operative Movement is officially represented in the organs of Government; it makes its reports to the Soviet Congress and has its permanent representatives in Government departments and other institutions of the State, including the Council of People's Commissars and the Council of Labour Defence. It has its representatives on all planning commissions and it takes its part in the fixing of transport rates, bank credits and the solution of customs and insurance problems.

NO DIVIDEND

The Russian Societies pay no dividend. What is communally earned is communally spent. Profits are not paid out in the form of dividends, but are applied to capital construction, cultural purposes, and towards the betterment of the working and living conditions of employees and the raising of their wages.

In 1931 the surplus was divided as follows:—10 per cent to reserve, 20 per cent to welfare of employees and to various cultural and educational purposes, and 70 per cent to a fund to provide long-term credits to societies.

CONCLUSION

The Co-operative Movement is everywhere in Russia; of no other institution does the traveller become so quickly aware. Stalls on street corners, shops along the main thoroughfares of the great cities, warehouses, farms, carts, lorries, refrigerating depots—the evidence of co-operative activity faces the traveller everywhere. Villages that never knew what a shop was now have their tiny co-operative store, with perhaps a club-room attached.

The Co-operative Movement, born in England in the middle of the last century, has reached the peak of its development in Soviet Russia, where it has a membership of over seventy-three millions of the population.

NOTES ON AGRICULTURAL RELIEF AND ON CONSUMERS' CO-OPERATION IN RURAL DISTRICTS IN GREAT BRITAIN

BY

DR. GILBERT SLATER, OXFORD,

(University Professor of Economics, Madras, 1915-20)

I. MEASURES OF AGRICULTURAL RELIEF ORGANISED BY THE GOVERNMENT IN GREAT BRITAIN :

With regard to these, it has to be noted (1) that the need for relief was created by the Government itself, by first inflating the currency and then by deflating. Inflation, with the war, increased prices enormously, which increased farming profits in proportion, and induced farmers to buy out their landlords at 30 years and upwards purchase of the rents, with borrowed money, and so increased their costs. Other measures enabled agricultural labourers to get wages nearly doubled on the average. Then came deflation, prices slumped, farmers' gross receipts were cut down, but not their expenses—consequence, the whole industry is reduced almost to bankruptcy.

The Government is trying to help farmers by tariffs and quotas and subsidies to force up the prices which British consumers have to pay—result, reduction of consumption and intense urban discontent. Please note the number of people in Great Britain living on public funds as unemployed is just about twice as many as those employed in agriculture.

As the experts, especially Lord Astor, have repeatedly pointed out, the Government could have helped both rural and urban workers at less expense to the public funds, and with great benefit to the national physique, merely by arranging for adequate returns of milk for children needing better nutrition and the benefit to the farmers would have been much greater.

The only moral for India that I can see, is that Governments can play the fool just as easily as any private person. Our problem is altogether different from the Indian one, and there is nothing worthy of imitation in our method of tackling it.

II. SPREAD OF CONSUMERS' CO-OPERATION IN RURAL DISTRICTS :

This is very marked with us, as a consequence of the continued tendency of rural populations to drift to the towns, and the excellence

of the roads and developments of motor traffic. The village shop-keepers are getting squeezed out, as rural people do more and more shopping in towns, or are served by tradesmens' delivery vans sent out by urban shopkeepers. The urban co-operative societies accordingly also develop on similar lines, and also, where new suburban districts arise round the towns, establish branches at considerable distances from their central stores. Where there were co-operative societies in the villages, these are apt to amalgamate with those in towns.

In consequence there is in Oxford at least (I do not know about other places) a tendency to make the Urban Consumers' Co-operative Store also serve as a sales agency for rural producers, e.g., the Oxford Co-operative Store has a branch at Kidlington, some four miles out. A Kidlington member may keep poultry, sell new laid eggs to the co-operative store and buy from it almost anything else he wants. Result—the city member can rely on getting new laid eggs from the co-operative store at bottom competitive prices, and get the "divi"—just now 2*s*. in the pound—on what he spends.

NOTES ON THE SPREAD OF CO-OPERATION IN THE WORLD AND ON STATE INTERFERENCE

BY

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I. SPREAD OF CO-OPERATION IN THE WORLD.

There is much talk lately about the complaints of the merchants and capitalists, who are, it seems, afraid of the growth of the co-operative consumers' societies in the cities. This can be seen first from the statistics which shows us that the number of middlemen did nowhere diminish, and secondly from the small percentage of the co-operatisation of commerce; this percentage is for Germany only 3. There are countries, as for example Russia, where about three-fourths of commerce are co-operatised, but there it was due to the help of the State which destroyed private commerce.

It was only in Finland that the co-operative consumers' societies, by natural and slow evolution attained a position whereby the two biggest co-operative wholesale societies have in hand about half the commerce of the country. This has forced the private shop-keepers themselves to organize their purchases co-operatively.

But in Finland itself co-operatisation of agriculture has made more progress, as 80 per cent of the butter production is done by the co-operative creameries.

Co-operatisation has developed not so much in cities, but in the country, where capitalism is not so strong and where dominate men of small property and production. The first place in this respect belongs to Denmark, where more than 90 per cent of butter is made in co-operative creameries. 70 per cent of the meat production and 50 per cent of egg export are co-operatised. 80 per cent of the goods needed for agriculture are purchased through various co-operative societies. The co-operatively produced milk and meat products comprise three fourths of the whole Danish export.

Nearly the whole butter production in Ireland is now co-operatised with the help of the Government, who bought the private creameries suffering under the crisis.

In Czechoslovakia and all the villages in Bohemia are supplied by electrical co-operative societies with light and power, and also half of the succory production is in the hands of agricultural co-operative societies.

3 per cent of the corn export in Hungary is done co-operatively.

In Italy 25 per cent of the fertilizer production is in the hands of agricultural co-operative societies.

In Holland 50 per cent of the butter and cheese production and 70 per cent of sugar-beet-root production are co-operatised.

In Switzerland 90 per cent of milk products are sold through peasant co-operative organizations. The same organisations supply 32 per cent of fertilizers and 19 per cent of the forage.

In Bulgaria 60 per cent of assuration and 25 per cent of credit is co-operatised.

If we turn our attention to the non-European countries, we have to speak in the first place about the United States of America, where 60 per cent of corn, 60 per cent of tobacco, 40 per cent of fruits and vegetables and 28 per cent of milk products are sold through co-operative societies. Especially in California, nearly the whole commerce in oranges, lemons and apples is co-operatised. Those fruits are sold not only in the U. S. A., but are also exported abroad. There is also a co-operative fruit exchange.

Canada, which produces one third of the whole world's wheat, exports two thirds through her co-operative organisation, which owns silos, railways and ships.

Notwithstanding the above described progress of co-operatisation in the countries there is still much left to be done to keep the peasant in the villages and so hinder the further growth of large cities, which are the centres of slums, unemployment, discontent and trouble. And this is holding the whole industrial Europe in a revolutionary tension. This is the reason why the pacific influence of co-operation must be strengthened.

II. STATE INTERFERENCE IN CO-OPERATIVE ORGANIZATION.

The disputes concerning State interference in co-operative organization are still afresh, but one can already affirm that the help of the State to the co-operatives, in many countries is much appreciated as regards agricultural co-operation and is even necessary in some States.

It is a different question how the State renders its help. In Tsarist Russia there existed a so-called benevolent guardianship on the part of the Ministry of Finance, which, through the office of small credit, founded and audited the credit co-operative societies. In such conditions, although such guardianship gave ground to complaints, the free development of co-operation was seldom interfered with.

Under the Soviet regime, co-operation, especially consumers' co-operation, was transformed into a State institution, quasi obligatory for everybody and under Communistic management. Co-operation lost its autonomy although the Communists consider their guardianship as benevolent.

We have another type of State-help in France in regard to credit and to agricultural co-operation. In France the Government, or more exactly the Bank of France, gives subsidies for the organisation of peasants, without any of their rights being taken away. The Government is entirely in the hands of the co-operative societies and there is no control whatsoever.

A quite different phenomenon can be seen lately in Italy and Germany where, following the Bolshevik example, the State at the beginning rudely mixed in the affairs of co-operation. It is true that at first the Italian Fascist persecuted the co-operative societies not because they were co-operatives, but because their leaders were Socialists, or Catholics. When the leadership of the political parties was removed together with the parties themselves, then the Italian Fascists, especially thanks to Mussolini, not only began to look benevolently upon co-operation, but assembled the societies in one General Union.

The example of Italy was followed by the German National Socialists, who forced the two Unions of consumers' co-operative societies to merge into one Union only. Unfortunately, as a result of this operation, nearly all the old leaders of co-operation were dismissed and this had a very bad effect on the work of co-operation.

The same road was followed by Bulgaria where the Government has not only amalgamated the two State co-operative banks, which is entirely reasonable, but is contemplating to unite forcibly the present autonomous unions.

The interference of the Government can be approved in case of frauds; as was the case in Soviet Russia and France.

The Co-operative Bank of France in Paris went bankrupt recently, because the manager secretly gave credit to private cinemas and aviation, which failed in the crisis; and nevertheless the French Government did not interfere and left the co-operators to clear this business themselves.

Generally one can say that recently there is a tendency to nationalise in such cases where it is for the good, and also in cases when such State control brings only harm. It is in the interest of the State that the economic life of the country be organized by the population itself i.e., be co-operated. This would cost nothing to the Government or in any case less than what is spent on the numerous State employees, often lazy and with big salaries. Private initiative in the form of co-operation cannot be suppressed and with it cannot vanish the liberty necessary to the normal development of the people.

SIGNIFICANCE OF THE STORE MOVEMENT

BY

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Within the last few years the co-operative movement has come in for a great deal of introspection in India. There has been a tendency both amongst co-operators and those who are outside the movement to question the success of even the credit movement. As a result the slogans are now consolidation and rectification and not expansion. Whatever may be the justification for this reaction, there is no doubt that in the field of distributive co-operation, so little has been achieved that there is no scope for the play of opposing schools of thought; consolidation and expansion instead of being necessarily regarded as mutually exclusive policies must go together.

The causes for the slow growth of consumers' movement in India have been variously explained and it is not proposed to discuss them here except in broad outlines. It may be said that apart from those usually given, such as the low margin between wholesale and retail prices, the lack of leadership, etc., the most dominant causes for want of success are to be ascribed to the slow pace of industrialisation in India and the comparative poverty of the country. As a matter of history, consumers' movement all over the Western world has always accompanied the growth of industrialism. Whether it be in England or in Germany or in Belgium, consumers' societies began to flourish most with the development of the industrial system under the aegis of capitalism. And it is not surprising that it has been so. For one of the necessary results of modern Industry is the bringing together of large numbers of workmen having some measure of homogeneity in living and outlook. This has resulted in the successful starting of trade unions and also in the running of co-operative stores. When wages also increased, the impetus to the movement quickened for the increased purchasing power was made the basis for a great extension of the activities of stores.

But two other factors have exerted a great influence on the growth of the consumers' movement, without which its success could not have been so phenomenal. They are the discovery that the co-operative

movement is at once a great political education and an even greater industrial experiment. It is true that the Rochdale pioneers started their little store with very limited practical aims, but even they were not wanting in holding before themselves wider objectives. But within a few years, the philosophy of the consumers' movement came to be widely recognised. The idea that a store was only a place where groceries and other articles of food can be had without adulteration and without the incubus of retailers' commission soon gave place to a realization of its essentially radical industrial structure. Industry organised by the consumers themselves to satisfy their own needs was of an entirely different character from that organised by the capitalist for his own private profit. It eliminated not merely the retailer's profits but, what was even more important, the capitalist's profits, and by making those profits available for all consumers it ensured *justice* in distribution. To the extent to which the demands of the community as consumers can secure greater equality in distribution of wealth, to that extent the consumers' movement has the power to bring it about. There was no other industrial organisation comparable with consumers' co-operation which can satisfy the cannon of ethical justice and the only limiting factor is its technical efficiency as a productive organisation.

Not less important than its industrial aspect has been its educative value; it affords the most ample scope for political experience of great value. The consumers' societies are democratic republics where opportunity is given for members to carry on functions similar to those involved in the conduct of administrations. The realisations that trade unionism and co-operation are fields within which political education can be had has exercised a very significant influence in the growth of both those movements.

It is against this background of the growth of consumers' movement in England and Europe, that the movement of the consumers' co-operation in India should be studied. The store movement in India has been essentially a middle class movement and has succeeded in those few places where there has been a certain degree of homogeneity in methods of living and outlook. One reason for the success of the T. U. C. S. in Madras is that its members are mostly Hindus of the salaried classes, having the same religious and social customs, buying similar articles on common religious and social occasions and inspired by the desire to get them free of adulteration and false weight. If their loyalty to the stores is not deep, it is compensated by better discernment of the value to them of a store in which there is no room for the exploitation of the consumer. The majority of members being persons with monthly salaries and not needing any credit, until perhaps towards the close of the month, have everything to gain by purchase at the stores until their cash runs out when purchases fall off. Thus a limited measure of success has been assured to the society. But the store has only been marking time for a considerable time now and has not expanded rapidly either in membership, or in sales and much less in new directions and activities. If this be so in the biggest and most important of the stores in India, other stores have no better record to report. Indeed it must be realised that the store movement in India will become a really important one only when it comes under the influence of either the working classes or under the inspiration of an industrial ideal. Neither of these influences is at work in India. Trade union organisations are yet in their infancy; and the middle classes have but the vaguest notions of what is possible under the co-operative system.

And yet despite these difficulties, it should be possible to extend the movement both over new areas and in new directions, if there is a more vivid appreciation of the importance of consumers' co-operation in India. There has been even amongst ardent co-operators a tendency to look down upon the store movement as an inferior form of co-operation not comparable in usefulness or in its ethical value with the credit movement. It is thought that being an institution for the sale of ordinary articles of daily consumption and dealing with groceries and things of that kind, the co-operative store is not an inspiring organisation. Nothing is farther from the truth. As has been pointed out before, it is necessary to recognise the fact that consumers' co-operation in its logical development is the best and ideal form of industrial structure both from the point of view of technical efficiency and of distributive justice. It shares with the best types of municipal socialism the ideal of a 'profitless' society. A society in which production is organised by consumers' societies is less likely to be liable to industrial depressions resulting from maladjustment between supply and demand. Viewed therefore from any point of view, the co-operative store is a movement that deserves of our best.

If this be recognised, the most important thing is for co-operators not merely to consolidate existing ones but to bring about an extension in the activities of the stores. There are very few societies in England, Germany or Belgium where the stores do not undertake co-operative production. In the T. U. C. S. the only productive enterprises that were attempted or encouraged were the crushing of gingelly into oil and laundry trade; but both were given up after a few years. To-day it has confined itself to the supply of some of the ordinary articles of wide demand, and even here there has been a narrowing of its activities in

certain directions. The failure of its clothing department, due to certain accidental circumstances, has been allowed to act as a permanent scare preventing its being taken up again. What is now required is a careful planning of the possible fields into which it may enter both as distributor of goods and as producer. Clothing, tailoring. confectionery, fruits and vegetables of a certain kind afford some of the possible lines of extension. Indeed to the possible ways of increasing the sphere of activities of the store, there are no limits.

The second important thing is the extension of the movement among the working classes. There are at the present moment some stores, co-operative and otherwise, operating with varying degrees of success amongst the working classes. Let us take just a few with a view to explaining what may be attempted by co-operators. These workmen's stores fall into two classes; those organised on co-operative principles and registered as co-operative societies under the guidance of employers of factory mill labour or railway workers and run by the workers themselves or forming part of a general scheme of Welfare Work; and stores organised and entirely controlled by the management themselves. In both cases the most alluring feature from the point of view of the workers is the extension of credit to the members up to a certain percentage of their salaries to enable them to make purchases. Although this is perhaps inevitable in workmen's stores, it is not a feature that deserves to be followed or encouraged when co-operative stores are sought to be established independently of the management. The co-operative stores among the railway workers in India are, on the whole, despite some serious lapses here and there admirably fulfilling their main purpose. The B. B. and C. I. Ry. at Ajmere and Dadar and the B. N. Ry. Stores at Khargpur are instances in point. They enjoy certain concessions in freight, the members are educated and possess the ability to run the stores, and it is best for co-operators outside to leave the field alone. What however needs to be done is to establish contact with them so as to bring them into the general co-operative movement for purposes of carrying on educative propaganda outside.

It is when we come to the mill stores that more can be attempted. The Workmen's Stores of the Buckingham and Carnatic Mills, although not registered as co-operative nor paying any dividend, have been doing quite good work as the value of their gross sales will indicate. About 90 per cent. of the workers of the two mills are members and sales average about Rs. 125,000 monthly. The sale of goods is made at cost prices with just sufficient margin to cover establishment charges; and workmen obviously prefer low prices to fat dividends. The Empress Mills Co-operative Stores, Nagpur, is a registered co-operative society managed by the Y. M. C. A. with the active assistance, financial and personal, of the management of the Empress Mills. It has been working successfully since 1926 and the members have begun to appreciate the value of the stores where they could get the best stuff and full measure which is very difficult to get from the bazaar.

But these stores are few and far between. In the majority of factories, there exist no such organisations and the workers are entirely thrown into the hands of the grabbing and incompetent retailers. Here is a vast field open to the co-operative movement. The work lies in two directions. Where the employers show themselves to be willing to assist and encourage the formation of a co-operative store as in the case of the Empress Mills, their co-operation is to be secured and the store run with their assistance. But in areas predominently occupied by the working classes, co-operators must first study the area, find out workers' wants and establish a store in which articles of daily consumption must be kept and sold for them. The principle of credit sales should not be adopted except where the employers co-operate; but sales must be made to non-members also. Cheapness is the essential thing. Goods specially intended to cater for the needs of the working classes must be obtained and stored there. One can think of a large number of commodities where different varieties exist and it must be the duty of the co-operative store to grade them properly and send to the workmen's stores such a variety which while giving full value for their money may enable them to consume it in large quantities.

But if these extended activities are to be undertaken, the store must have a very efficient body of men, both on its board and on its staff. It is time that co-operators give greater attention to the selection of employees. The success of the British trade unions and the British co-operative societies is largely due to the care with which by a system of examination, interview and selection, a very efficient and trained staff are chosen. Co-operators in particular are always prone to tolerate inefficiency more than private management, and take shelter under the fact that since the wages and salaries given to the staff are low, incompetence may be condoned. But such a view is a fatal bar to progress. Wages and salaries must be increased, commissions to store managers may be paid and other incentives to work may be afforded; but everything must be subordinated to efficiency. For co-operators must realise that their organisation will ultimately stand or fall on its success as a business concern or failure. In the words of Prof. Marshall, "it cannot afford to be merciful to wrong-doing or incompetency."

CONSUMERS' CO-OPERATION IN INDIA

A SURVEY OF AIMS AND ACHIEVEMENTS

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THE GREAT IDEAL.

It would be idle to contend that there has been in India any serious attempt at the organisation of consumers on the lines formulated by leaders of the movement in the West in the last 50 years, which are somewhat different from the aims and methods laid down by the Rochdale Pioneers.[1] The ideal which has been evolved is "the supremacy of the community organised as consumers and citizens in the ownership, direction and management of industries (including agriculture) and services by which the nation lives."[2] Of the industries and services, a specific field for operation has been assigned to the State and the Municipalities which are themselves organisations of consumers, though of an obligatory character; the rest are sought to be captured by voluntary consumers' organisations, the co-operatives. But even here by long experience practical limitations to the inclusion of several industries and services have been recognised. At any rate with the rapid growth of agricultural producers' co-operative societies in the last three decades, the apostles of consumers' movement like the Webbs and Charles Gide have had to concede a pretty large field for private enterprise in agriculture.[3] Despite these practical restrictions or forbidden fields, consumers' co-operation has in Great Britain and several other countries abroad achieved stupendous results, as the latest People's Year Book (1935) shows.[4]

LIMITED OUTLOOK OF INDIAN STORES.

Such a broad conception of aims backed up by a philosophy of production or consumption is conspicuous by its absence among the best of Indian store societies. Their achievements, with rare exceptions, have been of the most negligible kind. The organisers of our stores have had quite a limited outlook and have thought in terms of purchasing their household requisites of the needed quality at as cheap a price as possible.[5] We sometimes come across secondary objects tacked on to the main business of buying and selling, like the maintenance of a reading-room and library and carrying on discussions on topics of current interest. From the records left by the founders of the T. U. C. S., the biggest store society in India, we get some glimpses of the ultimate goal of their enterprise, though the phrases are a little vague and indistinct. They talked, for instance of ' reducing to practice the theory of co-operation ' of ' bringing the producer and the consumer together by establishing wholesale centres of supply ' and one Pioneer conjured up a vision of a chain of co-operative production. But there was no formulation of any definite scheme of production of any articles consumed, to be done even at a future date, of linking production to ascertained demand. Did they feel that the meaning of production was in consumption, that the control of production should be in the hands of consumers and that the capitalistic system should be transformed into co-operative ? It is hard to affirm that more than one or two did.[6]

ATTITUDE OF THE STATE.

Stores have succeeded, if at all, only in urban areas. It is now a conviction in official circles—in contrast to the rage for trading unions in the post-war high price and ' control ' period—that stores should not be organised in rural parts.[7] Nor has there been much enthusiasm for urban stores evinced by officials to whom was entrusted the inauguration of the co-operative movement in this country, though several of them came from the original home of consumers' co-operation. Indeed there was no provision in the first Co-operative Act for registering any but a credit society and the T. U. C. S. had to tack on a credit branch to get itself registered, an year after its foundation. It took 8 years for the Act to be amended so as to comprehend non-credit societies. While the attitude of the State and its officials has never been hostile, though on one occasion there was a slight suspicion of possible cornering of grains by stores, they could never have been said to be enthusiastic.[8]

PAUCITY OF DATA.

Proceedings of official conferences and administration reports contain little of interest on the subject. Not more than three out of eleven Registrars' Conferences have taken any notice of the subject. The last one to deal with it was the ninth, when a pious resolution moved in a queer way by a Christian Missionary was disposed of in a couple of minutes.[9] The annual administration reports of Registrars and reports of special Committees of

enquiry devote little space to this question. Societies themselves are most of them too poor to publish printed reports. The Statistical Statements published by the Government of India are at least two years behind date and contain barely the figures of different types of societies clubbed under ' Purchase and Sale ', Agricultural and Non-agricultural. To what extent the agricultural societies in this class went in for directly consumable goods as distinct from agricultural requisites, or how many of the non-agricultural societies were general consumers' stores as distinct from college and school stores or societies for the supply of weavers' requisites, one has no means of knowing from these figures (Table I). Recently the Punjab Registrar was constrained to remark : " The combination of widely different societies in one class makes statistics and averages for the whole somewhat misleading."[10] To add to our confusion, we find another provincial Registrar talking of societies organised for the sale of goods produced by members as ' stores ' so that the word does not seem to connote the same thing all over India.[11] Quite meagre and fragmentary as are the remarks of provincial or State Registrars on this subject, a student of co-operation is obliged for the most part to rely on such data.

FAILURE OF STORES IN W. & N. INDIA.

It is a doleful story that we hear of co-operative stores in almost every province. Let us take first the provinces which have otherwise a distinguished co-operative record. According to the latest available administration report (1932-33), Bombay Presidency had 40 stores in all with nearly 9,000 members and sales to the tune of Rs. 7 lakhs only. The Registrar noted " stores have considerable difficulty in making headway as they have to compete with only well-established concerns and are handicapped by restrictions on credit sales."[12] In the previous year it was " lack of efficient management continues to be the chief handicap." Prof. Kaji in *Co-operation in Bombay* refers to ' the collapse of stores ' after the expiry of the ' control ' regime when there was a boom in stores. Even the Bombay co-operative stores backed by leading co-operators had to be liquidated. ' Fitful and sporadic efforts ' to start retail stores and a wholesale have been made but with little success.[13]

In Bengal, the Provincial Banking Enquiry Committee (1930) found urban stores unsuccessful and recommended liquidation and added that no new stores should be founded either in urban or rural areas " without a clear evidence of loyalty and co-operative spirit on the part of prospective members " [14] which as Miss E. M. Hough remarks in her book would " be hard to demonstrate in the abstract and before the society was formed."[15] There were in 1932-33 in Bengal 55 stores with a membership of over 10,000 but sales amounting to only Rs. 2.58 lakhs. The Registrar observed that on the whole they were not thriving well, due to disloyalty, lack of business experience and credit sales, which in most cases turned out to be bad assets.[16]

In the Punjab, which leads in various forms of agricultural co-operation, there were in 1932 and 1933 only about a dozen store or supply societies with about 1,500 members and they worked with varying enthusiasm and success. The largest of them was confined to the employees of an industrial concern and had a turnover of about Rs. 3 lakhs. The next best was a Madrasi society in Simla. The Registrar in 1932 observed "In Lahore city the absence of any loyalty or integrity on the part of working members has brought supply societies to grief."[17]

The Central Provinces had also a dozen stores in 1933, with a membership which came down from 2,000 in 1931 to 1,100; the sale of goods, however, increased in the same period from Rs. 1.03 lakhs to Rs. 2.82 lakhs. The outstanding store was that of the employees of the Empress Mills, Nagpur, though it had by no means a smooth working.[18]

SOUTH INDIAN'S RECORD.

It is the South Indian who is said to be more critical than constructive that seems to have a greater reputation for running stores, though their turnover is by no means comparable to that of famous stores abroad. The small States of Cochin and Pudukottah have about 10 stores each with transactions of over a lakh. Travancore has more than a dozen stores, though half the business is done by the one at the capital city, Trivandrum, with sales to the extent of Rs. 1 lakh annually. It has a fine building of its own and a few branches; its guiding spirit was an enthusiastic member of the T. U. C. S. Mysore State has, next to Madras, the largest number of stores and volume of transactions. There are about 90 in all with sales amounting to about Rs. 14 lakhs per year. Several of them have banking as a side-line, while 25 urban banks have stores as a side-line. Sales are effected for credit as well as for cash and some things besides groceries are stocked which are additional attractions that Madras stores do not offer. Mysore City has 3 societies with a membership of about 5000, while Bangalore City has 7 with a membership of 6,000.[19] These two cities are therefore as important as Madras in the total number of members they have each attracted, though the transactions are smaller. In fact, the Mysore State for its area and population has a greater development of consumers' co-operation than any other province or State in India.

Madras Presidency had in 1933-34 as many as 150 stores but of these 89 were college or school stores selling books and stationery for Rs. 89,000. The stores proper were 61 in number with sales for Rs. 27 lakhs, but of these 8 lakhs were of the T. U. C. S., whose sales exceed those of all the stores put together in any other province or State except Mysore. Outside the city of Madras, however, there are only a few stores of any considerable size located in Coimbatore, Madura, Salem and Trichinopoly. In the smaller towns it is no doubt difficult to find a large salaried class of people or others with steady income, prepared to pay cash all through the year. Besides several staple commodities produced in the neighbourhood can be bought at the threshing-floor or at the market place in the season of abundance after harvest. Whether their other requirements call for a co-operative store is perhaps debatable, unless a very large number is brought within the fold. Even in the larger towns, the success of stores is said to be not a little due to the large and steady custom of hostels and *devasthanams*. We are not convinced however that a fair trial was ever given and enough propaganda done.

South Indians have a reputation, such as it is, for organising and managing stores not only in their homeland but also in some of the great cities to which they have migrated in West and North India, e.g., Bombay, Karachi, Delhi, Simla, Nagpur, Calcutta and Rangoon. Here are some tributes paid by Registrars of provinces where South Indian stores have been almost solitary successes. The Registrar of the Punjab in 1933 spoke of the 'Madras Club' in Simla, one of the two successful societies in the province as 'another well-managed and successful society, which deals on a strictly cash basis in a wide variety of household requirements' and added 'the Madrasi is particularly successful with societies of this type.'[20] Of the South Indian Consumers' Society at Matunga, Bombay, successive Registrars have spoken highly. 'Members are very loyal, there are competent honorary workers on the Committee' (1930). In 1932, the Registrar wrote of the Society "... run on lines similar to the Triplicane Stores, ... owes its success to the vigilance and zeal of the office-bearers."[21] Success is perhaps partly due to the members being residents in a new suburban colony living in a small and compact area with strong communal ties and not tempted by the *Dhanewala* (provision dealer) who is ubiquitous in the city. It is open to other colonists to make similar attempts.[22]

RISE AND PROGRESS OF THE T. U. C. S.

Indeed the model and inspiration for attempts elsewhere was supplied by the Triplicane Urban Co-operative Society known as the

T. U. C. S., or even more familiarly as the Triplicane Co-operative Store, which was its roiginal name before registration. It was founded on the 9th of April 1904 prior to the passing of the first Co-operative Societies Act in 1905. Its fame has now spread far and wide, far beyond the confines of the City. The story of the T. U. C. S., has been often told in Indian co-operative literature and repeated in co-operative circles. A detailed history is given in its Silver Jubilee Souvenir volume published in 1930. It is not necessary to repeat it here but a concrete idea of the progress it has made in several directions can be had from the figures appended (Table II). The beginnings were after all quite humble, as those of Rochdale but for the intellectual eminence and the social status of the fourteen founders, the fame of some of whom has since spread much wider. They were not to be compared with the 28 poor unlettered flannel weavers, though their devotion to the latter was unbounded and they followed in their foot-steps in respect of the methods of business, of propaganda and passion for service to neighbours. In the words of a Pioneer, the Triplicane store was first located in a 'cowshed' at a rent of Rs. 2-8-0 per month with a membership of 14 and share capital of Rs. 310. They began business with a borrowed pair of scales and for staff they had an accountant and a salesman, each on the magnificent salary of Rs. 8 per mensem!

Progress, however, was rapid as figures will show. In the first 5 years, there was slow and cautious expansion; in the next 5 years, it was accelerated. Just before the War, membership had gone up to 3,000, branches to 14, share capital to Rs. 37,000 and sales to Rs. 6.4 lakhs. During the years of the war, there was neither progress nor deterioration. But in the post-war period of 12 years, membership and branches were nearly doubled—to 6,000 and 25 respectively and sales shot up to Rs. 12 lakhs, thanks to high prices, until the depression set in in 1930 and development was arrested in certain spheres but not all. On the 30th of June 1934, there were 26 branches, 5,735 members, sales had been done up to nearly Rs. 8 lakhs in the year, the lowest figure recorded in the last 12 years, and share capital declined to Rs. 92,000. Reserve Fund and Common Good Fund have steadily grown to Rs. 94,000 and Rs. 37,000 respectively.

The Society has, however, attempted in this period of depression a marked improvement of its supplies in a few important lines. It has for the last four years its own staff in Nellore district for the purchase of a fine variety of paddy directly from producers, milling the same in a mill leased by it and despatching the rice to Madras by boats on the Buckingham Canal. The 'T. U. C. S. rice' has now a reputation unequalled by any rice sold in the bazaar as it is common knowledge that

this is all adulterated with Tenali rice in Nellore itself. The Society charges a slightly higher price (4 to 8 annas a bag of 32 measures) than the market, but which leaves only a narrow margin over cost price. It has in the last 4 years refrained from buying ghee which is most susceptible to adulteration, thanks to the advent of 'marvo' and other brands of vegetable ghee from abroad, and been getting butter from a few well-known up-country merchants. The butter sent by the latter and the ghee melted have not always given satisfaction to members. Therefore the Society has recently stationed its own staff at Gudivada (Krishna district) for the purchase from producers round about of butter, a really difficult commodity to deal in. It is powdering Mysore soap-nuts (Cheekai) in a private mill in the city but under its own supervision, and thus ensures purity in a notoriously adulterated article. Another important commodity, gingelly oil, of which nearly 1,000 tons are sold per month by the Society, beats the record for liability to mixture. T. U. C. S. has suffered not a little in reputation by its inability to guarantee purity, as it has had to deal with merchants. It has therefore recently resolved to set up its own power-driven mills and manufacture gingelly oil which though may have to be sold at a slightly higher price, is sure to be demanded in larger quantities.

The strength of the salaried staff of all grades is nearly 130 today—apart from casual labour employed—and they have a Provident Fund which stood last year at Rs. 55,000 to which the Society has also been contributing. The T. U. C. S. owns not only a big premises for its Head Office and godowns with a fine big meeting hall above, but half a dozen of its branches are located in its own buildings and it is planning to build for half a dozen more.

HUMAN MATERIALS IN MADRAS.

The existence of an oasis like the T. U. C. S., in a vast desert, so far as consumers' co-operation is concerned in India, has been a puzzle to text-book writers and co-operative administrators in the country as well as tourists from outside. Some of them have been at pains to explain the causes of its success. But an analysis of them leaves us unconvinced as to any exceptional economic circumstances or even human materials that Madras possesses. Mr. R. Boyd hits best when he says "It is not easy to say why this store should have succeeded and so many others have failed. The success is due probably to a combination of factors" of which he cites eight as important.[23] A handsome tribute is paid by him and others to the work of the Pioneers who had to work against odds in the initial stages and did not mind, in spite of their social status, taking in emergencies a hand in the actual sale of goods to members, nor the inevitable criticism that was quite early in coming, in the faith finely expressed by one of them "good work is but the mere discharge of duty which deserves no special recognition. Bad work alone requires any notice at all." [24]

Some of the writers seem to believe—what would provoke an ironical smile among the members of the T. U. C. S., old as well as new —that there has been an unbroken succession of able, enthusiastic and self-sacrificing men on the management. For instance, Mr. L. Gammans says, "In view of the almost universal failure of co-operative stores in the East, it is interesting to attempt to speculate on the reason for success of the Triplicane Stores . . . seem to have been extremely fortunate in the selection of the governing body. They have been able to obtain the services of men with business experience and knowledge who were prepared to give up their spare time ungrudgingly for the benefit of the members." [25] This would be an extravagant claim to make of more than a few Directors at any time, and not even the Pioneers possessed business knowledge or experience. In fact, they were either teachers or officials and were innocent of the business world; they were idealists who are generally put down as bunglers in business. But they had "implicit faith in action and persistent propaganda with a view to awaken the consumer to the mighty potentialities lying in his purchasing power." [26] Most of their successors have been wanting in this apostolic fervour and with the growth in membership could not have that direct touch with members and meet their wants or criticisms. Nor have more than a few been steeped in the mysteries of business. While this ought not to be prescribed as an essential qualification for the Directors as they are there to decide policies leaving the work of purchase or production to be carried on by technically trained and efficient staff, it is necessary with the growth of the volume of business and its complications that there should be on the Directorate a sprinkling of men with knowledge or experience of business so as to be able to supervise the work of the staff and who may also be paid an allowance for the same.[27] A South Indian imagines that it should be quite easy to find such men in Bombay or Calcutta; but perhaps co-operatives could not attract them because of the ampler scope for such talents in private enterprise.

Nor can the staff in T. U. C. S. be said to be particularly efficient or picked men. The complaint is all the other way, though this is not without exaggeration. It is no doubt easier to get educated employees on lower pay in Madras, lower than in Bombay or Calcutta; but cheapness is often at the cost of efficiency. On the other hand, unfair comparisons are made by members. The T. U. C. S. is charged with paying more than the retailer, who sweats his men or winks at their lapses and does not expect them to write up elaborate accounts and maintain a number of books. The employees cannot be loyal or enthusiastic with the modest scales of pay or the prospects in the Society. But as long as the turn-over per employee of sales is quite so small (Rs. 500 p. m.), even if it be for no fault of his own, and the total transactions are as bad as last year's, it is futile to think of improving their prospects. The attitude towards employees of several members, and even of some Directors, requires a radical change, if their lot should be improved and efficiency brought about. If they but knew the democratic ideals for which the Rochdale Pioneers stood, the feeling of comradeship among Directors, the staff and the members would not be long in coming.

It is held that the mere growth in membership, by some reason or other in the early stages and some later periods, does itself ensure steadiness and permanence to the Society. The disloyalty of a considerable number, of as many as even half the members as it happens now, does not shake this Society; for the loyalty of 3,000 is there. While this ensures permanence but not growth, largeness of nominal members on the rolls brings problems of its own, in administration and deliberation in general body meetings, even if such members have been deprived of their vote. What is needed is a more representative assembly.[28]

Another cause of success cited is that the members belong to 'a fairly well-to-do and intelligent middle-class,' who can grasp the principles of co-operation and have enough of the spirit of mutual help and loyalty to an institution. This perhaps accounts for even as much loyalty as remains, inspite of severe criticism of management. But it is more a matter of convenience than any high conviction that keeps many well-to-do members loyal. Fixed price, correct weights and receipts are guarantees to members who send servants to buy, though they may not be pleased with quality. On the other hand, servants, if given some freedom, do not prefer the Society to the private shop with its 'hand-over' of something. There is not much of idealism in the lower middle-class who are too calculating to care for quality, or would like to pick and choose or be attracted by credit given. In fact the educated middle-class as much as the aristocrat has been the despair of co-operators in other countries, though the logical development of consumers' co-operation must embrace that class as well.[29] By the way are there no such intelligent and well-to-do middle-class in other Indian cities?

ECONOMIC CONDITIONS.

The most repeated cause given for the general failure of stores in India is the narrow margin between the wholesale and retail prices in the market in contrast to the large margins, ranging from 25 to 100 per cent. in Great Britain, for instance. There are too many small traders in this country thanks to the few other openings available for the growing number of educated young men, while the old set of traders have been content with small margins and low standard of living though seemingly low prices are made up for by adulteration or short weight. But it is a delusion to believe that Madras is free from this feature and that the T.U.C.S. can fix a large margin and sell at market price [30]. In fact while in Mysore stores the gross profit is estimated to be 9 per cent on turnover, it is only 6 to 7 per cent at the most in the T. U. C. S. and it was a wonder to a British co-operator like Mr. McDougall how the Society was able to carry on in the circumstances [31]. He also appreciated the Society's dealing in loose and raw provisions, mostly produced within the country which is undoubtedly more difficult than selling imported goods, processed and packed in which the British societies are generally dealing. It redounds not a little to its credit that in spite of such handicaps it should have laid by so much of Reserve Fund and Common Good Fund after the payment of interest on share capital at 6 per cent. so far, and dividends amounting to nearly Rs. 2 lakhs.

The provision of credit facilities by the Society is said to act as a bait to members. This is an unkind though unconscious cut at the Pioneers who were obliged to tack on credit for the sake of registration, and who induced members to deposit funds in advance to be utilised for purchase. Credit was in fact later utilised only by 10 to 15 per cent of members and though the ostensible purpose of loan was purchase of store goods, there was no such insistence and loans were in practice not conditional. The withdrawal of credit facilities in the last two years has led only to a slight decline in membership; and sales to such members were negligible.

On the other hand insistence on cash sales has been, in the view of several observers, the golden rule that has saved the society from the disasters that befell societies elsewhere, e.g. Bengal, though in Mysore it is doubtful how many stores will retain their strength if cash were insisted on. Where membership has been so heterogenous as in Madras, cash-trading is no doubt the safest rule, but sale on credit in the 'season' of abundance of some staple foodstuffs may conduce to the convenience of members and draw some custom away from the shops. Credit sale is no longer taboo in higher co-operative circles abroad and cash trading is not elevated into a principle, though it is a safer practical rule of business.[32] But playing for safety has become a necessity in our democratic institutions, where discrimination between members is difficult.

DRAWBACKS AND DEFECTS OF T. U. C. S.

None is more conscious than the writer of this paper of the drawbacks and defects of the T. U. C. S., some of which have been incidentally dealt with above and others may be summed up here. This premier society has after 30 years not been able to attract more than 6000 members in the city which has over 6 lakhs of population, i.e. it caters to 5 per cent of the citizens, at the rate of 5 members to a family on an average. We talk of its unwieldiness and necessity to decentralise, when amalgamation is the order of the day in the West and societies with over 100,000 members each catering to 75 per cent of citizens are flourishing. The T. U. C. S. has not touched the working classes, though in the West the movement was not only founded but is even now almost entirely supported by such classes. Most of our workers, however, are too ill and infrequently paid in unorganised industries and trades and are not easy to deal with as a general rule. But there are exceptions; no propaganda is done to draw them in. A sort of travelling depot selling labourers' requisites in different *cheris* in the city on different days has just been mooted.

The transactions of the T. U. C. S. are a bagatelle by the side of those of the British societies. The dividends on purchase are insignificant—1 to 3 pies in the Rupee, while 2 to 5 shillings in the £ have been common in Britain. The non-material services are confined to the running of a reading-room in every branch while the library at the head office is a miserable affair. In fact apart from Branch Day celebrations of late and a monthly Bulletin, no propaganda is done by way of consolidating the position, not to speak of expansion on new lines. The Directors are most of them too busy with their own affairs to be able to spare time for this, over and above what is needed to look into papers or examine commodities or arrange for distribution of goods and such other current questions. It is enough job to meet the propaganda done against the Society by the members themselves at the General Body meetings, which often become stormy though attendance is by no means representative. An attitude of self-defence is developed by the Directors which is not congenial to progaganda and time is spent in meeting criticisms which are some of them quite justifiable and are due to red-tape methods or inadequate staff: complaints of delay in supplying goods to branches, in answering enquiries by members and in meeting of bills by merchants.

But the most persistent complaints are with reference to quality of goods supplied and the prices fixed by the Society. While it is possible to make better purchases by getting better paid and expert staff and to study prices and alter such as necessary more frequently than once a week, the best efforts made by the Society would be of no avail in the chaos of all sorts and qualities of goods in the market without any authoritative grading or standardisation or a complete checking of adulteration by the State. The Society cannot face cut-throat competition of private shops that can vary prices for the moment and according to customers, though it must be acknowledged that some of the better ones have adopted some of its good points, like issue of receipts and fixed prices—'a matter for co-operative triumph rather than a co-operative victory'.

HOPES FOR THE FUTURE.

The high hopes held of the T. U. C. S., that it should extend not only its lines of distribution, of clothing, foot-wear, fuel, etc., but also launch on schemes of production of a number of articles and besides convert itself into a wholesale not only for its existing city branches but for all stores in the Province and for South Indian stores in North India, and that it should link itself with agricultural producers' societies, with some of which it has not had happy dealings but many of which do not deal in foodstuffs—these hopes are not likely to be fulfilled without a reform of the constitution of the Society, without greater goodwill and co-operation on the part of members, more energetic work and wider outlook on the part of Directors, and a more enthusiastic and expert staff.

If in spite of the handicaps above stated and the absence of any exceptional circumstances in Madras the T. U. C. S. has succeeded, there is hope for improvement in other Indian cities and large towns as well. We may close this long paper with the words of a Pioneer: "It is no use crying down the movement as a failure because those who cry it down are to be considered not helpers but the highwaymen of co-operation who unlike the highway men of the road ask us to stand and deliver not our goods but our hope."

STATISTICS OF SOCIETIES IN GREAT BRITAIN.

In Great Britain there were in 1934 nearly 7 million members in Distributive Societies which numbered 1,150 and had a total trade of £200 millions. The Co-operative Wholesales supplied goods to the value of half of this and produced in their own factories and workshops goods to the value of £12 millions covering a wide range: flour, biscuits, chocolate, butter, cheese, bacon, margarine, cotton and woollen clothing, boots and shoes, soaps and drugs, glassware, cutlery, furniture, cycles. Some of the bigger societies had their own production departments. All the consumers' societies together employed nearly 271,000 persons (139,000 in distribution, 132,000 in production) paying them £35 millions. The Wholesales have developed banking and insurance departments and own tea estates in India and Ceylon with an annual crop of 6 million lbs.

TABLE I.

Purchase and Purchase and Sale Societies—Non-agricultural *

Provinces.	Limited.	Unlimited.	Total.	Sales of goods to members.
				Rs.
Madras ..	167	12	179	19,06,631
Bombay ..	43	..	43	8,47,657
Bengal ..	55	..	55	3,58,662
Bihar and Orissa ..	13	..	13	3,56,295
United Provinces ..	13	4	17	71,554
Punjab ..	10	..	10	4,67,331
Burma ..	6	..	6	76,522
C. P. and Berar ..	12	..	12	2,84,814
Assam ..	18	11	29	1,50,433
Coorg ..	7	..	7	43,835
Ajmer-Merwara ..	2	1	3	2,83,930
Hyderabad ..	5	..	5	18,498
Total (Br. India) ..	351	28	379	48,66,162
Mysore ..	88	1	89	13,62,340
Baroda ..	26	..	26	1,64,419
Hyderabad ..	12	72	84	2,16,507
Indore ..	6	..	6	10,360
Travancore ..	17	..	17	2,29,759
Cochin ..	10	..	10	1,11,743
Total (Indian States) ..	159	73	232	20,95,128
Grand Total ..	510	101	611	69,61,290

* From *Statistical Statements relating to the Co-operative Movement in India in* 1932-33.

TABLE II.

Progress of the T. U. C. S., Ltd., at intervals of 5 years from 1904 to 1934.*

Period.	Members.	Branches	Share Capital	Total Sales of Goods	Net Profits	Reserve Fund	Common Good Fund	Dividends Paid	Employees' Provident Fund	Establishment and rent charges	No. of Employees.
Opening day, 9-4-1904	14	1	310	..	..	..	..	..	..	..	2
Year ending 31-3-1905	184	1	1,160	19,942	765	259	193	360	..	250	6
1-7-1908 to 30-6-1909	1375	8	11,969	4,41,473	7,519	6,439	5,407	3,318	..	6.531	50
„ 1913 to „ 1914	2739	14	37,343	6,40,644	18,252	24,026	14,904	8,189	1,635	16,369	86
„ 1918 to „ 1919	3559	15	54,566	9,34,099	26,601	51,555	26,484	11,404	9,681	20,006	106
„ 1923 to „ 1924	3935	18	59,325	8,72,131	23,268	64,620	30,614	14,313	22,479	38,510	109
„ 1928 to „ 1929	5780	25	1,00,703	11,15,127	2,366	84,196	36,798	..	42,088	49,464	125
„ 1933 to „ 1934	5735	26	92,264	7,91,884	8,258	93,872	36,835	2,102	54,945	47,024	128

* Compiled from the half-yearly reports of the Society.

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MADRASEES' CO-OPERATIVE STORES OUTSIDE MADRAS

BY

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In spite of the sneering remarks of Carlyle about the inexorable law of supply and demand, this statement of an undoubted fact is true to-day as it was in the time of the Sage of Chelsea ; only we have realised the tentative nature of it more than his contemporaries. When we reflect upon the comparative paucity of co-operative stores in India, we are irresistibly reminded of this and are led to conclude that perhaps there is not so much of genuine need for a co-operative store movement in India as much as there is for the co-operative credit movement.

In countries like England where there are many people with moneys to spare and where owing to a well developed system of banking cheap money is available to any one who has reliable character, the need for co-operative credit is not perhaps great. But in a country like ours where the average man is heavily indebted and is prepared to look upon the creditor who lends him money at 18 per cent as a great benefactor, the need for co-operative credit societies that offer comparatively cheap money is very much greater. The tables are turned when we take up the question of consumers' societies. It is well-known that England produces barely 10 weeks' requirements of her food and has to depend for the maintenance of her population upon imported food from Canada, Russia, Australia and New Zealand. It is also equally well-known that the difference between wholesale and retail prices regarding many articles of food is very high in England ranging from 25 per cent to even 100 per cent. Therefore, England offers a better soil for the starting of the consumers' movement than India, where our wants are few and most of the people consume the articles produced in their immediate neighbourhood, which economic arrangement does not give room for a long chain of middlemen standing between the ultimate producer and the ultimate consumer.

But even in India, the case is different when we take up the floating population in big cities, which section has to depend upon imported food-stuffs. When, added to this, we remember that amongst this floating population, there is a large element of enlightened people, who are

able to think and act with a certain amount of altruism, we find all important elements necessary for the successful working of a consumers' movement are present in big Indian towns and that is why the consumers' movement flourishes, if at all, in our cities and not in the rural parts.

Madras has the unique privilege of having started the famous Triplicane Urban Co-operative Society, the one outstanding example of successful co-operative stores run by Indians ; and Madrasees, wherever they are, in other parts of India, carry with them " the Triplicane spirit " and are able to run successful stores in their colonies.

There are such colonies of South Indians in Poona, Bombay, Karachi and Delhi and in all these places, stores are being run by South Indians more or less with uniform success. The present writer is not acquainted with the store activities of South Indians in other parts of India. For aught he knows, there may be equally successful stores run by South Indians at Lahore, Allahabad, Benares, Calcutta, Nagpur and other places. He would like to confine his remarks to the Stores with which he has intimate and direct acquaintance.

Among the stores run by South Indians outside the province of Madras, the premier position is occupied by the South Indian Co-operative Store at Matunga, Bombay. It has got, according to the latest half-yearly report available, for the half-year ending March 1934, 680 members and it did business to the extent of Rs. 40,000. On an average we see that an individual member's purchase comes to about Rs. 10 per month, which is not a high figure. Perhaps in Bombay as in the famous Triplicane Stores, there are many members whose loyalty to the stores is not very intense.

There are some peculiar features of the Matunga stores which deserve special mention. Most of the members being employed in public institutions where their presence is necessary early in the morning and where they have to toil on till late in the evening, do not find time to do shopping themselves, and this peculiarity has necessitated the development of a special feature of the Bombay stores, namely, the practice of members placing orders with the accountant of the stores and the store authorities supplying the articles at the members' quarters in accordance with the orders placed. Another and equally interesting feature is that members are allowed to have deposits with the store and whenever they place an order for articles, adjustment is made towards payment from the deposits so that the member is saved the worry of taking cash every time he goes to the stores. These two features of the

Bombay store movement deserve to be copied by other stores and even the T. U. C. S., the premier store in India, has got to learn these lessons from its offspring at Bombay.

The Registrar of Co-operative Societies in Bombay has often referred to 'the Triplicane spirit' of the South Indians who run this store so successfully. We in South India who have an intimate knowledge of the Triplicane Stores can read into this statement more perhaps than was meant by the Registrar; because 'the Triplicane spirit' has got not merely a complimentary side but another side, the very reverse of it. Those who have attended the general body meetings of the Triplicane Stores know how much of avoidable wastage of time and energy often characterises the meetings, how there is an air of suspicion, and the Directors in spite of the best efforts they put forth do not often command the complete confidence of their clients. Too much of attention is given to small details, while important ones are neglected. These peculiar features which also go with the Triplicane spirit are, it is regrettable to note, to be found in Bombay as well. Half-yearly meetings convened to adopt the reports of the directors have been noticed to be going on for days together being adjourned from one Sunday to another and on certain occasions to four or five consecutive Sundays.

There is one other interesting feature of the Bombay Store which makes a student of the consumers' movement to pause and reflect upon what may be called the natural development of the store movement within a given area. It is well-known that in Madras, soon after the first store established in Triplicane worked successfully for a short period the need was felt for the starting of similar stores in other parts of the city, and Mylapore was the first to formulate its demand. If the pioneers of the Triplicane Stores had told the Mylapore enthusiasts " we shall place our own experience at your disposal and shall help you to the maximum extent possible, but start a separate store and try to run it yourself " and if such advice had been given and taken, Mylapore would have started a small independent store and in its wake other parts of the city, where there are at present branches of the Triplicane Stores, would have also started, similarly, independent stores so that at the present time, things would be quite ripe for the formation of a federation of these independent stores. The ideal of a co-operative wholesale is always held up by students of co-operation as the next step to be taken after the successful working of co-operative retail stores and in the absence of proper facilities for the starting of a co-operative wholesale in the province of Madras, that is, in the absence of independent stores which show a desire to federate themselves into a wholesale, enthusiasts very often suggest that the 26 branches of the present Triplicane Stores

might be declared independent units and refederated into a wholesale. The problem would have been easy if these 26 branches had independent history and started and flourished as separate units. But that was not to be. Mylapore to start with and other parts of the city in due course, were helped by the Triplicane pioneers not in the matter of starting independent stores of their own but by the granting of a branch of the Triplicane Stores so that now the problem is, at least from the point of view of some co-operative thinkers, decentralisation or how to give autonomy to the branches.

Curiously enough, this line of development, namely, a successful store trying to have its branch in another area instead of advising the inhabitants of that area to start an independent store, has been repeated in Bombay as well; and when after the successful working of the G. I. P. Matunga Stores, the South Indians in its neighbourhood, that is, Matunga, B. B. & C. I and later on the South Indians of Khar Road, wanted to have the benefit of the store movement to themselves also, the promoters of the successful store of Matunga, G. I. P. did not help them to start independent stores, but allowed a branch of their original store to be started in these two areas.

Students of the co-operative movement in India would find this tendency manifesting itself not only in Bombay and Madras, but in Madura, Coimbatore and in Trivandrum, where similar successful stores have had the same history, so that it looks as if within a given area, the line of development seems to be most naturally the growth of a central organisation with a number of branches and not the starting of independent stores to be federated later on into a wholesale for the area. So much about the line of development.

The Poona Store is of comparatively recent origin and in point of strength and transaction of business, it is much weaker than Bombay, and it is hoped that it would avoid some of the pitfalls into which Bombay and Madras have fallen and will develop along healthy lines.

The Store at Delhi is working successfully, so far as the business aspect is concerned, but the one weak point is that most of the members are officers of the Central Government and some of them have joined the Store more as matter of condescension and patronage to the institution than out of necessity actually felt by them. But, so long as there is a large number of middle classes, upper and lower, who stand to gain by the store movement, the success of the store is assured inspite of this aristocratic element.

The flourishing seaport of Karachi has a small South Indian population and true to their tradition, they have started a co-operative store.

This store is working quite successfully and the defect pointed out above with regard to the Delhi store, i.e., the presence of a large number of indifferent members who are socially and economically higher than the masses of members is fortunately absent in Karachi. The Store bids fair to succeed very well.

Lest the South Indians should run away with the idea that they alone monopolise the peculiar gift of running successful stores, let us remember that there are other stores also in India, the most important of which is the one run in Bombay by the B. B. and C. I. Company for the benefit of its employees. This successful experiment might perhaps be considered to be somewhat official-ridden. But there is in the city of Bombay itself, another institution which is run, not by the stronger sex, but exclusively by ladies. The institution referred to is the Co-operative Stores run by Guzarati ladies; and though the present writer had not the fortune to visit the institution, Mr. V. L. Mehta of the Provincial Co-operative Bank of Bombay was kind enough to send him a copy of its annual report, from which it is clear that the ladies are running the institution successfully and on proper lines. That shows that the consumers' movement has not been given a fair chance and started under proper auspices and worked by proper persons, men or women, it is bound to succeed. May the gospel of consumers' co-operation spread more and more in the land!

REVIEWS

THE PEOPLE'S YEAR-BOOK, 1935. C. W. S. Manchester.

The People's Year-Book issued by the Publicity Department of the Co-operative Wholesale Society, Manchester, is an annual which is indispensable to students and workers in the consumers' movement, who are anxious to bring their knowledge up-to-date. It is replete with information and instruction in concise form on all phases of the movement, in various parts of the world: statistics of the growth of societies and their transactions, the relationship between the State and Co-operation, the effects of taxation and tariff policies on societies, the attitude of private trade, select bibliography, etc. We only regret that India which used to find a place, though brief, in previous Year-Books is left out in this latest, perhaps because "There is little distributive or consumers' co-operation" in India according to them. We find also some articles on some aspects of the movement by authorities on the subject, such as 'Marketing Schemes and the Consumer' by Rt. Hon. A. V. Alexander, 'Science and the Consumer' by A. Glover, and 'Consumers' Co-operation in the Co-operative Commonwealth' by C. B. Purdom.

The People's Year-Book, though primarily concerned with the co-operative movement, is not confined to it. It strives to live up to its comprehensive title by its treatment of the problems of the people in every aspect of their lives. The contents of this latest Year-Book have been "re-designed to make it an ideal reference book for all who take citizenship seriously, and wish to know the why and wherefore of social, economic, political and cultural matters". We thus find an account of the doings of the British Parliament and the activities of political parties and their programmes; an article on the Trade Union Movement by the General Secretary of the T. U. Congress; a statistical review of the social conditions of the people, their health, housing, wages, cost of living and prices, education, etc. Readers will no doubt be attracted by the special articles by distinguished writers on such topical problems as 'Russia and League of Nations' by Sir Norman Angell, 'A Century of Local Government' by Dr. W. Robson, 'The Defeat of Democracy in Central Europe' by Dr. Theodore Cassau, a great German writer on Co-operation, now an *emigre* in the Nazi regime. Neat little sketches on current literature, drama, cinema, music, architecture and photography adorn the book as well as a number of fine photographs, many of them depicting last year's events. The reduced price of 1 shilling per paper-bound copy is a marvel of cheapness for such a splendidly got-up book.

K. C. R.

YEAR-BOOK OF AGRICULTURAL CO-OPERATION—1935: By the Horace Plunkett Foundation. (P. S. King & Son, London. 12sh. 6d. net).

The Year-Book published by the Horace Plunkett Foundation for the last ten years has served as the best medium for annual stock-taking by emnient authorities of various phases of agricultural co-operation in several parts of the world. It is not every year that every country is dealt with but a systematic reader of the last few year-books would have missed little of importance in any part of the world. An exhaustive bibliography of all literature on agricultural co-operation published in recent times and smart short reviews of books, surveys and reports brought out in the last one or two years on co-operation and allied subjects are bound to be of great help in the selection of books for any co-operative library. Salient features of legislation affecting co-operative societies passed in the last year in about 30 countries have been set out in a separate section as usual.

The leading contribution by the Foundation is on "Planning and the Consumer" in which the attitude of both Producers' and Consumers' Organisations is critically reviewed. The former is taken to task for its short-sighted support of all State 'plans' and the latter for its uncompromising opposition to any plan and its coqueting with traders with a view to put down producers. It is hoped that reason will prevail with both sides of the movement and the attempts at rapprochement between them will be crowned with success.

Dr. N. Barou's paper on "Co-operative Insurance" is a trenchant exposure of the subtle ways of extortion by capitalist insurance companies supported by telling quotations from Parliamentary papers. The milder methods of profiteering by the so-called mutual assurance societies are also revealed. The principles of co-operative insurance are explained and their benefits summed up, after a brief reference to the various types of existing organisations—among which agricultural insurance is most widely spread, though not in India.

The attention of Indian readers will naturally be most attracted by the fairly long account (nearly 35 pages) given of the movement in India by Khan Mohd. Bashir Ahmad Khan, Secretary of the All-India Co-operative Institutes' Association, whose organ this Review is. It is a simple and straightforward narration of events in India, with a few

running comments which are generally fair. What pains our Secretary should have taken to collect the data necessary for such an elaborate country-wide account, only students of co-operation in India can know. One has to turn to more than a score of Provincial and State administration reports on Co-operation to get an all-India picture. In spite of all set-backs to the credit movement and the snail's pace at which non-credit activities have progressed in India, our chronicler, true to his co-operative faith, adopts an optimistic tone. He is naturally proud of the achievements of his own province, the Punjab, which, generally speaking, leads in many respects. He gives a glowing account of the co-operative consolidation of holdings effected in the province; he does not seem to be much perturbed by the Punjab lagging far behind Bombay in co-operative marketing and coming nowhere near Madras in respect of land mortgage banking or distributive co-operation. We should also enter a caveat against his commendation of the Central Advisory Board with the functions and constitution proposed by the Government of India. We fail to see the necessity for such a semi-official Board, if the All-India Co-operative Institutes' Association is to function as a real Information Bureau as every non-official federation does elsewhere. In his concluding remarks, Mr. Bashir testifies to the ability of the movement "to stand the test of depression with unimpaired credit and undiminished support."

Space forbids detailed references to the account of the movement in about 30 other countries. We in India cannot be interested in the working of several marketing schemes, except for the methods and principles involved, as most of them relate to products of animal husbandry —in the production or consumption of which we are far behind. Attention of readers may be drawn to the discussion of the Report of a Committee appointed in South Africa which is commended for "its unusually full and free treatment of the economic and co-operative theoretical questions arising out of conditions during the depression." Another instructive account is the one devoted to distributive co-operation in Sweden, where also a recent committee had reported. There is a brilliant sketch, by Robin Hood, of the impact on the co-operative movement of the alphabetical storm of new agencies—the F. C. A., A. A. A. and N. R. A. in U. S. A. Some of the contents of the "inexhaustible bag of tricks" with which capitalists, though unsuccessfully, fought against co-operatives are revealed to our gaze, and the moral is drawn which may have a wider application: "eternal vigilance is the price of co-operative safety." Sections dealing with co-operatively backward countries like Newfoundland, Malaya, Netherlands' Indies, China, Tropical Africa and French Colonies convey negative lessons of importance.

K. C. R.

THE FARMER AND HIS DEBT: By Anwar Iqbal Qureshi, M.A. (The Indian Rural Reconstruction League, London, 1934. 2sh. 6d. net. Agents: The S. S. Book Emporium, Basavangudi, Bangalore.).

The enterprising writer of this booklet of 106 pages has done a distinct service by bringing together in such a small compass the main features of recent legislation in Australia, New Zealand and South Africa, intended to relieve agriculturists of the crushing burden of debt intensified by the catastrophic fall in prices in the depression. Mr. Qureshi took the trouble of visiting the above countries to study at first hand the working of these pieces of legislation. We find in each case the digest of legislation and an official summary of the working of these laws. The thorough-going character of several of these measures, the readiness of the State to place its own revenue, the rates and taxes, below the claims of the human needs of the borrower and the claims of creditors offer a study in contrast to the attitude of the Governments in our country who will not forego easily their revenues, nor disturb vested interests except in the last resort.

It is no doubt difficult to apply the solutions of countries with large estates and enterprising farmers to ours where the peasant-proprietor or the tenant-cultivator toils on tiny and fragmented holdings. Mr. Qureshi would solve our problems of debt-adjustment by the creation of 'impartial tribunals' composed of leading men belonging to 'the agricultural classes' who would grant Protection and Clearing Certificates freeing the debtor from the obligation to pay in full or making arrangements to clear off the debts from the proceeds of the sale of the surplus land and stock which he has over and above the requirements of his family. Fine principles these! Even if there be agreement on these principles of debt-redemption, it would be difficult to find impartial men in many cases. It would be invidious to define agricultural classes; and it is seldom we find *surplus* land and stock with our farmers. It is indeed strange that neither Sir Bupendranath Mitra who writes a foreword nor Mr. J. Coatman who introduces the author sponsors any particular proposal made by him.

Mr. Qureshi is unduly harsh on the Hindus, because in the Punjab the community containing the majority of money-lenders resisted 'such a simple measure as the Money-Lenders' Accounts Regulating Bill'. He naively accuses the national press and the National Congress as harbouring an antipathy to agricultural interests and of sympathy to big industrialists for whose benefit an obliging Government has imposed heavy duties on imported goods—'tariff walls even against Great Britain'—at the expense of the consumers, who are mostly agriculturists. These unwarranted reflections apart, the author has supplied us interesting data in a digested form for comparative study in connection with schemes of debt-redemption in our country. And the brochure is quite nicely got-up.

RAM.

LAND MORTGAGE BANK: By S. K. Chatterji, M.Sc., B.L., and A. F. M. Abdul Rahman, M.L.C., Directors of the Bengal Provincial Co-operative Bank, Ltd. Published by the Bengal Provincial Co-operative Bank, Ltd., Writers' Buildings, Calcutta. pp. 212. Price 10 annas.

Mr. S. K. Chatterji and Khan Bahadur A. F. M. Abdul Rahman were deputed by the Bengal Provincial Co-operative Bank in 1933 to study the system of the Co-operative Land Mortgage Banks in the Madras Presidency and make their recommendation regarding the feasibility of the proposal or otherwise in Bengal.

In addition to the Madras system, one of them also looked into the working of the Mysore Land Mortgage Bank. They also secured the papers relating to the Travancore Land Mortgage Bank. As a result of their study, they have produced this useful book.

It contains an illuminating account of the system of Mortgage Banks in Madras, Mysore and Travancore. There are a number of recommendations about the establishment and successful working of Land Mortgage Banks in Bengal.

The addition of the twelve appendices has enhanced the utility of the report. At a time when the question of the introduction of land mortgage banks is engaging the attention of various Provinces and States in India, this book should prove very helpful.

BASHIR.

THE UNITED PROVINCES CO-OPERATIVE JOURNAL, (Tenth Anniversary Number, April 1935).

We acknowledge with pleasure the receipt of the tenth anniversary number of *The United Provinces Co-operative Journal*, edited by Professor B. Mukerjee, Reader in Economics, Lucknow University. It contains a number of interesting articles on present-day co-operative topics and is well worth perusal. The articles on the role of women in the co-operative movement are particularly interesting. The strength of the co-operative movement in the West is in a great degree due to the intense interest which women take in the consumers' organisations. A similar development in India will be welcome not only in consumers' stores but in every other co-operative organisation as well. The problem of agricultural debt in the United Provinces dealt with in this number is of great topical interest. We congratulate the editor upon the very useful publication he has brought out.

MARKETING OF AGRICULTURAL PRODUCE

The following is a Resolution (No. F.—16—M.|34, dated the 10th January, 1935) of the Government of India in the Imperial Council of Agricultural Research Department:—

The reports of the Royal Commission on Agriculture in India and the Central Banking Enquiry Committee drew attention to the loss which occurs through the ineffective marketing of agricultural produce and put forward recommendations for improvement. The marketing of agricultural produce being mainly a matter of provincial concern, it is for Provincial Governments to consider what action, if any, they should take on the majority of the recommendations referred to but some are of All-India importance and application. The Central Banking Enquiry Committee pointed out the need for some central agency to advise and assist in co-ordinating provincial activities particularly in the case of agricultural produce intended for export and to give assistance to Provincial organisations by way of advice and research. It further recommended that this task should be undertaken by the Imperial Council of Agricultural Research.

2. Although they had accepted in general the recommendations of the Royal Commission on Agriculture regarding market surveys and the appointment of expert marketing officers in the Provincial Agricultural Departments and had in several instances taken such action in that direction as their finances permitted, Local Governments were in general deterred by financial stringency from making substantial progress. The Government of India, in view of the importance of improved agricultural marketing as an aid to the general economic recovery of the country came to the conclusion that a stage had been reached where action might usefully be taken to study in detail the all-India aspects of the problem and that substantial expenditure would be justifiable even at a time of financial stringency—if the position of Indian agricultural produce in world markets could be strengthened and greater advantage taken of the huge internal market for such produce.

3. Accordingly, Provincial Governments were consulted in July, 1933, and, on receipt of their replies, the Government of India placed the matter before the Advisory Board of the Imperial Council of Agricultural Research for an expression of opinion. In the light of the replies received from Local Governments the Board unanimously recommended action on the following lines:—

(a) The first step should be the appointment for a limited period of a highly qualified and experienced Marketing Expert with practical knowledge of the organisation of agricultural marketing in other countries of the Empire. This Officer and the necessary assistants should be on the staff of the Imperial Council of Agricultural Research and should undertake the investigation of marketing problems and formulate schemes for the improvement thereof, make recommendation as regards standard grades for the various commodities and advise local Governments and Provincial Departments of Agriculture generally in regard to agricultural marketing.

(b) Attention should be concentrated in the first instance on the principal commodities, and

(c) Local Governments should be invited to collaborate with the Marketing Expert, if appointed, by appointing provincial marketing officers.

4. The Government of India accepted the view of the Advisory Board and decided that a Marketing expert should be appointed on the staff of the Imperial Council of Agricultural Research for a period of three years. With the sanction of the Governing Body of the Imperial Council of Agricultural Research, Mr. A. M. Livingstone, a senior official of the Marketing Branch of the English Ministry of Agriculture, was accordingly appointed as Marketing Expert on the staff of the Council and took up his duties on the 28th April, 1934.

5. The question of agricultural marketing was also discussed at the Provincial Economic Conference held in April, 1934, and there was general agreement at the Conference that, of all practicable measures for improving economic conditions, an intensive programme to develop marketing facilities for agricultural products (both Crops and Livestock products) offers the best immediate prospects of substantial results. The Conference was of the opinion that action to be taken to deal with the main marketing problems should include propaganda and the supply of information in external markets regarding Indian products; the grading, sorting and bulking of the main staple products; special market organisation 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 establishment and development of regulated markets; the undertaking of market surveys for the purpose of developing a common plan throughout India and the establishment of properly organised 'futures' markets, commodity exchanges and warehouses.

6. As stated in paragraph 9 of their Resolution No. F.—16 (1)-F.|34, dated the 5th May, 1934, the Government of India decided to proceed on the lines recommended at the Conference which included the following initial steps:—

(1) The appointment of a Central Marketing Officer and staff by the Government of India.
(2) The appointment of Provincial Marketing Officers.
(3) The inauguration of Marketing surveys.
(4) The appointment of special committees for staple crops.
(5) Work on grade standards.

These recommendations broadly follow the recommendations of the Royal Commission on Agriculture which were endorsed in general by the Central Banking Enquiry Committee and steps will now be taken to give effect to them.

7. The question of establishing additional crop committees is still under the consideration of Government. In the meantime it has been decided, however, that the other recommendations should be given effect to immediately in accordance with a scheme of work prepared by the Marketing Expert Adviser in the staff of the Imperial Council of Agricultural Research. This work, which will be undertaken by a Central Staff in conjuction with Provincial Marketing Staffs, falls into three main divisions, viz:—

(i) Investigation work;
(ii) Development work; and
(iii) Work on grade standards.

The work to be done under these various headings may be summarised as follows:—

A. INVESTIGATION WORK.

This will include a series of marketing surveys with immediate reference to the more important commodities grouped as follows:—

I. *Crops.*

(a) Cereals (wheat, barley and rice),
(b) oilseeds (groundnuts, rapeseed and linseed),
(c) plantation and special crops (tobacco, fibres and fruit).

II. *Animal Husbandry Products.*

(a) Dairy products, etc. (milk and butter, eggs and poultry),
(b) Livestock, etc. (hides, skins and wool-livestock, meat and fish).

Certain general questions are also included within the scope of the surveys, viz., Regulated Markets, Marketing Organisation, the problems of Transportation, Storage and Preservation of the commodities dealt with, Standardisation of containers, etc.

The marketing surveys when completed will set out in detail the present system of marketing of the commodities concerned, not only in each of the provinces 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. The report on each survey will set out, in precise technical detail, definite suggestions for standard grades, containers, handling, methods of packing, contract conditions, etc. Without committing either the Central Government or Provincial Governments, these reports will also formulate proposals regarding any improvements in marketing organisation in the various areas which may appear to be necessary and practicable.

The work connected with the execution of these surveys will be shared between the Central and Provincial Marketing Staffs and the planning of the surveys, compilation of data and preparation of the reports will fall mainly on the Central Staff.

B. DEVELOPMENT WORK.

For each commodity the programme of development work must obviously depend on the results of the marketing surveys but will usually include the demonstration of any recommendations made as a result of the surveys with the object of informing both producers and traders of consumers' requirements and the popularisation of the recommended standard grades, containers, etc. In some instances some small packing stations may be organised (e.g., for eggs and fruits) to demonstrate the practicability of bulk sorting, grading and packing and the commercial advantages of employing the new standards.

More generally, development work will aim at securing the more extensive use of agreed commodity standards, the elimination of waste and the better organisation of producers for marketing purposes. This work will be done in the provinces and will probably fall mainly on the Provincial Marketing Staffs.

C. GRADE STANDARDS.

This will be work of a technical character relating to the chemical and physical characteristics of such products as oilseeds, grains, fruit, etc., and the testing of grading technique and equipment under practical conditions.

8. The Central Marketing Staff will consist of the Agricultural Marketing Adviser, seven Senior Marketing Officers and Marketing Officers and ten Assistant Marketing Officers and these officers will be allotted to commodities and groups of commodities in the manner indicated above. The planning, direction and interpretation of marketing surveys will be the responsibility of the Central Marketing Staff; work will be carried out in close co-operation with the provincial Marketing Officers. As regards Provincial Staff it is hoped that each Provincial Government will endeavour to appoint a Marketing Staff fully adequate to the needs of the province. In view of the urgency of the matter and so that the All-India marketing surveys may be as effective as possible, the Government of India have agreed to make provision from Central funds for a period of 5 years for expenditure by local Governments on a nucleus Provincial Marketing Staff consisting of a limited number of marketing officers of a junior grade. The several Provincial Governments have promised the Imperial Council of Agricultural Research that they will appoint their own Senior Marketing Officer, who will be in charge of the marketing staff working in the Provinces and co-operate in the work with the Central Marketing Staff or make other suitable arrangements for the purpose.

9. As regards finance, the Government of India have agreed subject to funds being voted by the Legislative Assembly, to meet for a period of 5 years the expenditure on the Central Staff as well as of certain staff in the Provinces. For this purpose the necessary provision will be made for the Central Staff and Provincial Staff separately under a new Head to be opened, viz., "60-A Agricultural Marketing" in the Budget Estimates of the Central Government. The total grant for the Provincial Staff has been fixed at Rs. 2 lakhs per annum which will be placed at the disposal of the Imperial Council of Agricultural Research in the same manner as other grants made by the Government of India to the Council. Subject to a limit which has been prescribed for each province, the necessary allotments to provinces from this grant will be made by the Council in the same manner as grants for agricultural research schemes.

10. The Central marketing staff will be constituted as an Attached Office of the Imperial Council of Agricultural Research Department with the Marketing Expert Adviser to the Council as the Head of the Attached Office. This office will be called the Office of the Agricultural Marketing Adviser to the Government of India and will be subject to the same financial and administrative control as other Attached Offices of the Government of India. It will be established with effect from the 1st January, 1935, and will be located permanently at Delhi. The Marketing Expert and the two Senior Marketing Officers will move, however, between Delhi and Simla with the Imperial Council of Agricultural Research Department of the Government of India. Other Marketing Officers will be allowed to recess in Simla only for a limited period.

11. The Government of India desire to acknowledge the helpful co-operation in the improvement of agricultural marketing already offered by the Indian States which, on their own initiative, are prepared to appoint local officers to co-operate with the Central Marketing Staff. This and the ready response received from provincial Governments to their invitation to examine the all-India aspects of agricultural marketing lead the Government of India to hope that, by a great combined effort, results of substantial benefit to Indian agriculturist will be achieved.

QUESTIONNAIRE ON AGRICULTURAL INDEBTEDNESS AND DEBT CONCILIATION

ISSUED BY THE GOVERNMENT OF MADRAS

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 peshkush 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,
(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 organizations 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?

10. What is the present value of land as compared with the value 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 consider 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 present system of credit to agriculturists, can you suggest remedies?

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 debt 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 storing produce, education of the adult and juvenile rural population in rural economics, laying special stress on sound business methods 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.

TRAVANCORE CO-OPERATIVE ENQUIRY COMMITTEE

MAIN RECOMMENDATIONS

CENTRAL BANK

The Trivandrum Central Co-operative Bank is really in the position of an Apex Bank now and therefore its membership should be confined to the Taluk Banks and other affiliated financing institutions. No individuals should hereafter be admitted as members and the existing individuals and primary societies should be gradually eliminated from membership in about 15 years.

The Board of the Central Bank should consist of 3 representatives of individuals, 9 elected representatives of society members and 3 persons nominated by Government from among the members. The nine elected representatives of society members should be distributed thus:—Urban Banks, 1, Non-credit Societies, 1, Taluk Bank and Banking Union, 4, and Primary agricultural credit societies that are still financed by Bank, 3. Each year one representative of individuals and 3 representatives of societies should retire. The persons who retire should be eligible for re-election.

Government should place at the disposal of the Central Bank a fairly large portion of the money allotted every year under agricultural loans to be paid to the members of societies on proper recommendation and good scrutiny for purposes of granting medium term loans for agricultural improvements on the joint recommendation of the Registrar and the Bank.

The Bank should conduct in the interest of the movement a detailed examination into the loans granted by primary societies either affiliated to it or indirectly financed by it through the Taluk Banks or Banking Unions.

The Central Bank should carefully examine the problem why such a large percentage as 50 per cent of the societies do not as a rule borrow.

In areas not at present served by the Taluk Banks the Central Bank with a view to stimulate local initiative and enrich the co-operative spirit should actively assist in the organisation of Taluk Boards. If no Taluk Board could be organised then the Central Bank should start with the approval of the Registrar a branch of its own with a local advisory committee.

TALUK BANKS AND BANKING UNIONS.

Taluk Banks should, as soon as possible, confine their business to the financing of primary societies alone. The method of elimination of individual members recommended for the Central Bank may be followed by Taluk Banks also.

The loans now taken by primary societies from the Central Bank should all be transferred to Taluk Banks or Banking Unions as the case may be in whose areas the concerned primary societies are situated. With the transfer of loans by the Central Bank the shares of the indebted societies should also be transferred to the Taluk Bank or Banking Unions.

The Registrar's recommendation of loan application of Taluk Banks to the Central Bank may be dropped altogether; and in the case of application from

Primary Societies it may be dropped where Supervising Unions are working satisfactorily. But the financing bank should satisfy itself with the help of its own staff in regard to the solvency of the borrowing institutions.

Taluk Bank should lead the primaries in starting non-credit activities, as Purchase and Sale Societies, etc.

No new Banking Union should be encouraged.

PRIMARY SOCIETIES.

The work of expansion and consolidation should go hand in hand with the preliminary work of propaganda and education and particular attention should be paid to the organisation of new societies in taluks where the number of societies is below the average.

The practice of asking the applicants for a society to work the society for a probationary period should be continued, the period being fixed at six months.

No communal societies should be registered in future.

Societies having more than 200 members should be split up, each society having one or two *karas* as its area of operation.

A bonus not exceeding 20 per cent of the profits should be paid to Secretaries of unlimited liability societies also which employ clerks.

AGRICULTURAL NON-CREDIT SOCIETIES.

The Indent System of purchases should be tried in rural societies. Societies should be taught how to prepare manures themselves.

The Travancore Central Produce Society should be revived. The services of a competent officer of the Co-operative Department should be given free for the first two years for this work. A loan equal to the subscribed share capital of the society should be advanced to the society by Government. A grant of Rs. 2,500 should be made to meet the initial expenses and the rent of godowns for one year.

NON-AGRICULTURAL CREDIT SOCIETIES.

Urban Banks should give facilities to their members and even to the non-members to open current and savings deposit accounts, care being however taken to maintain a proper standard of fluid resources. Urban Banks should introduce among their clients the cheque system.

STORE SOCIETIES.

Sales as well as payments of some dividend to non-members may be permitted in the bye-laws of co-operative societies. Each non-member should be credited with the proportion of the dividend permitted by the bye-laws and on the amounts so credited becoming equal to the value of a share, he should be made a member.

Well-managed stores may grant credit facilities to the extent of 50 per cent of the paid-up shares held by their members subject to certain limits.

INSURANCE SOCIETY.

Government should provide the Travancore Co-operative Insurance Society with an overdraft of Rs. 10,000.

Government should also provide the running cost of the society for 7 years subject to a maximum of Rs. 2,000 a year.

MILK SOCIETIES.

Co-operative Dairy Society should be started at suitable centres in the State.

Milk societies should be federated together into distribution agencies in the towns.

The system of coupon tickets for the sale of milk may be adopted in the towns.

SALE SOCIETIES.

At least three officers specially trained in marketing should be put in charge of the marketing societies.

Co-operative societies should be organised for the producers and these societies should carry on dealings with the Central Produce Society. The State should help co-operative societies by securing for them the benefit of grading, standardization and marketing.

Co-operative societies should be formed to put up licensed warehouses with Government grant. The Registrar should be empowered to license warehouses subject to certain conditions. Warehouse officers should be appointed by Government under control of the Registrar.

STUDENTS AND CO-OPERATION.

When the various schools start independent store societies they should conveniently be linked to a central organisation.

Thrift or compulsory saving societies should be started in schools and colleges for the benefit of the teachers and the taught.

Suitable changes should be effected in the curricula of studies to provide for the study of co-operative subjects.

Co-operation should be a compulsory subject in High Schools.

DEPRESSED CLASSES' SOCIETIES.

For some time to come no new credit societies for Depressed Classes should ordinarily be organised.

Separate Supervising Unions are necessary for societies of Depressed Classes.

Time has not arrived for the amalgamation of Depressed Classes' Societies with societies for higher classes.

The Department should help in the organisation of a fresh co-operative bank on the model of the Madras Christian Co-operative Bank for financing Depressed Classes' Societies.

At least 10 Depressed Classes' Colonies should be started immediately in the State.

FISHERMEN'S SOCIETIES.

The Fisheries Department should be given the charge of socio-economic work among the Arayas and Coast Fishermen's Societies also in addition to the Vala Societies.

The Fishermen Societies should have a stock of nets and boats to be made available to members for hire.

RURAL RECONSTRUCTION.

A special staff should be made available to the Registrar to undertake and carry on rural reconstruction work. Societies should devote for such work 10 to 15 per cent of their annual profits according to their capacity.

Colonisation Societies should be organised to solve unemployment.

REDEMPTION OF AGRICULTURAL INDEBTEDNESS.

There should be a general reduction of the rate of interest, ordinary as well as penal.

A simpler system of Insolvency Law should be introduced.

Members of co-operative societies also should be enabled to get the benefit of any scheme of general reduction of total indebtedness with the help of Co-operative Department Conciliation Boards, to be set up for their relief by the Registrar.

Debt Conciliation Boards may be set up and amount of debt for repayment should be compounded at 65 per cent of the total debt.

Industrial indebtedness should also be liquidated by Conciliation Boards.

LAND MORTGAGE BANK.

Other things being equal, the State Land Mortgage Bank might be converted in another five years time into a Co-operative Central Land Mortgage Bank with a chain of primary Land Mortgage Banks spread all over the State.

The area of operation of a primary Land Mortgage Bank shall be 3 or 4 taluks.

The Co-operative Department should immediately undertake intensive survey to determine accurately the economic condition of cultivators.

All long-term loans of the primary co-operative societies within the area of each such land mortgage bank should be transferred to the bank after due enquiry.

The maximum and minimum limit to loans issued by the society should be Rs. 1,000 and Rs. 250 respectively and the period for repayment should be not less than 10 and not more than 25 years.

The capital of Central Land Mortgage Bank should be raised by means of shares and debentures guaranteed by the State at a rate of interest not exceeding 5 per cent.

The State should undertake to subscribe for the debentures to the extent of twice the amount subscribed by others.

Co-operative Societies should invest their reserve fund up to a proportion in their debentures.

All Insurance Companies and Banks should invest a definite proportion of their premia and capital in the long-term debentures.

Each primary Land Mortgage Bank should be given the services of a Revenue Officer of the rank of a Tahsildar free of charge in the beginning to value properties, etc.; or the State should meet the cost of running these banks and also the Central Land Mortgage Bank to the extent of ¾ of the first 5 years reducing it by a sliding scale and withdrawing it altogether at the end of 15 years.

The Central Land Mortgage Bank will finance primary societies and issue loans to individuals up to Rs. 10,000 not exceeding 40 per cent of the assessed value of the mortgaged property for periods up to 40 years and at a rate of interest, 1½ per cent higher than that of the debenture.

A new State Land Mortgage Bank with a suitable constitution should be organised to grant loans exceeding Rs. 10,000 to individuals and agricultural corporations.

The Chairman of the State Land Mortgage Bank should be a non-official, preferably a retired officer of high status having sufficient administrative experience.

The Manager of the Bank should be one having knowledge of rural economics, land laws and banking.

TRAVANCORE CO-OPERATIVE INSTITUTE, LTD.

The Management should be conducted by a Board of 15 members.

The Supervising Unions should work under the control and guidance of the Co-operative Institute.

Supervision Fund from all societies should be pooled in the Institute and expended by the Board.

All the Supervisors should be of one cadre under the Institute which should be competent to appoint, transfer, punish and dismiss them.

Government grant should be equal to the total amount collected by the Institute.

Grants to Supervising Unions should be proportionate to the collection of Supervision Fund from societies.

Central Bank should set apart every year not less than 2½ per cent of its net profits as a grant to the Institute.

AUDIT.

Audit should be done by departmental staff or professional approved auditors. It should not be entrusted to the Union Supervisor or other honorary auditors. No inspector should be entrusted with more than 50 societies for purposes of audit.

No audit fee should be levied from unlimited liability societies, limited societies with a working capital of less than Rs. 20,000, all non-credit societies other than stores with a turn-over of Rs. 25,000 and above and Supervising Unions and Co-operative Institute.

Societies shall have the option of getting accounts audited by a certified auditor. If audited by a professional auditor, no fee shall be levied.

THE DEPARTMENT.

The Registrar's status should immediately be raised to that of a Dewan Peishkar.

The Registrar should be given an opportunity to acquaint himself with the co-operative movement in European countries.

Four Assistant Registrars with a staff should be appointed for regular work of whom 3 shall be in charge of districts and the 4th in charge of non-credit work alone.

Two temporary Assistant Registrars should be appointed to be in charge of Land Mortgage Banks and the Central Co-operative School.

A reorganisation officer should be appointed under the Registrar to work the reforms.

Assistant Registrars should be given opportunities to receive practical training outside the State.

The inspectoral staff should be divided into three grades and their number increased.

Six inspectors should be deputed for work in the depressed class and fisherfold societies.

Six inspectors should be put in charge of liquidation work.

Three inspectors should be ladies.

Thirty inspectors should be put in charge of credit societies.

An Advisory Consultative Board should be formed with the Registrar as the President to discuss general problems and evolve general policy.

ARBITRATION.

Arbitration should be made compulsory in all disputes touching the business of the society between members of the society.

'Unions for the Execution of Awards' as in the Punjab may be established.

Registrar should have power to revise the awards.

WORKING OF CO-OPERATIVE SOCIETIES IN INDIA

[Every issue will contain extracts from or reviews of Provincial and State Administration Reports on the working of co-operative societies.—Ed. I. C. R.]

ASSAM

The one great handicap of the Co-operative Movement in Assam is the lack of a whole-time Registrar. The Director of Industries also holds charge of the Co-operative Department and therefore naturally cannot devote as much time as an independent officer would be in a position to do. Another obstacle is the inadequacy of the staff. The present number of officers is quite inadequate to cope with the work which is fast increasing on account of the deterioration in the condition of societies due to continued depression. A third hindrance is the absence of proper facilities for training of the Co-operative Staff and the members of societies. The effects of these difficulties are reflected in the annual report on the working of co-operative societies for the year ending 31st March, 1934.

"The movement has had to bear another year of depression with little signs of its abatement. The policy of consolidation and cautious expansion had to be continued. Though striking results cannot be expected from such a policy yet this is perhaps the only way for the movement to gather strength, to maintain its position and to be ready for greater activities in the future. In the work of consolidation, splitting up of a number of the existing big rural societies which, due to their mismanagement and unwieldy jurisdiction, take up much of the time of all concerned with little resultant good, must play an important part." Recoveries from societies fell continuously and though the Department with its limited staff rendered some assistance to the Central Banks in the collection of their dues, satisfactory results could not be attained.

The Central Banks passed through another year of trial with little signs of improvement in the economic condition of the people to encourage them. In spite of the efforts of most of the banks, collection was unsatisfactory with the result that the issue of new loans which might have been so useful at the present time, had to be further restricted.

The number of members of societies continued to fall and there was a net decrease of 4.8 per cent. at the close of the year. The average number of members per society decreased from 48.5 to 47.3. This reduction is partly due to the liquidation of a few societies with large membership, while those newly organised have been started with a limited number of members. Although there is no cause for anxiety reflecting on the popularity of the movement, yet the rate of decrease should engage the attention of the officers concerned.

There are now 1,400 societies, 4 less than last year, 66,308 members as against 68,158, working capital of Rs. 86,30,755 and reserve fund of Rs. 13,62,665. The total working capital of all societies increased from Rs. 83,45,693 to Rs. 86,30,755, *i.e.*, by Rs. 2,85,062 against Rs. 1,75,305 in the previous year. Increase in the working capital is mainly due to the non-agricultural societies in urban areas.

The actual transactions of credit societies of all classes with their individual members show that new loans to the extent of Rs. 7,38,570 were issued to them as against Rs. 6,91,997 and recoveries amounted to Rs. 7,28,879 against Rs. 7,13,847 in the previous year. The recoveries from the members of the non-agricultural societies were Rs. 6,19,149 against Rs. 5,76,941 of the year before. This may be considered satisfactory, but recoveries from members of agricultural societies are gradually decreasing. The repayments by members of agricultural societies amounted to Rs. 1,09,730 against Rs. 1,36,906, of the last year.

The total loans due by individual members stood at Rs. 23,40,761 and Rs. 20,46,046 in the agricultural and non-agricultural societies respectively, against Rs. 24,22,470 and Rs. 20,13,236 in the preceding year. The overdues in agricultural societies have increased from Rs. 21,00,039 to Rs. 21,77,859, *i.e.*, from 87 per cent. to 93 per cent. at the close of the year and those of the non-agricultural societies also increased from Rs. 7,07,373 to Rs. 7,37,730, i.e., from 35 per cent. to 36 per cent. The total overdues of both agricultural and non-agricultural societies stood at 66 per cent. as against 63 per cent. in the preceding year. The continuance of the economic distress prevailing in the country is mainly responsible for the present disquieting position of the movement.

Two proposals have been engaging the attention of the Department during the year under report. The one is the question of having a Provincial Co-operative Organisation Society for the whole province. At present there are two Organisation Societies in the Province, the Surma Valley Co-operative Organisation Society and the Upper Assam Co-operative Organisation Society. The former is handicapped for want of funds and the latter is stagnant. It will be in the interest of the movement if these two Organisations are amalgamated in a Provincial Institution. The second proposal under consideration is to have a Co-operative Insurance Society. The Provincial Auditor was deputed to Bengal to study and formulate a scheme. It is hoped that a Co-operative Insurance Society will be established in the near future.

The Provincial Bank had another year of successful working. Its subscribed and paid-up share capital increased from Rs. 1,82,600 and Rs. 91,300 to Rs. 1,88,400 and Rs. 94,200 respectively. It earned a profit of Rs. 7,868, which bears a proportion of 1:12 to the paid-up share capital. While the bank owes its present satisfactory position to the cautious policy followed in the past, which policy can be justified from the results obtained, yet the time has come when it might take a more active part in helping some of the central banks to tide over the present period of depression. With the help of the special Inspector recently placed by the Government after the close of the year at the disposal of the Registrar to assist the Provincial Bank, it will now be possible to explore avenues for the investment of its surplus funds.

There are five Land Mortgage Banks in the Province: (1) Sylhet; (2) Surma Valley; (3) Kamrup; (4) Nowgong; (5) Jorhat. Their working is giving cause for anxiety. The remarks of the Registrar about the Sylhet Bank, which is perhaps better than others, are disquieting. "This bank had not also escaped its share of the economic depression and as a result of which it is finding some trouble in maintaining its former position. The authorities of the bank are fully alive to the situation but are experiencing difficulties in meeting its obligations to depositors and to Government. Unless long-term finance is assured or there is an improvement in the general economic condition of the people, its troubles like those of others of its class are likely to increase. It is unfortunate that before institutions of this type were able to consolidate their position, they have had to face the present unprecedented period of depression, but it is hoped that this great experiment to improve the lot of the land-owners will receive the sympathy it rightly deserves from the Government and the public alike."

There are 21 milk societies and one Milk Union. Two Special Inspectors are in charge of these societies with 2 Demonstrators and 3 apprentices. Milk supply has increased and the people of the towns, where pure milk is scarce, are showing keenness for these societies. The Sylhet Co-operative Milk Societies Union sold milk of the value of Rs. 8,013 and earned a small profit of Rs. 360. It has developed into a dairy, raised its status and made itself more popular with the public.

Out of the 11 stores now in existence one is not working, one is under informal liquidation and two worked at a loss. Stores as a class have not proved a success.

The following remarks of the Registrar are full of significance:—

"The continued depression with little sign of lifting, has greatly affected the staying power of the members of the rural societies. The prevailing low prices of agricultural produce and the extremely restricted credit which the cultivators are now able to command are tending to make their condition more and more precarious. The Co-operative movement, which might have done much in making available at the disposal of its members the cheap money to be had in the market, cannot be said to have come up to expectation. Varieties of causes, such as want of proper education among the members, lack of caution in the issue of loans in more prosperous times and disregard of the cardinal principles of co-operation, have had their combined effect in bringing about this deplorable condition.

"Instead of crying over the past it is up to us co-operators, officials and non-officials, to combine in devising means to save the situation. The depression which is causing us such distress might even be considered a blessing in disguise; it has helped most of us to study the movement fully and to appreciate its virtues better so as to be able to take full advantage of the good time which we all hope will soon be coming.

"The Co-operative Movement to have a firm hold in the province must have the active support of all gentlemen, both official and non-official, and I am grateful to those of them who have so kindly assisted me in this work. In view of the difficult times through which we are passing, I trust more and more persons who are interested in the welfare of the people, will come forward to help this movement to take its proper place in the rural uplift work which is now engaging the attention of all."

The report of the Registrar, though depressing, is nevertheless lucid and full of useful suggestions and therefore deserves a careful study by all co-operators.

BASHIR

HYDERABAD

H. E. H. The Nizam's Government's Review on the report of the Registrar of Co-operative Societies in Hyderabad (Deccan) for the year ending 31st of Amerdad 1342 Fasli, 6th July, 1933.

General position of the movement.—Continued economic depression imposed upon the Co-operative movement a further severe test during the year under review. The excessive rainfall affected the cotton crop in Marathwada tract and wet crops in Telangana area, in addition to which the wide-spread outbreak of plague in Medak, Gulburga and Mahbubnagar districts added to the difficulties of the peasant class and thus hampered the working of the Societies. The owned capital and reserves of all Societies however show an increase, which may be considered a satisfactory feature of the movement.

Dominion Bank.—The Dominion Bank was able to make further progress than last year. The recoveries were twice as large as those of last year. They amount to Rs. 16,21,470 as against Rs. 8,13,418 last year. This total reserve amounted to Rs. 4,70,844 while the reserve earmarked for doubtful debts amounted to more than Rs. 1½ lakhs. It is satisfactory to note that the Bank during its last 5 years has been able to double the amount of its various reserves from Rs. 2½ lakhs to nearly Rs. 5½ lakhs. There is no doubt that the Bank has managed to strengthen its financial position in face of adverse conditions. Its position to-day compared with the Provincial Banks adjoining our State is encouraging, the percentage of owned capital to borrowings being 32.69 while Bombay is 15.34, Madras 10.40 and C.P. 9.08. In spite of their multifarious duties both the President, Dewan Bahadur S. Aravamudu Iyengar and its Vice-President Mr. S. M. Azam have devoted their time and attention to the work of the Bank and have earned the gratitude of all Co-operative Workers in the State.

The Central Co-operative Union.—It is satisfactory to note that societies are realizing the benefits accrued from the Union which should be made self-supporting as early as possible. Although labouring under a severe handicap due to the continuance of depression, the Union carried out its normal activities and did valuable propaganda and publicity work during the year under review. The propagandists of the Union have delivered lectures in 210 villages and held training classes at 46 centres which were attended by 774 Co-operators. In addition, refresher-courses were also held at Sangareddy, Jalna and Gulbarga. All this indicates that the Union is endeavouring to spread Co-operative training by all possible means. Rural reconstruction work is also making progress. Thanks are due to the President, Raja Bahadur Venkat Ramareddy and Mr. Syed Badrul Hassan, the Honorary Secretary of the Union, for the keen interest evinced by them in making the Union a really useful institution.

Central Banks.—Two new Central Banks were registered at Kopbal and Nagarkarnool making a total of 35 Central Banks against 33 last year. It is satisfactory to note that the Central Banks have pursued the policy of conserving almost all profit to meet contingent loss on account of bad and doubtful debts and paid attention to the collections which mounted upto Rs. 3,93,963 towards principal and Rs. 7,03,821 towards interest against Rs. 3,64,142 towards principal and Rs. 4,20,229 interest last year in spite of the continued fall in the prices of agricultural commodities. The System of one date deposit was adopted by the Central Banks and if it were to continue, there ought not to be much difficulty in getting deposits from the public. Details of the position of the Banks as compared with what it was in 1337 Fasli make interesting reading. They are appended to the report of the Registrar. Looking at the statement there is no doubt an improvement in the position of the Banks but unless the Banks show progress in the direction of drawing on the reserve and bad debt funds from their business, and investing them separately, it cannot be admitted that they are financially sound as reported by the Registrar. The Central Banks will be well advised to take early action in this direction.

Agricultural Societies.—Only 122 new societies were registered and 6 old ones were cancelled during the year. Repayments to Banks in the matter of interest were better than last year and amounted to Rs. 5,54,309 against Rs. 4,14,589 last year but there has been a fall in respect of principal, while the advances of new loans to members amounted to Rs. 2,47,628 against Rs. 3,69,936 last year. Total collections amounted to Rs. 11,07,790 as against 11,24,209 last year, while the outstandings of loans with members compared with last year, increased nearly by Rs. 74,000; the outstandings were Rs. 92,41,824 which consisted of Rs. 64,03,474 principal and Rs. 28,38,350 interest against Rs. 91,68,239 of which principal was Rs. 64,69,156 and interest Rs. 26,99,083 last year. Although the outstandings with members are large, it is satisfactory to note that in the majority of cases the loans are good and will ultimately be recovered. Some of the districts were greatly affected by the outbreak of plague which hampered the smooth working of the Societies.

Non-Agricultural Societies.—Only 19 Societies were registered and 6 old ones were cancelled during the year. The owned capital mounted upto Rs. 19,48,098 as against Rs. 18,04,873 last year, the increase being in shares and reserve fund, which is an improvement over last year's figures. Loans advanced to members were in excess of the borrowing from the Banks similar to that of last year and amounted to Rs. 18,28,818 while the collections from members amounted to Rs. 21,82,089 which consisted of Rs. 16,38,732 principal, Rs. 2,08,620 interest and Rs. 3,34,737 shares against Rs. 19,19,652 last year; there was increase in the loans outstanding with members amounting to Rs. 27,12,902 against Rs. 25,17,643 last year. The Salary Earner's Societies progressed satisfactorily without feeling the disturbing influence of the economic depression. The Weavers' Societies, in view of the present industrial depression had to struggle hard this year also, the repayments being only Rs. 18,287 against Rs. 42,773 last year. The other Societies of village artisans are as usual progressing satisfactorily. This is specially the case with Cotton Sale Society at Kopbal.

Arbitration and Liquidation.—At the end of the year, the total amount of awards was Rs. 31,69,669 while the sum collected was Rs. 2,11,297 only as against Rs. 2,98,442 last year. With the co-operation of the Revenue department nearly double the amount was realised in execution which amounted to Rs. 2,10,897 against Rs. 1,29,247 last year. The best result was in Gulburga this year also, where the realisations amounted to Rs. 65,803 due to the active assistance of its Talukdar Mr. Erej Shah Chenoy. Next came Nalgonda, Raichur and Warangal with realisations of Rs. 24,789, Rs. 24,114 and Rs. 21,499 respectively. It is hoped that other Talukdars will also take the same amount of interest in the execution of awards in their districts. It is gratifying to note that some of the Talukdars have begun to realise that their co-operation is necessary in the execution of awards and if the assistance rendered by them is continued, there is no reason for despair in collecting the amounts. The number of liquidation cases, similar to last year was small, because the department continued its policy of recovering the dues first by means of awards before putting the Societies under liquidation. The repayments to Banks were comparatively better this year and amounted to Rs. 23,773 principal and Rs. 4,600 interest against Rs. 7,362 principal and Rs. 6,931 interest last year, whereas the total sum due was Rs. 3,10,268 principal and Rs. 1,80,326 interest.

Audit.—The proportion of Societies audited during the year under review was less by 6 per cent. when compared with last year leaving 135 Societies unaudited, and as remarked last year, arrangements should be made that no Society remains unaudited. Test audits, however, by the Assistant Registrars and Deputy Assistant Registrars remained normal during the year under review.

Government have great pleasure in acknowledging the assistance rendered to the movement by the various district officers and by the non-official gentlemen connected with the movement mentioned by the Registrar. The thanks of Government are due to the Registrar, Mr. Syed Fazalulla, for the way in which he discharged his duties during another year of stress and anxiety.

The year closes with the retirement of Mr. B. A. Collins, Director-General, Commerce and Industries department, and the Government desire to place on record their appreciation of the work done by him during the five years he held charge of Co-operative department in the course of which he introduced several useful reforms in the working of the department and infused his own energy in its personnel.

MADRAS

(From the Report for the year ending 30th June 1934.)

PART I—GENERAL SUMMARY.

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—140.

The department did not cease to weed out bad societies. 462 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 was resorted to on a large scale during the year. There were at the end of the year 13,634 societies as against 13,956 at the end of the preceding year.

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.

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.

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 6¼ or 6½ 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 6½ per cent and 7½ 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.

The concessions were not availed of to any great extent during the year under report partly because there was not sufficient time. As the position of agriculturists has not improved and they still require relief, the banks have been advised to extend the concessions to societies in the current year also.

THE REVISED SCHEME OF RECTIFICATION.

Most Central Banks have taken stock of their existing position and set on foot schemes of rectification of affiliated societies with a view to secure their investments. They have realized that the crux of the present situation is that collections should be made even though it might be a difficult task. Postponement of collections in many cases may result ultimately in the accumulation of bad debts; any wholesale or precipitate action against defaulters indiscriminately may prove equally disastrous. It may mean that societies or Central Banks acquire properties of defaulters on account of forced sales in execution of decrees against them while the income from such properties may be enjoyed by defaulters or others; or it may entail continuous litigation for the possession of properties—a prospect which no one can view with equanimity. What is now required is a determined and courageous effort to collect the arrears in all cases where the security for loans is inadequate or where postponement may lead to certain loss. What portion of loans outstanding against members of societies should be recovered at once and what portion postponed is all a question of discretion and expediency.

The principal features of the revised scheme of rectification 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.

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.

RESOURCES.

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

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.						
Madras Provincial Bank.	190·96	3·45	41·08	48·21	....	7·26	100
District Central Banks	535·03	10·29	61·26	23·03	....	5·42	100
Central Land Mortgage Bank	37·40	5·19	93·77	0·67	....	0·37	100
Agricultural societies	519·96	13·79	7·40	64·21	1·51	13·09	100
Non-agricultural societies	348·70	25·66	53·06	6·86	5·06	9·36	100

PART II.—DETAILED WORKING OF SOME TYPES OF SOCIETIES

The Madras Co-operative Central Land Mortgage Bank has recorded one more year of successful working.

The condition of the money market continued to be easy during the year. The debentures of the Bank have continued to be popular among the investing public and the Bank has been able to secure all the funds required by it at cheap rates of interest. The Bank not only issued fresh debentures but availed itself of the favourable monetary conditions and embarked on a systematic conversion of high interest-bearing debentures. Four series of debentures for twenty years to the extent of Rs. 24,79,500 were issued during the year, the first series at 5½ per cent interest, the second and the third at 5 per cent. and the last one at 4 per cent. Two series of debentures for ten years carrying interest at 6½ per cent and 6 per cent were converted into 5 per cent debentures of twenty years and the benefit of such conversion was passed on to the borrowers in primary land mortgage banks. The conversion of another series of fifteen years' debentures carrying interest at 6¼ per cent has been effected since the close of the year. At present the only debentures bearing interest above 5 per cent are the first and the fifth series bearing interest at 6 per cent and 5½ per cent respectively, the amount covered by them being Rs. 9,09,500. Debentures to the extent of Rs. 1,09,700 being the collections from primary banks in respect of the loans issued to them, were redeemed during the year. But most of this money came back to the Bank in the form of subscriptions for new debentures.

The last series issued during the year under report and the two new series issued since the close of the year carry only 4 per cent interest.

The benefit of the reduced rate of interest on the debentures has been passed on to ultimate borrowers. Funds are now made available to them at 6½ per cent. The reduction in the Central Land Mortgage Bank's rate of interest has brought about a general reduction in the rates of interest in the countryside.

It is gratifying to note that the primary banks were prompt in meeting their obligations to the Central Land Mortgage Bank. The total demand of Rs. 1,88,234 under principal and of Rs. 1,69,770 under interest was completely repaid to the Bank before the end of the year.

The Land Mortgage Banks Bill which was pending before the Legislature was passed into law during the year. Among other things, the Act has conferred on the banks summary powers for the speedy recovery of arrears from defaulters through distraint and sale of the produce on the mortgaged land and the sale of the hypotheca without resort to Courts. The Government have also powers under the Act to guarantee the interest on and the principal of the debentures of the Madras Co-operative Central Land Mortgage Bank and since the close of the year the Government have unconditionally guaranteed the interest not exceeding 5 per cent on and the principal of the debentures to the extent of Rs. 50 lakhs. The Indian Trusts Act, 1882, has been suitably amended and the debentures of the Central Land Mortgage Bank to the extent guaranteed by Government are now in the list of Trustee securities. Now that the debentures have been included in the list of trustee securities, they will command a wider market and a steady flow of cheap money to the Central Land Mortgage Bank is assured. The usefulness of land mortgage banks is being increasingly realized by the agricultural population and the demand for more banks throughout the Presidency is increasing. Investigations into the possibilities of starting new banks are being made in select localities but the expansion of new banks has for obvious reasons to be cautious and slow.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION AND LANGUAGE FEDERATIONS

The Provincial Co-operative Union continued to do useful work. On the 30th June 1934, it had 490 members on its rolls including 20 honorary individual members. It continued the publication of the "Madras Journal of Co-operation" in English and the "Andhra Sahakara Patrika" in Telugu. A number of books were added to the library of the union and the reading room continued to be popular. The President and some of the members of the Executive Committee carried on general propaganda on "co-operation," insurance and rural reconstruction during their tours. The Madras Provincial Bank contributed Rs. 1,500 in the year for rural reconsruction work as against Rs. 2,000 in 1932-33 and Rs. 9,000 in 1931-32. The work was conducted in five centres during the year. Magic lantern lectures were also delivered on "Co-operation" and rural reconstruction.

The Union continued to co-ordinate the activities of the co-operative training institutes through its Education Committee and to hold the examinations.

The Tamil Nadu Co-operative Federation at Coimbatore continued to publish the monthly journal "Kooturavu" in Tamil. The Andhra Sahakara Sammelanam whose registration was cancelled in 1932 was restored by Government in August 1933.

SUPERVISION

The chief agency for supervision continued to be the local co-operative supervising unions. There were 375 supervising unions at the beginning of the year.

Eighteen of them were cancelled during the year, mostly for reasons of economy, and three were added. Thus, there were 360 unions at the end of the year.

For various reasons most of the local co-operative supervising unions have not fulfilled the objects for which they have been started. The control and direction of supervisors has practically in all districts been taken over either by the Central Banks or the Federations where they are effectively functioning although the work is done through unions.

Training Institutes and Co-operative Education.

Two hundred and fifty-five students were trained by the six institutes during the year. 159 passed the examination conducted by the Madras Provincial Co-operative Union. The six institutes together incurred an expenditure of Rs. 20,488 of which the subsidy received from Government amounted to Rs. 6,230.

The Government have ordered the discontinuance of this subsidy and staff to the institutes and sanctioned instead the starting of a Central Co-operative Institute at Madras and two mofussil peripatetic schools. The Central Institute offers a course of training in Co-operation, Audit, Banking, Book-keeping and Rural Economics for one year and candidates for departmental requirements will be trained in the Institute.

Milk Supply Societies

There were nine societies at the end of the year. They had 361 members on the rolls with a paid-up share capital of Rs. 1,999. These societies supplied milk to the Madras Milk Supply Union to the value of Rs. 75,553 during the year.

The Madras Milk Supply Union.

The Union realised Rs. 1,11,981 by the sale of milk and milk products and earned a net profit of Rs. 2,411. It received about 663 measures of milk on an average per day and supplied 350 measures to State hospitals. The average daily sales at depots and by house-delivery were 254 measures.

The contract secured by the Union for the supply of milk to the Mental and the Women and Children Hospitals was continued by Government in the year. It completely repaid the balance of loan of Rs. 1,799 due to Government out of the loan of Rs. 15,000 taken by it for the purchase of motor lorries, etc. It paid the second instalment of Rs. 2,125 towards the excess expenditure incurred by Government for non-fiulfilment of contract in the previous year. It has still to pay three more instalments. The Union is making steady progress. The question of the sanction of a loan of Rs. 75,000 to the Union for the purchase of the plant and buildings for pasteurising milk is still under consideration.

Loan and Sale Societies.

The transactions of a few societies which did substantial work are furnished in the statement below:

During the year the need for co-operative marketing was brought home to the officers of the Department and they were instructed to explore the possibilities of co-operative sale societies in suitable centres in disricts in their charge.

TRANSACTIONS OF A FEW LOAN AND SALE SOCIETIES.

Society at	Produce dealt with	Number of members. Individuals.	Number of members. Societies.	Paid-up share capital. Rs.	Borrowings from the Central Bank on the security of produce. Rs.	Repayments. Rs.	Advances to members. Rs.	Paid out of advance. Rs.	Value of goods received on pledge or for sale. Rs.	Value of stock sold as agent or owner. Rs.	Net profit or loss. Rs.
Dharmavaram	Paddy, ragi, cotton and chillies.	271	48	4,250	13,500	17,503	38,364	35,668	53,195	53,195	+1,139
Tadpatri	Cotton, cholam and korra.	121	42	2,860	14,582	13,251	16,803	17,422	3,031	2,534	+ 149
Bellary	Cotton and groundnut.	87	13	1,521	4,310	20,892	2,720	18,636	3,000	5,085	+ 4
Hospet	Jaggery and groundnut.	124	11	2,507	12,469	12,295	15,001	24,007	39,262	41,850	+ 630
Erode	Paddy, groundnut, turmeric and cotton.	89	40	2,105	15,311	5,553	26,930	16,644	33,823	11,174	— 492
Tiruppur	Cotton seeds, kappas, ragi and chillies.	670	67	20,610	1,69,248	2,58,523	2,92,766	3,59,488	2,18,264	3,10,907	+1,994
Bezwada	Paddy	9	19	2,080	19,250	1,010	25,814	1,000	50,991	...	+ 21
Tanjore	Do.	59	5	1,580	32,284	22,248	33,839	21,654	47,780	27,396	+ 282
Kovilpatti	Cotton	739	36	8,023	26,533	33,176	34,179	31,704	1,09,102	89,470	+1,534
Tuticorin	Cotton-seeds	52	33	3,350	7,595	6,298	7,620	6,175	13,556	11,355	— 169

STORES.

The Triplicane Urban Co-operative Society with its 26 branches in the Madras City had on its rolls 5,735 members with a paid-up share capital of Rs. 92,534. The society purchased goods to the value of Rs. 7,06,277 and sold goods for Rs. 7,93,200. It earned a profit of Rs. 7,208 in the year as against Rs. 5,392 in the previous year.

INDUSTRIAL AND CREDIT SOCIETIES.

The Vuyyur Industrial and Credit Society for the manufacture of sugar started work in February last with a membership of 256 and a paid-up share capital of Rs. 38,819. The Madras Provincial Co-operative Bank sanctioned a loan of Rs. 10 lakhs for the purchase of machinery and the construction of buildings. The services of a Deputy Registrar and two Sub-Deputy Registrars were lent to this society since the close of the year for work as General Manager and for the scrutiny of documents relating to the landed properties of members tendered as mortgages to the society. The Provincial Co-operative Bank has, since the close of the year, disbursed a sum of Rs. 2.50 lakhs, out of the loan of Rs. 10 lakhs sanctioned to this society. The society paid Rs. 1.80 lakhs towards the cost of plant and machinery supplied by the firm of A. W. Smith & Co., of Glasgow. It has appointed a Civil Engineer for working the plant. The work of this society will be watched with interest.

THE SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY, MADRAS.

This is the third year of the working of this society. At the end of the year under report, there were 1,311 members with a paid-up share capital of Rs. 42,999 as against 605 members with a share capital of Rs. 41,111 at the end of the previous year. Of the 1,311 members, 35 were co-operative societies and the rest individuals. At the end of the year, there were 1,453 policies for an assured sum of Rs. 13,00,350 as against 635 policies for Rs. 6,31,700 at the close of the previous year. A premium of Rs. 47,119 was collected in the year as against Rs. 22,582 in the preceding year. To the thirty-five local boards working at the end of the previous year, four were added in the year.

CONCLUSION.

The report perhaps records more disappointments and difficulties of the movement than its achievements and the task of a Registrar of Co-operative Societies who has to write a report in the present times is rather gloomy. Co-operative societies are economic undertakings and they are as much affected by the universal economic depression as other departments of economic life. It has revealed the drawbacks and difficulties of the Co-operative Movement as perhaps nothing else can do. It has set co-operators seriously thinking on matters of reform, and schemes, to "rationalize" and rectify the movement have been set on foot. If co-operators continue to have the same faith in the co-operative movement as in the past and show a "co-operative" spirit in their mutual dealings, the movement surely will survive the present economic crisis.

EXTRACTS

THE SOUL OF INDIA *

BY

SIR DANIEL HAMILTON.

When we cast our eyes over India to-day, what do we see? We see the Soul of India divided and unable to rise, crushed under a load of debt; blight, blight, blight everywhere and on everyone excepting the opulent of the cities. "Place a dead weight on a spring, its elasticity is gone," said Mr. Ramadas Pantulu some years ago. Will the new Constitution be so framed as to weld the 360 millions of India into One and to lift the dead weight from her soul? If so, it is to be welcomed.

THE CURSE OF INDIA

Lord Linlithgow, Chairman of the Joint Parliamentary Committee, in his brochure, *The Indian Peasant,* says that political problems are only "small dust" compared with the problem of finding food later on for the growing millions of people living on a restricted area of land. Is the new Constitution likely to help in the solution of this pressing problem? If so, it is to be welcomed.

India is now the paradise of the parasites who feed and fatten on the labour of the people.

"Hear this, ye old men, and give ear, all ye inhabitants of the land. That which the palmerworm hath left hath the locust eaten; and that which the locust hath left hath the cankerworm eaten; and that which the cankerworm hath left hath the caterpillar eaten."—*Joel.*

And the hookworm has eaten the rest.

Is the new Constitution likely to destroy the parasites? If so, it is to be welcomed.

Lord Linlithgow in his brochure tells us that,

"Debt is the curse of the Indian farmer, for it robs him of the full fruit of his labour, saps his initiative, destroys hope and with it ambition, and darkens the whole outlook of his life. In too many cases he is born in debt, lives in debt, and when he dies, his debt is shouldered by his son.

"If the moneylender is ever driven from the land, it will not be by legislation but by the growth of the co-operative movement and, more especially, by the habits of thrift inculcated by that movement. Where thrift is absent, the vagaries of the monsoon drive the people to borrow and, unless the co-operative movement spreads into every village and includes every inhabitant in its fold, borrowing will continue.

* Paper read at a meeting of the All-India Co-operative Institutes' Association, held in Calcutta on 28th December, 1934.

"The peasant, now as ever, is the chief source and creator of India's wealth and her greatness, and of him it may with truth be said that he is India. His the heat and his the burden. As one who has learned a little to understand that burden, I pray that those in whose hands the issue lies will see to it that India is given not only good government but also, as far as circumstances allow, inexpensive government."

As the issue has lain in the hands of Lord Linlithgow and his Committee more than in the hands of anyone else, have they seen to it that the curse which lies so heavily on the soul of India will be lifted, and the expensive government of the usurer ended? For, the moneylender is India's ruler, and his the most expensive government of all. To place political power in the left hand of the ignorant bankrupt mass, without at the same time placing money power in its right, will upset the balance, and pave the way for revolution and the red flag.

INDIA'S DISEASE

The disease from which the soul and body of India is suffering is pernicious financial anæmia. It is a disease of *long standing*, and may destroy India before many years are over, if it is not itself destroyed. 150 years ago, Adam Smith wrote: "In Bengal, money is frequently lent to the farmers at forty, fifty, and sixty per cent. interest, and the succeeding crop is mortgaged for the payment."

The disease has grown insidiously since the days of Adam Smith until there is now a dead weight of one hundred crores lying on the soul of rural Bengal, which is sick unto death. When will the dead weight be lifted? How can India move forward with her feet shackled as they are? What progress is possible with a bank rate ranging from ten to three hundred per cent.? Why gild the dome while the rats undermine the foundations? When will this legalised robbery cease? Are the Courts Courts of Justice, or only Courts of Law? When will this stain be washed from the British flag? Is there no good *dhoby* in Delhi, no good soap in Bengal?

LABOUR IS CAPITAL

Adam Smith tells us that: "The labour of every nation is the fund which originally supplies it with all the necessaries and conveniences of life."

Therefore, there is no real Capital but Labour. Abraham Lincoln said the same: "Labour is the source from which nearly all, if not all, human comfort and necessities are drawn."

Therefore, labour, not money, is the source of all wealth and well-being. Ruskin said the same: "There is no wealth but life . . . money gain being only the shadow of true gain which is humanity . . . a want of any true sight of this fact is the capital error, issuing in rich interest and revenue of error among the political economists. Their minds are continually set on money gain; and they fall into every sort of net and snare, dazzled by the coin glitter as birds by the fowler's glass."

And, if I may again quote Ruskin:

"It is open to serious question, which I leave to the readers' pondering, whether among national manufactures, *that of Souls* of a *good quality* may not at last turn out a quite leadingly lucrative one."

Perhaps Mr. Gandhi will add this to the other village industries mentioned in his manifesto; and perhaps all India will also bear it in mind. For, only to the extent that the people can be trusted to repay, can the new Reserve Bank issue the credit required by the people to monetize their co-operatively-organised Labour. The future of India depends upon the quality of India's Soul and of the souls of her 360 millions of people. *India's status lies ultimately in India's hands.*

OUR HOPE LIES IN CO-OPERATION

Let me now quote from the Simon Commission:

"The work of the Co-operative Department is concerned not with defects in natural conditions, but with poverty and improvidence. The widespread indebtedness of the rural population is one of the most serious economic problems of India. Its solution is the aim of the Co-operative Department in the various provinces. The economic value of such a movement, in conditions such as we have described, can hardly be overestimated. But its educative value, not only in thrift and foresight, but above all, in the advantages of common endeavour on a basis that cuts across class and social distinctions, must be almost as great. It is an education in affairs quite as valuable for the exercise of political rights as the education of the schools."

The evidence is complete. Nothing but the Co-operative Movement cuts across class and social distinctions, and solves all communal problems. And nothing but co-operative credit will give every man his chance—whether Brahman or Harijan, Moslem or Christian—to stand upon his feet, and work out his own salvation according to his natural endowments. When that mile-stone has been reached India's place and status in the Empire will be in doubt no longer. For, to use the name given her by Lord Curzon, the founder of the movement, India will then be the pivot of the Empire, the centre round which the Empire turns. Let All-India, therefore, forget their differences, and rally round the Co-operative Flag.

From the experience gained on my property in the Sunderbans I calculate the cost of the Co-operative staff at four annas an acre, while the gain to the people, if they have the energy to lift it, is Rs. 10 an acre. Rs. 10 for four annas is a return of 4,000 per cent., which is better than Government Paper; and even from the Scottish point of view is not too bad. Let us hope, therefore, that the Government of Bengal, which is now awake to the danger ahead, will give a lead to All-India, and push on with the more rapid development of the movement until the paddy fields of Bengal are covered with this cheap fertiliser for which the people will pay, and pay gladly. For, every year Bengal is losing twenty crores of rupees for want of this four annas, while the communist is planting and fertilising and watering the seeds of sedition.

THE CO-OPERATIVE-INDIVIDUALIST COMMONWEALTH

The world is waiting for a political system based not on Force but on Faith, a system which will combine the strength which comes from Unity with the sanctity which belongs to the individual soul and the family. This system will be found only in a *co-operatively organised social-industrial system in which Each will work for the good of All* and each, and will recognize that the *Each* is perhaps of greater importance than the All. For, if the Each is right the All will not be far wrong.

Fascism, Bolshevism, and Hitlerism all worship the god of Force who in Italy wears a black shirt, in Russia a red, and in Germany a brown. There is no clean white shirt among them; whereas we learn from the Apocalypse that the armies of heaven are "clothed in fine linen, white and clean" and are led by a Commander called "Faithful and True."

The world is waiting for a political system which will develop the individual to his highest and the nation to its utmost, and the key to it will be found in a right understanding of the nature of modern money which is neither gold nor silver, but Faith and Truth reduced to a form of paper which the bankers call Credit, and which is manufactured from fine linen, white and clean, or in other words, from the character and sinews of men who will repay the money which they borrow. And, without faithfulness and truth in the man or the society or company which wants to borrow, the bank can neither manufacture nor issue money which might never return. It is in the manufacture of Souls of a good quality that India will find her Soul, and all the money required for the uplift of her 360 millions of individual souls, of whom the greater portion have now only the soul of the serf.

THE CO-OPERATIVE ROTARY CLUB, INDORE.

The Co-operative Rotary Club is purely an educative body. The club is yet in its infancy having been started in the month of April 1934. The object of the club is to invite and consider the views and opinions of the constituent members, to create a general consensus of opinion on the different aspects and current problems of the local Co-operative Movement generally and to encourage the study of village life by enlisting the active sympathy of the intelligentia for the improvement of the masses especially those in the rural areas. In its monthly meetings the members freely and unreservedly discuss the questions set forth.

There were about a dozen members initially when the club was started. This number, however, gradually rose to over fifty. The club has not yet got any elaborate constitution while membership to it is unrestricted and free of any monetary contribution. The meetings of the club are informal as they are considered more or less of a social nature. Except for a Secretary and Joint Secretary, there are, therefore, no office-bearers.

The club has among its members both officials and non-officials including leading co-operators and persons connected with the management of the urban societies, banks and other important institutions.*

The club is likely to play an important role in the propagation and improvement of the co-operative movement in Indore and appears to have a great future before it. Indore has taken the lead in this respect. Other provinces and states in India should follow suit.

BASHIR.

A TEN-YEAR PLAN FOR THE PIONEERS' CENTENARY†

The 'Co-operative Review,' the British Co-operative Union's official organ, for January, contains an article by Mr. E. Topham on the objectives of the Ten-Year Plan of Co-operative Development now being elaborated, which will be submitted to the Union's Congress in June. He writes:

"Co-operators were the first people to plan. They organised, first of all, their retail purchases, canalised them through the Wholesales, and then shaped their productive activities to meet the known demands. Their planning, up to quite recently, has been for the most part confined to plans for meeting current requirements. The revelation of modern times is the possibility of planning ahead on an ordered and rational basis reinforced by statistical evidence, and with checks on progress at every stage.

"The proposed Ten-Year Plan for the British Co-operative Movement concludes with 1944, which is, of course, the Centenary of the Rochdale Pioneers. The choice of that date is significant of the spirit and the magnitude of a long-date plan of expansion of co-operative services and co-operative influence far beyond the present attainment, yet within the ascertainable capacity of the most efficient units of our movement to-day. The time is certainly propitious for co-operative planning. Unrestricted competition—the doctrine of the last generation—is a barren creed for the twentieth century. Co-operation, on the contrary, is no longer an experiment but a tower of strength among the crumbling commercial fortresses which formerly overshadowed it."

The Plan will provide for national and local objectives. The national objective will include:—

1. *Trade.* A definite percentage of the retail trade of the country (so many million pounds) to be achieved in ten years' time.

2. *Membership.* A total retail society membership of so many millions to be reached in ten years' time.

3. *Production.* A percentage of trade in the movement's own production.

The actual amounts will be decided after careful consideration of statistics, and also of the conditions prevailing in different parts of the country. Ten years is simply the final date. There will be intermediate national quotas for all the years intervening, so that progress can be checked annually, and fresh efforts stimulated where necessary to make up any leeway.

From these facts the inference can be drawn that the Ten-Year Plan seeks:—

"1. That the intensity of co-operative services already achieved in the most fully developed area should be the new standards for the country as a whole. This is a minimum requirement of the Plan.

2. A percentage of trade per member (which may be based upon estimated income of the average member).

3. A definite increase in the loyalty of societies to the national federation and productive resources of the movement not inferior to the standards set by the most loyal societies to-day.

4. Full and comprehensive co-operative services for the whole population of the country, involving the initiation in many districts of new services (which may be supplied nationally or by local federations) presently restricted in the main to the large and medium-sized societies."

GREAT BRITAIN—1,000 NEW MEMBERS A DAY.

During the Annual Propaganda Campaign, which the London Co-operative Society organises in January, new members have been enrolled at the rate of over 1,000 per day. The total enrolments for the week ending 19th January were 6,868. The society, which set out to obtain 25,000 new members in a month, had already enrolled 26,718 by the end of the third week.

* *Co-operative Indore* published by the Urban Co-operative Societies' Union, Indore.

† Digest of the Co-operative Press, 28th January, 1935.

CO-OPERATION AS IT WORKS IN U. S. S. R.

An American View.

Louis Fischer, writing on Russia's Problems in *The Nation,* New York, makes the following observations:

Generally speaking, then, production in city and village has registered tremendous progress. Distribution, however, is a mess. Part of the difficulty is bad freight transportation by land and water (passenger service has improved), but the trouble goes much deeper. Goods lie in warehouses and rot while the consumer searches for them in one store after another. Widespread inefficiency and endless red-tape bureaucracy are aggravated by equally widespread speculation and the venality of petty officials. The Soviet press regularly prints details of the misdemeanours of store-managers and co-operative employees. But the cancer remains.

Apart from the crudeness of sales methods (no ready-made packages, cutting and weighing of bread instead of baking a standard loaf; standing in three queues each time an article is bought: once to choose it, then to pay the cashier, and finally, to receive the purchase; absence of cash registers, etc., etc.), the root of the problem is the shortage of goods and the consequent price-variation system. After all, when one man pays 60 roubles for a suit which his neighbour cannot get under 400 roubles, there is an irresistible pull towards speculation. Working men, therefore, who receive cheap commodities in their closed co-operatives are speculating as much as anybody else. The workers, what with their double bread ration at low prices and two meals a day with extra bread in their factories, have surplus bread. They can be seen outside the bakeries disposing of it at a profit in order to obtain money for purchases on the free market where prices are high and where one finds goods not available in many co-operatives. The ramifications of this system are endless. Suffice it to say here that the Government cannot yield to the country-wide demand for a one-price arrangement until the rouble has appreciated further, and such appreciation, in turn, must wait upon an increase in the goods supply. Yet even that hoped-for consummation cannot altogether eliminate corrupt practices by salesmen and managers if the co-operatives do not become real co-operatives. At present they are merely state stores with no control from above.

MESSAGES AND OPINIONS

RECEIVED BY THE EDITOR, THE INDIAN CO-OPERATIVE REVIEW

THE CO-OPERATIVE NEWS, Manchester (February 16, 1935):

The Co-operative Press of the World is augmented by the publication of the first issue of *The Indian Co-operative Review,* the January issue of which has just reached the *Co-operative News* office. On its tone and comprehensiveness, the editor and his contributors have to be congratulated; and the printers, the G. S. Press, Madras, are also to be congratulated on the excellence of the production. It fills 140 quarto pages and bears an attractive stout paper cover which describes *The Indian Co-operative Review* as the "Journal of the All-India Co-operative Institutes' Association."

The editor is Mr. V. Ramadas Pantulu, who was a welcome delegate and speaker at the International Co-operative Congress and Press Conference held in London last year.

The Review, coming at a time when Indian affairs occupy a big place in the public mind in Great Britain and India, will serve a useful purpose by enlightening readers of English as to the part that is being played in India by the Co-operative Movement in its various forms; and it is all the more welcome since it is the first publication to deal with and to explain co-operative affairs in the whole of India.

Great usefulness should be inspired if the Review in its succeeding issues maintains the standard of this first and the *Co-operative News,* the oldest weekly co-operative newspaper in the world, readily sends its good wishes to this latest child to be born in the growing Press family.

THE MADRAS JOURNAL OF CO-OPERATION (Feb. 1935):

We offer a hearty and respectful welcome to *The Indian Co-operative Review*—the new quarterly journal of the All-India Co-operative Institutes' Association, edited by Mr. V. Ramadas Pantulu, President of the Association. Published under such influential auspices and edited by so able and well-informed a co-operator, the journal will no doubt maintain a high standard of excellence and will be eagerly read by all thoughtful co-operators in the country.

Far from competing with existing provincial journals, as is wrongly feared in some quarters, it will be of immense benefit to them, as it will be able to obtain the services of writers who will not be ordinarily available to the provincial journals. The journal proposes to devote each issue to a full discussion of one or two special topics of major importance. The current number has 140 pages and contains articles by prominent co-operators of different provinces on a variety of subjects.

THE BIHAR AND ORISSA CO-OPERATIVE JOURNAL (February, 1935):

"We heartily welcome the addition in our midst of *the Indian Co-operative Review* published by the All-India Co-operative Institutes' Association under the editorship of Mr. V. Ramadas Pantulu. In these competitive days it is almost impossible for a baby Association to expound the ideals for which it stands, unless it has its own vocal organ to disseminate those ideals which would inspire the reading public to its creed. Judged from this stand-point the All-India Co-operative Institutes' Association have done well to undertake this new venture which under the able editorship of Mr. Pantulu, the veteran Indian co-operator, is bound to occupy a prominent place in the leading journals of the country. The association of Mr. V. Ramadas Pantulu with the journal is a guarantee of its standard and quality and the views and opinions expressed in it, we trust, will command respect and recognition. We wish our contemporary every success and strongly recommend it to the co-operative workers, both official and non-official, and all the co-operative institutions in the province.

THE BENGAL CO-OPERATIVE JOURNAL (January-March, 1935):

The publication of an all-India journal of co-operation is only a logical development of the All-India Co-operative Institution's activities. We are glad that the decision of the All-India Co-operative Institutes' Conference, to publish such a journal has borne fruit and the first sample of it, *The Indian Co-operative Review*, for January, 1935, is a product eminently worthy of its distinguished sponsors. Nothing pleases us more than to find as its Editor, Mr. V. Ramadas Pantulu, the veteran co-operator of Madras, who combines with his unrivalled knowledge of co-operation, a varied experience of public affairs. The articles that make up the first number cover a wide ground and contain interesting discussions of topical subjects. . . . If the standard set by this issue is kept up by the subsequent ones—and we do trust that it will be—the Review will make itself an invaluable guide to all students of the co-operative movement in India.

THE BOMBAY CO-OPERATIVE QUARTERLY (March 1935):

We offer a hearty welcome to *The Indian Co-operative Review* which issued its first number in January last. The need for an all-India co-operative journal was long felt and its advent was naturally facilitated by the formation of the All-India Co-operative Institutes' Association. The journal is conceived in no spirit of hostility to, or competition with, the provincial journals already in the field and though we believe that our journal, ever since its inception, has been publishing articles of importance to the whole of India, we recognise that it may not fulfil the need for an all-India journal. We also agree with the Editor that existing periodical journals can flourish side by side with the Review. Already the hope expressed that the present quarterlies may become monthlies has been realised in the case of the journal published by the Bihar and Orissa Co-operative Federation. . . . The journal, edited by Mr. V. Ramadas Pantulu, has a guarantee of bright career.

THE UNITED PROVINCES CO-OPERATIVE JOURNAL (April 1935):

We beg to offer a cordial welcome to this new *All-India Co-operative Journal* edited by that veteran co-operator, Mr. V. Ramadas Pantulu. We have got a large number of Provincial Co-operative Journals—each dealing more or less with special problems peculiar to each province. The need for an All-India Journal dealing

with the co-operative movement in India as a whole has long been felt by all those—officials and non-officials—who are working for the movement in the different parts of the country. . . . The first number which came out in January 1935, presents us with a brilliant array of contributions from eminent writers from all parts of India and we have read their articles with great pleasure and profit to ourselves. The Review is planning to throw open each of the succeeding issues to a full discussion of one or two special topics of major importance so that, if this plan is steadily followed, each issue of the Review will be a monograph on a particular subject. We cordially welcome this Review in the field of Indian Co-operation and we are confident that in the very able hands of Mr. Pantulu, the Review will be a powerful factor in guiding the movement along healthy lines.

CO-OPERATIVE INFORMATION, International Labour Office, Geneva (No. 5, 1935).

The want of a co-operative review embracing the whole of India has long been felt in that country and abroad. The several existing magazines, although full of interesting news and articles, mostly deal with local and provincial problems and cannot claim to speak for the whole country.

The Indian Co-operative Review is intended to fill up the gap, and under the editorship of Mr. V. Ramadas Pantulu, the well-known co-operative leader, the first issue has come out containing notes and articles of remarkable interest.

* * * * *

The publication promises to be a very valuable source of information for all scholars of co-operation and especially for those interested in the movement in India.

NORGES KOOPERATIVE LANDSFORENING (Central Union and Wholesale Society of Norwegian Distributive Societies), Oslo, Norway:

We have with great pleasure received No. 1 of your very handsome Review, which we have read with great interest. We would like very much to receive it regularly and propose in exchange to send you our official organ *Kooperatoren.*

LIBRARIAN, BUREAU OF AGRICULTURAL ECONOMICS, United States Depatrment of Agriculture:

We are very glad to have a copy of this issue for our library. Would you be willing to send it to us currently in exchange for our monthly publication entitled *Agricultural Economics Literature?*

DR. ANDREAS VUKOWITSCH, Co-operative Union, Vienna:

Our Co-operative Union received "The Indian Co-operative Review" for January 1935. I thank you very much for sending us this Review, which I have placed in our library. I am convinced this paper will help you to spread co-operative spirit and ideals all over your country.

MR. M. COLOMBAIN, Chief of the Co-operative Service, International Labour Office, Geneva :—

I have gone through the new publication with great interest and find it an extremely valuable contribution towards a full and comprehensive knowledge of the co-operative movement in the whole of India.

I shall be very pleased to mention your review in the forthcoming issue of "Co-operative Information" and to recommend it warmly to those who are interested in co-operation in India.

THE HINDU, EDUCATIONAL AND LITERARY SUPPLEMENT, (29th Jan. 1935):

We heartily welcome the birth of "The Indian Co-operative Review." Though there are many excellent provincial co-operative journals, the need for a co-ordinating journal, for discussing problems of co-operation from an All-India standpoint and serving as the connecting link between the various provinces and between India and the outside world, has been great and increasing, as the problems facing co-operators have become more complex and serious.

Being the organ of the All-India Co-operative Institutes' Association, it is uniquely fitted to serve as a medium for the discovery of the right co-operative policy and as an agency pointing out to co-operators, official or non-official, where they are wrong and how they should correct themselves. Mr. Ramadas Pantulu once said that co-operation is a *via media* between capitalism and communism, absorbing the indisputably good features in both and eschewing scrupulously the equally indisputable drawbacks of both. It would be the sincere wish of every co-operator, therefore, to see that the new journal becomes a powerful instrument for the creation of sound co-operative thought and for the evolution of workable and beneficent co-operative schemes.

If in the succeeding issues the editor is able to secure the same amount of co-operation he has secured in bringing out this first number, the journal bids fair to achieve the above objectives. Thought-provoking articles on various problems of co-operation appear from the pens of persons hailing from every part of India, and qualified to speak with authority on the subject.

We wish *the Indian Co-operative Review* success in its noble endeavour.

THE BOMBAY CHRONICLE (February 17th):

As a recent writer on co-operation observes, "co-operation perhaps more than any other popular movement requires propaganda and education," and it is all to the good that in India the volume of literature on the co-operative movement is growing. Bengal, Madras and Bombay each has its own periodical journal in English besides various journals in the local languages. It has been felt, however, for sometime past that as the provincial journals might be apt to have a limited interest and a parochial outlook there was need for an All-India journal to be conducted under popular auspices. It is in response to this oft expressed desire that the All-India Co-operative Institutes' Association has started a new quarterly journal. The journal is in the able hands of the distinguished co-operator, Mr. V. Ramadas Pantulu, as Editor and the first issue deals with a variety of topics and contains articles from a number of well-known figures in the co-operative world as well as from eminent economists. The subscription, Rs. 6 per annum is reasonable for a journal that contains over a hundred pages of reading matter, and co-operative workers or economic students who cannot afford to take in half a dozen provincial journals would do well to patronise this new organ of the All-India Institutes' Association.

THE NEW AGE, Madras (February, 1935):

This Journal is a quarterly published on behalf of the All-India Co-operative Institutes' Association. The first issue is just published, printed in fine antique paper, having 140 pages of readable matter.

Consistent with the aims and objects of the magazine explained in 'ourselves', it contains numerably well-informed and instructive articles on the co-operative movement written by distinguished men in the field. The journal maintains a high standard and we have no doubt that it will keep up its reputation in its subsequent issues under the able editorship of Mr. V. Ramadas Pantulu. We wish the journal every success.

THE HINDUSTAN REVIEW (February-March, 1935):

The Indian Co-operative Review is a quarterly edited by Mr. V. Ramadas Pantulu, who is well-known as an ardent student of the economic, banking and co-operative problems. The need for such a journal, reviewing periodically the co-operative movement in the whole of India, has long been felt by workers in the field, official and non-official. The first number of the journal, that for January 1935, contains articles on important subjects from leading co-operators, and is devoted to co-operation, banking, agriculture and economics. We commend this useful and valuable publication to all students devoted to the economic advancement of India.

DR. RABINDRANATH TAGORE, Santiniketan, Bengal:

I wish all success to *The Indian Co-operative Review.*

PT. KASHI PRASAD PANDE, M.A., LL.B., M.L.C., Governor, C. P. and Berar Co-operative Federation, Jubbulpore:

It removes the great desideratum in the Co-operative world. The journal contains very useful and interesting articles which are sure to be appreciated by those who are interested in the movement.

MR. D. N. STRATHIE, I. C. S., (formerly Registrar of Co-operative Societies, Madras), District Collector, Guntur :—

It is full of most interesting articles, and is beautifully got up and printed. I am sure it will be welcomed throughout the world, especially if the sober tone of this first number is maintained. So often articles on co-operation are highly coloured, written by enthusiasts, without strict adherence to facts.

Dr. Sudhin N. Ghose, Information Section, League of Nations, Geneva :—

It is really beautifully produced and I wish it very great success.

DR. SIR S. RADHAKRISHNAN, Vice-Chancellor, Andhra University, Waltair:

I congratulate you on your enterprise in starting this journal which, I am sure, is very much needed. I have no doubt that with the collaboration of competent workers in the field in the whole of India, you will make it a great success.

SIR J. C. COYAJEE, Principal and Professor of Economics, Andhra University Arts College, Waltair:—

I can congratulate you heartily on the first issue which contains so many excellent articles. I am sure the journal will prove a great success . . . I have placed the copy in the University Library so that it might be available to students.

MR. M. VENKATARANGAIYA, Reader and Head of the Department of History, Economics and Politics, Andhra University, Waltair:—

I am of opinion that the journal is bound to occupy a prominent place among the leading co-operative journals of the world. It contains a rich variety of contributions from writers occupying an authoritative and responsible position in the Indian co-operative field and as such it is bound to be a success.

DR. V. SHIVA RAM, M.A., PH.D., Head of the Department of Political Science, Lucknow University:—

It is a splendid journal in the get up as well as in material and compares favourably with similar journals in Europe and America. There can be no two opinions about the need for such a journal which can co-ordinate the activities of the co-operative movement in the various provinces of India. Let me congratulate you on this the first issue, which is a model for get up and standards of editing technical journals.

MR. B. MUKERJEE, M.A., Reader in Economics and Sociology, University of Lucknow:

Your review is remarkably well edited and it will serve a very useful purpose by spreading accurate and reliable information about the Indian Co-operative Movement as a whole—a facility that we have lacked so long. With you, as Editor, the Review cannot possibly fail to fulfil our best expectations of a first-rate co-operative journal and I wish you the best of luck in your new venture. The Review is remarkably well printed.

DR. B. RAMACHANDRA RAO, Department of Economics and Commerce, Calcutta University:—

The journal would undoubtedly become popular and express the view-point of the Indian people in matters of international co-operation. An experienced co-operator of your type would undoubtedly give it a welcome start. Its get up is neat. The articles from distinguished people would serve to bring it to the forefront.

ANANDA BAZAR PATRIKA, Calcutta, (3rd April, 1935):

The Indian Co-operative Review contains quite a number of articles on the co-operative movement all written by experts, besides reports of recent co-operative conferences. This Review will no doubt help in diffusing among the public knowledge of the co-operative movement.

ADVANCE, Calcutta, (20th February, 1935):

The first issue of *The Indian Co-operative Review*, the newly-started quarterly organ of the All-India Co-operative Institutes' Association, is an excellent publication. Beautifully printed and got up, under the able editorship of Mr. V. Ramadas Pantulu, the venture will make a wide appeal to all co-operators and those who are interested in the co-operative movement. The need for a journal like this, which will bring the movement throughout India under periodical review, has long been felt, and the Review which makes its first appearance at a time when the co-operative movement is passing through very anxious times seeks to fulfil that need in a very promising manner. The first issue has been able to enlist the services of a number of notable writers on co-operation and the contents show a wide and useful selection. A good many pages have been devoted to the proceedings of Co-operative Conferences and Congresses, both national and international, and to the resolutions passed by these bodies. These will form a useful part of the publication. The subscription is only Rs. 6 per annum which is cheap considering the value of the journal.

THE INDIAN ECONOMIST, CALCUTTA (25th March, 1935):

The All-India Co-operative Institutes' Association has recently started a journal of its own. It is to be issued quarterly and a veteran co-operator in the person of Mr. V. Ramadas Pantulu has been entrusted with the editorship of the journal. We welcome this new journal most cordially into our midst. A very appropriate and commendable feature of the journal would be, as the editor expects it to be, the plan "to throw open each of the succeeding issues of this Review to a full discussion of one or two topics of major importance." The articles in the present issue of the Review have been contributed by experienced co-operators and University professors, and the standard and quality of the articles bear out the all-India character of the journal. The special problems of the provinces in co-operative matters are adequately dealt with in the provincial co-operative journals, and it is necessary to have such an organ as the present *Indian Co-operative Review* to deal with the problems from an all-India standpoint. In this respect, it may be said that the Review fulfils a real want.

THE INDIAN CO-OPERATIVE SERIES

PUBLISHED BY THE

(ALL-INDIA CO-OPERATIVE INSTITUTES' ASSOCIATION)

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EDITED BY PROFESSOR H. L. KAJI,

Review of International Co-operation (London)—If the capable Indian co-operators who contribute to 'Co-operation in India can win over the people in increasing numbers to faith in co-operative self-help, the de-officialisation which Prof. Kaji advocates will be not only desirable but inevitable likely to create an intelligent and sympathetic interest on the part of co-operators in other lands.

Journal of the Royal Central Asian Society (London):—The contributors to 'Co-operation in India' edited by Prof. Kaji represent for the most part the de-officialising view and there can be no doubt that further steps in this direction will be taken.

Year Book of Agricultural Co-operation (London):—An admirable piece of of work under the editorship of Prof. Kaji.

The Producer, (Manchester):—'Co-operation in India' edited by Prof. H. L. Kaji presents in its 500 pages a complete view of co-operation in the national life an interesting review. The book should prove as stimulating to Co-operation in the East as was that of Holyoake in the West.

The Co-operative Educator (Manchester):—An extremely valuable addition to the literature of Co-operation in India and to the library of Co-operative literature in general. . . . capably edited by Prof. Kaji . . . . this excellent book upon which the editor and his colleague contributors are to be most heartily congratulated.

Co-operation (New York):—It is a fine example of book-making, co-operative spirit and co-operative promise.

The Scottish Co-operator:—A fine well-printed volume of 500 pages, edited by a co-operative enthusiast . . . . . packed with information . . . . A very readable, clear and interesting book.

The Times of Ceylon (Colombo):—Well worth a place in any co-operative library . . . an admirable addition to the existing literature on co-operation . . . . . much interesting information and much food for thought.

The Times of India (Bombay):—Prof. Kaji has brought together admirably a record of facts relating to the different types of co-operative effort.

The Madras Mail (Madras):—This book must be hailed as a distinct success . . . . . thoroughly up-to-date.

The Statesman (Calcutta):—At once complete and authoritative.

The Civil and Military Gazette (Lahore):—Well written introduction . . . . . work of specialists.

The Hindu (Madras):—Most useful publication . . . . extremely useful as a comprehensive study.

The Bombay Chronicle (Bombay):—The name of Prof. Kaji is already familiar to students of Indian economics in general and of the Co-operative Movement in particular, as a thoughtful writer on the subject of co-operation who always has some new idea, some original point of view to be commended to his readers. . . . . first hand information . . . . several valuable features . . . . helpful and instructive.

The Indian Daily Telegraph (Lucknow):—Very ably edited by Prof. H. L. Kaji who, in an article, provides a comprehensive survey of the Co-operative Movement. Valuable mass of informing material and authentic statistics.

The Hindustan Times (Delhi):—A substantial volume which will amply repay perusal.

The United India and Indian States (Delhi):—An invaluable guide.

The Capital (Calcutta):—Never had before in this country any such survey . . . . The editor has done a great service . . . . an authoritative publication.

The Modern Review (Calcutta):—Prof. H. L. Kaji deserves our thanks . . . . this valuable work of reference . . . . much valuable data.

The Indian Review (Madras):—A commendable piece of work and indispensable to anyone in India or outside who wishes to have a general understanding of the Co-operative Movement in India.

The Hindustan Review (Patna):—An excellent composite-work, at once complete and authoritative. Mr. H. L. Kaji has accomplished his task exceedingly well . . . . A highly useful and meritorious contribution to the literature of Co-operation in India.

The Mysore Economic Journal (Bangalore):—Most authorititative collection of first hand writing on co-operation in India . . . . It is so full of good things.

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THE SECRETARY,
THE ALL-INDIA CO-OPERATIVE INSTITUTES' ASSOCIATION, LAHORE

PROCEEDINGS OF THE

MEETING OF THE STANDING COMMITTEE OF THE ALL-INDIA CO-OPERATIVE INSTITUTES' ASSOCIATION

The Standing Committee of the All-India Co-operative Institutes' Association met on the 26th December 1934, at 1 P.M., at the office of the Bengal Co-operative Organisation Society (3|1, Bankshall Street, Calcutta), under the presidency of Mr. V. Ramadas Pantulu, President of the Association. The session was attended by members from almost all the Indian Provinces and some of the States. Members of the Standing Committee of the Indian Provincial Co-operative Banks' Association and some other co-operative workers were also present. Amongst those present at the meetings held on the 26th, 27th and 28th were the following:—

Members of the Standing Committee of the All-India Co-operative Institutes' Association.

*1. Mr. V. Ramadas Pantulu (President).
*2. Dewan Bahadur T. A. Ramalingam Chettiar (Madras).
3. Mr. C. Subba Rao (Madras).
4. Khan Mohd. Bashir Ahmed Khan (Punjab).
5. K. S. Malik Noor Mohd. Khan (Punjab).
*6. K. S. Khan Sahib Ghulam Hassan Khan (Punjab).
7. Prof. H. L. Kaji (Bombay).
8. Rao Bahadur N. K. Kelkar (Central Provinces).
9. Mr. Taraprasanna Ghosh (Bihar and Orissa).
10. Mr. Shyamsundar Lal (Bihar and Orissa).
11. Mr. K. C. Purkayastha (Assam).
12. Rao Bahadur Dr. K. S. Chaskar (Indore).
*13. Mr. M. A. Gopalaswami Iyengar (Mysore).
14. Prof. K. H. Kamdar (Baroda).
15. Mr. S. K. Lahiri (Bengal).
16. Mr. Shamsur Rahman (Bengal).

* These are also members of the Standing Committee of the Provincial Banks' Association.

Members of the Standing Committee of the Indian Provincial Co-operative Banks' Association (other than those who are also members of the Institutes' Association.)

1. Dewan Bahadur S. Aravamudu Iyengar (Hyderabad, Deccan).
2. Mr. V. L. Mehta (Bombay).
3. Rao Bahadur M. G. Deshpande (Central Provinces.)
4. Mr. A. G. Sherlekar (Indore).
5. Mr. Sanat Kumar Chatterjee (Bengal).
6. Mr. V. M. Thakore (Bihar and Orissa).

VISITORS

1. Rai Bahadur Nagendra Nath Mukerji (Ranaghat).
2. Khan Bahadur Maulvi Md. Ibrahim (Bogra).
3. Mr. N. Satyanarayana (Madras).
4. Mr. R. N. Roy, Deputy Registrar of Co-operative Societies, Bengal.
5. Prof. B. N. Banerjee (Calcutta).
6. Prof. H. Sanyal (Calcutta).
7. Mr. G. Basu (Calcutta).
8. Mr. Nirmal Chandra Ghosh (Jessore).
9. Mr. Dinabhandu Bose (Kalna).
10. Prof. Charu Chandra Bhattacharya (Calcutta).
11. Mr. Priyakanta Roy (Co-operative Department, Bengal).

Rai Bahadur Nagendra Nath Mukherji, the Vice-President of the Bengal Co-operative Organisation Society and Director of the Bengal Provincial Co-operative Bank, offered a very cordial welcome to the delegates and visitors to the metropolis of the presidency of Bengal. He then read letters, one from Dr. P. N. Banerjee, President of the Bengal Co-operative Organisation Society and the other from Mr. J. N. Basu, Chairman of the Bengal Provincial Co-operative Bank, expressing their regret at their inability to be present owing to pressing engagements elsewhere.

Mr. V. Ramadas Pantulu, President of the Association, thanked the Bengal Co-operative Organisation Society and the Bengal Provincial Co-operative Bank for the welcome extended to co-operators of the rest of India. They all knew that Bengal would not be wanting in hospitality and the spirit of comradeship.

The President then placed before the meeting the following items on the agenda for discussion :

ITEM I. " Consideration of the defects in the working of the Co-operative Movement in the various Provinces and States in India and how they can be removed. What steps, if any, should be taken to meet unjust criticisms to which the co-operative movement is sometimes subjected ? "

There was then a preliminary discussion on the nature of the action which the Provincial Institutes and the All-India Association can take in the matter.

Rai Bahadur N. N. Mukherjee enquired how unless and until they knew what these unjust criticisms were they could take any steps to meet them ? As regards unjust criticisms, he thought that all public institutions were subjected to such criticisms and after all they might help in directing them to proceed on the right path.

Khan Mohd. Bashir Ahmed Khan referred to articles on co-operative movement that appeared from time to time in certain newspapers and discussions on the same subject raised in Legislative Councils, and said that those criticisms were due to the general ignorance and biassed opinion about the co-operative movement. The Association should take active steps either to enlighten those people or to answer those criticisms. As co-operators, they no doubt realised that there were a good many defects in the co-operative movement and that some steps should be taken to remove them. He would suggest that almost all the defects were the result of ignorance of the elementary principles of the co-operative movement, of the lack of proper training of the co-operative staff and the proper training of the members of societies. In good many places, as a matter of fact, there was

only one individual who took charge of the co-operative society without caring for the Panchayat. He and his relatives conducted the whole thing and the co-operative society was more useful to them than to the people, and the society ultimately became stagnant.

The Co-operative Institutes' Association is a body which should be responsible for the training of organisers. The Provincial Co-operative Institutes in British India and those in the States should try to impart as much education as they could.

Rai Bahadur N. N. Mukherjee agreed that education in co-operation was the proper method but it would take time to fructify. In the meantime, we could not sit idle with folded hands. Bengal had undertaken the training of secretaries and co-operative officers and workers ; and the Registrar, Khan Bahadur A. M. Arshad Ali, had adumbrated a scheme which would be given effect to under the auspices of the Bengal Co-operative Organisation Society.

Rao Bahadur N. K. Kelkar said : It would be better if each province were asked to formulate what in its opinion were the defects, and what steps each of them had taken to know and to remove those defects. Then they would be able to lay down definite resolutions on the subject.

Prof. H. L. Kaji suggested that item 2 on the agenda might be taken up along with No. 1, and remarked that it would be much better to get statements and opinions from different provinces, since every one seemed to think that there were defects. It would be better to make out a case for the appointment of a Committee of Enquiry, which was, in his opinion, overdue. Since 1915, we have had no All-India Committee of Enquiry on Co-operation. So the time has come to view the whole question afresh. A strong Committee of Enquiry should be appointed by the Government of India.

The second part of the item on the agenda under discussion, referred to newspaper criticisms which were unfair and unjust. These critics had absolutely no idea as to what the co-operative movement really was. We can publish our replies in our own journals. The second part of the resolution can, therefore, be considered along with the question of the proposed Journal.

The President observed that various criticisms about our aims and objects had appeared in newspapers. In England co-operators were often cried down as though they were the enemies of sound national economy. In every country co-operators were subjected to criticisms. Terrible propaganda was being carried on against co-operators in western countries. The only remedy was to carry on propaganda to counteract them, by distribution of literature, pamphlets and leaflets which would go to educate the public mind.

Rao Sahib Dr. K. S. Chaskar (Indore), said that the real defect in the movement was the lack of voluntary spirit among the workers. We have been following the western method, without going into the question, whether that was suitable to our needs. Our co-operators worked, as it were, without any soul in their working. They are only pleaders and professional businessmen who had not got sufficient time which the nature and importance of work demanded, although they might have cherished a desire to serve their people. The paid staff were not sufficiently paid which gave rise to corruption. Workers should go into the villages and infuse a moral spirit amongst the people. Unless we had the moral spirit introduced into the movement, success could not be near. As regards unjust criticisms we could easily ignore them. Let us first try to purify ourselves.

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Dewan Bahadur T. A. Ramalingam Chettiyar (Madras) said that there were many people in the Legislative Councils who needed to be educated on co-operation. Unjust criticism could not be met by laying the responsibility on the Standing Committee. Let us ask the members of the Provincial Institutes to deal with these things by lectures and pamphlets.

Mr. M. A. Gopalaswami Iyengar (Mysore) said that unless we had an organised party in the legislatures, our propaganda would not be effective at all. The Central Institute would not be able to deal with the attacks made in the legislatures. It is only the Provincial Institutes that could take any action.

Mr. K. C. Purkayastha (Assam) supporting action by the Central Association said that local bodies, like great men in their homes, were seldom respected; we should approach the Central Government to spare certain men and money for propaganda work. Co-operative societies should contribute a small sum every year for propaganda and in that way an all-India organisation could do a great deal to help us.

"In Assam we arranged for some lectures and training in co-operative camps and we have got some benefit out of those. Co-operative education failed in Assam due to the fact that more than 75 per cent of members were absolutely illiterate. In spite of all criticisms that have been levelled the co-operative movement has done much better than any other movement. In order to support the action of the provincial institutes to combat unjust criticisms, it is necessary that the All-India Co-operative Institutes' Association should supplement their work."

Mr. N. Satyanarayana (Madras) said that the idea was spreading that the co-operative movement was a big failure and that it had done nothing for the uplift of village people. Therefore, it was but right that we should do something to meet unjust criticisms that have been made from time to time. At this juncture an All-India lead was required. The All-India Co-operative Institutes' Association should carry on propaganda by organising tours and lectures.

Rai Bahadur N. N. Mukherjee said that so far as unjust criticisms were concerned, provinces and provincial organisations might report to the Central Committee as to such unjust criticisms as had been levelled against them. On getting the report, the All-India Institute might take action. The Central Committee should ask each provincial committee to tabulate its defects and suggest what local steps should be taken by the provinces. The Provincial Committees must be autonomous bodies but at the same time the Central Committee must be referred to, and the Central Committee should take appropriate action.

EXPERIENCE OF SEVERAL PROVINCES

The President then called upon the members to relate the defects that existed in the provinces they represented.

Prof. H. L. Kaji stated that he would deal with the whole of India. We were dealing with an illiterate population. To him it was not clear how to make efforts at giving co-operative education when there was no general education at all. He would lay the greatest emphasis on illiteracy as the main cause for the failure of the co-operative movement. The achievements of co-operation had not been commensurate with expectation. We had sought to revolutionise village economy by increasing the indebtedness of the agriculturists. We have taught them to borrow more but we have not taught them to earn anything. The absence of any scheme of marketing was another great and fundamental defect. Had the principle of right marketing been introduced from the beginning the problem would have

been far different than as it was now. Because agriculture all over the country is not a twelve months' business the cultivators must have a side occupation. Finance in the hands of illiterate men was nothing but a curse. These three were the most important cardinal defects. How they could be removed was another question. These questions were big enough to take the whole session. We should concentrate on getting a Committee appointed by the Government of India as soon as possible, comprising of men who knew the co-operative business.

Mr. A. G. Sherlekar (Indore) said that we should send a band of workers into the villages to carry on propaganda. We lacked the right type of character even among leading men. The Central Institute should concentrate its efforts on the establishment of a college for the training of officers and workers of this movement, thus following the methods of the Servants of India Society. Unless such institutions were started in the provinces there would be no improvement of the situation.

Rai Bahadur N. N. Mukherjee said, "Want of marketing facilities and not putting means of increased income at the hands of agriculturists appear to me to be the main defects. The Co-operative Movement has at the present time increased to such a volume that it is very difficult for honorary workers to cope with it. Paid agencies should supplement honorary work. This Committtee must insist upon the Government to pay more money which would enable us to employ more men to carry our banner. The Central Committee should place our considered views before the Government. The Government should make more liberal grants if there be really a desire on their part for the uplift of the villages."

Mr. Shyam Sundar Lal (Bihar) observed: "Absolute ignorance of the people is standing in our way. We have been going to villages; but we have been unable to improve the situation. Adequate Government help is not forthcoming. Co-operators should stand on their own legs. Let us not rely on the forthcoming political reforms. Education should be our motto. From my experience in my province I have come to the conclusion that the colossal ignorance of the peasantry should be removed first."

Mr. Purkayastha stated that illiteracy was one of the main defects in Assam. Stressing the importance of a better system of marketing he suggested that marketing and education should go together. Our organisations were run by people who did not understand business. The defect was that we wanted to decrease the peasants' expenditure but not to increase their income.

Mr. Taraprasanna Ghosh (Bihar) said, "We have started the co-operative movement on western lines. There was co-operation formerly in Indian villages, but people have forgotten all about it. We have to bring back that spirit into the villages. If we can have a band of selfless workers to work in the villages all the problems of education, agriculture, marketing and finance will be solved. Unless we can stop litigation and the spending of money on ceremonial occasions, and encourage the habit of thrift and prevent the evil of drinking among the people we have no hope for co-operation. We can organise villages by approaching the people through the means of *Kathakata* and other indigenous methods, school education is not an absolute necessity."

At the conclusion of the discussion the following resolutions were duly proposed and adopted:

RESOLUTION I. (a). In order to supplement the efforts of the Provincial Co-operative Institutes to meet the unjust criticisms to which the movement is some-

times subjected, the Standing Committee requests the Provincial Co-operative Institutes to report to the Association from time to time such criticisms, and requests their executive committees to prepare and publish in the vernaculars and in English, pamphlets and leaflets answering the criticisms which in their opinion are unjust and explaining the real aims and objects of the movement and short accounts of the services rendered by the organisations in the several provinces.

(b) The Standing Committee requests the Provincial Co-operative Institutes to report to the All-India Institutes' Association before the 31st of March, 1935, the defects in the working of the organisations in their areas and suggest remedies which in their opinion are calculated to remove those defects. The Standing Committee will then make a careful investigation into the defects disclosed and the remedies suggested therefor and formulate a suitable programme for dealing with the defects and place it before the meeting of the Standing Committee to be held during the Easter Holidays (April 1935) at Patna.

(c) The Standing Committee is of opinion that lack of education in the principles and practice of co-operation and almost total neglect of schemes to improve the income of the members by organising the marketing of their produce and subsidiary occupation are the main defects of the movement and urges on the provincial co-operative organisations and Provincial Governments to formulate suitable schemes to remove those defects and requests the Provincial Governments to make adequate grants for the purpose.

ITEM II. The proposal for the appointment of a Committee of Enquiry into the co-operative movement for the whole of India like the Maclagan Committee of 1915.

On the motion of *Mr. S. K. Lahiri*, the proposal was withdrawn.

ITEM III. (a) Proposal to request the Government of India to publish a consolidated annual review on the working of the Co-operative Societies in the several provinces in India instead of "The Statistical Progress of Co-operation in India.

(b) Standing Committee to undertake the systematic organization of co-operative publications, statistics and charts etc. (Resolution No. 7 of the Third Institutes' Conference.)

Speaking on item III (b) *Prof. H. L. Kaji* (Bombay) said that this Committee should in some way adopt a policy of dissemination of co-operative information in its widest sense including publication in English, Hindi, and other languages, of books and booklets. The publications should include statistical charts, diagrams, notes containing full exposition of co-operative principles, etc. This should be undertaken by Provincial Committees. Some of them may be published in the new *Indian Co-operative Review* and in other journals and papers. On behalf of the All-India Association, a general review of all those things should be made. The Standing Committee must undertake this kind of work.

Mr. Gopalaswami Iyengar (Mysore) said that this work required a definite estimate and planning. A Sub-committee should be appointed to deal with the matter.

The following resolution was then adopted:

RESOLUTION II. "Resolved that the Government of India be requested to publish a consolidated Annual Review on the working of the Co-operative Societies in the several provinces in India instead of the Statistical Statements re: co-operative movement in India."

ITEM IV. (a) Arrangements in connection with the publication of the "Indian Co-operative Review" (Quarterly) and a second volume of 'Co-operation in India.'

(b) Publication of co-operative literature in Hindi and other vernaculars.

There was a discussion regarding the cost, size and the constitution of an Editorial Board for the *Indian Co-operative Review. Prof. H. L. Kaji* in this connection read out to the members an extract from "Ourselves" of the forth-coming *Indian Co-operative Review.*

The following resolution was then adopted:

RESOLUTION III. Resolved (i) that the Indian Co-operative Review be published as a Quarterly;

(ii) that Mr. V. Ramadas Pantulu be appointed Editor of the Indian Co-operative Review; that the annual subscription be fixed at Rs. 6; and that necessary expenditure for one year to print 750 copies of the first issue and 500 copies of the subsequent issues be sanctioned; and that the editorial policy enunciated in "Ourselves" of the first issue of the "Indian Co-operative Review" be approved.

Resolved further that a scheme for the second volume of Co-operation in India be drafted and placed before the next meeting of the Standing Committee.

ITEM V. Proposal to consider whether the Co-operative Societies' Acts that are in force now in various provinces require revision and if so, on what lines.

Rao Bahadur N. K. Kelkar (C. P.) observed: "The Punjab is going to have an Act. There is a Bill before the Bihar and Orissa Council, which has been sent to a Select Committee. We are going to have a Bill in the Central Provinces. My object is to find out whether the Bombay and Madras Acts are likely to do any good to the co-operative movement, whether co-operative societies in the Bombay presidency are in a better position than they were eight years ago, and whether that better position is due to the Act itself. Similarly, we had an Act in Madras which came into force two years ago. The provisions in the Bihar Bill are of the most reactionary and retrograde character. If such Acts are passed in the provinces the movement will never prosper. The whole idea now is to officialise the movement. If that comes to pass the non-officials would not take any interest in it. The Act must be so drafted that the responsibility of the officials and the non-officials should be defined and differentiated. There should not be any overlapping of the functions. Every branch must be allowed to work in its own way. If co-operative societies are to be officially controlled, let this be defined and limited. The duties and responsibilities of officials and non-officials must be distinctly defined. Until and unless the non-officials are assured that they will not be controlled by the officials, they would not associate themselves with the movement.

"One of our drawbacks is that we do not get the right type of non-official workers. But the non-officials feel that they have to take orders from the Government and they have got no independent existence. If you look to the Acts passed you will find that non-officials have got no place there. For organisation they have to depend on the Government. The Registrar's order is final and the powers of inspection, supervision and liquidation are all absolutely under his control. We should not expect any help from any non-officials unless the situation is remedied. Is it not time for us to consider this matter and advise the different provinces the kind of legislation they should have? A Committee was appointed by the Central Provinces' Federation Congress for that purpose: that Committee has not come to any conclusion. Is it not time that we, non-officials, should urge the Government that they must endeavour also to fix a time limit within which the co-operative movement should be de-officialised and necessary steps must be taken to de-officialise it?

"The actual facts of the situation do not lend colour to the report circulated that the members of the societies and the managing directors have become dishonest. If Indians are unable to manage those activities how could they be fit for higher political responsibilities? In Bihar many members of co-operative societies have resigned their offices and the sub-divisional officers have come to take the charge.

"Under the existing system there are several matters which are to be provided for by means of bye-laws. It is unfortunate the Minister has got no opportunity to come into direct touch with the movement. The Registrar's position should be reduced to that of an adviser of the Government as well as of the societies. He must not have dictatorial powers if he should work as the friend and guide of the societies. His advice must not be mandatory. In the Bihar Bill you will find the provision that the Registrar might force bye-laws whether the societies want them or not.

"One great defect in our present law is that it prescribes no qualifications for directors. Any man who contributes a certain sum of money is entitled to be a director, no matter whether he has got the requisite qualification or not. I know our directors are not very efficient. The present system is bound to make them inefficient. The idea was to give the rural people a voice in the management of central banks. But in fact the idea was not translated into action."

"I see there is now a tendency to relax or postpone the enforcement of the joint and unlimited liability. They say that unlimited liability of the member should not be enforced till the society is put into liquidation. But my point is that the law should provide that joint and unlimited liability should be enforced as occasion therefor arises. The effect of this will be that the members will always be kept alive to their sense of responsibility. They will be careful in advancing money to all sorts of people."

"In the first place, it is said that our members are illiterate but illiteracy is no great bar to understanding the main principles and business of co-operation. Everywhere in the Central Provinces and in Berar we were told that the principles of joint responsibility were not explained to the people. Members of societies try to escape liability on the ground that joint and separate liability has not been explained to the people. Under the Bombay Act, and I believe in Madras too, there is provision to the effect that joint and unlimited liability is inevitable only after the society has gone into liquidation. Similar provision is also made in the

Bihar Act. If the principle of joint responsibility is not kept alive then it would make no improvement in the situation."

At this stage the Standing Committee was adjourned till the next day.

SECOND DAY'S PROCEEDINGS.

(27th Dec. 1934.)

The Standing Committee resumed its deliberations at 12 noon on Thursday, the 27th December, 1934. Mr. V. Ramadas Pantulu presided.

Resuming his speech *Rao Bahadur N. K. Kelkar* said, "Now we have before us the Bombay Act and the Madras Act. On reading these two Acts I find there is a marked difference between them. The Madras Act is worse than the Bombay Act. I have also seen the Bihar and Orissa Bill which is still worse than the Madras Act. It will strengthen official control. They proceed upon the assumption that non-officials are either incompetent or not trustworthy. Then I say, let the Government take away the whole movement from the hands of the non-officials. Let there not be this kind of diarchy. Officials must not escape responsibility at the cost of non-officials. Functions and powers should be divided between officials and non-officials in such a way that there will be no clash between them. Organisation, education, both prior and subsequent to registration, supervision and inspection, financing and all matters in connection with finance and even audit should be entrusted to the non-official agencies. So far as officials are concerned matters such as settlement of disputes, liquidation, arbitration and registration should be placed in the hands of the Registrar. Then and then only can liability be fixed on the non-official workers".

Dewan Bahadur Ramalingam Chettiyar (Madras) said, "It seems to me that so far as Madras is concerned it would be too early to suggest any change. We will have to get some experience of the working of the Act that has been passed before we suggest any amendments. It would be too early in the day to call for some revision in the provisions of the Act. The Registrar there always consults the co-operative organisations. No society in Madras is registered unless it is recognised by the District Bank or District Federation if there is one. So far as audit is concerned, opinions differ as to whether audit should be in the hands of the Government or in the hands of the societies. I may say that opinion in the Madras Legislative Council is that in the present circumstances audit should be with the Government."

Mr. Shyam Sundar Lal (Bihar) said: "In my province the audit is the concern of non-officials. This audit business is being done there since 1918. The Registrar only selects the men to do the business. On the technical side they are helped by the Chief Auditor. Appointments and all other things are done by the Federation. In this matter we have no grievance against the Government. But I think this business will in future be entirely in the hands of the non-officials." After discussing the powers and functions of the Registrar in the forthcoming Bihar Bill, Mr. Shyam Sundar Lal concluded: "I propose this house should pass a resolution purporting that cut and dry limitations should be imposed on officials in the matter of organisation, audit, supervision and inspection of societies."

Khan Ghulam Hassan Khan (Punjab) said: "Whether officials should have any control over the movement is a point on which opinions differ. Already in the Punjab Act, the Registrar has got power to supersede and suspend societies, suspend and dismiss employees and remove directors. I think this has also been done in Bihar by a recent notification. This tendency should be strongly deprecated. As regards employment and dismissal of employees and also about election of directors, all these matters should be specifically dealt with in the resolution."

The President: We have passed a resolution * on this subject at the last Amraoti Conference.

K. S. Malik Noor Mohammad Khan (Punjab) said: "In my opinion our resolution should be that the control exercised by officials should be of an advisory nature and not of a mandatory character. It is found that the desire of the officials is to over rule the views of the non-officials."

Prof. H. L. Kaji proposed that a memorandum should be submitted to the Government of India by the President urging them to take steps in the matter. That should be more effective than the mere passing of a resolution.

Mr. Shamsur Rahman (Bengal) said: "So far as Bengal is concerned only audit is in the hands of the Government and every thing else is in the hands of the non-officials."

Rao Bahadur M. G. Deshpande (C.P.) enquired whether sufficient note was taken of the reasons which led the Government to interfere in the working of the societies. He deplored that nobody was taking any notice of it. He found that the tendency of the non-official element was to mismanage the administration of societies. Non-officials had not got sufficient time to control and supervise all the affairs."

Mr. Kelkar: "Are you prepared to transfer the whole control to the Government."

Rao Bahadur Deshpande: "No, I have not suggested it."

Mr. Purkayastha: referred to a previous memorandum submitted to the Government but no reply was forthcoming from them till now.

Mr. Bashir Ahmed Khan said that out of 16 letters issued to Registrars inviting their opinions on the subject of official control over the societies only 2 replies had been received.

The following resolution was then duly proposed and adopted:

RESOLUTION IV (a) The Committee strongly deprecates the increasing tendency to strengthen official control over the movement and views with grave concern the retrograde and reactionary character of the Bills now introduced into some provincial legislatures and the rules and bye-laws made under the existing Acts which virtually destroy the autonomy of the societies and make the Registrar a dictator.

(b) The Registrar should help in securing the good management of societies by advice and guidance and not by interference with the internal management of the societies.

(c) The Committee calls upon co-operators to mobilize non-official co-operative opinion against such tendency and requests the Provincial Governments to give due weight to accredited non-official opinion in their provinces and to preserve intact the fundamental character of co-operation as a people's movement, which must be managed by them on true democratic principles.

* *Vide* Resolution No. 16—page 129, Vol. I, No. 1. I. C. R.

(d) The President will address the Government of India and the Provincial Governments urging on them the views of the Association on the subject.

ITEM VI. (a) The institution of an examination for an All-India co-operative diploma.

This was dropped.

(b) Standing Committee of the Association to obtain information about arrangements for and courses in co-operative education in various provinces and States in India and to make that information available to the member-institutes in a suitable form. (Resolution No. 10 of the Third Institutes' Conference).

Khan Mohd. Bashir Ahmed Khan, Secretary informed the meeting that information regarding the subject was being collected. As soon as the information was available this would be placed before the Committee.

(c) Consideration of the establishment of an All-India Co-operative College as a training college for employees in the movement and for higher instruction in co-operative economics and practice.

This was dropped.

ITEM VII. Request to the Government of India to give an annual recurring grant to the Association.

The following resolution was adopted:

RESOLUTION V The Standing Committee of the All-India Co-operative Institutes' Association requests the Government of India to make an annual recurring grant to the Association to enable it to carry on its functions.

ITEM VIII (a) Consideration of the proposal to give representation to those provinces and States in the All-India Co-operative Institutes' Association which have no provincial Co-operative Institutes in them.

(b) Suggestions, if any, for the amendment of the constitution of the Association to be placed before the next General Body meeting.

RESOLUTION VI: Resolved that suggestions be invited from members and Provincial Co-operative Institutes and that the proposed amendments to the constitution be placed for consideration before the next meeting of the Standing Committee.

ITEM IX. (a) Proposals in regard to the constitution and functions of the Rural Credit Section of the Reserve Bank of India.

It was decided that the matter should be considered by the joint meeting of the Standing Committees of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association to be held on the following day.

(b) Standing Committees of the Institutes' and the Provincial Banks' Associations to examine the possibility of organising All-India or Provincial Co-operative Investment Trusts, and if in their opinion the organization of such Trusts is practicable to draw up a scheme and circulate the same to the provincial co-operative banks and institutes. (Resolution No. 11 of the Third Institutes' Conference.)

The mattter was dropped.

ITEM X. The general village society or a multiple purposes society as a step in the improvement of marketing.

This was considered along with the next item.

ITEM XI. Report from the Rural Reconstruction Committee appointed by the Amraoti Conference and action to be taken thereupon.

No report was submitted.

The President read a note * on rural reconstruction prepared by himself.

After some discussion the following resolutions were adopted :—

RESOLUTION VII (a). That the President's note on Rural Reconstruction be adopted and circulated to member-institutes.

(b) That the Provincial Co-operative Institutes be requested to establish one or more centres for training a band of wholetime workers in each province according to the resources and needs of the areas.

(c) That the existing Co-operative Credit Societies should function not merely as agencies for supplying cheap finance to their members, but also as centres of all fruitful rural activities so as to revive the corporate life of villages, for on their prosperity the national economy depends.

RESOLUTION VIII. Resolved that a Sub-Committee on Rural Reconstruction be constituted.

After some discussion it was decided that the Honorary Secretaries should be included as members and that notices of meetings should be issued in their names. The following Sub-Committee was then constituted :—

Mr. N. Satyanarayana (Madras); Mr. H. L. Kaji (Bombay); Khan Sahib Malik Noor Mohd. Khan (Punjab); Mr. Tara Prasanna Ghosh (Ranchi); Prof. Benoyendranath Banerjee (Bengal); The Hon. Rai Bahadur Mathuraprasad (U. P.); Mr. M. A. Gopalaswami Iyengar (Mysore); Mr. Shyamsundar Lal (Bihar); Rao Bahadur M. G. Deshpande (C. P.); and the Honorary Secretaries.

ITEM XII. Communication of Mr. S. L. Taknait, Auditor, Lahore, that the Government should be requested to make it obligatory by legislation that where practising auditors who have passed the G.D.C.A. examination are available, the audit of Co-operative Societies shall be

* Vide pp. 15.

entrusted to them only. It is further requested that so long as regular legislation is not passed by the Government, the Registrars of co-operative societies may be requested to give preference to those practising auditors who have passed the G.D.C.A.

The proposal was dropped.

ITEM XIII. Operation of Rule No. 7 (Annual subscription) and arrears of subscription due to the Association from some of the member-institutes.

Khan Mohd. Bashir Ahmed Khan, Honorary Secretary, read out the names of the defaulting societies and said that he would address them to pay up.

ITEM XIV. Accounts of the Association.

RESOLUTION IX. "It was resolved that Khan Mohd. Bashir Ahmed Khan Honorary Secretary and Treasurer should operate on the accounts of the Association."

It was further resolved that the Honorary Secretary and Treasurer be allowed the services of a clerk on a pay of not exceeding Rs. 30 per mensem.

The President read out to the Committee the statements of receipts and disbursements made at Madras on behalf of the All-India Co-operative Institutes' Association from 1-7-'34 to 15-12-'34.

The Secretary informed the House that all the previous accounts kept at Bombay had been regularly audited and circulated to the members.

RESOLUTION X. "It was resolved that the accounts placed before the meeting be passed."

ITEM XV. Registration of New Societies.

The following resolution was passed.

RESOLUTION XI. "This Conference is of opinion that steps be taken for registration of new societies and requests the Provincial Governments to pursue a policy of extension, though on cautious lines, by encouraging organization and registration of new societies wherever they are likely to be successful.

RESOLUTIONS GIVEN NOTICE OF BY MEMBERS

Mr. M. A. Gopalaswami Iyengar proposed the following resolution :—

That the All-India Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association be amalgamated and a single All-India Society called, "The Indian Co-operative Congress" be formed and registered under the Indian Societies Registration Act of 1860.

The President pointed out that according to the existing law it was not possible to give effect to the provision of the resolution.

Mr. Bashir Ahmed Khan said that the question had already been noted for the next Standing Committee for collecting opinion in that regard. The proposal had also been previously discussed.

The President said that the Provincial Institutes' Association which was more a propaganda body had functions to perform different from those exercised by the Bank's Association.

Prof. H. L. Kaji expressed his view that the proposed Congress might be a good instrument for propaganda but the amalgamation should not be effected for dealing with financial matters. He therefore, opposed the resolution. The matter was dropped.

Mr. Gopalaswami Iyengar then moved:

"That a Sectional Committee be appointed for the purpose of studying specific problems of co-operation and reporting thereon to the Standing Committee at least one month prior to the date of the next Conference so as to enable it to formulate and lay before the Conference suitable proposals about them."

Khan Saheb Ghulam Hassan Khan said that the Sectional Committee would be like a Working Committee of the Standing Committee. For instance it may gather data about the officialisation of the movement.

The President observed that the establishment of a Sectional Committee would involve additional financial liability. The members would not be able to meet together whenever it was necessary. The data could be better gathered by the office.

The matter was dropped.

The following two resolutions of Mr. Iyengar were also talked out.

That provision be made in the bye-laws for enrolling distinguished co-operators and other persons interested in the co-operative movement as associate members.

That immediate steps be taken to submit a suitable representation to the Government of India with regard to *Resolution No.* 5 of the Conference on the Reserve Bank and Co-operative Societies in Indian States.

Mr. K. S. Malik Noor Mohd. Khan proposed a vote of thanks to the Chair.

Mr. Bashir Ahmed Khan then said, "Before we disperse, on behalf of the All-India Co-operative Institutes' Association, I consider it to be a pleasant duty to offer our cordial thanks to the Bengal Co-operative Organisation Society for making arrangements and affording us all conveniences possible in Calcutta. We are very thankful for the trouble they have taken."

Mr. S. K. Lahiri and Mr. S. K. Chatterjee apologised for shortcomings and thanked the guests.

The President then said: "I thank you wholeheartedly for the genuine co-operation you have extended to me in going through these proceedings. This should be the real spirit in which we should co-operate."

The meeting then terminated.

It was decided to hold the next general conference of the Institutes at Bangalore in 1936 on the dates to be fixed later.

NOTE ON RURAL RECONSTRUCTION

By

Mr. V. Ramadas Pantulu.

Programmes of rural reconstruction are the direct outcome of the new consciousness that the village is the foundation of our national economy. The implication of the phrase "rural reconstruction" is that the Indian village once possessed a structural organisation as a socio-economic unit and that it has now become dilapidated and needs renovation or rebuilding. No one who has any acquaintance with the history of the village communities in India, can deny that the entire fabric of village life was built upon genuine co-operation. It is therefore a legitimate activity of the co-operative movement in this country to promote programmes of rural reconstruction by the application of the principles and practice of co-operation to organisation of rural life. The success of the co-operative movement itself largely depends on factors of rural life which are not purely economic, and the strengthening of those factors will react favourably on the co-operative movement, while the co-operative movement itself reacts favourably on the promotion of these factors.

Two important principles have to be borne in mind in settling a programme of rural reconstruction. The main aim of rural reconstruction should be the reconstruction of the mentality of the villager by propaganda and education, especially in the economic and social spheres of rural life and to change his outlook on life. Charitable doles of money or mere cheap credit thrown into the villagers' pockets will only serve to make them more dependent and less self-reliant The next essential principle to be borne in mind is that any reconstruction scheme should embrace all sides of the activities of the village life which are compendiously described in Horace Plunkett's classification of the principal needs of a farmer, as "business needs" and "social needs". Once the villager imbibes the principles and practice of co-operation, he will realise that life is a series of concentric circles of which he is the centre, from which radiate his love and patriotism to the ever-widening circle of the village, the district, the province, the country and the world.

With these principles in view, each province should start at least one rural reconstruction centre to serve as a model and draw up a simple workable programme in accordance with local needs and conditions. Its general features may be briefly stated as under. One of the main duties of the rural reconstruction worker shall be to plant in each village in the area of his operations a co-operative society and a statutory village panchayat, if one is not already working there. Where they exist and do not work satisfactorily, no pains should be spared to resuscitate them and put them on a sound basis. Schemes of village sanitation, education and medical relief should mainly be the concern of those institutions. It shall be the duty of the worker to see that these schemes are taken up and worked by these institutions. A statutory village panchayat would be the most useful instrument for reconstruction work in collaboration with the co-operative society. A voluntary association without legal sanction is difficult both to organise and sustain. Our aim must be to strengthen and revitalise the existing limbs of the village organisation and not to introduce new ones. A statutory panchayat is a corporation and enjoys the power of local taxation for common benefit. The rural reconstruction worker and the panchayat should collaborate in making a detailed survey of the conditions of village life in all its aspects and in taking steps for improving the amenities of the village life in all directions. Another important duty of the rural reconstruction worker is to put the villager in touch with the agricultural demonstrator, the veterinary surgeon, the sanitary and other itinerant officers, who are expected to render assistance to them in the respective spheres of their official duties.

The co-operative societies in the area should not merely be agencies for dispensing cheap credit, but must be instruments to promote the general economic welfare of their members. They must enable their members to increase their production, to organise their marketing and to develop their subsidiary industries, thereby improving the income from the lands and other sources. There are several cottage industries which are languishing for lack of financial help and encouragement and which can be revived by the efforts of co-operative organisations. The preamble to the Co-operative Societies Act and the model bye-laws of societies comprehend all these beneficial aims and objects and envisage the life of the villager as a whole, but we have unfortunately lost sight of this all-embracing character of the Movement in practice. All that is necessary is to bring our practice into conformity with our theory.

Two other items of rural reconstruction work, deserve special attention. These are (1) promotion of programme of adult education in all the villages of the centre. Such education is best imparted through lectures in the vernaculars, through the cinema and magic lantern. through traditional methods of *sankeerthan* and expounding *puranas* and the modern methods like organisation of village clubs, widespread use of rural and circulating libraries and staging of social dramas and the like. (2) Another important item of the work is the housing of the people, who now live in insanitary localities and in slums. Co-operative building societies for construction of sanitary and convenient habitations for such people should be taken up as an integral part of rural reconstruction work. Wherever possible, steps should be taken to organise a provincial co-operative building society to finance such schemes in the reconstruction of village habitations.

Enumeration of rural reconstruction activities may look formidable on paper; but these activities are intimately related to the daily life of the villager and will be found to be capable of being easily carried out, if there is plan and organization. The success of the scheme will largely depend upon the interest which the educated middle classes evince in problems of rural life and nation-building and the extent of rural bias they can cultivate in the immediate future. The most urgent need is the enlisting of a band of whole-time workers, who are informed enthusiasts in the cause. It should be the endeavour of every Provincial Co-operative Institute to take steps to train such workers, who may be called "Servants of Rural India" wearing the badge "S. R. I." and carrying the message of a new Rural India to every home in every village in the country. India is rich in human material, and it only needs mobilising. Those who are called upon to render those services should remember that a regenerated village with its corporate life and sense of civic responsibility developed will be the true foundation of a lasting Swaraj for India. Our national poet Tagore says that "the keeping of the villages is the cradle of the race."

RESOLUTIONS PASSED AT THE MEETING OF THE STANDING COMMITTEE OF THE INSTITUTES' ASSOCIATION

RESOLUTION I. (a) In order to supplement the efforts of the Provincial Co-operative Institutes to meet the unjust criticisms to which the movement is sometimes subjected, the Standing Committee requests the Provincial Co-operative Institutes to report to the Association from time to time such criticisms, and requests their executive committees to prepare and publish in the vernaculars and in English, pamphlets and leaflets answering the criticisms which in their opinion are unjust and explaining the real aims and objects of the movement and short accounts of the services rendered by the organisations in the several provinces.

(b) The Standing Committee requests the Provincial Co-operative Institutes to report to the All-India Institutes' Association before the 31st of March, 1935, the defects in the working of the organisations in their areas and suggest remedies which in their opinion are calculated to remove those defects. The Standing Committee will then make a careful investigation into the defects disclosed and the remedies suggested therefor and formulate a suitable programme for dealing with the defects and place it before the meeting of the Standing Committee to be held during the Easter Holidays (April 1935) at Patna.

(c) The Standing Committee is of opinion that lack of education in the principles and practice of co-operation and almost total neglect of schemes to improve the income of the members by organising the marketing of their produce and subsidiary occupation are the main defects of the movement and urges on the provincial co-operative organisations anl Provincial Governments to formulate suitable schemes to remove those defects and requests the Provincial Governments to make adequate grants for the purpose.

RESOLUTION II. Resolved that the Government of India be requested to publish a consolidated Annual Review on the working of the Co-operative Societies in the several provinces in India instead of the Statistical Statements re : co-operative movement in India.

RESOLUTION III. Resolved (i) that the *Indian Co-operative Review* be published as a Quarterly ; (ii) that Mr. V. Ramadas Pantulu be appointed Editor of *the Indian Co-operative Review ;* that the annual subscription be fixed at Rs. 6 ; and that necessary expenditure for one year to print 750 copies of the first issue and 500 copies of the subsequent issues be sanctioned; and that the editorial policy enunciated in *Ourselves* of the first issue of the *Indian Co-operative Review* be approved.

Resolved further that a scheme for the second volume of Co-operation in India be drafted and placed before the next meeting of the Standing Committee.

RESOLUTION IV. (a) The Committee strongly deprecates the increasing tendency to strengthen official control over the movement and views with grave concern the retrograde and reactionary character of the Bills now introduced into some provincial legislatures and the rules and bye-laws made under the existing Acts which virtually destroy the autonomy of the societies and make the Registrar a dictator.

(b) The Registrar should help in securing the good management of societies by advice and guidance and not by interference with the internal management of the societies.

(c) The Committee calls upon co-operators to mobilise non-official co-operative opinion against such tendency and requests the Provincial Governments to give due weight to accredited non-official opinion in their provinces and to preserve intact the fundamental character of co-operation as a people's movement, which must be managed by them on true democratic principles.

(d) The President will address the Government of India and the Provincial Government urging on them the views of the Association on the subject.

RESOLUTION V. The Standing Committee of the All-India Co-operative Institutes' Association requests the Government of India to make an annual recurring grant to the Association to enable it to carry on its functions.

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(b) That the Provincial Co-operative Institutes be requested to establish one or more centres for training a band of wholetime workers in each province according to the resources and needs of the areas.

(c) That the existing Co-operative Credit Societies should function not merely as agencies for supplying cheap finance to their members,

but also as centres of all fruitful rural activities so as to revive the corporate life of villages, for on their prosperity the national economy depends.

RESOLUTION VIII. Resolved that a Sub-Committee on Rural Reconstruction be constituted.

RESOLUTION IX. It was resolved that Khan Mohd. Bashir Ahmed Khan, Honorary Secretary and Treasurer should operate on the accounts of the Association.

It was further resolved that the Honorary Secretary and Treasurer be allowed the services of a clerk on a pay of not exceeding Rs. 30 per mensem.

RESOLUTION X. It was resolved that the accounts placed before the meeting be passed.

RESOLUTION XI. This Conference is of opinion that steps be taken for registration of new societies and requests the Provincial Governments to pursue a policy of extension, though on cautious lines, by encouraging organisation and registration of new societies wherever they are likely to be successful.

PROCEEDINGS OF THE MEETING OF THE STANDING COMMITTEE OF THE INDIAN PROVINCIAL CO-OPERATIVE BANKS' ASSOCIATION

The Standing Committee of the Indian Provincial Co-operative Banks' Association met on the 28th December, 1934, at 12 noon at the office of the Bengal Co-operative Organization Society with Mr. V. Ramadas Pantulu, President of the Association in the Chair. The following members of the Standing Committee of the Provincial Banks' Association were present:—

1. Mr. V. Ramadas Pantulu (President).
2. Dewan Bahadur T. A. Ramalingam Chettiar (Madras).
3. Mr. M. A. Gopalaswami Iyengar (Mysore).
4. Dewan Bahadur S. Aravamuda Iyengar (Hyderabad).
5. Mr. V. L. Mehta (Bombay).
6. Rao Bahadur M. G. Deshpande (Nagpur).
7. Mr. A. G. Sherlekar (Indore).
8. Khan Sahib Hasham Khan (Punjab).
9. Mr. Sanat Kumar Chatterjee (Bengal).
10. Rai Bahadur Durga Prasad (Bihar and Orissa).
11. Mr. V. M. Thakore (Secretary).

Members of the Standing Committee of the All-India Co-operative Institutes' Association and some visitors were also present.

Mr. Sanat Kumar Chatterjee, welcoming the delegates on behalf of the Bengal Provincial Co-operative Bank, said that he regarded this as a memorable day in their province when they had got in their midst many of the most prominent co-operators in India. Mr. Chatterjee hoped that in the solution of the problems confronting co-operative societies they would get help both from inside and outside, for it was also with help from the other provinces that the co-operative movement in any province could expect to overcome the present difficulties.

The President offered on behalf of the meeting their sincere thanks to Mr. S. K. Lahiri, Mr. S. K. Chatterjee and other friends in Bengal for making arrangements for holding the meetings.

ITEM I. To prepare a suitable draft of *security* for adoption by Provincial banks as per Resolution No. 3 passed at the Conference held at Amraoti. The resolution is as follows:

"This Conference is of opinion that some modification will be necessary in the form of the securities taken for the loans advanced by the Provincial Banks so as to make them eligible for rediscount by the Reserve Bank of India and requests the Standing Committee to prepare a suitable draft for adoption by the Provincial Banks."

The matter was eventually dropped.

ITEM II. "To consider Resolution No. 4 of the Conference at Amraoti and draft a suitable bill indicating the lines on which the Agricultural Credit Department of the Reserve Bank should be established. The Resolution is as follows:—

(a) This Conference is emphatically of opinion that the provisions of Sections 54 and 55 of the Reserve Bank of India Act for the constitution of an Agricultural Credit Department of the Bank are very unsatisfactory and that the Department of the Bank should not merely be an agency for advice and consultation but should be a machinery for actually providing agricultural finance to the Co-operative Banks somewhat on the lines adopted in South Africa, Australia, New Zealand and other countries.

(b) This Conference requests the Standing Committee to draft a bill indicating the lines on which the agricultural credit department of the Reserve Bank should be established.

ITEM III. To consider Resolution No. 5 passed at the Amraoti Conference and Clause (c) of Section 4 (3) of the Reserve Bank Act and suggest amendments in the latter Act so that the apex Co-operative Banks and all co-operative societies of Indian States can be brought within the scope of the Reserve Bank Act and be enabled to become registered shareholders of the latter bank. The resolution of the Conference is as follows:—

This Conference recommends to the Government of India to suitably amend the Reserve Bank of India Act so as to bring the provincial banks and other societies in such of the Indian States as may be notified by the States' Governments concerned within the scope of the Act.

Items II and III were taken up together.

The President spoke on these items and drew the attention of the members to certain defects in the Reserve Bank Act and read out the draft of a Memorandum* to be submitted by the Association to the Government of India which was drafted in order to provide the basis of discussion. He said that there was no need to draft any bill, as the necessary amendments to the Act are embodied in the memorandum.

With certain modifications the Memorandum was accepted.

The Accounts of the Association from 19th June, 1934, to 26th December, 1934 were placed before the meeting and passed.

* Vide p. 24.

A donation of Rs. 1,000 by the Provincial Banks' Association towards maintaining the cost of the proposed journal, *The Indian Co-operative Review,* was sanctioned.

SURPLUSES IN CENTRAL BANKS

Mr. M. A. Gopalaswami Iyengar (Mysore) raised an important discussion regarding the disposal of the surplus money lying with the Central Banks. Mr. Iyengar said that at the present time the banks had got a lot of surplus money with them but they did not know how to deal with those amounts. On account of the depression people were unable to borrow money from those banks, which were getting deposits at very cheap rates. At the last Conference a resolution was passed to the effect that Central Banks should not refuse to receive deposits and that they should continue to lend money to agriculturists, who were in need of funds, against produce or gold. Advances might also be made against Government securities.

Khan Sahib Malik Noor Mohd. Khan (Punjab) expressed the opinion that the surplus amount in the banks should be devoted to lending money to distressed big families, the number of which was large. But before giving money they should be made members of co-operative societies. The loan should be given against gold securities, or lands.

Mr. Iyengar said that societies were not in a position to manage the lands. The money should be lent for productive purposes and to agriculturists.

Khan Sahib Ghulam Hasham Khan (Punjab) said that the money of these societies should never be lent except on Government securities. The rate of interest should be reduced to the minimum. It will induce people to deposit money with the banks instead of investing in Government securities.

Rao Sahib Dr. K. S. Chaskar (Indore) was of the opinion that the depositors as well as the borrowers should be made members of the societies.

Khan Sahib Ghulam Hasham Khan said that long-term loans should be given if loans were to be advanced by the provincial banks. In order to reduce the amount of deposit in the banks, the rate of interest should be reduced to the minimum as the Government also had considerably reduced their rate of interest. Money could further be advanced to encumbered States.

Rao Bahadur M. G. Deshpande (C. P.) said that it was not safe to invest money in that way, for he apprehended it would not be possible to recover money from them. He also doubted whether lending money to the Court of Wards was legal. The surplus money according to the speaker should either be repaid or invested in securities yielding 4½ per cent interest.

Khan Sahib Ghulam Hasham Khan said that the Central Banks had lowered their rate of interest to the level of 2 per cent., yet the people were coming with deposits.

Khan Md. Bashir Ahmed Khan (Punjab) suggested that surpluses should be used in the formation of housing societies. He understood that in some of the provinces there was great demand for those societies. The money could also be advanced to the villagers on the security of their produce which could be kept in godowns. The real difficulty lay not in the surpluses but in the indebtedness of the rural population. The cause was to be found in the fact that there were no proper agencies for distributing money.

Mr. Purkayastha (Assam) stressed the necessity of business training, the training that co-operators really required. The speaker said that they had devised a measure to recover the dues. They had agreed to accept the produce from the agriculturists in case they were unable to pay in cash. But as a cautious banker he realised there were immense difficulties in the way. It was no doubt a risk, but they were prepared to undergo the risk. There would also be difficulty in storing the produce but he thought that it was worth the trouble if money was to pour in regularly. The question of investment then would have an automatic solution. In this connection he suggested that the encouragement of cottage industries as subsidiary occupations should be a good outlet for the surplus money.

The President, winding up the debate, remarked that it was very dangerous to stop the issue of credit to societies. On account of the prevailing economic depression many of them might have defaulted, but that was no reason for altogether stopping credit. The societies should be given some amount of indulgence. He appealed to the delegates to consider the conditions of each society and sympathise with those societies which defaulted if their management was not bad. He hoped that the discussions held here would enlighten each province as to what its sister-provinces were doing. Concluding, he thanked the delegates for helping the conduct of proceedings in an orderly manner.

Mr. A. G. Sherlekar (Indore) proposed a vote of thanks to the chair which was passed with acclamation. The meeting then came to a close.

THE RESERVE BANK OF INDIA AND AGRICULTURAL CREDIT

*MEMORANDUM BY THE INDIAN PROVINCIAL CO-OPERATIVE BANKS' ASSOCIATION.

SCOPE OF RURAL CREDIT DEPARTMENT.

Section 54 of the Reserve Bank of India Act provides for the formation of an Agricultural Credit Department, the functions of which are :—

(a) to maintain an expert staff to study all questions of agricultural credit and be available for consultation by the Governor-General-in-Council, Local Governments, Provincial Co-operative Banks and other Banking organisations; and

(b) to co-ordinate the operations of the Bank in agricultural credit and its relations with the Provincial Co-operative Banks and any other banks or organisations engaged in the business of agricultural credit.

It may be observed that the functions of the department are almost entirely advisory and consultative and that there is no mention in the section of any provision for rural credit.

The last Provincial Co-operative Banks' Conference considered the provisions unsatisfactory and passed the following resolution :—

"This Conference is emphatically of opinion that the provisions of Sections 54 and 55 of the Reserve Bank of India Act for the constitution of an agricultural credit department of the Bank are very unsatisfactory and that the department should not merely be an agency for advice and consultation, but should be a machinery for actually providing agricultural finance to the co-operative banks somewhat on the lines adopted in South Africa, Australia, New Zealand and other countries."

SHORT TERM RURAL CREDIT

Dealing first with existing provisions in the Act relating to credit to co-operative banks, sections 17 (2) (b) and 17 (4) (c) and (d) empower the Reserve Bank to purchase, sell and rediscount Bills of Exchange and Promissory Notes drawn for the purpose of financing agricultural operations or the marketing of crops and bearing two or more signatures, one of which may be of a Provincial Co-operative Bank, and to make loans and advances to Provincial Co-operative Banks on their promissory notes, supported by documents of title to goods or Bills eligible for discount.

In practice, these provisions will enable co-operative banks to derive short term finance from the Reserve Bank, if the Bank gives adequate facilities to co-operative banks to supplement their resources by rediscount of agricultural paper on reasonable terms and thus enable them to meet the demands of co-operative credit societies in busy seasons. These must not be treated as emergency provisions intended to enable co-operative banks to tide over some unforeseen difficulties. Such an interpretation will virtually nullify the benefits of the Act to the Co-operative Movement. It is normal agricultural credit that co-operative banks look for to the Reserve Bank and not merely emergency credit. Provisions should also be made for giving cash credit facilities to provincial banks on reasonable terms and securities being prescribed.

*Text of the Memorandum as adopted by the Standing Committee of the Indian Provincial Co-operative Banks' Association, held at Calcutta on the 28th December 1934.

LONG TERM RURAL CREDIT.

There is no provision whatever in the Act for long term agricultural credit. The existing land mortgage banks which are approved by the local Governments and land mortgage banks to be started hereafter similarly approved should be in a position, when necessary, to derive long term rural credit from the Reserve Bank; the Reserve Bank can help these land mortgage credit institutions by purchasing their debentures which satisfy certain prescribed standards. The Rural Credit Section of the Reserve Bank must be so constituted as to be able to provide long term credit through co-operative land mortgage banks where they exist and through other suitable agencies where there are no land mortgage banks. The Association desires to draw the attention of the Government of India to the recommendations of the Indian Central Banking Enquiry Committee in regard to State aid to Rural Credit (*Vide* paragraphs 246 and 248 of Volume I of their Report).

CO-ORDINATING AND ADVISORY FUNCTIONS OF THE RESERVE BANK

Under Sections 54 and 55 of the Reserve Bank of India Act, the Bank is required *interalia*

(1) to study questions relating to agricultural credit;

(2) to co-ordinate its operations and those of the Provincial Co-operative Banks and other Banks engaged in the business of agricultural credit;

(3) to suggest methods whereby the machinery of agricultural finance may be improved; and

(4) to report how the provisions of the Act may be extended to persons and firms not being scheduled banks, i.e., indigenous bankers.

As regards item No. 1, there are several uninvestigated problems with regard to agricultural credit. The Bank may immediately take up for study the following among other subjects:

(a) Problems of agricultural indebtedness and legislation desirable or necessary to deal with their finance.

(b) Rural industries, agricultural production and marketing.

Regarding item No. 2, there are very few joint stock banks engaged in the business of agricultural credit. The operations of primary and central co-operative banks are at present co-ordinated by the provincial co-operative banks. Until some experience is gained of the working of the Reserve Bank Act, nothing can definitely be stated and as matters stand at present, the co-operative banks will get little assistance in this direction.

Regarding item No. 3, the machinery of the Co-operative Movement is already there. In recent years. several Provincial Co-operative Committees, the Royal Commission on Agriculture and the Provincial Banking Enquiry Committees have gone into this question and have made various suggestions for the improved working of co-operative credit societies. At present, the Association thinks there is not very much for the Reserve Bank to do in this direction.

As regards item No. (4), the Association desires to state that it is in entire agreement with the recommendations of the Indian Central Banking Enquiry Committee in regard to bringing the indigenous bankers within the scope of the Reserve Bank. (*Vide* paragraphs 137 to 146 of Volume I of their report).

AMENDMENTS TO THE RESERVE BANK OF INDIA ACT

Mr. V. Ramadas Pantulu, representing the Indian Provincial Co-operative Banks' Association before the Joint Select Committee on the Reserve Bank Bill, pointed out certain directions in which the Reserve Bank Act should be amended in the interests of Co-operative Banking. Some of them were incorporated in the Act as finally passed, but some of the amendments suggested were not adopted.

They are important ones and we urge that those amendments to the Act should be made at the earliest opportunity. The nature of these amendments which the Association desires is set out below :—

(1) The Provincial Co-operative Banks in such of the Indian States as may be notified by the Government of India at the request of the Indian States' Governments concerned, should be brought within the scope of the Act. Co-operative Societies in Indian States should also be made eligible to subscribe for shares in the Reserve Bank as in British India.

(2) *Loans and advances on promissory notes supported by documents of title to goods* :—Clause 17 (4) (d) restricts the power of the Reserve Bank to make loans or advances against the security of promissory notes of a scheduled bank or provincial co-operative bank supported by documents evidencing title to goods only in cases where such promissory notes were taken as security for "Cash credit" or overdraft. There is no reason to exclude from the scope of this clause promissory notes given for "loans or advances". These words may be added.

(3) *Commercial and Trade Bills and Co-operative Banks* :—Clause 17 (2) (a), which empowers purchase, sale and rediscounting of bills and promissory notes arising out of commercial and trade transactions, excludes provincial co-operative banks from its scope and confines itself to scheduled banks. It is extremely desirable to include the provincial co-operative banks within the scope of this sub-clause as well. The Urban Bank Movement is now developing in this country. The Urban Banks, Co-operative Credit Societies with limited liability operating in urban areas, are primarily intended to finance small traders, artisans and those engaged in cottage industries. A description of their useful and growing activities is to be found in the several Provincial Banking Enquiry Committee reports. These urban banks are financed by co-operative central banks for such purposes. These co-operative central banks in their turn, derive their finance from the provincial co-operative banks, on promissory notes. Moreover, consumers' stores and industrial and trading societies like sugar factories, handloom weaving societies and milk-supply unions, to mention only a few varieties of new co-operative ventures, are fast springing up. In order to encourage all these co-operative enterprises and to finance them through co-operative banks, it is desirable to include the provincial co-operative banks also within the scope of Clause 17 (2) (a).

(4) Holding or trading in Government Securities and Co-operative Banks :—Clause 17 (2) (c) which empowers the Reserve Bank to purchase, sell or rediscount bills of exchange and promissory notes issued for the purpose of holding or trading in securities of the Government also excludes provincial co-operative banks from its scope and confines itself to scheduled banks. The provincial co-operative banks all over India have large holdings in Government Securities and buy and sell them for their constituent Central Banks and their individual members. The volume of this business has grown considerably in recent years, especially after the commencement of the economic depression, with the outlet for the investment of their funds in co-operative loans becoming severely restricted. Some of the provincial co-operative banks have much larger holdings in these securities and perhaps do more business in this line than some of the smaller scheduled banks. We there- clause 17 (2) (c) as the provisions of section 17 (4) (d) will not be adequate.

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