Vol. I, No. 4

OCTOBER, 1935.

THE INDIAN CO-OPERATIVE REVIEW

JOURNAL OF THE ALL-INDIA CO-OPERATIVE INSTITUTES' ASSOCIATION

Published Quarterly

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Subscription per Annum.
Inland Rs. 6. Foreign Sh. 10.

Price per Single Copy.
Inland Rs. 1-8. Foreign Sh. 2-6.

INDIAN CO-OPERATIVE REVIEW

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EDITORIAL NOTES

CONTRIBUTIONS ON CO-OPERATIVE MARKETING

Our efforts to get together a number of contributions from various provinces and writers so as to present a symposium on some specific branch of co-operation in each issue have not been altogether successful. Perhaps the greatest achievement in this direction was reached in the last July issue, which contained a number of articles on co-operative education. In spite of long waiting and repeated requests we have not been able to get more than a few contributions on co-operative marketing. Perhaps this is due partly to the lack of spare time to write and partly to the lack of enthusiasm of those who have tried and failed in this difficult field of co-operation. Students of agricultural co-operation know too well that in the marketing of raw produce (unlike butter or other converted product) success was far too slow in coming in the otherwise co-operatively advanced countries in the West. There were any number of failures in the attempt to market grains in Western Europe and cotton in the United States. Successful large scale co-operatives in these lines are essentially post-war developments.

If we are resolved to make a success of co-operative sale in India in future and avoid the mistakes of the past, it is quite necessary to study carefully the causes of failure of societies, as even in the United States a thorough analysis of failures in the past was made by the State Department of Co-operation and academic research workers. Such a frank analysis is attempted by Mr. Bashir Ahmed Khan in his contribution on "Commission Shops in the Punjab." We would invite our Bengal brethren to attempt likewise an impartial study of the Jute Sale Societies most of which have failed, and our Mysore friends to examine the failure of Cardamom societies. There is ample scope for a comparative study of the causes of success and failure of various kinds of sale societies in the different parts of our vast country. Administration reports seldom throw enough light on them and we, therefore, invite active leaders and advanced students of co-operation to give the readers of this *Review* the benefits of their experience and studies.

At our request Dewan Bahadur K. Deivasikhamani Mudaliar, Joint Registrar of Co-operative Societies, Madras, who has had the longest official experience of co-operative societies in this province, has dealt with the essential conditions of success of the different types of sale societies in the light of past experience. We hope it will be of special value in the day to day administration of societies. Messrs. Sanyalal and Rafi Ahmed Khan of the United Provinces Co-operative Department give a very interesting account of what to the rest of India would seem a novel organisation—the co-operative ghee societies which are perhaps an orientation of the dairy societies of the West. Ghee is to most of us what butter is to a Westerner, perhaps even more important for the vast number of vegetarians in India. But the difficulty of organising ghee societies, whatever enthusiastic writers might say, seems to us to be even greater than of organising butter societies. Ghee cannot be manufactured on a large scale like cold drawn butter and it is more susceptible to adulteration. The steady progress of the societies in United Provinces is, therefore, all the more creditable to the men in charge of them and will be studied more closely by the rest of India. Mr. K. C. Ramakrishnan of the Madras University has given a descriptive and critical account of the Cotton Sale Societies in Bombay and Madras, which he took the trouble to visit last summer for a closer study than is possible from published reports. He intends to follow it up by a discussion of the several problems raised in a later issue.

We invite the attention of our readers to and commend for their careful study the able contribution by Miss Margaret Digby, Secretary of the Horace Plunkett Foundation—with whom we have arranged for a series of articles on agricultural co-operation—on recent British Agricultural Policy with special reference to marketing, which is an impartial scientific account characteristic of the writer. The direct value of the lessons drawn from British experience may not be great to us as, apart from the much more enlightened and organised agriculturists Britain has, the products of animal husbandry and crops like hops and wool in which Britain specialises are of so little interest to us. Their relevancy and importance however lie in the revelation of the extent to which the State in the erstwhile *Laissez Faire* Britain has been prepared to go in the organisation of research in marketing methods, in compulsory grading and establishment of a 'national mark', in even encouraging restriction of production and of imports of commodities and above all in investing Marketing Boards with powers to compel minorities to market crops through their agency. While Miss Digby admits the good effects of the above policy in the improvement of the condition of the farmer, the landlord and even the agricultural labourer, she points out that it has all been at the expense of the tax-payer and the consumer. From the co-operative point of view, while they are self-governing and distribute profits or losses equitably among their members, they lack the intention or capacity to cheapen the passage of commodities from the producer to the consumer. Her conclusions are such that all co-operators will whole-heartedly approve. The scheme must become more co-operative and less diffident before private interests. The consumer should be given a "place strong enough to defeat the move towards restriction and the economics of scarcity and ensure that the wealth which labour and science have produced are not destroyed but distributed ever more widely and abundantly."

MR. SATHYANATHAN'S REPORT ON AGRICULTURAL INDEBTEDNESS IN THE MADRAS PRESIDENCY

Readers of the April issue of this *Review* would have noted that the Government of Madras with their wonted caution and conservatism, were reluctant to launch any scheme of debt conciliation, without satisfying themselves on the urgency and feasibility of relief by such means. Early this year, they appointed a Special Officer, Mr. W. R. S. Sathyanathan, I.C.S., to enquire into the extent of indebtedness among agriculturists in the Madras Presidency, the effect of depression on land values and on transfer of lands, the advisability of legislation for debt conciliation and any alternative method of relief. In fact, they seemed, by the terms of the reference, to question the wisdom of any scheme of conciliation though they declared themselves to be prepared to devise or support practical measures.

It is a matter for satisfaction that, in spite of such a lead and the almost unanimous opposition of judicial officers, the Special Officer, whose report was published in September last, has declared himself emphatically in favour of legislation to create Debt Conciliation Boards for scaling down debts and has supported on the whole the bill of Dewan Bahadur T. A. Ramalingam Chettiyar, which has been drafted on the model of the Central Provinces Act. He is of the opinion that civil courts are out of the question owing to their prohibitive cost and excessive delays and their failure to make use of the Usurious Loans Act. While private conciliation is irregular and infrequent, *compulsory conciliation*—if such a paradox could be permitted—would, in his view, scare away creditors and restrict credit to ryots, which is the last thing any one wishes.

Mr. Sathyanathan suggests some changes in the Bill, e.g., lowering the minimum from Rs. 150 to Rs. 100 for a case of debt to be conciliated which would bring in a large number of agricultural labourers within the purview of the Board; lowering the maximum of debt to be settled from Rs. 25,000 to Rs. 10,000 which would only exclude the bigger landlords and zamindars; deputing, if need be, an officer of the Government to do the duties of a Board; and paying attention to special considerations of the conditions of each case in scaling down the dues on the lines laid down by the Mysore Agricultural Relief Committee. He recommends the grant of Takavi loans to help the debtors to clear away amounts settled below Rs. 500, while higher decreed amounts may be lent by co-operative institutions. He rightly recommends, like the Mysore Committee, the adjudication as insolvents those who have neither tangible security nor earning capacity to repay any instalment, though the amount in question is less than Rs. 500. He has no doubt that the Bill of Mr. Ramalingam Chettiyar will be as popular among creditors as well as debtors—though we are not so sanguine about it, but still believe that there is need for it in the interests of the large number of debtors. We understand that several of his suggestions have been incorporated as amendments to the Bill.

Mr. Sathyanathan is quite right in holding that there is no need for any Land Alienation Act in the Madras Presidency, where there is no well marked agriculturist class as such, while several agriculturists have forfeited their rights to hold lands by their mismanagement. He wants a measure that will compel every creditor to render a full statement of account to each of his debtors, asked or unasked, as in the Punjab. He is also for compulsory registration of money-lenders who make a 'regular business' of it—though the latter term is, in our view, a little too vague. He pleads for a fuller use of the Usurious Loans Act by the Courts and for the rule of the *Damdupat* as in Bombay, by which no Court shall decree a larger sum than twice the principal lent originally. Again no mortgagor ought to get more than the mortgaged property. He would also abolish civil imprisonment for failure to pay a debt, if only with a view to stop reckless lending and exploiting the sympathy of relations and friends. In these and other measures he has suggested, Mr. Sathyanathan has thrown himself unreservedly in favour of the helpless indebted agriculturists, which is indeed very laudable in a Civilian.

He has no illusions about the lasting efficacy of a debt conciliation measure, which can only be a temporary expedient to tide over the difficulties of the depression. We have our own doubts of even the immediate effect of such an innocuous measure which permits a cantankerous minority of creditors to resort to courts, with no other risk than that of losing costs, even after the Board has given its considered decision. He rightly emphasises the need for increasing the earning capacity of the ryot if he is not to relapse into indebtedness and suggests some simple, though bold, steps that the Departments of Agriculture and Industries might take to improve the lot of the cultivators. He wants, for instance, a Demonstrator for each revenue firka, transfer of Takavi loans to the control of the Agricultural Department, full and free permission to all manufacturers of sugar to exploit waste products. The Government's say on this and other cognate recommendations is eagerly expected by the public.

The Special Officer has, we think, travelled beyond the terms of the reference when he deals with the familiar features of land tenures, size of holdings, the crops and the people. In Chapter II which deals with the causes of indebtedness, a number of controversial issues are raised. Too much is made of the theory that "debt follows credit," though it is conceded in the next paragraph that 'dire necessity' is a frequent cause of debt and that agriculture is not a profitable business. His estimate of agricultural income per head of population is apt to be questioned by economists on the one hand and by administrators on the other, particularly in respect of the allowance for the costs of cultivation. The other causes of indebtedness he cites and illustrates—the system of moneylenders, the malpractices of middlemen, the lack of marketing facilities, litigation, etc.—are no doubt interesting and important. But he himself finds it "impossible to assess correctly the proportion of indebtedness due to each" even after such an elaborate enquiry. On the 'delicate and vexed question' of land revenue he concludes that on ryotwari land—where he says 25 per cent of net profits in normal years is all that is needed to pay it, while on the Zamindari land twice as much is needed—it, 'cannot be a major cause of indebtedness in a normal year,' a finding on which the Government cannot congratulate themselves. He refers to this topic in a later part of his report, and while conceding that it is 'rather heavy especially in bad years' he says 'any reduction would mean less money for the Government to spend on the people,' as though the ryots were now getting any considerable return for what they pay.

The effects of the economic depression are examined at length and a statement specially prepared shows the extent of lands sold and mortgaged as per registration figures in two typical villages in each of 25 districts in the Presidency. By a simple process of multiplication of this figure by the number of ryotwari villages in the Presidency, he estimates that over 10,000,000 acres have changed hands in 1931 to 1934 and that of these 2,000,000 acres went to non-agriculturists and quite a large proportion to absentee landlords, particularly agricultural moneylenders, rendering many small and medium landlords landless and destitute. The total debt of the Presidency is estimated at a little over Rs. 200 crores by multiplication of the amount of debt ascertained in 141 'selected' villages where the data supplied, in the view of Mr. Sathyanathan himself, were not beyond reproach. By the way, such computation of national income or debt by the method of multiplying figures collected in *typical* villages, instead of in villages selected by random sample, has been condemned in the Bowley and Robertson Committee Report for its statistical unsoundness. It is certainly not an easy task to estimate the total debt; but we wonder whether such academic attempts are at all necessary for affording some immediate relief to agriculturists.

It is on the subject of **co-operative movement** that the Special Officer is least convincing and informing. No new facts or figures have been collected and presented, unlike in other sections. He has relied too much on hear-say evidence and drawn too much from his own imagination. He is frank enough to confess his ignorance of the theory of co-operative credit and the extent of State control over co-operation in other countries. But he seems to lay down the law for co-operators in this country from his very limited experience. His informants may seem to him to have 'no axe to grind' and to express 'honest public opinion'; but to presume that others are led by mere theories or 'mixed motives' is, to say the least, ungenerous. He speaks of 'a school of non-official co-operators who have a dominating voice' and who frighten others into submission or silence, which leads to a lot of 'white-washing of defects'. But by such veiled references and vague accusations, the Special Officer himself seems to be 'willing to wound but afraid to strike.' He enunciates the principle that audit and supervision should not be separated as it involves dual control, but should be concentrated in the hands of departmental officers—which is opposed to universal business practice as well as co-operative theory, which inculcates an amount of self-government on the one hand and independent audit on the other. His 'elective method' by which in a co-operative institution the lenders or depositors should be represented rather than borrowing members betrays an ignorance of the first principles of co-operation. He wants supervision to be taken up entirely by the Co-operative Department, if we should attract more funds from the public or help from the Imperial Bank, as though co-operative banks which have now a plethora of funds were pining for funds. Nor is the department itself, in our view, itching for more dictatorial powers that our Special Officer recommends, like surcharging office-bearers for 'bad or irregular' expenditure, conducting meetings without quorum, and removing undesirable men after an enquiry.

He admits after all that "the slump has hit the movement hard" though he will not see that many of the evils, including stagnation or ineffectiveness of supervising unions, are due to the depression. He suggests remedies, most of which have already been tried and calls for more "controlled credit" meaning the integration of co-operative credit with production on one side and sale on the other. He is an enthusiast for godowns as the most important means "in the emancipation of the ryots" and would like to have the whole of the Rural Uplift Grant made by the Government of India to the Local Government spent on the building of godowns. We are afraid not one godown is to be built by the Madras Government which will devote the whole amount to essentially sanitary schemes, like the construction of bore-hole latrines (Vide page 561). He makes an allegation, again from one-sided evidence, that the Madras Co-operative Central Land Mortgage Bank rejects sound and well supported applications from members of primary societies, "while others of no better position were sanctioned." We question this statement and leave it to the authorities of the Bank to answer it. The more important and vital question as to what part co-operative credit institutions of all kinds should play in Debt Conciliation Schemes is not discussed. We are indeed sorry that an otherwise good report should have been marred by this outburst on the co-operative movement.

PATNA MEETING OF ALL INDIA CO-OPERATIVE COMMITTEES

The joint session* of the Standing Committees of the Indian Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association was held at Patna on the 31st August and 1st September 1935 in the spacious Board room of the beautiful premises of the Bihar and Orissa Provincial Co-operative Bank. Many of the British provinces and some of the Indian States were represented at the meeting, Bombay and the U. P. alone among the major provinces being conspicuous by their absence. The reception arrangements were excellent and Mr. V. M. Thakore, the energetic Secretary of the Indian Provincial Co-operative Banks' Association spared no pains to make himself most useful to the delegates in every way.

The message to the Conference of the Hon'ble Mr. Syed Abdul Aziz, the Minister for Co-operation, Bihar and Orissa, was read by Mr. Y. A. Godbole, I.C.S., Registrar of Co-operative Societies, who attended the session throughout and made useful contribution to the discussions. The proceedings were throughout characterised by earnestness and enthusiasm on the part of the co-operators assembled, who evinced an eager desire to cure the movement of its defects and to give

*Vide Supplement for report of proceedings.

a new orientation to it, so as to make it comprehend the entire socio-economic sphere of the agriculturist's life. We missed the charming personality of Dr. Sir Sultan Ahmed, the Chairman of the B. & O. Provincial Co-operative Bank, at the opening session. But he more than made up for it by the erudite and eloquent address with which he wound up the proceedings of the Conference and by the part of the most genial host which he played at the delightful evening party which he gave to the delegates and the elite of the historic city of Patna at the close of the Conference. The lead given by Rai Bahadur Durga Prasad, the Managing Director of the Bank, in his welcome address furnished an excellent practical start to the proceedings, for as the Rai Bahadur did not dwell on his theme sitting in the cloud land of "Co-operation" but spoke from the dull and drab surroundings of the Indian Co-operator with a firm grasp of the grim fact of his problems. He pleaded for a bold and comprehensive scheme to rehabilitate the weak central banks and societies and for co-ordination of effort on the part of the Government, the Provincial Bank and the Co-operative Federation of Bihar. He laid considerable stress on the urgent need for making some suitable provision for giving long term loans to agriculturists and said that to wait for the organisation of a system of land mortgage banks would be to hasten the ruination of the societies. The real remedy for the economic rehabilitation of the peasant who is steeped in debt, he said, was to improve his income and his repaying capacity, and he rightly pointed out that the problem opened up large questions of agrarian policy which lay in higher hands than those of the co-operative movement and involved the all-embracing problem of "Rural Recovery." He however said that co-operation could also in its limited sphere do something to promote rural recovery by helping the growth of purchase and sale societies and producers' societies, by arresting fragmentation of holdings and encouraging their consolidation and by promoting schemes of rural sanitation and village welfare.

Mr. V. Ramadas Pantulu in his presidential address exhorted co-operators to realise that "co-operative credit" could not stand on its own legs without an effective handling of the economic position of the villager as a whole, that the economic recovery of our rural areas and rehabilitation of the agriculturist should go hand in hand with co-operative credit and that the co-operative movement would in future drift into what might be comprehensively termed "Rural Reconstruction." Dealing with the problems of Behar he advocated the liquidation of central banks which were incapable of improvement and the amalgamation of the small and weak ones into large banks. Dealing with the reform of the Movement as a whole, he drew attention to the need to establish closer relations between the primary society, central bank and the provincial bank, so as to ensure a unified financial policy and a drive from the centre, without in any way affecting the autonomy of the various units and the democratic nature of the Movement in the matter of internal management and administration. In conclusion he deprecated the move to increase official control over the movement and said that it conflicted with the co-operative spirit and ideals and tended to destroy the virtues of self-help and self-reliance on the part of co-operators.

The resolutions that were passed at the Conference covered much of the ground covered by the welcome and presidential addresses. We desire to draw special attention to the resolution on co-operative education. We hope that co-operative opinion will be focussed on the question without further procrastination and that the scheme will take some practical shape very soon.

The meeting had to discharge a melancholy duty in passing a resolution expressing its sorrow at the death of **Rai Bahadur Jamini Mohan Mitra,** the late Registrar of Co-operative Societies, Bengal. Mr. Mitra was the senior most Registrar of Co-operative Societies in India and was an officer of outstanding merit. He presided over the last but one Registrars' Conference and his speech was marked by a breadth of vision and a thorough understanding of the essentials of the co-operative movement. He was appointed member of the Indian Central Banking Enquiry Committee; but unfortunately owing to a variety of causes, which it is needless to mention here, he did not sit on the Committee, which had thus lost the benefit of his valuable experience on the official side of the movement.

THE XXI MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE

The XXI session of the Madras Provincial Co-operative Conference was held on the 28th and 29th September 1935 under the presidency of Mr. V. L. Mehta, Managing Director of the Bombay Provincial Co-operative Bank. Delegates from all parts of the province and representing institutions of different types, numbering about 300, attended the Conference. Greetings and messages were received from foreign countries and from the several provinces and States in India. The Registrars of Co-operative Societies of Baroda and Travancore attended the Conference. The proceedings of the Conference were businesslike and marked by a determination on the part of the delegates assembled to do something practical to improve the lot of the members of primary societies.

Mr. V. Ramadas Pantulu, President of the Madras Provincial Co-operative Union, welcomed the delegates in a brief address, extracts from which are published elsewhere in this issue. He deplored the tendency on the part of co-operators to lose faith in themselves and exhorted them to rely more on themselves than on the official agency to reform and strengthen the movement. He also deplored the lack of cohesion in the several units of the co-operative structure and pleaded for their integration as parts of a single organisation. He defined the aim of agricultural co-operation as the improvement of the economic condition of the farmer through co-operative credit, which frees him from exploitation from outside capital; co-operative marketing which increases his income; and co-operative purchasing which increases his buying power of that income. He said that while so much was said about relief of rural indebtedness very little was done in that direction. While he conceded that debt conciliation and co-operative credit could not do much to reduce indebtedness, he said that something could be done by those means to bring relief to the agriculturist in at least a small measure. In his opinion schemes for debt conciliation should be extended to debts due to co-operative societies as well, for in Madras the bulk of the overdue loans still carried about 12½ per cent interest. He pleaded for the abolition of penal interest altogether and an all round reduction of rates of interest so as to make money available to the ultimate borrower at 5 per cent.

Mr. V. L. Mehta's presidential address, extracts from which are also published elsewhere in this issue, was, as might be expected from him, pitched in a high key of nationalism. He gave expression to the general feeling of co-operators about the futility of so called reforms in the movement, when he said "discussions of our domestic problems and the introduction of changes in our internal mechanism can really make little difference in the reordering of the movement, overwhelmed as we are by an economic crisis, the worst sufferer from which has been the primary producer, for whom the co-operative movement in India is primarily intended." There would be few who would disagree with his opinion that the economic crisis could not be tided over except by State action and that the State in India had failed to do what the Governments in several countries have done to counteract the effects of the depression. Mr. Mehta therefore naturally devoted a large part of his address to a strong, but not unreasonable, criticism of the Government in this country. The maintaining of the exchange ratio at 18d., the Finance Member of the Government of India's contempt for all schemes of economic planning and adherence to out-of-date doctrines of *laissez faire*, the manner in which the grant for rural development is allowed to be spent in the provinces, particularly in Madras, the failure to invite non-official co-operation in spending the special grant for co-operative education, the appointment of a person having no previous acquaintance with India or its agriculture or its marketing conditions as the special All-India Marketing Officer—these and some other actions of Government drew Mr. Mehta's trenchant criticism. Mr. Mehta has given an account of the steps taken by co-operators in his province to help the agriculturist to tide over the effects of the present economic depression, the most important of those steps being assurance to members of primary societies that fresh finance would be given against repayments and reduction of interest and abandonment of the system of charging penal interest. Mr. Mehta has also dealt with the question of supervision over societies, a topic on which there has been considerable controversy in Bombay. Supervising Unions of the kind existing in Madras were introduced in Bombay about ten years ago. Two years back, a committee appointed by the Bombay Government recommended their abolition. As there was a loud protest against that recommendation, another committee was appointed to re-examine the question and the latter committee unanimously recommended the continuance of the unions and also the formation of District Boards to guide the unions and to train and control the supervisory staff. These Boards in a sense correspond to the District Federations in Madras, which have now practically become defunct. In Bombay the field staff of the supervising unions do not displace the inspecting staff of the central banks. Both the central banks and the unions co-operate in assessing the credit of the affiliated societies and in the recovery of loans. The practice in Madras is now much the same as it is said to be in Bombay, the old controversy against central banks participating in supervision having died down.

The resolutions passed at the Conference are published elsewhere in this issue. We desire to draw special attention to the resolution relating to co-operative education and the manner in which the Government of India's grant is proposed to be spent. The group of five resolutions relating to relief of agricultural indebtedness gives a connected scheme for the relief of agriculturists through co-operative organisations. There was a consensus of opinion both among officials and non-officials at the Conference that the credit societies in the province were in a position to reduce their rates of interest to their members considerably and that they should do so without further delay. The Madras Provincial Co-operative Bank has reduced its lending rate to the central banks to 4 per cent in order to make money available to the ultimate borrowers at 6 per cent. The lending rate to members of the primary land mortgage banks has also been similarly reduced to 6 per cent, and efforts are being made to raise the maximum borrowing power of the members of primary land mortgage banks from Rs. 5,000 to

Rs. 10,000. These and other measures of reform, it is hoped, will bring some relief to the agriculturists in the Province in general and the members of primary societies in particular.

THE XXII MYSORE PROVINCIAL CO-OPERATIVE CONFERENCE.

The 22nd Mysore Provincial Co-operative Conference was held at Mysore in the first week of October. Mr. S. Venkatakrishniah, President of the Mysore Co-operative Propagandist Institute, in his neat little welcome speech referred to the steady progress of co-operation in the State, but deplored the dearth of societies for the supply of agricultural requisites and for the marketing of agricultural produce and products of cottage industries. He referred to the problem of overdues due partly to depression and partly to inefficient management and supported the vigorous policy of consolidation and rectification followed by the new Registrar, Mr. M. G. Mehkri. He thanked the Government for having decided to appoint a Committee of Enquiry with Dewan Bahadur K. S. Chandrasekhara Iyer as Chairman, than whom no better choice could have been made.

Mr. A. Krishna Rao, who had years of meritorious honorary service in the cause of co-operation to his credit, presided over the Conference. In the course of his presidential address, extracts from which are published elsewhere in this issue, he dealt with several phases of the movement in the State in a manner worthy of the veteran that he is. The inherent impediments to development of all institutions in the country so full of illiterate and impecunious peasants, the uncontrolled enthusiasm of early organisers and the effects of economic depression which has stopped the flow of funds from banks, though not into them, were all dealt with lucidly. The failure or poor progress of societies for the sale of produce and the arrested development of societies in aid of cottage industries, he put down to lack of proper education and qualified workers.

Co-operators in British provinces will find in Mr. Krishna Rao's address some new lines of thought. For instance, he adverted to the fact that the central banks in Mysore did not fulfil the expectations in respect of attracting local capital or supervision of primary societies. The Apex Bank with its headquarters at Bangalore was accessible from various parts of the State and could, therefore, function as financing institution for most of the primaries. In fact such has been the case in many a small foreign country and it is not necessary to imitate the system in the bigger British provinces. Only, as he said, the Apex Bank must have some branches with local advisory committees for attracting local funds and supervising affiliated societies. As regards bigger urban banks, he complained very bitterly, but quite rightly, of the growing tendency of general body meetings to pass resolutions over-riding the decisions of the directorate even in matters expressly assigned to them by rules, thus causing great confusion and shaking the confidence of the investors. He wanted definite powers to be given to the Directors "untramelled by the undefined control of the general body." There is, in our opinion, a need for the modification of the constitution of bigger institutions on the lines adopted in countries abroad. He urged a check to be placed to the endless multiplication of societies engaged in the same kind of business in the same place on the plea that they serve different communities. Centralisation, with branches if need be, in different parts of the town was advocated by him. He desired the introduction of a compulsory provident fund as a condition of membership in every urban bank in the State, as some banks have already done. He pleaded for the organisation of a wholesale for the consumers' societies in the State, which has the largest number of stores that any province or State in India has. He wanted a central housing society, with capital raised by the issue of debentures, which would arrange for the building of houses for members to buy or to occupy, instead of merely granting loans as hitherto. He appealed for more prosperous societies to lay by enough common good fund and entrust part of it to the Mysore Co-operative Institute for the training of educated young men imbued with a spirit of social service and sending them out to spread the gospel of co-operation in the countryside.

The Conference passed resolutions, several of them as suggested in the presidential address. Among others, the co-operative stores in the State were urged to purchase and sell articles made in India as far as possible. It was resolved to organise a central weavers' society, perhaps inspired by the example of Madras, where a provincial society has just been started. The Government was requested to institute courses in co-operation in all middle and normal schools. It was resolved to establish a co-operative insurance society.

There are however some surprises, one may say co-operative heresies, among the resolutions reported to have been passed e.g., that land mortgage banks should issue short term loans for current agricultural operations up to a maximum of Rs. 250 per individual, that societies should be given all sorts of concession and exemption from every kind of taxes or fees imposed by the Government. It is needless to say that the former is opposed to sound co-operative and business practice and the latter to co-operative ideals.

A DISTINGUISHED VISITOR.

Co-operators in Mysore have had the pleasure of welcoming in their midst a great co-operator, Dr. C. R. Fay, the Chairman of the Horace Plunkett Foundation, London, which aims to be the biggest clearing house for the movement on the agricultural side. He has been himself connected for over thirty years with the movement in one phase or other—with consumers' co-operation in England and co-operative marketing in Canada—on both of which he has written books which are widely read, as well as on economic history of which he is now a Reader at the Cambridge University.

In his opening address at the Mysore Co-operative Conference,* he has in his characteristically crisp style emphasised the value of the consumers' movement, particularly for townsmen earning regular wages or salaries, and has raised a challenging question: "If it does not rise in your towns, I cannot see with what sort of honesty you can go and preach co-operation to the much poorer people in the country." He has pointed out the scope for land mortgage banks and credit societies and says, "but it leads nowhere unless the easement is made the opportunity for better farming." He would not permit a thriftless person to get into the unlimited liability society and he exclaimed somewhat brusquely "the extravagance of Indian men and women in social ceremonials, in dowries, in the size of the family itself, bewilders the students and working people of England." We are afraid that Dr. Fay's informants have drawn for him too lurid pictures of spendthrifts on social occasions and consciously or unconsciously concealed from his view the more important economic fact of the inadequacy of land or other resources for millions of our villagers. He rightly holds that co-operative societies would do well to copy the sowcar in integrating lending with buying and selling.

It is a pity that Dr. Fay could not stay longer in Southern India and exchange views with co-operators and economists in Madras, who had been eagerly looking forward to his visit. We hope he will ere long publish the impressions he has gathered of the movement in this country.

*Vide page 544.

THE LATE GEORGE W. RUSSEL.

George W. Russel who passed away on the 18th of July last was commonly known as A. E. Though he was a poet and man of letters, he spent most of his time in promoting the co-operative movement in Ireland. He was born on the 10th of April 1867 in the village of Lurgan in the county of Armagh and was educated in the Rathmains School near Dublin. Soon after the late Sir Horace Plunkett founded in 1894 the famous Irish Agricultural Organisation Society (I. A. O. S.), Mr. Russel joined it in 1897 as an organiser and propagandist and later on when the *Irish Homestead* was started in 1904 as the official organ of the I. A. O. S. he became its editor and continued as such till a short period after its amalgamation with the Irish Statesman in 1923. It will not be an exaggeration to say that he was the brain of the modern co-operative movement in Ireland. Though a Protestant and native of Ulster, he considered himself to be an out and out Irishman and was in perfect sympathy with the national aspirations of the Irish. He never for a moment imagined himself to be an Englishman exiled in Ireland with the God given mission of civilizing that backward country. But he took no active part in politics. He was in every field of life for emphasising the points of agreement and minimising the points of difference, and as a genuine co-operator, who by his thought, word or deed tried his very best to bring about a better understanding between the Northerner and the Southerner, between the Protestants and Catholics and between the Unionist, the Nationalist and the Independence wallah. He kept himself free from political parties and devoted himself exclusively to the noble task of bringing them all together on the common platform of co-operation.

He was a painter as well and his paintings have the same characteristics as his poems, that is, a spiritual beauty of their own which the initiates would be better able to understand than the man in the street. Those who knew him intimately say that he was a wonderful conversationalist and that his house at Rathmains was the meeting place of the intellectuals of Ireland, almost like one of the *salons* of the French fashionable Society in the 18th century.

As co-operators we would like to pay our homage to the departed spirit in his capacity as a great thinker and the author of the *National Being*, which deserves to be called the Bible of Co-operators. In that book, Mr. Russel elaborates his fundamental conception of co-operation becoming the basis of a new agricultural civilisation which he aspired to see flourish in his beloved Ireland. When in 1914 England granted Dominion Status to Ireland, even though owing to War the actual inauguration of the new status was delayed, Russel wrote this famous book of his, wherein he elaborated his idea of Ireland thinking out and formulating a national policy for founding a new civilisation more in conformity with its own great past and national traditions than an imitation of other civilisations. After examining the possibility of Ireland having a new form of national government as a monarchy, oligarchy and so on, which forms are discussed and rejected as unsuited to the present conditions of Ireland, he comes to the conclusion that the future government must essentially be democratic and that the large number of workmen must form the centre of the picture. Starting with this fundamental ideal, he discusses the condition of workmen in Ireland, both in rural and urban areas, and comes to the conclusion that agricultural co-operation for production in rural areas and consumers' co-operation for the economic uplift of the urban workers are the two bases of the future commonwealth, where the rich and the poor can live side by side in amity and happiness; because according to Mr. Russel, co-operation on which is to be based the new society will train its members in the ideals of service and sacrifice and wean them out of the deep-rooted economic individualism, which according to the poet, is the basis of all our economic evils. In the latter part of the book, he goes into details regarding the machinery of government and would suggest not a slavish imitation of the English form of representative government but a sort of diarchy. Central subjects of universal importance like taxation and others will be in the hands of people's representatives but nation-building subjects like Co-operation, Industry and Education will be administered by ministers in consultation with an advisory board consisting of experts who have had practical experience in the matter.

The conditions in India at the present time are very similar to those in Ireland two decades ago. We are also on the eve of a great political advance and even though we are not going to get the Dominion Status which Ireland got, yet we are approaching towards that, and we have been assured of Provincial Autonomy, *i.e.*, our own Ministers will have the entire control of all the provincial subjects. Secondly, the condition of the masses in our country, whether of agricultural labourers or the urban proletariat, is also similar to that of the Irish two decades ago. Our agricultural labour is ill-organised or rather not organised at all; we are cut up into so many factions and we have a tendency to over-emphasise the points of difference rather than the points of agreement. In this country also, co-operation will give the necessary training not only for management of business but also for the suppression of economic individualism which is the bane of modern civilisation. Co-operation at present has unfortunately fallen on evil days in this country because of the wrong lead given to it about three decades ago. But during the interval, so many committees and commissions have enquired into its working and we are not lacking in good advice as to what should be done in future. If to the advice given by various experts we bring the basic conception of co-operation as a moral and spiritual force and as an economic factor of great potency, which was the conception of co-operation entertained by the late George Russel, and if we apply the principles of co-operation to all the departments of the life whether of an agriculturist or of a town labourer, there is no reason why co-operation should not put forth a new development which would astound the sceptics and scoffers of the present day. All that we need at the present is an abiding faith in the gospel of co-operation and it is this faith that a reading of Russel's classic inspires in us. We hope, therefore, that co-operators in India will go to such a source of genuine inspiration like Russel and strengthen themselves with added faith in the gospel of co-operation. We also hope that as a result of contact with such a master-mind and his soul-inspiring ideas, the future of co-operation in India will be as bright as the promoters of the Movement thought it would be three decades ago.

S. K. Y.

CO-OPERATION AND THE NEW BRITISH AGRICULTURAL *POLICY*

BY

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For nearly a century British agriculture—still the largest single British industry—has developed under conditions of free trade and without any assistance from the State. As a consequence it has, like any other industry similarly placed, sought out those lines of development which offer the best opportunity of commercial profit. In this it has been favoured by the constantly expanding market of British consumers in the industrial towns. With small exceptions (for instance, wool) it does not export. It has flourished on a basis of grass dairying and meat production (with which was associated wool) and in recent years especially, of increasing attention to poultry. Certain naturally favoured areas specialised in fruit production, market gardening and glasshouse cultivation. Arable farming was subsidiary and only important in Eastern England and a few other districts; wheat was less than 2 per cent. of the total agricultural output; sugar-beet was non-existent; it is true that nearly enough potatoes and hops were grown to supply the national demand, but other field crops were mainly used for fodder. Farms throughout Eastern England and Scotland were large and depended on hired labour. In the West and in Wales the family farm was of growing importance and in all parts of the country the number of "small holdings" established under a statutory land settlement scheme was on the increase. Most farmers, large and small, were tenants, but the number of owner-occupiers increased by individual purchase, especially during and immediately after the War.

The conditions of British agriculture have not, it would seem, been favourable to co-operative progress on a large scale. It is true that there is a well developed system of societies supplying feeding stuffs, manures, seeds, etc., and buying grain; farming on a large scale and an efficient system of country banks have not, however, encouraged the growth of credit co-operation; and the existence of a valuable urban market close at hand has not made co-operative marketing a matter of the same urgency as in (for instance) the British countries overseas. A certain number of dairy societies have existed for many years, especially in South West Scotland and South-West England (the cheese and butter districts), wool and eggs are marketed by societies of some importance and there have been local developments in the co-operative manufacture of bacon and the sale of fruit, market garden produce and livestock.

The first sign of change in the traditional British agricultural policy came during the War, when the Corn Production Act of 1917 established a guaranteed price for wheat and set up administrative machinery whereby the wages of farm labourers were fixed at a level much above that which had existed before the War, though still below those of any other class of workers. The guaranteed price for wheat was abolished after the War, though the guaranteed wage remained. The price slump immediately after the War affected the arable districts of Eastern England with especial severity, and it was probably a desire to help farmers in this area which led in 1925 to the introduction of heavily subsidised beet sugar cultivation for an experimental period of 10 years. It was intended that the industry should thereafter be self-supporting, but Continental experience and the fact that the bulk of English sugar requirements had still to be derived from the cane sugar of her own Colonies, should have suggested that this object was very unlikely to be attained. In fact, the best sugar industry is now (1935) almost as dependent as ever on government support.

In 1932 the guaranteed price for wheat was re-introduced under a slightly different system. A levy on all imported and home-milled flour, paid by the miller and by him passed on to the consumer, was used to pay a subsidy which would bring the price up to 10s. per cwt. for a harvest not exceeding 27,000,000 cwt. If the harvest exceeds this amount the subsidy per cwt. is proportionately less. The novelty of this method lies in two elements, (1) the levy is paid by the bread consumer and not by the national exchequer, and (2) a check on excessive wheat production is introduced by the limitation of the total harvest on which full subsidy is payable. The Wheat Act has worked well in practice, and, though many economists and agricultural experts doubt the wisdom of encouraging wheat production in England, the method of levy and "deficiency payment," as this type of subsidy is called, is attracting farmers and their representatives in Parliament.

In the meantime a different development had been taking place which, however, has also led, although by another road, away from agricultural *laissez faire* and in the direction of some sort of planned economy. In 1923 an important Committee of Enquiry into British Agriculture, which had been sitting under the Chairmanship of Lord

Linlithgow, issued its report. It was occupied to an unusual extent with problems of marketing and as a result a new department, the Co-operation and Markets Branch, was established in the Ministry of Agriculture. The new branch proceeded to carry out some very valuable research into the methods of agricultural marketing, which revealed much waste, overlapping, unnecessary middlemen's charges and inefficient grading and presentation. At the same time co-operative marketing methods were described and in a general way recommended for imitation, and better grading was introduced for various commodities, of which the most important was probably eggs, by means of a "national mark" made available to those willing voluntarily to observe certain standards.

It seems to have been felt in official circles, however, that voluntary methods alone did not offer the prospect of a rapid reorganisation of British agricultural marketing. Two attempts at national co-operative organisation, one for the sale of hops in England and the other for the sale of milk in Scotland, had recently met with the same apparently insuperable difficulty. They had both secured the adhesion of a very large majority of the producers of their particular commodity (90 per cent. in the case of hops) and by the strength of their organisation had succeeded in holding prices. Thereupon the relatively small number of "outside," non-member producers had taken advantage of the organisation for which they had done nothing, to secure either a high price or an earlier sale or to increase their output, with the result that the price broke and the members were in a worse position than those who had stayed outside.

This same difficulty had been experienced in other countries, notably in Australia and South Africa, where it was met by the expedient of a law allowing the producers of any agricultural product to draw up a scheme for the co-operative marketing of that product and if such a scheme secured the approval of the government and or a proportion (usually two-thirds) of the producers of two-thirds of the product, to compel the remaining one-third to market their produce under the scheme. This was usually called "compulsory co-operation." In 1931 a smiliar law was adopted in Great Britain under the name of the Agricultural Marketing Act. It made it possible for a majority of the producers of any agricultural commodity either nationally or locally to set up, with the approval of Parliament, a Marketing Board with compulsory powers. The general intention seems to have been that such Boards should operate as co-operative societies, but though election to the boards is democratic in character and profits and losses are equally divided among members, the activities of the board may cover anything from full co-operative trading to the mere making of regulations or registering of contracts. In 1933 a second Agricultural Marketing Act was passed which introduced three new principles of the first importance: (1) Where two boards existed, one handling the secondary product of the other (i.e., pigs and bacon) it was henceforth possible to establish a "Development Board" to co-ordinate the two. This may be looked on as a natural extension of the first Act, but the powers of a Development Board to rationalise and possibly to limit the production of the secondary product aroused much criticism; (2) A Board might henceforth limit the output of members; (3) where a marketing scheme existed or was in preparation, the government might make an order for the quantitative control of the imports of the commodity involved. This right is limited for the present by two sets of trade agreements—those concluded with the British Dominions at Ottawa in 1932 and those concluded with the Scandinavian countries and the Argentine in the following year.

Four commodities have so far been the subject of Marketing Scheme under the Act. They are hops, potatoes, pigs-bacon and milk. In the case of milk, there are separate schemes for England and for different parts of Scotland. Schemes were proposed either by the farmers' representatives or by special Reorganisation Commissions and adopted by large majorities on a poll of producers.

The Hop Marketing Scheme is a revival of the former hop-growers co-operative society. It does not seek to disturb existing channels of trade, but is concerned with price stabilisation based on limitation of production to a quantity which the market will easily absorb. Each grower is allotted a "basic quota" of hops which he may put on the market, on which is calculated an annual quota varying with the brewers' demands. A five years agreement has been reached with the brewers, by which they undertake to purchase, at a fixed price, up to at least two-thirds of their annual requirements of English hops and to contribute a levy to be used for buying up the surplus and holding it until the following year, when the annual quota will be proportionately reduced. This system has worked to the advantage of existing hop-growers, though it has undoubtedly been helped by the reduction of the English beer duty and the repeal of prohibition in America and the tariff on foreign hops. The case against it is that it constitutes a monopoly, does nothing to secure efficiency in production or marketing, new men from entering the industry and gives an unearned premium to the owner (as distinct from the tenant) of hop land.

The Potato Scheme is based similarly on price stabilisation, backed by restriction of imports and limitation of home output. This is secured in the first place by the compulsory use of a riddle or sieve of such a size as to let the small potatoes slip through and only retain those which in the aggregate make up such a quantity as can be sold for human consumption at a remunerative price. The small potatoes may be used for stock-feeding and arrangements are now being made to open a factory for potato flakes and meal. A further restrictive measure is by means of a "basic acreage" allotted to each producer. For every additional acre planted, the producer must pay a fine of £5. The Potato Board has made one or two minor improvements in the marketing of potatoes by licensing dealers and prohibiting sales on commission.

The Bacon Scheme is of a different character. No monopoly could be attempted since England, at the opening of the scheme, only produced about 15 per cent. of her own bacon. Two Boards have been set up, one elected by the producers of bacon pigs, the other by the owners of bacon factories, including one farmers' co-operative society. The scheme does not cover pork pigs or store pigs. In its essence it provides for forward contracts to supply suitable pigs to factories, at an agreed price based on several factors, including grade, the cost of feeding stuffs and the retail price of bacon, with a division of profits over a certain figure between the farmer and the curer. With this is coupled quantitative restriction of imports. The first effect of a stabilised price was to cause a rush into the bacon pig market. Imports were drastically cut down and the relatively small imports of Danish bacon, which was preferred by the consumer, commanded a high price. In the meantime, prices of English bacon, though adequate for efficient production, remained comparatively unattractive, while price in the depleted pork market rose. Farmers turned away from the bacon market, and by the spring of 1935 curers were finding it difficult to secure adequate contracts. Another problem had arisen. A very considerable increase had taken place in the proportion of home-produced bacon on the English market, but it had involved a higher all-round price to the consumer. A very little more, it was felt, and consumption would fall rapidly, the taste for bacon being replaced, perhaps, by a taste for some other commodity. Thus, in the summer of 1935, some uncertainty hung over the future of the scheme, the most likely prospect being the formation of a Development Board to co-ordinate the work of the Pig and Bacon Boards and probably to improve the efficiency and economy of the bacon factories.

The Milk scheme was concerned with an even more complicated problem. As concerns milk for human consumption, "liquid" milk, as it is called, Great Britain enjoys the "natural protection" of her insular possession. As regards milk manufactured into butter, cheese, etc., she has to face world competition, and especially the competition, hard to meet

by fiscal means, of her own Dominions. As a result, in the years preceding the adoption of the scheme, the wholesale price of "liquid" milk fixed for the whole country by an annual negotiation between farmers and milk dealers, at a relatively high figure, while the price of milk for various manufacturing purposes (cheese, butter, condensed, etc.) was left to find its own level, which was often less than half of the liquid price. To some extent this was justified by the relative production costs of the near-town liquid milk producer turning out a level all-the-year-round supply based on artificial feeding stuffs, and the natural grass farmer in the remote western hill-country. But with the advance of mechanical transport, the cheap milk producer began to compete increasingly in the "liquid" market, and a complete price breakdown seemed imminent when the scheme was instituted. It provided for the division of England into 11 regions within each of which the receipts from all milk sales were pooled and the farmer received a uniform price for each gallon delivered. To mitigate the hardship of districts mainly engaged in sales of manufacturing milk having to "carry" all their own surplus, an "inter-regional compensation levy" was instituted by which the more favourably placed regions sacrificed something to improve the price for their neighbours. The scheme had been intended to keep milk from the manufacturing districts off the liquid market. Unfortunately the pool price was so much in excess of the previous earnings of producers of manufacturing milk that they immediately increased their production both by bringing more heifers on, better feeding and abandonment of home butter and cheese making, as well as calf and pig rearing. The rising proportion of manufacturing milk naturally depressed the pool price. In the meantime, nothing had been done to reduce middlemen's costs and the price to the consumer had actually risen. Consumption was therefore stationary except for the semi-gratuitous distribution of milk to school children, which was subsidised by the Government. There was a clamour among farmers for restriction of imports, but this was for the time being, impossible owing to the international trade agreements. Instead, the Government offered a temporary subsidy to the manufacturing price. It seems probable that the solution will be sought in a return to some measure of price differentiation, perferably on a quality basis, which will check the excessive production of milk. Scotland has its own Milk Board, which works on similar lines and has had to meet the same problems.

Schemes have also been drawn up for the marketing of livestock, eggs, sugar beet and fruit, but have not so far been adopted. The preparation of the livestock scheme gave the producers an opportunity to appeal for the restriction of imports, and as this could not be granted under existing trade agreements, to receive a temporary subsidy instead.

What is the net result of the new agricultural policy up to the present? Undoubtedly the position of the farmer has improved, the landlord has also profited and the agricultural labourer has at least maintained a position which is favoured compared with that of his fellows in most other countries. But it cannot be denied that all this has been at the expense of the tax-payer and the consumer. What then should be the judgment of those who believe in agricultural co-operation?

The schemes have in large measure superseded the old forms of co-operative marketing in Great Britain. It is true that a single farmers' bacon factory remains and is doing well under the scheme. Farmers' dairies, however, have either been taken over by the Milk Board (as in Scotland) or else find themselves reduced to acting as ordinary middlemen without any specially co-operative relation to their members. On the other hand, there is a tentative move towards creating new co-operative bodies within the scope of the schemes, especially the co-operative organisation of what are called "group contracts" for the sale of pigs and potatoes from small producers. Meanwhile, the societies for the sale of agricultural requirements flourish and show increased turnover. How far can the Marketing Boards themselves be regarded as satisfactory substitutes for co-operation? They are self-governing and they distribute profits or losses equitably among their members. What they lack is any firm intention or, it would seem, capacity to make more efficient and consequently cheaper the passage of commodities from producer to consumer. They have concentrated on improving prices to the producer without much regard to the consumer or to the efficiency of the industry as a whole.

It is unlikely that the agricultural policy which has been evolving for the last ten years will be suddenly abandoned, though there are indications that the present government favours an extension of the "levy and subsidy" system as exemplified in the Wheat Act rather than the creation of more marketing boards. If the system of planned agriculture which we have seen initiated is to be carried on, solve the economic problems which beset it and give satisfaction to the nation as a whole, it would seem that the schemes must become more co-operative and less diffident before private interests and, above all, that the consumer must, either through the consumers' co-operative movement or through Parliament, be given a place in the system strong enough to defeat the move towards mere restriction and the economics of scarcity and ensure that the wealth which labour and science have produced are not destroyed but distributed ever more widely and abundantly.

CO-OPERATIVE SALE SOCIETIES IN MADRAS

BY

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THE ACT OF 1912 AND NON-CREDIT SOCIETIES

Agricultural Societies:—It was increasingly felt necessary to apply the co-operative principles to other activities than credit and as Act X of 1904 did not give free scope for such developments a new Act was passed to meet the requirements of the situation. Strenuous efforts have been made since the passing of the All-India Act of 1912 which permitted the registration of all types of societies, but the results achieved are not commensurate with the efforts put forth. The first society which was brought into existence after the passing of Act II of 1912 was the Kumbakonam Agricultural Society. The society was organised, in the words of the Registrar, "for joint agricultural purposes, that is to say, for the supply of seed, manure and agricultural implements and later on, if and when practicable, to effect the joint sale of agricultural produce." Similar societies were started at Vadamalapuram, Uthangadi, Avalnatham and Lingampatti in later years for the same purpose. It was soon found that similar special societies could not always be started in all places and that the work of joint purchase and joint sale could be entrusted to village credit societies themselves by suitably amending their bye-laws. In 1916-17, the Government permitted the addition of "provision for joint buying and joint sale" to the bye-laws of credit societies. Also, special societies were registered for the joint sale of paddy and other agricultural produce, *e.g.*, Gundukolanur in Kistna. Of the societies which sold the produce of their members jointly, mention should be made of the Hindupur Credit Society in Anantapur District and the Kaity Co-operative Union in the Nilgiris. Later on, a society called Radha Devpuram Palenpuram Sugar-cane Production and Crushing society was formed in Ganjam for the purpose of crushing sugarcane and converting it into jaggery.

SALE SOCIETIES

In 1918 the South Kanara Garden Planters Co-operative Society was formed with the object of effecting on a large scale the joint sale of the garden produce of its members. Its area of operations extended over a Taluk and its membership was open to growers of arecanut and other garden produce. Its main business was the joint sale of arecanut through its agent at Mangalore for a small commission. By way of abundant caution the society acted only as the agent of the producers. It issued loans on the pledge of produce of members who wished to retain them for a more favourable market. During the first year of its working it did a trade of Rs. 3,84,000 getting into touch with the brokers of Bombay and other merchants at Mangalore. It was estimated that it secured price exceeding by Rs. 19,600 the price the produce would have secured through ordinary channels. The existence of the society tended to increase the general price of arecanut. The society did also considerable purchase of domestic requirements of its members. Though the transactions of the society fell during subsequent years due to the mismanagement of its managing director, it continued to help its members. This society was followed by a Sale Society for Bombay for marketing rice.

LOAN AND SALE SOCIETIES.—ORIGIN

With a view to give a greater impetus to the development of non-credit societies, the Co-operative Department was reorganised in 1925. The Presidency was divided into eight circles each in charge of a Deputy Registrar. An officer called Assistant Registrar was placed in charge of each district to attend to the work connected with credit societies, leaving the Deputy Registrar to devote his attention to the development of non-credit societies. A number of sale societies were formed then and there are at present 54 sale societies.

I shall now deal with these societies in some detail. Every producer requires some satisfactory arrangement to sell his produce. The village produce-dealer buys from the ryot his agricultural produce and sells it in the nearest market.

Even where the arrangement is effective, if the producer has to part with his articles to an outside dealer, he cannot in the nature of things get the maximum benefit for his labour. The need for a co-operative sale society is felt where there is great disparity between the price which the ryot receives for his produce, particularly the small illiterate ryot, and that which the consumer ultimately pays. Between the two come a long chain of 'middlemen,' the natural growth of a system resulting from trade development coupled with illiteracy, ignorance and bad communications. The 'middleman' is not essentially bad but when he exists only by large margins of profit at the expense of the peasantry no treatment can be too severe for him.

In some cases, where the article produced is sold in a local market the benefit given to the producer may not be appreciable and it may not be worthwhile to have a society for the purpose. Societies for the sale of agricultural produce like cotton, sugarcane, jaggery (made by growers), groundnut, tobacco and chillies are found essential. Paddy sale societies, except when paddy is exported out of India serve only a limited purpose—to hold up the produce for a rising market.

ESSENTIAL PRE-REQUISITES.

The essential pre-requisites to organisation of a sale society are:

1. There must be a definite feasible objective in view.

2. There must be a real, well appreciated need felt by the promoters for a change in the marketing system.

3. The produce which it is desired to market co-operatively must contribute to an appreciable extent to the income of the proposed members.

4. The commodity principle must be observed.

5. There must be leadership available to encourage members to organise and to prevent them, if disappointed somewhat at the start, from deserting their association.

6. Adequate volume of business.

7. Loyalty of members and an understanding of co-operation.

8. Good and expert management.

9. An understanding of the principles and problems of marketing and especially of co-operative marketing.

THE SPUR OF NECESSITY

Experience has shown that a society worked well when the promoters *themselves* felt the need. The Cardamum societies in Madura District are an instance. When there was a ring among the buyers, the producers felt helpless. They eventually started an association to fix the price below which no producer could sell. This method did not succeed long, for the small producer could not keep his produce unsold for a long time. Co-operative credit societies were therefore started. These not only financed the producers but also sold their produce jointly with the result that the old level of prices was soon restored. Societies imposed on people who have not understood the benefits never worked satisfactorily.

ADEQUATE BUSINESS AND EXPERT MANAGEMENT

Several societies failed for the simple reason that they could not get adequate business. In the case of a credit society, the cost of management may be negligible, but in the case of a non-credit society a minimum expenditure is essential. Further in the case of a non-credit society, unless the business done is sufficiently large, no appreciable increase or decrease will result. It should be a condition for admission in a sale society that a member shall be bound under penalty to sell his produce to the society for at least a definite period. This condition is imposed by societies in Western countries. The societies in Madras have not yet adopted it except in the case of societies for manufacture of sugarcane and in one or two cotton sale societies. It seems to me essential that this condition should be enforced at least for some time in the beginning. Unless business is done on a large scale, no sale society can be expected to influence the market prices. It is needless to say that the success of these societies depends chiefly upon the expert management available. A society should not hesitate to employ an expert even if he is a little bit costly.

OBJECTS OF SALE SOCIETIES

Bye-laws framed provide for the following:—

(i) to advance loans to members on the security of their produce;

(ii) to arrange for the sale of produce of its members;

(iii) to rent or own godowns to facilitate the grant of loans to members and the sale of their produce;

(iv) to act as agent of those members which are affiliated societies in the matter of disbursing and recovering loans sanctioned to individual members of such societies; and

(v) to act as agent of those members which are affiliated societies in the matter of receiving for safe custody in their godowns or elsewhere the produce pledged to such societies by their individual members.

AREA OF OPERATIONS AND MEMBERS

The area of operations of these societies varies with the kind of produce dealt with by them and with reference to local conditions. In the case of a paddy sale society it is generally confined to a taluk or a Revenue firka. In the case of groundnut or cotton, it extends to a whole district or to the whole of the tract in which the crop is grown.

All ryots raising the crop may become members. Village credit societies are also admitted as members, for the reason that they form an important link between the Central Bank and the sale society in the scheme of financing cultivation and of finding a sale for the produce of the ryot.

THE MANAGEMENT.

The management is entrusted to a Committee elected by the members from among themselves. The Committee, however, employs experts to get the work done. For instance, the Tiruppur Cotton Sale Society had from the very beginning a Manager who had experience in cotton trade. It has also employed an Agricultural Officer to look after the agricultural side of its business.

FINANCE

These sale societies besides finding a sale for the produce of their members, have to grant loans to them on the pledge of produce. For this purpose they have to borrow money which they do from the Central Bank on the following conditions:—

(1) the loan given to a society will take the form of a cash credit,

(2) the loan will be secured on the floating assets of the borrowing society. *viz.*, the stock in hand from day to day,

(3) the amount drawn from the cash credit account and outstanding at any time shall not exceed the value of loans given on the pledge of produce stocked in the godowns of the society,

(4) no loan shall be given by the borrowed society to a member exceeding a certain percentage of the market value of the product. The percentage varies from 60 to 75% according to the commodity—in case of food stuff it goes up to 75% and in the case of commercial crops about 60%.

(5) the stock and the godown should be insured in the joint names of the society and the Central Bank. The insurance is effected jointly to ensure renewal from time to time.

(6) a weekly statement should be sent by the borrowing society to the Central Bank giving the following details:—

(i) the amount drawn from the cash credit account and outstanding,

(ii) the quantity and the market value of stock in hand,

(iii) the amount of loans given and outstanding, and

(iv) the amount for which the goods and the godowns are insured.

The statement has to be countersigned by an Inspector of the financing bank or a Government Inspector once a fortnight.

SALES SYSTEM

All these societies sell the produce of their members at present only as agents for a commission. The produce of each individual is sold mostly in a separate lot but the Tiruppur Cotton Sale Society sells the produce of some of its members jointly under the seed distribution scheme in addition to selling in individual lots.

A FEW DIFFICULTIES AND SOLUTIONS

(a) *Days of Grace*:—In the case of all these societies there is an interval between the date of the sale of the produce and the date of payment of the sale proceeds by the buyer. The trade custom allows some days of grace for payment which extends from three to fifteen days. There is absolutely no security for the money of the financing bank during this period. The difficulty is got over in this way. Sales are made only to approved customers. A list of such customers is prepared by the management and revised from time to time. Confidential enquiries are made from time to time about the solvency of these customers. There is, however, risk and it can be minimised only by adequate bad debt reserve but the margin of profit which these societies now earn does not permit the building up of this reserve speedily. The other remedy is the securing of adequate share capital.

This is also found difficult in the initial stages and the difficulty is overcome by inducing sympathisers and investors to take enough shares. The real remedy lies, however, in enlisting a very large number of ryots as members and insisting upon their taking adequate number of shares.

(b) *Inadequate margin of safety*:—In the case of some societies like the jaggery sale societies, there are no goods on the security of which money can be obtained from the Central Bank. The goods of members are sold by auction as they are received. The purchasers do not pay the price for some days (grace time) while the sellers have to be paid immediately. The Central Bank hesitates to lend all the money required. The remedy lies in the society securing a sufficiently large paid-up share capital which will serve as the margin of safety for the Central Bank.

(c) *Want of godowns*:—If a society is located in a market centre, there may not be much difficulty in securing rented godowns but sometimes it so happens that a society has to secure godowns in places where they cannot be easily rented. Such a society finds it difficult to raise money from its members to put up the godowns. The society can borrow money for this purpose from Government but this concession has not been availed of by societies to any large extent.

GRANTS-IN-AID

I have already said that these societies have to incur a minimum expenditure, to begin with, whether they do adequate business or not. In this respect they require outside help. The Local Government are lending to select societies the services of an Inspector for a time and the Madras Provincial Bank is making a grant to District Central Banks to entertain men to develop these societies. It seems to me, however, that some money grant should be made to these societies either by Government or by the financing banks to meet the cost of management till they can stand on their own legs.

Some societies have come to grief by adopting questionable methods of business. They give loans on produce left with owners without safeguards and sold goods to insolvents. They employed men without experience as Managers and sufferred losses on that account.

It is true that the societies dealing in commercial crops like groundnut and cotton have eliminated a few middlemen and have ensured correct weights and higher prices. If they should benefit the ryots to any appreciable extent, there must be some *one* in the *importing* countries to advise them from time to time as to the requirements of those countries, ruling prices, etc.

CO-ORDINATION BETWEEN THE VILLAGE CREDIT SOCIETY, THE SALE SOCIETY AND THE CENTRAL BANK.

It has been found by experience that the mere creation of a sale society does not bring to the ryots the desired result. They do not bring their produce to the sale society unless certain facilities are given. The prices ruling for agricultural produce immediately after harvest are usually very low as ryots who have no financial facilities are forced to sell the crops, to pay the money-lenders' dues and to provide for other expenses. Even when there is no great fluctuation the ryot has an advantage if he is free to sell where and when he pleases. But unfortunately the ryots do not have such freedom. The village dealer who purchases for the merchant in town or the village money-lender who wants to buy cheap and sell dear readily comes forward to advance money to the ryot if the latter will agree to hand over his crop when it becomes available. The ryots require finance at various stages of cultivation and for other expenses and the village money-lender or dealer is ready to cater to his needs.

Unless co-operative societies also arrange to finance the ryot in the manner the village dealer does, their utility is greatly diminished. The sale society by its constitution cannot itself advance loans to ryots. It is situated at a distance and has no local knowledge of the borrowers and cannot afford to maintain an establishment to watch recoveries from the borrowers.

The best agency that can take the place of the village dealer is the village credit society working in collaboration with the sale society. The village credit society should undertake to advance loans to members for cultivation purposes on condition that the borrower agrees to sell through the sale society the whole of the produce of the land for the cultivation of which the loan is asked for, or at least as much of it as will be sufficient to cover the loan given, and to authorise the sale society to deduct from the sale proceeds the loan due to the credit society. An agreement in writing to this effect should be taken at the time of giving the loan.

The financing of agricultural operations may be divided into three stages :—

Stage 1. Loans for cultivation expenses. These loans will be issued by village credit societies on the usual terms after obtaining a pronote with sureties and an agreement referred to already. The society should also obtain information regarding the particular plot of land proposed to be cultivated, the kind of crop proposed to be raised and the time of harvesting the crop.

Stage 2. Loans on standing crops. These loans also will be issued by village credit societies only. To pay kist or to meet an expenditure of an urgent nature e.g., dressing with artificial manure or harvesting, loans may be given on the security of standing crops within one month of maturity from the date of disbursement of the loan. The main security for the loan will be one or two sureties. No loan may exceed 40 per cent of the estimated value of the crop.

Stage 3. Loans on the pledge of produce. These loans may be given either by village credit societies or by loan and sale societies to which they are affiliated.

Loans granted for stages 1 and 2 should be repaid at the time of harvest. But as it is desirable to hold up the produce for a better market the borrowers can, if they so desire, convert the outstanding loans into loans on the pledge of produce (stage 3) or take a produce pledge loan from the sale society and repay the village credit society. Village societies can give loans on the pledge of produce if they have facilities to store the produce. When the produce is pledged, the loan issued may be in excess of the individual borrowing power of the member.

Village societies which issue loans on the pledge of produce of its members can pledge the produce again with the Central Bank and obtain a loan from it. The Central Bank will keep the produce at a godown rented in the village or in the godown of the loan and sale society if there is one and itself keep the key of the godown.

Where village societies are not authorised to issue loans on the pledge of produce or where they have no facilities to keep the produce they may direct their members to go to the sale society to which it is affiliated for getting loans on the pledge of produce. It will be better if all village societies direct their members to go to the sale societies for obtaining loans on the pledge of produce, for the latter have special facilities for the grant of such loans. In all cases where the produce has to be taken to the market centre where the sale society is situated the members should be induced to go to the sale societies for such loans and in all such cases the produce should be sold through the sale societies, whether the loan was given by the sale society or not. The sale society will remit, when necessary, direct to the financing bank the moneys borrowed by village credit societies out of the sale proceeds of the produce of the borrowers.

It will thus be seen that if the ryot is to be benefited, the village credit society, the sale society and the Central Bank should be linked together in a chain. They should work harmoniously as one unit. To this chain may also be added the Land Mortgage Bank. The ryot who has obtained a loan from a land mortgage bank should be helped with a loan for cultivation expenses, afforded facilities to sell his produce to the best advantage, if he should not become a defaulter and should not be forced to sell his land to pay off his debt.

SOME TYPES OF SALE SOCIETIES.

Societies for sale of milk. The ryots living in villages round about Madras were selling milk to middlemen who carried it to Madras and sold to the hotels. They offered low prices to the ryots. Attempts made to organise the ryots into sale societies did not succeed for some years

In 1927, however, it was found possible to start societies for these people. There are now a number of societies and they sell the milk of their members through a Sale Union located at Madras. The village primary societies consist of milk producers and they are affiliated to Madras Milk Union. The members of the primary societies get their finance from the village credit societies on condition that the Milk Union undertakes to repay the debt to the Central Bank direct out of the sale proceeds of the milk supplied by the borrowers. The Milk Union has also organised the urban milk men in the City into societies and find a sale for their milk. The union by establishing sale depots all over the City sells milk to the consumer at a reasonable price. It pays also a fair price—higher than what he got before—to the producer both in the City and in the villages. The union supplies milk to the two of the Government Hospitals in the City.

THE TIRUPPUR CO-OPERATIVE TRADING SOCIETY.

Besides the usual objects of advancing loans and selling the produce of members, this society has taken up the work of distributing good cotton seed with the co-operation of the Agricultural Department. Its area of operations was originally confined to the Coimbatore District and subsequently it was extended to the neighbouring district also. The society is assisted by a Business Manager who is an officer of the Agricultural Department. Members to whom good seed has been supplied are required to take the harvested kappas (unginned cotton) to the society. The kappas are ginned at the factory under the supervision of the society and the seed is purchased by payment of a premium of Rs. 6 per cart load of seed (used as cattle food). The seed so taken is tested and after it is certified to be good is sold in sealed bags bearing the seal of the society. In the case of members to whom loans were given by the society on the lint pledged by them the produce is sold at the most favourable rate with the consent of the owner and the sale proceeds are handed over after deducting the loan dues. In the case of others the society gins the cotton and sells the lint as agent charging a small commission for its services.

THE SOUTH ARCOT GROUNDNUT SALE SOCIETY.

This society was brought into existence in order to find a good market for the groundnut produced by the ryots in the South Arcot District. It has on its rolls 161 societies and 24 individuals as members. It has opened three warehouses at Vriddachalam, Cuddalore and Tirukkoilur.

The ryots bring the groundnut produce to the warehouse and have them weighed on payment of a commission of 3 pies per bag and get a

certificate from the Warehouse Officer of correct weight. The ryot can sell his goods either direct to any dealer or through the society. If the sale is made through the society a commission of 4 annas per candy is charged. The warehouse officer keeps himself in touch with the prices prevailing in the market and arranges for the sale of the produce to any of the exporting firms or to local oil mongers or merchants. If the ryot wishes to hold up the produce for a future market, he can keep it in the warehouse of the society for a period not exceeding 3 months and, if necessary, take a loan on the pledge of it up to 60 per cent. of the market value. He will have to pay a small fee and take the risk of a fall in price.

An attempt is also made to link the sale society with village credit societies and the Central Bank. The Central Bank issues loans to members of primary societies for cultivation of groundnut crops. The loan applications are scrutinised and recommended by the special Crop Inspectors or Agricultural Demonstrators, Local Unions and the Deputy Registrar. Loans are sanctioned by the special Groundnut Committee of the Central Bank and disbursed through the village credit society by instalments for ploughing, sowing, weeding and harvesting. The borrower executes a surety or mortgage bond agreeing to deliver the produce at ony one of the warehouses and to have the loan collected by the Warehouse Officer.

THE RASIPURAM CO-OPERATIVE TRADING SOCIETY.

The activities of this society are much the same as that of the South Arcot Groundnut Sale Society. This deals with cotton also. There is a warehouse attached to the society and the Warehouse Officer arranges for the sale of produce brought to the society through one of the dealers at Rasipuram, Salem or Tiruchengode. A commission of eight annas is charged per *pothi*. Facilities are also afforded to stock the produce in the warehouse. Loans are also issued up to 75 per cent. of the market value of the produce stocked. The special feature of this society is that the produce is sold by auction. The Warehouse Officer conducts auctions on every Thursday at 10 A.M. and sells lots of cotton to the highest bidder. The system of auction is much appreciated and there is a good deal of competition among local merchants to purchase at these auctions. The mill-owners of the locality are also said to be favourably inclined toward this society and purchase cotton from it.

THE ANAKAPALLE LOAN AND SALE SOCIETY.

This society deals mainly in jaggery. Like other loan and sale societies it gives loans on the pledge of jaggery, but members hesitate to wait for fear that the colour of jaggery may fade away and may, therefore, affect prices. The jaggery is graded and local merchants are allowed to inspect it. The stuff is sold to the highest bidder with the consent of the owner. The producers are paid immediately but the merchants are allowed 18 days' time for the payment of the sale proceeds in accordance with the system prevalent in that market. The society charges a small commission of one anna and six pies per maund of jaggery sold through it.

CO-OPERATIVE COMMISSION SHOPS IN THE PUNJAB

BY

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INTRODUCTION.

The Punjab Banking Committee reporting about the disabilities of the producer in marketing his produce state that the ordinary market is dominated by the trader, and the cultivator has no voice in the control of marketing arrangements, no say in the fixing of market dues, no repesentation on market panchayats and little or no means of ascertaining outside prices. In both villages and markets the cultivator is defrauded by the use of inaccurate weights and scales. As an instance, it is stated that 42½ seers of cotton are taken to be equivalent to a maund. Out of 1407 scales and 5907 weights examined by the Committee, 69% of scales and 29% of weights were found to be incorrect. " The best single remedy," remarked the Committee, " for the growers' marketing difficulties is co-operation."

CO-OPERATIVE COMMISSION SHOPS—OBJECTS

The Punjab is fortunate in having a nucleus of co-operative marketing in the co-operative commission shop whose aim is to promote the economic interest of its members and more particularly to arrange for: (1) the purchase and sale on commission of seed, agricultural implements and other requirements of members; (2) the sale on commission of the agricultural produce of members; (3) the provision of educational assistance to its members; (4) the use of pure and improved varieties of seed by members; and (5) other measures designed to encourage in the members the spirit and practice of thrift, mutual help and self-help.

MEMBERS.

The members consist of individuals or co-operative societies. Every member must be either (1) an owner or cultivator of land, mortgagee or lease holder; provided that no more than 3 persons who do not hold any land and are not dependent on agriculture may be elected at a general meeting for the purpose of assisting the management; or (2) a registered co-operative society within the area of the operation of the shop. Membership may be compulsorily terminated if a member fails to sell produce through the society for two years.

RULES OF BUSINESS TRANSACTION IN CASH

According to the rules of business, all transactions by the commission shops are to be strictly on cash terms, subject to the practice of the local market which allows two days grace for payment from the date of weighment. No credit is allowed, except to a Government servant purchasing on behalf of Government. Sale is ordinarily effected by private treaty, but if the owner or owners so desire it is effected by public auction.

ADVANCE.

Every member delivering his produce for sale, may at the discretion of the Manager, be given an advance not exceeding 75 per cent of the estimated market value of such produce; the balance of the account is cleared on the sale of the produce. Interest at 12½ per cent was generally charged on such advances. This has been reduced to 9⅜ per cent in most cases. Arifwala has reduced it to 6¼ per cent in 1934. This is a great boon to the members. The Imperial Bank and other banks advance to Ahraties (private commission shopkeepers) at 7 per cent. The Manager may at any time order the immediate sale of the produce deposited, if he considers that owing to the deterioration of the produce or a fall in the market price, the advance given to the depositor is not sufficiently secured.

COMPULSION TO ACCEPT ALL PRODUCE.

There is a binding rule according to which the society has to accept from every member all agricultural produce supplied by him, provided that the sale of such produce is customarily undertaken by the society and it is delivered in good condition and is suitable to be sold by the society and is delivered at such time as may be warranted by the market conditions. In case of any default by the society in acceptance of such produce it has to pay to every member in respect of whom default has been made a sum equal to the price of the produce refused.

COMPULSION TO DELIVER ALL PRODUCE.

Similarly it is compulsory for every member to deliver to the society for sale all his salable agricultural produce which the society may be willing to accept. In case of default by any member in respect of produce to be delivered under this bye law, the Managing Committee is empowered to impose on the defaulting member a fine equal to the full market price of the produce which he has failed to deliver.

In the event of the price of the commodity being low, the members concerned can store their produce in the shop and obtain an advance equal to 75% of the value of their produce. But nearly all the produce handled by commission shops is sold at once or quickly. Very little is stored, partly because the cultivator if he stores at all, stores in his own house, and partly because the facilities offered for storage are not attractive.

THEIR WORKING.

The first Co-operative Commission Shop in the Punjab was started in 1919. There are now 22 shops in the Province. In 1934 they sold produce of 6,95,497 maunds for about Rs. 19 lakhs. The following statement shows their working for the last 10 years:—

Working of the
Co-operative Commission Shops in the Punjab from 1924 to 1934.

Year.	Number of Shops.	Members. (a) Individual	(b) Society.	Produce sold in Maunds.	Produce sold (Value in Rs. lakhs.)
1924	5	*	*	*	9·75
1925	6	*	*	*	14·5
1926	13	*	*	*	25
1927	18	*	*	*	27·5
1928	19	*	*	*	35
1929	24	3286	1237	*	47
1930	24	3339	1288	10,07,284	41
1931	25	3595	1280	12,14,221	30
1932	25	3463	1415	8,94,995	24
1933	23	3338	1269	5,45,625	18·61
1934	22	*	*	6,95,497	18·96

(* Figures not available.)

Co-operative Commission Shops are chiefly in the Canal Colony areas. There are six shops with 1589 members consisting of 1219 individuals and 370 societies in Lyallpur district. These shops exist in almost all important markets of the district. They continue to do good work inspite of the constant opposition, adverse propaganda of the brokers and the economic depression. The shops at Gojra, Tandlianwala and Chak Jhumra occupy prominent position in the markets and their business exceeds that of any of the shops that compete with them.

The six shops in Lyallpur sold 2,02,225 maunds of members' produce in 1934 as against 1,87,652 maunds in 1933. These shops are progressing inspite of difficulties and there is increase in the produce sold everywhere except in Jaranwala. It is unfortunate that the prices have not improved and, therefore, although recently there has been an increase in the quantity sold through the shops, the sale proceeds have not increased in the same proportion. The depression has weakened the spirit of enterprise everywhere but made all businessmen more calculating and careful than before. Commission shops have also learnt their lessons from depression. Shops which used to advance big amounts of loans to their customer-members in the past years, have wisely begun to refrain from this kind of business. The Gojra shop has altogether stopped to make any advances and the other shops have also fixed careful limits for loans in order to curtail the powers of the Managers. There is a general tendency to give up loan business altogether, so far as is possible under the circumstances. Though generally very little advantage is taken of the moderate storage facilities offered by Commission shops, in Shahpur 9733 maunds and in Gujrat 2006 maunds of produce were stored in 1934, and Rs. 12,527 and Rs. 4,516 respectively were advanced on the produce stored.

THE GUJRANWALA COMMISSION SHOP.

The Gujranwala Shop was registered in 1925. It has a membership of 149. The membership comprises 63 individuals and 86 registered societies. In the particular area in which this commission shop is working, the main crops are wheat, paddy and other grains. According to the bye-laws each member must take a minimum of one share of Rs. 50 fully paid up. There is no reserve liability. The maximum credit limit of the shop with the Central Bank is fixed at Rs. 20,000.

A member bringing his produce to the shop, can either arrange for the shop to sell it on commission at once or he can store it in the shop's godowns in the hope of a rise in prices. In the latter case the society advances him upto 75 per cent of the value of the produce and usually charges him interest at the rate of 9 per cent per annum, until sold. If the level of price falls to within 50 per cent of the advance, the shop can sell the goods at once. The rate of the commission charged is 1 per cent as compared with 1½ per cent by the ordinary commission agent in the market. The society also charges a small weighing fee at the rate of ¼ per cent.

The shop worked with some success before depression. In 1929 the total sales of the shop amounted to nearly Rs. 2 lakhs; it earned a profit of Rs. 800 and declared a dividend of 8 per cent. But its condition is deteriorating as the years go by. It sold in 1933 as much as 35000 maunds of produce for Rs. 87,490 while in 1934 it sold only 30,220 maunds for Rs. 56,425. But what is still worse is that produce worth Rs. 53,614 was sold by non-members in 1934. The produce stored by the shop in 1934 was 43 maunds and it advanced Rs. 93 only on the security of stored produce. Thus the shop is doing very little for its members. The members themselves are indifferent and the Directors take no interest in its success.

ABOHAR SHOP.

The Commission shop at Abohar in Ferozepur district deserves special mention as regards the custom which it attracts and the steady progress that it is making in the face of difficulties. It has shown an increase of 7509 maunds of produce sold in 1934 over that of 1933, surpassing in this way all its previous records.

THE OKARA ZAMINDARS' SALE SOCIETY.

The Okara Zamindars' Sale society furnishes the example of a very successful concern. The society works for big landlords and its management is up to a standard that is beyond the present attainment of the smaller farmer. The society with a membership of only 28 sold in 1934 members' produce valued at Rs. 12½ lakhs as against Rs. 9 lakhs in 1933 and Rs. 7.93 lakhs in 1932.

"It is notable," says the Registrar in his report for 1934, "that the most successful institutions are those whose clientele is composed mostly of ex-soldiers, whose commonsense qualities, keen spirit and sense of discipline are factors of great value in enterprises of this nature. The Arifwala membership is preponderingly military, and that of Khanewal very largely; the Renala Fauji Union is exclusively military; all these had outstandingly successful years."

BENEFITS CONFERRED.

The benefits derived by members are not easily estimated in cash, but are very considerable. The advantages to the member are that he is not cheated over the weight, there is no higgling over the price, he suffers less deduction for commission than in the open market, he receives immediate payment or, if he wishes to do so, he can hold up the sale of his grain in the hope of a better price, and finally he has the chance of a rebate on sales if the shop makes a profit. Working in close touch with the village society, these shops strive to break down the evil system of credit on which the local dealer and village traders are mainly dependent for their business. A very valuable service of these shops is the provision of accurate, uniform weights and scales.

As a result of these shops, a change is noticeable, and that is the tendency of the colonist to dispense with the local grain dealer and to take his grain to market himself. The Agricultural Department has had much to do with this. For years it held a series of auctions to eliminate the middleman and to secure to the cultivator a fair price for his cotton. In response to the demand created by a large exportable surplus a number of market towns have sprung up, where world prices are daily received by wire and wheat and cotton are sold to the exporter direct. Already the small-holder has begun to grasp the importance of improving his implements, seed and crop and to consider all the three in terms of profit instead of subsistence. The day too is passed when poverty or ignorance led him to throw his grain on the market till a glut was created.

The Co-operative Commission Shops act like ordinary commission agents, selling and to some extent storing their clients' produce, and occasionally buying for them. They do this for each client individually, never collectively, and this is one of their weaknesses. Unless hard pressed, the peasant is too much of an individualist to pool his produce, and peasant produce which is not pooled cannot be graded; the quantities brought in are too small and the qualities too mixed and without grading and bulk, marketing for export is out of the question

Commission Shops have to encounter many difficulties. The small farmer is lacking both in education and self reliance to help himself by co-operative selling. It will take a considerable time to make him realise where his best interests lie and that fair weight and immediate payments are more to be desired than the borrowing facilities provided by the ordinary middleman. Members are not always loyal to their societies. Committees must learn that co-operation is above all sound business and it is only by strict adherence to the bye-laws and to business principles generally that success can be hoped for. Some shops have lost money by the inefficiency and dishonesty of managers, and others have been tested by boycotts on the part of the buyers.

One obstacle which practically every shop has to face is its boycott by the local market dealers. This difficulty arises either in the very beginning of a shop or when it begins to attract sufficient business. Often the birth of a society is generally the signal for concerted opposition on the part of the commission agents and since they almost completely dominate the market they have only to proclaim a general boycott for the society to be placed in a serious jeopardy.

The Shops at Jalalabad, Gurdaspur, Jaranwala and Toba Tek Singh were all boycotted for varying periods in 1929 and again in the summer of 1930. At Sangla a young society was boycotted for two months because it distributed a rebate of six annas in the rupee and the boycott was only ended by the authorities taking security proceedings under the Criminal Procedure Code. Toba Tek Singh was boycotted no less than four times. The Jaranwala Shop was boycotted because in the municipal election the changars (men who keep the grain platforms clean) refused to vote for a candidate and were dismissed by all the shops in the market except the Commission Shop. Another shop was boycotted because the Manager abducted a girl. But whatever the ostensible course the real reason for a boycott is always the same—the desire to ruin a rival candidate. Arifwala shop was boycotted in 1931, but it did not get unduly alarmed at the 'ring' formed in the market to damage its business; the result was the dismal failure of the boycott.

Some of the troubles which have overtaken Commission Shops are due to injudicious and unnecessary arrangements devised to deal with actual or threatened boycott. The example of Sangla Hill may be quoted in this connection. When it was boycotted it found itself unable to sell its clients' unginned cotton; and to prevent this happening again, next year it entered into agreement with the owner of a ginning factory to gin all their cotton in return for extensive credit. This disastrous credit to the big buyer resulted in the shop's ruin. The shop was weakened by the debt owed by its late lessee amounting to Rs. 47,000. The credit of these shops received another severe blow in 1932 in the discovery of an embezzlement of Rs. 47,000 by the Manager at Toba Tek Singh, Lyallpur was threatened with a bad debt of some Rs. 12,000 half of it on account of embezzlement by the late manager, and most of the rest owned by an absconding commission agent.

When a shop is boycotted it becomes very difficult for it to dispose of the produce brought to it for sale. It is very desirable in cases of this kind that large buyers should extend to the society all the help possible, as it is in their ultimate interest, as much as in that of the producer, that such societies which aim not only at reducing the number of unnecessary middlemen but also in putting on the market improved and unadulterated produce should prove successful.

INEFFICIENCY OF THE STAFF.

The importance of an efficient and honest staff, in any business concern is, obvious. But the Staff in the Co-operative Commission Shops is not experienced, efficient and honest. It is extremely difficult to find a manager both reliable and competent on the salary that most shops are able or prepared to pay, and it is of the very nature of co-operative marketing that much must be left to the manager. Great dangers arise from the irregular proceedings of shop managers. But irregularities in management can only be corrected if the Directors do their duty and watch whether the Manager is observing the bye-laws or not.

LAVISH CREDIT.

The pernicious habit of allowing too much credit—usually from fear of making the shop unpopular, or else from sheer inability to say 'no'—has been the cause of the ruin of a shop. It resulted in 1931 in more than Rs. 5,000 bad debts. The desire to keep a shop going during a boycott resulted in one case in 1931 in enormous credit being given to a buyer; he died; and then it was found that the security he had given was in many instances as good as no security at all. A few troubles were caused by taking produce as security for an advance, and not demanding more security when the price of the produce fell, or not selling it in time. For such faults careless or hyper-charitable managements are to blame. Considerable difficulty is experienced in collecting the numerous unauthorised advances made with or without security or with the professed security of produce said to be stored with a credit society. The opportunities for graft and craft are such that unless Directors, Manager and the Departmental staff keep in regular touch, irregularities seem almost inevitable. Chichawatni Shop advanced in 1932 Rs. 6000 to a Jullundur trader, who had no dealings with the shop ordinarily, on the security of the produce said to be in Karachi. Two shops in 1930 tried the experiment of advancing against produce stored in the village and not in their physical possession, but this dangerous practice was discontinued, not however without some loss to those concerned. "It is not that honesty comes breaking through in these concerns; it is the inexorable lapse."

DISHONESTY.

There is far too much trust in Providence and not enough in human precaution. The result is that many embezzlements have occured and sometimes thousands of rupees disappear. The Manager of a shop was suspended in 1926 for misappropriation, although there is an audit every three months. The Munim of Hafizabad Shop absconded with Rs. 2,000 in 1927 and next year it was the turn of the Manager to embezzle Rs. 5,000 and disappear. In this shop three successive Managers committed embezzlement and it lost its credit. Three Managers of considerable experience of different shops had to be removed in 1929 for dishonesty. Churkana lost Rs. 200 in the same year because the Manager gave a loan to a local trader who was not a member of the shop. In 1930 two Managers were suspended for dishonest dealings and a cashier was convicted. Embezzlements in the Lyallpur, Jaranwala and Gojra shops occured in 1931. They had a damaging effect on the shops at large and the produce sold considerably declined. A sum of Rs. 2,466 had to be written off in 1932 as bad debts and estimated amount of bad and doubtful debts incurred in a variety of ways was Rs. 23,000. One of the main reasons for the troubles which fell upon the Lyallpur shop was the practice of the late Manager doing business with the society's monies and purchasing bad stuff and mixing it with members' produce. The President of the shop after failing to attend any meeting became a Sadhu. In Toba Tek Singh, one of the Directors set up a rival shop. In Sargodha shop, which is one of the best and is really doing good work, the Manager embezzled Rs. 1,500. The amount of bad debts in the shops in Gujranwala and Sheikhpura districts amounted in 1934 to Rs. 58,150 and the losses incurred to Rs. 1,352. In Kamoke Mandi branch of the Gujranwala shop, started on 1st June 1934, the Manager embezzled Rs. 400 within two months of its start.

DISLOYALTY OF MEMBERS.

One of the main difficulties of these Commission Shops is the disloyalty of their members. Most members are lukewarm in their support of these shops and many do not use them at all for the sale of the produce. In 1934 in the 6 shops at Lyallpur 699 out of 1219 individual members did not sell any produce through their shops. The case of other shops is no better. In Montgomery 110 out 154, in Ferozepur 146 out of 304, in Gujrat 25 out of 44 and in Gujranwala 47 out of 63 did not come to their shops for the sale of their produce.

The main reasons given for this disquieting state of affairs may be briefly mentioned here: (1) Small farmers, who have only a little to sell, do not come to the market; (2) The indebted members do not come to the shop because they are afraid of the values being set off against their previous loans. (3) Those members, who are indebted to the brokers, are obliged to sell through them. The local brokers allow advances more liberally than commission shops and therefore they attract more business than these shops. (4) In Shahpur Colony, some members have leased their land and have nothing to sell and some have migrated to their original homes. (5) There are also instances where means of communication and methods of transport stand in the way of members from bringing their produce to the shops. Improvement in rural communications and methods of transport are most important factors in marketing. The three methods of transport in the Punjab are cart, donkey and camel. All the three methods are used for grain, but only cart and camel are possible for cotton owing to its bulk, and the camel, too, is not popular for this. Cotton brought in cart arrives in better condition and fetches a higher price. On a camel it has to be bagged and is liable to be roughly handled. A new and quick means of transport, which is coming into vogue, is the motor lorry. But at present it does not play any important part in the transport of grain or cotton. However its share in the transport of fruit and vegetable is considerable. There appears to be a bright future for this means of transport, at least in places where good roads are available. (6) Frequent embezzlements in some of the shops have shattered their credit and therefore members by experience have learnt not to take riskes by dealing with the shops. (7) There is discontent in some places for failure to declare dividend or give rebate. Out of the six shops in Lyallpur, only one—Gojra—declared a dividend of 6 per cent in 1934. (8) Some of the shops handicapped themselves by investing large sums in sites and buildings for godowns, etc. These have proved a dead loss. (9) Then, there is the danger of communal dissension, which is the worst plague of all. At Jaranwala the communal lickerings of the Directors brought the shop to the verge of ruin. (10) Ignorance and illiteracy, more than all, the lack of co-operative spirit among members are other impediments to progress. Many still have a strong liking for the methods of the commission agent, who will cheat them in measurements and accounts but accomodate them without trouble. Before anything approaching a widespread movement for sale can come into being, there must be intensive education of the people in such matters as the benefits to be derived from cash purchases, the evils of forward buying, the relation of prices to accurate weighment, and loyalty in face of inducement to the contrary, though all this is an uphill task.

ESSENTIAL CONDITIONS OF SUCCESS.

1. There should be a margin between the lowest and the highest price during the period for which the produce can be stored, sufficient to cover wastage, interest and management charges and still leave an appreciable surplus for dividend or rebate.

2. There should be a competent and earnest directorate, a competent and honest manager and adequate supervision and goodwill on the part of the departmental staff. There is frequently indifference or downright friction in the Directorate and competent and honest managers are hard to get and accounts get confused, presenting much difficulty in audit. The main attraction of these shops should be cheaper rates, and fewer deductions in cash or kind and their co-operative complexion.

3. Miscellaneous commission shops are unsound. American and Colonial experience demonstrates that agricultural produce should be marketed through special organisations, each for a single commodity over a very wide field.

4. An important aid to this movement will be the enforcement of the model bye-laws on the subjects of weights and measures which have been adopted in several municipal areas. Several markets enjoy the benefits of weights stamped by the District Board, and it would be beneficial if this practice of stamping were general.

5. The necessity of more and better storage facilities for the produce of the members is urgent and arrangements to meet it must be made as soon as practicable.

6. A binding rule, requiring members to bring their produce to the shop, was introduced in 1925. According to this rule disloyal members were threatened with penalities, but this rule has never been properly enforced. Directors have been content to reproach and to hope again. Moreover, it is thought by the Directors that if a member is penalised for not doing what he has solemnly undertaken to do, he will leave the society altogether and spend much of his time in trying to ruin the shop's business. This is no strong argument for ignoring this rule. Steps should be taken to see that the members do not defy this wholesome rule. Attention should also be given to the policy of compulsion. It has for years been accepted in North America and in England in all sale societies organised by the National Farmers' Union. Special efforts are required to be made on the one hand to tighten up control of the working of the shops and on the other to stimulate the loyalty of the members in order to induce them not to sell their produce through other agencies.

7. The society should get a fair turnover in the area in which it operates. There is a great need of combining producers so as to ensure the collection of a larger amount of produce; until this is done, no dealings can be carried on with wholesalers and large firms. More shops should be organised on the model of the Okara Sale society, which means that a beginning should be made with bigger landlords, from whose example smaller farmers would profit.

8. At present these societies sell mainly to local merchants and make no attempt to deal with the merchants in outside big markets and also at the port. If they are to work successfully their scope must be extended. These shops at present do *kachhi ahrat*, which is marketing in its simplest form. They have achieved considerable experience

of this work during the last 10 years or more and the time has now arrived to consider more elaborate forms of organisation. It is, perhaps, true that it will probably be many years before anything of a nature of a pool can be organised on co-operative lines. The experience of the Canadian Wheat Pool shows how difficult it is to achieve success with this form of enterprise even with an educated and well-organised body of farmers.

9. The Provincial Governments should consider the desirability of advancing long term loans at concessional rates of interest to co-operative sale societies to build godowns in centres which provide good markets. They should also make advances to co-operative banks for the development of co-operative sale societies.

10. A special investigation of co-operative marketing should be conducted with the help of a special staff trained in co-operation. No doubt the Government of India and the Punjab Government are carrying out marketing surveys. But an enquiry from the co-operative point of view is essential.

11. "The Co-operative Sale Societies", wrote the Agricultural Commission," deserve all the help the co-operative and Agricultural Departments can give them. The help of the Agricultural Department can be given most effectively in the form of assistance in the grading of produce. It is axiomatic that properly graded produce must, in normal circumstances, command a higher price than produce of mixed quality. We, therefore, approve the action of the Agricultural Department in Bombay in lending an agricultural assistant free of charge to carry out the grading of the cotton sold by the co-operative sale societies in the Southern Maratha Country." If the example of Bombay is followed in the Punjab, it will be of great advantage to the Co-operative Commission Shops.

12. The Joint Meeting of the Standing Committees of the Indian Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association held at Patna on 1st September 1935 recommended among other things the following:—

(a) Out of the Government of India grant for improvement of marketing, an adequate sum be set apart for improvement of co-operative marketing, and be placed in the hands of central or provincial co-operative institutions in suitable areas where there are facilities for introduction of co-operative marketing.

(b) In areas where there is scope for successfully organising co-operative marketing of particular crops, either existing societies for the purpose or sale societies to be newly started should be helped by financial grants from the central bank and the Provincial Bank in whose area the society is situated to enable the society to employ trained and expert staff, to secure storage accommodation and like purposes. If such assistance is rendered, many of the sale societies which are now languishing for want of proper staff and finance can maintain a well-equipped establishment and work better. We hope these recommendations will be given effect to.

CONCLUSION.

"On the whole," wrote the Indian Central Banking Inquiry Committee, " We think there is much scope for improving and extending the existing machinery and that with a clear line of advance and with sound and competent guidance, co-operative marketing is full of possibilities for the future."

Co-operative Commission shops certainly have a bright future, but rapid development cannot be expected, for their organization and supervision demand much time, which the existing staff with their multifarious duties can ill afford. Nor, where farming is still largely based upon subsistence and each middleman acts for himself, is rapid development possible as in a country like England where farming is mainly done for sale of produce and middlemen are powerfully organised. The problem of the marketing of agricultural produce on a co-operative basis is very difficult and is still in the initial stages in the Punjab. Experience has shown that great care is required in its organisation. Skill, technical advice and guidance are necessary but even more important is proper business management. Unless this is available, the society must inevitably come to grief. Past failures have been mainly due to inefficient management. If co-operative sale societies are properly equipped and run they will surely mark a great step forward in the marketing of agricultural produce.

COTTON SALE SOCIETIES IN BOMBAY AND MADRAS

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Of all attempts at co-operative marketing that have so far been made in India the most successful are those of cotton sale societies in Bombay and Madras, judged by the continuity of service, the volume of sales, the profits earned for producers, the improvement of quality of cotton—not to speak of miscellaneous other services rendered by them. Societies for the sale of jute in Bengal have had a spectacular but short career of success; several of them are dormant or dead; attempts at revival are yet in the stage of discussion. Co-operative Commission Shops for the sale of grains have had a chequered history in the Punjab, an exemplar in other lines of co-operation. Though the marketing of various other kinds of produce and of milk and milk products has been successfully attempted in different provinces and some of them are more truly co-operative, they are mostly of local importance and their transactions are negligible in comparison with those of premier cotton sale societies.

SPECIAL DIFFICULTIES OF COTTON MARKETING IN INDIA.

The success achieved by the biggest four of our cotton sale societies, with which this article is mostly concerned, can however stand no comparison with the achievements of the large scale co-operative associations for the marketing of cotton in the United States, though these were organised only fifteen years back, that is, after two of our big four were started. The special difficulties in the marketing of cotton in India have been very well summarised by J. A. Todd[1]: the enormous area over which the cotton belt is spread, scattered areas of cotton growth in contrast to the more or less solid block in the United States, the great distances which separate many of the smaller areas from the central markets, the growth of different varieties of cotton—short and long stapled even in one area, the custom of mixing different varieties, the different harvesting seasons and even the different Governments over a tract growing the same variety of cotton—all these aggravate the problem of marketing particularly with an impecunious and illiterate peasantry not responsive to propaganda and dissemination of market intelligence. We should, however, note this difference, that while the

1. The Marketing of Cotton, pp. 56-7.

cotton growers of the Southern States are said to be among the poorest and the most backward of the farmers of the United States,[2] our cotton cultivators are, as a class, at any rate in the tracts where improved cottons are grown, more enlightened and economically better off, except in years of abnormally low prices, than other cultivators.[3] This difference perhaps accounts for the organisation of large scale co-operatives in cotton much later than in many other crops in the United States and for the earliest success of co-operative sale in cotton of all crops in India.

There are problems peculiar to the marketing of cotton which are best discussed in connection with the working of the four big societies at Hubli, Gadag, Surat and Tiruppur, which the writer visited last summer for a closer personal study than was possible from all the published literature. He regrets he was not able to go to Khandesh in Bombay and to Koilpatti and Tuticorin in Tinnevelly District in Madras, though these societies have far less transactions and some of them are on the down-grade. He has, on the other hand, visited a few other cotton sale societies in Madras which are small or are languishing, an account of whose working is not likely to be complimentary to co-operators, but whose experience will be borne in mind in discussing the problems.

THE HUBLI CO-OPERATIVE COTTON SALE SOCIETY.

Hubli, in the Karnataka Division of Bombay, boasts of the earliest cotton sale society in India. The cotton market at Hubli is the biggest of the dozen cotton markets in Karnataka and attracts about 40 per cent. of the cotton grown in the Division. The Society was originally registered as a seed society for the spread of the improved strain of cotton, called Jayawant, evolved by the Bombay Agricultural Department which controlled the ginning and found buyers of the lint of the new cotton at higher prices than of the older and was keen on multiplying seed for an increasing area. The Society was converted into a sale society, but mainly for the disposal of the new cotton and it undertook the work of spreading the seed in its area of operations, extending to 50 miles from Hubli. The Society has in its area the monopoly of this seed business; it has a 'reserved area' of about 25,000 acres from which in the last season it secured 2 million lbs. of seed to sow a stipulated area of 2 lakhs of acres, for which it received a subsidy from the Indian Central Cotton Committee. The supervision of this important agricultural side of the Society's activities, as well as the expert work of grading and classing of cotton received by it, is looked after by the Agricultural Department. The Society's cotton fetches always a pre-

2. R. H. Montgomery, The Co-operative Pattern in Cotton, pp. 256-60.

3. Impression conveyed by Reports of Investigations into the Finance and marketing of Cultivators' Cotton published by the Indian Central Cotton Committee.

mium, while the cotton in the local market is bought for a lower price by buyers, who make but a casual examination of quality and take considerable risk. Dealings in the Hubli market, and also in Gadag are mostly in *kapas* or raw cotton (unginned) which is packed in gunnies of about 350 lbs. each; each filled gunny is called a '*docra*.' In a normal year 300,000 docras arrive for sale in Hubli of which about 25,000 are the society's share. Last year it was 20,500 docras out of a total of 250,000 due to short crop.

The Society had on its rolls last June 2,632 members, including 44 credit societies; a share capital of nearly Rs. 18,000, a Reserve Fund of Rs. 24,000, a Building Fund of Rs. 5,500 and other funds amounting to Rs. 10,000. It has been given a cash credit of Rs. 1.25 lakhs based on share capital and reserve fund, while on the pledge of cotton it can draw any further amount needed, from the financing bank at a concession rate. Members of rural credit societies are expected to be financed by those societies for current cultivation expenses on the understanding that they shall sell the cotton through the Sale Society at Hubli. But the bye-law which prescribes a feeble fine of Re. 1 per acre for failure to sell it is not enforced as a rule. Members owe sums, it is said, to sowcars who insist on cotton being sold through them. It is strongly felt that the Sale Society should itself finance the cultivation of cotton and have its own clientele of growers, if need be bound by contract. Soon after the docras are brought to the Society, they are correctly weighed and a receipt is passed, in striking contrast to the practice in the market where docras are weighed generally at the time of sale. A definite quantity of sample is taken from each docra for determining the grade and class of cotton brought. The improved variety of cotton is almost always sold by auction held once a fortnight in the season, though the opportunity of sale for a higher local price than in Bombay is not lost sight of and sale is effected by settlement. The inferior variety is generally sold by private treaty. When cotton is not sold but deposited in society's godowns, an advance of about 60 per cent. of its market value can be had. In 1934 cotton was sold to the extent of Rs. 7 lakhs by the Society which brought in a commission of Rs. 12,258. The buyers are either merchants who have contracted to supply to Bombay firms, spinning or exporting cotton or representatives of Bombay firms. Usually *kapas* after purchase is ginned by the buyers and lint is sent to Bombay. But a successful attempt has been made by the Society to gin cotton and supply nearly 1,000 bales to Bombay mills with whom direct contact has been established recently. The Registrar thinks it 'a happy augury for the future as it brings the producers in direct contact with the consumers.' More mills in Bombay and elsewhere are expected to go in for the Society's reputed cotton.

Rao Bahadur C. S. Shirahatti, the Managing Director, has been the soul of the society and is justifiably proud of his pioneership in the field of co-operative marketing. Anyone who thinks of co-operative cotton sale goes to Hubli and consults this veteran, who claims to have trained a number of managers for other societies. He comes of a community of businessmen and has a lot of influence locally and in higher quarters. He is a member of the Indian Central Cotton Committee and of the East India Cotton Association. Besides a car allowance of Rs. 150 per mensem, necessary for touring round the area, he gets as remuneration one-third of the balance of profits of the Society —after carrying enough to Reserve Fund and dividend distribution— upto a maximum of Rs. 3,600 a year, by no means an extravagant sum for one of his actueness and energy and for such long and faithful service. The only defect that one could hear was that Mr. Shirahatti was shouldering too much of responsibility, that the Board of Management was not so active, auctions were not usually attended by them and that no one knew whether any was trained by the pioneer to succeed himself. The writer indeed is obliged to the veteran for valuable information conveyed in the course of two long conversations, but beyond the instructive evidence tendered to the Bombay Banking Committee, he could not get any annual reports or other published data concerning this pioneer cotton sale society.

THE GADAG COTTON SALE SOCIETY

Gadag is only 35 miles from Hubli and has next to it the largest cotton market in Karnataka and attracts 25 per cent of the cotton produced in this Division. The sale society was started in 1917, two years after Hubli's. As in Hubli, so here the work of the society has been closely linked up with the propagation of an improved strain of cotton known as Gadag1. Upland, evolved by the Agricultural Department, much valued in Bombay and Lancashire. The Society had in 1934 stocked and sold 2,75,800 lbs. of seed sufficient to sow 1,275,000 acres, though this is but less than half the area under cotton in the Gadag area, where the other cottons grown are Kumpta and Dharwar-American. The improved seed is distributed almost entirely by the Society, while the crop in the 'reserved area' is inspected and rogued by the staff of the Agricultural Department.

When cotton is brought to the Society, the expert work of grading and classifying the *kapas* is entrusted to the Overseers of the Agricultural Department, working under the Cotton Specialist of the Division. The expert work done for this Society is said to be thorough and the value of grading done is reflected in the price offered by buyers at fortnightly auctions, one of which the writer attended. The terms of auction are published and are strictly adhered to. Full publicity is given to almost every detail of working which inspires confidence among buyers and sellers and incidentally renders the work of the learner-visitor easier.

The Society has now a membership of 2,100 individuals, mostly cotton growers, and 90 village credit societies. It is claimed that most of the credit societies in Gadag area are in a sound condition and afford timely credit to those who bind themselves to market cotton through the sale society, where on pledge of cotton they can get further credit, the whole amounting to 75 per cent. of the market value. But in practice neither is loyalty among members so great, nor the Society shuts out non-members, often cotton dealers, from bringing the produce to the Society and getting an advance. In fact 25 per cent of the produce is said to come from non-members who are expected to become members, until which they will get no rebates. The Manager is hopeful of converting a large number every year. In 1934, sales were effected to the extent of nearly 28,000 docras—estimated to be 15 per cent. of the arrivals at the Gadag market—for Rs. 8·5 lakhs (it once used to be Rs. 15 or 16 lakhs owing to higher prices) and a net profit of Rs. 8,880 was earned.

Apart from a commission for sales at 4 pies per maund of *kapas*, charges are collected for storage, insurance, labour, interest, charity, etc., all amounting to 8 to 12 annas per docra for the season. Though initially the member has to pay as much for services as in the open market, at the end of the year when the balance-sheet is passed a bonus is declared to members on the basis of produce delivered, which has varied from 4 to 6 annas per docra—which is a measure of the sacrifice members would undergo if they were obliged or chose to go to the *Dalali* for selling their cotton. The attempt made in the past to collect a lower consolidated fee for services is said to have resulted in 1925 in a severe boycott by the local *Dalalis*, more than 50 in number, with whom almost all the big buyers joined and refused to bid at the Society's auctions. The Government of Bombay, and the then Registrar and Assistant Registrar of Co-operative Societies—Mr. J. A. Madan, I.C.S., and Mr. C. B. Huli—had to intervene and induce the representatives of Tata and Sons to buy the whole stuff. The Society feels ever beholden to those who rendered help in the critical period of its history. The Society has otherwise had very steady progress and has surpassed the pioneer Hubli Society. It has now a share capital of Rs. 42,000, has built up a Reserve Fund of Rs. 54,400, a Building Fund of Rs. 17,000 and other funds amounting

to Rs. 12,000. It has already invested in land, buildings and godowns Rs. 60,000. It has an impressive auction hall, a new office building and a spacious open yard all covering an area of 6 acres. It has been allowed a cash credit of Rs. 1·30 lakhs by the Dharwar Central Bank which has a branch at Gadag, the rate of interest charged for sums actually borrowed being 6¼ per cent.

The Society also sells small lots of other produce occasionally brought by members, like wheat, jowar, groundnuts (not by auction). As in Hubli, so here it is *kapas* that is usually sold, and not lint. The price offered for lint, which is occasionally sold, is not consistent with the price offered for *kapas* and its ginning percentage; it is distinctly lower. This accounts for the reluctance of the society to set up—what must be the logical sequel in a marketing programme—a ginning and pressing factory and to pool and sell the graded cotton instead of selling in separate individual lots. The fact of the matter is that buyers indulge in mixing different varieties of cotton which can be only successfully done prior to ginning and not after. The Agricultural Department would like to have ginning of all *kapas* done by the Society before sale, if only to help maintain the purity of cotton. If the Society is able to have direct contact with consuming mills, and do away with intermediaries either representatives or merchants buying from them, it is possible to give effect to the desire for ginning, pressing and pooling member's cotton. Co-operative ginning as an isolated endeavour, as is done at Betegere in the neighbourhood, without being linked with sale is not much of a success. The mills in Mysore and Bombay have even otherwise expressed their high appreciation of the cotton supplied by the Society, through their representatives. The general management is entrusted to a Board consisting mostly of cotton growers and a few merchants who take very keen and active interest in the affairs of the Society and attend the auctions. The day to day management, including negotiations with parties when cotton is sold by treaty, is left to the Manager, Mr. V. A. Shetty who has undergone the B.Com. course at Bombay, received practical training in Hubli Society and is a model of patience and tact and seems to please everyone. He is paid Rs. 180 per mensem with free quarters and car allowance.

SOUTH GUJARAT COTTON SALE SOCIETIES *(Surat District)*.

A number of cotton-growing villages in the Surat District, South Gujarat, after having successfully run a number of sale societies have gone a step further and organised recently the first marketing federation in India. The pioneer society in Gujarat was founded in Sonsek village, where 13 agriculturists combined to sell their cotton jointy in

1919 and are said to have realised Rs. 50 more per *bhar* (varying from 924 to 1,024lbs.) than those who sold individually their *kapas* to ginneries. It was in 1921 when membership rose to 127 and the value of cotton sold exceeded Rs. 1 lakh, giving a profit of Rs. 18,000, that the Society was registered as a co-operative sale society. Its popularity and transactions increased year by year and it served as the inspiration for the formation of similar societies at other centres. It became the vogue for the agriculturists of 3 or 4 villages growing the same strain of cotton to combine to form a sale society and appoint a manager who is paid a lump sum for the working season of 3 or 4 months in the year.

The Pioneer Sale Society at Sonsek.

The parent society at Sonsek had once jurisdiction over 32 villages. In 13 of these villages, however, growers have been permitted to form another society on the plea that their cotton has a higher ginning percentage than the improved variety that has been introduced by the Agricultural Department which is keen on its propagation and looks to the sale societies to multiply the area, as is done in Hubli and Gadag. This new group society, the Talad group, has now 450 members organised by Mr. Purshotam T. Patel, who was himself the founder of the Sonsek Society. But the latter is still the leading sale society in Surat District and it had in June last 553 members, a share captal of about Rs. 20,000, Reserve Fund of Rs. 13,770. In 1934 it received for sale 30,000 maunds (of 82lbs. each) of *kapas* (due to short crop; in 1933 it received 52,000 maunds) ginned it all in its own ginning factory and sold the lint of 10,000 maunds realising Rs. 2·35 lakhs. In some of the previous years, due to better crop and higher prices, sales used to go up to Rs. 5 lakhs. Ths is indeed most creditable for a single society with but 20 villages and 550 numbers under its control. Loyalty of members has been so much the rule in this society and in other societies too in this area, that "the occasion for enforcing the penalty hardly arises." The by-laws provide for the compulsory delivery of cotton grown by members to the society, breach of which involves a fine of up to Rs. 50 and forfeiture of shares held by the member. But in fact, in cases of disloyalty last year, only Rs. 3 was enforced as a fine. The members can have loans for cultivation at Rs. 4 per acre from the Society, on which interest is charged at 7½ per cent. Cotton dealers no doubt tempt them with larger loans, but they take a discount of 10 per cent while granting the loan, charge interest at 9 per cent and stipulate for sale of cotton to themselves. At the time of sale, these dealers would take 20 to 40 lbs. more than the correct weight per *bhar* (924 lb.) and the price offered would be Rs. 15 less per *bhar* (worth on an average Rs. 200). The competition from dealers slackened during the depression, and ryots had to stock cotton at home with the risk of fire. The depression indeed deepened the loyalty of members who bring cotton to the society, leave it there to be ginned and sold later and get an advance up to 75 per cent of the market value. The most striking fact about the Gujarat sale societies is that cotton is not only ginned but also graded and the cotton of different members belonging to the same grade and class is allowed to be pooled and sold as a lot to buyers, members agreeing to accept the average pool price. Little or no encouragement is given to other than cotton growers to become members. It is claimed to be cent per cent royts' affair, and successive Registrars have said so.

The Pioneer Ginning Factory.

A ginning factory was set up in 1925 by the Sonsek society in combination with 3 other sale societies in the vicinity, named after Purushotam Patel, the Sonsek pioneer. This was to counteract the discriminating charges levied by the local ginners on the *kapas* brought for ginning by the sale societies who affected their trade in several ways. Buyers upcountry were mostly ginners who used to discount heavily the *kapas* brought for sale and charge Rs. 5 per *bhar* for ginning. The Purushotam Co-operative Ginning Factory now charges only Rs. 3-10-0 per *bhar* and is able to give a rebate of 8as. After meeting working charges which amount to only Rs. 2 per *bhar*, and laying by enough for Reserve Fund, depreciation and rebate, it has declared a dividend of 7½ per cent on capital and a bonus to individual members according to cotton ginned, and to society members an amount equal to the total bonus paid to individuals. It has now more than 500 individual members besides the sale societies. Its subscribed capital was Rs. 30,000 at the start. It borrowed Rs. 30,000 to erect the factory. It began to work in 1927; it has now not only repaid the whole loan; laid by a Reserve Fund of Rs. 10,000 and a Depreciation Fund of about Rs. 49,000. In 1934, it ginned 7,400 *bhars* of kapas, charging nearly Rs. 27,000 (due to short crop. In 1933 it was 9,657 *bhars*) and earned a profit of Rs. 8.740. (In 1933 it was Rs. 18,750). No wonder, private ginning factories are said to be doing little business and one has already gone into liquidation.

The Farmers' Co-operative Ginning and Pressing Society.

Inspired by the success of this pioneer ginning factory, six other sale societies have since set up 2 more co-operative ginning factories in their area and one more factory is contemplated by 3 other societies. But the biggest achievement in this line has been the formation early in 1934 of a big co-operative ginning and pressing society by 6 of the sale societies and a ginning society in the neighbourhood of Surat town with 750 individual members. The object of this "Farmers' Co-operative Ginning and Pressing Society" is not only to gin and press cotton brought to the factory now purchased but also to start more ginning factories where cotton sale societies cannot themselves organise them. This pressing factory at Surat has been acquired at a cost of Rs. 70,000 with a view to break the ring of 4 private pressing factories which began to charge Rs. 4-8-0 and Rs. 5 per bale, violating its contract to the societies near Surat to do it at Rs. 2-8-0. Actual working expenses per bale amount to only Rs. 1-8-0; allowing for depreciation, interest, etc., the charge of Rs. 2-8 would be not too low, in view of the volume of work given by the societies. The Co-operative Pressing Factory now charges Rs. 3-4, while private factories now charge Rs. 4 to Rs. 6 according to customers and circumstances. The pressing factory has attached to it a ginning factory, which has been more recently purchased for Rs. 35,000 from a private party to whom it should have cost originally double that amount. The number of bales pressed in the cotton season of 1934 was 8540 and the profit earned was Rs. 12,500. This venture has added another feather in the cap of the co-operative sale societies of Gujarat.

The Sale Societies' Union.

Sixteen cotton sale societies and 3 ginning societies of Surat District have formed themselves into a Sales Union, with its headquarters at Surat. Its primary duty is to find buyers in the Surat cotton market for the cotton of the affiliated societies already ginned, graded and pooled. Be it noted that the cotton of members is not sold in separate lots; but after grading, all the cotton of the same grade and class is pooled and sold, as the societies think it advisable, members agreeing to take the average price secured in the season. In 1934, the Union arranged for the sale of about 15,000 bales of cotton for Rs. 16 lakhs. The Union is now estimated to sell 10 to 20 per cent of the cotton sold in the Surat cotton market, which is the biggest market in Gujarat, while 5 years back its share was only 5 per cent. The Union is thus a growing factor in the market and is able to bargain effectively with the big buyers who represent, or supply cotton to, the mills in Bombay and Ahmedabad and exporting houses in Bombay. Another duty of the Union is to have the cotton of societies insured which it does with a Bombay firm and gets a rebate of 40 per cent on premium. This is said to be its chief source of income, which amounts only to Rs. 2,000 per year. The Union has a paid Secretary and a Supervisor, both of them costing only Rs. 100 per mensem. The Supervisor is in charge of sales and goes out to audit societies in the off-season.

The Managing Committee of the Union consists of 8 members who go out to inspect societies. Each of them takes turns in the arduous work connected with the sales settled by the Union in the busy season at Surat. The secretaries or members of managing committees of the affiliated societies also attend the sales at Surat, whenever possible or necessary in their own interests. An excellent feature of the Union is the arrangement made for their boarding and lodging in the premises of the Union which has now a fine building of its own and very spacious open yards. There is nothing that can bring so close together the members of various societies as this arrangement which frees them the necessity of hanging about the crowded town in a busy season for such amenities. The Union does propaganda, organises new societies, and holds conferences of workers and training classes for employees. It recommends and makes arrangements for the distribution of improved seeds, the most noted of which is '1027-A' with a staple of 1 inch, grown in Sonsek area. Here as in other Divisions of Bombay, the Agricultural Department is working for the benefit of sale societies helping in the work of grading as well as in advising on the cultivation of cotton. The dependence, however, on the Agricultural and the Co-operative Departments does not seem to be so great in this Division as in Karnataka. There is still much force in the statement made by a former Registrar "The Gujarat societies owing to the cohesion and loyalty and unity of purpose amongst their members are much more co-operative in the true sense than the Karnataka type." The grim determination of the leaders of the countryside to make a success of co-operative sale without the intervention of businessmen or much aid from the Departments could be felt even by a visitor who interviewed them. If anyone could be singled out in the group as the foremost, it would be Mr. Balubhai Kalidas Patel, elected Chairman of the Sonsek Sale and Ginning Societies, and of the Sale Societies' Union at Surat and Director of the Surat District Bank which finances the sale societies.

THE TIRUPPUR CO-OPERATIVE TRADING SOCIETY

Tiruppur, in the Coimbatore District in Madras, has the biggest cotton market in Southern India, and is perhaps next in importance only to Surat, while the Cambodia cotton—particularly the strain Co2 evolved by the Agricultural Department—grown in and around Tiruppur is not inferior to any improved cotton in India. The Co-operative Trading Society is by far the biggest of the cotton sale societies in the Madras Presidency, though its transactions do not come up to the level of the societies in Bombay, described above. It was registered in 1921 as a society for the supply of agricultural and other requirements of the ryots and it was later utilised by the Agricultural Department for the spread of the improved seed Co2. Cambodia cotton of some kind was, however, already in vogue among the ryots of the tract and it was difficult to attract them to the new seed and to bring the *kapas* to be ginned under the control of the Agricultural Department and have the lint disposed of at a premium, through the agency of the Society even after it was converted into a pucca sale society in 1926. Hence the slower progress made by this Society compared with the societies in Bombay, where the new cottons evolved were a distinctly greater attraction than the older ones. The Tiruppur Society has an 'outer seed farm area' while the 'inner seed farm area' is controlled by the Agricultural Department. It receives a subsidy from the Indian Central Cotton Committee on the undertaking that it shall distribute one lakh of maunds of seed by the 5th year of its working; it is now the 3rd year.

The area of operations of the Society is confined to the Coimbatore District, though cotton arrives from the neighbouring districts also to Tiruppur. A little more than 100,000 bales are supplied by Tiruppur, most of the *kapas* being ginned in one or other of the 25 ginneries in and around the town. 70 per cent of this would be Cambodia, 25 per cent Karunganni and 5 per cent others. The Society's share in this market would be 10,000 bales or 10 per cent; but most of this is the best cotton available in Tiruppur, though it has not the monopoly as Hubli and Gadag societies have of improved cottons.

The Society had on its rolls last June 900 members of whom 67 were village credit societies. 27 of these societies were dormant, only 40 societies with 1,200 members were functioning at all; all of them together had only lent Rs. 17,220. Even the seed-farm ryots who had the first preference formerly could not several of them get loans for cultivation, as they had not discharged their old loans. Crop loans were supposed to be advanced by societies to ryots on condition that each of them should send at least 4 *pothies* (of 260 lb. each) of *kapas* to the Sale Society at Tiruppur (last year it was reduced to 2 *pothies* on account of drought and short crop). Otherwise a penalty of Rs. 2 per acre was threatened to be imposed. But no such penalty is actually imposed. The fact is that village credit societies are not sought after by the better-off cultivators, or are not useful to them because others have overdues; they therefore seek or are freely given advances by the commission shopkeepers and the ginners of Tiruppur or their agents who go round in search of growers who would bring produce to the shop or the gin. There are 32 commission shopkeepers (correspond-

presses. A new experiment is now tried by the Trading Society with a view to attract more produce; and that is the creation of an auxiliary society, the Cotton Growers' Society to help the individual members of the Trading Society itself with loans for cultivation, on condition of sale of produce to the Society. Thus in the last season, Rs. 25,000 has been advanced. If more were advanced, that would help to double the transactions, which unlimited liability societies with more impecunious members could never do. This is more or less what is done in sugarcane growers' societies in the United Provinces and now in Madras also.

The Society received and sold *kapas* and some lint last year to the value of Rs. 4·04 lakhs and had made advances to the extent of Rs. 3·71 lakhs. Sales in the current year would go up to Rs. 5 lakhs according to expectations. It had an income in 1934 of Rs. 14,080 and a net profit of Rs. 3,500.

The Society had last June a share capital of Rs. 21,155, a reserve fund of nearly Rs. 7,000 and a building fund of about Rs. 2,500. It has been allowed a cash credit of Rs. 1·30 lakhs by the District Bank at Coimbatore which charges interest at 5 per cent only, though to credit societies it lends at 6 per cent. But it is not fully utilised as the Society has been able to get local deposits of Rs. 1·8 lakhs at lower rates. This is a measure of the confidence inspired by the Society. The Society has a small office building and a big godown and open yard, purchased for Rs. 8,000 only, but it has far out-grown the capacity of this premises and badly needs extension.

Most of the cotton sold is *kapas*, unginned, and the buyers are big merchants or representatives of mills in Southern India and Bombay and Ahmedabad mills. Buyers have to be approved by the Directors as short credit—for a few days according to local custom—has to be extended to them after sale. There is yet no direct contact established with mills by the Society, as is done to a small extent in Hubli. Nor is any serious attempt made by it to gin the *kapas* received and sell it as lint, except in the case of a gin leased for ginning the finest cotton received from the seed farms of Avanashi. It is said that there is no use setting up a ginning factory as so many of them are already idle and the charges are uneconomically low. This may be because of the small bulk of *kapas* most of them receive, while the Society by buying or leasing a factory may well run it economically if it only establishes contact with manufacturing or exporting firms; and the lease of a big gin is well worth a trial.

The management of the Society is in the hands of a Board of Directors, majority of whom are big cotton growers, while a few are commission agents or merchants. The Secretary, Mr. K. S. Ramaswami Goundar, is himself a big cotton grower and ginner and a member of the Indian Central Cotton Committee. He is assisted by a Business Manager, an Officer of the Agricultural Department who has studied the working of the Hubli Society at close quarters and is responsible for the work of distribution of improved seed as well as for finding buyers of the Society's cotton. He is assisted by an young economics graduate, who has a flair for business and a love of co-operative work. Though the writer has visited the Society a number of times, it was not easy to find out how far grower-members took an interest in the work of the Society. It has indeed been admitted that the majority of the produce sold is of non-members, and the writer has had occasion to see some dealers resorting to the Society for produce loans.

How far laxity may be permitted in such matters and several other problems that cotton sale societies have had to face are worth discussing in some detail separately, when the experience of the smaller cotton sale societies may also be borne in mind.

The writer acknowledges his indebtedness to Mr. K. L. Panjabi, I.C.S., Registrar of Co-operative Societies, Bombay, for direction to his staff to provide facilities for first-hand study of the Cotton Sale Societies in the Northern and Southern Divisions of the Presidency. He thanks all the officials and non-officials who have helped him, in particular Mr. M. V. Patel, B.Ag., Agricultural Organiser of Co-operative Societies in Surat and Mr. M. M. Basrur, B.Ag., Propaganda Officer of the Karnatak Divisional Co-operative Institute, Dharwar.

THE GADAG CO-OPERATIVE COTTON SALE SOCIETY, LTD.

Year.	Members.	Share Capital.	Reserve Fund.	Other Funds.	Docras sold.
		Rs.	Rs.	Rs.	
1918	191	426	..	..	..
1919	617	6845	..	..	2575
1920	976	13049	6000	..	4836
1921	1021	13353	6220	..	7868
1922	1032	13762	6250	..	4883
1923	1098	15589	8000	..	8037
1924	1174	19467	10412	..	7762
1925	1397	37914	16525	1050	20208
1926	1879	41975	26919	3360	7705
1927	1903	43454	31088	5060	28238
1928	1975	43774	33780	6260	18176
1929	2010	41135	36780	9660	9778
1930	2098	41297	41455	17300	22441
1931	2134	41437	45280	21103	26305
1932	2156	41631	47828	26001	18344
1933	2169	41787	50110	27000	14641
1934	2184	42043	51706	30660	28038

CO-OPERATIVE COTTON SALE SOCIETIES OF SURAT DISTRICT

		1929	1930	1931	1932	1933	1934
Number of Sale Societies	..	11	12	12	13	16	16
Number of Members	..	2,253	2,582	2,376	2,061	2,836	3,128
Cotton Stock sold	Mds.	1,25,101	1,55,667	60,907	94,931	1,85,432	1,84,717
Value of sales	Rs.	19,41,511	19,52,682	6,01,783	8,82,588	15,33,640	16,18,548
Gross profit	Rs.	*	24,774	14,969	14,318	22,019	*
Expenditure on staff	Rs.	*	8,250	4,585	6,159	8,483	*
Other charges	Rs.	*	2,264	3,103	1,681	4,912	*
Net profit	Rs.	20,317	14,260	7,281	6,478	8,624	*
Commission earned	Rs.	10,289	13,494	5,216	7,807	15,409	*
Govt. Grants to Societies	Rs.	300	Nil	Nil	Nil	Nil	*
Working Capital	Rs.	1,21,716	1,31,786	1,04,580	1,02,035	1,33,953	*
Reserve Fund	Rs.	19,158	24,686	26,272	28,706	30,797	*
No. of Bales sold by the Sales Union		..	..	8,223	10,466	18,837	14,027
No. of Bales sold by all in the Surat Cotton Market		..	..	1,66,300	1,47,324	1,98,000	1,48,000

*Figures not available.

THE TIRUPPUR CO-OPERATIVE TRADING SOCIETY, LTD.

Year.	Members.	Share Capital.	Deposits.	Advances.	Sale Proceeds.	Income.	Net Profit.	Reserve Fund.
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1927	197	14,739	1,000	1,26,557	88,334	5,494	1,276	1,667
1928	296	16,689	19,294	3,22,833	1,47,892	11,601	3,358	2,074
1929	437	18,849	3,225	3,78,626	4,18,057	19,739	3,518	2,914
1930	549	20,114	59,265	5,35,596	4,32,345	25,664	1,627	3,794
1931	626	20,324	60,482	5,01,437	2,20,277	15,209	530	4,201
1932	706	20,694	95,258	3,63,370	2,09,428	20,519	4,180	5,380
1933	737	20,610	1,21,541	2,92,766	3,10,907	13,532	1,994	5,887
1934	811	20,805	1,75,987	3,71,160	4,04,067	14,079	3,501	6,762
1935*	898	21,155	2,45,540	1,55,282	2,30,380	...	...	...

* Jan to June.

CO-OPERATIVE GHEE SOCIETIES IN THE UNITED PROVINCES

BY

MESSRS. SANYAL AND RAFI AHMAD KHAN,
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The Rishis of old, those masters of the art of physical and spiritual living, knew what they talked about when they praised often and praised at length in their Scriptures the medicinal and dietary virtues of ghee. Without going so far as to agree with the wag that the fight for India's uplift is being lost at the counters of the sophisticated ghee vendors, one can safely assert that the man who brings to fruition any scheme for the undisturbed supply of unadulterated ghee is on his way to being a social benefactor and his efforts will in time eliminate to a great extent the physical and hence the mental wrecks that disfigure our cities. The task should not be a difficult one; it can be accomplished as has been demonstrated by the Co-operative Department of the United Provinces with the agency of Co-operative Ghee Societies and it can also incidentally but steadily and surely improve the economic condition of the *kisans* to whom this ghee business can come as a natural and easy side-industry.

The marketing of ghee is quite an industry in this province; the Western districts particularly are such important centres that big Calcutta and Rangoon concerns keep their business offices and representatives there. Etawah alone, to take an illustration, sends out more than 40,000 maunds annually to Bengal and Burma, local consumption excluded.

That co-operative dealings in ghee are a practical proposition is evidenced by the fact that out of the tiny seed of one ghee society sown in Etawah for the first time sometime back, 36 societies with a membership of 800 and a contracted supply of 1000 maunds of ghee have sprouted up and the idea seems catching. The success is evidently due to the fact that honesty being the first watchword of co-operation, the consumers are assured of pure and improved ghee of a high standard; and fairplay being the other, the ill-equipped *kisan* is saved from the clutches of the usurers masquerading as *beoparis* who are ready to do them at every turn. By giving the *kisans* a fair deal the rate of contract has risen by Rs. 5 to Rs. 10 per maund throughout the area in which these Ghee Societies operate and the *kisan* is thus getting an invisible profit in that

proportion. It is a testimony to fair business methods that ghee from this tract is selling at a premium of Re. 1 to 2 per maund.

The organization of ghee societies is simplicity itself. It is based on the principle of one village one society, the membership of a society being fixed at more than ten owners of milch cattle (buffaloes for preference, because their milk yields a larger percentage of ghee than that of the cow). The societies have no share system. Every member pays an entrance fee. The societies elect their own panchayats which manage their affairs with the aid and advice of the Supervisor in charge appointed by the Co-operative Department. Accounts are kept by member secretaries though it is being keenly felt that the appointment of an experienced Accountant for all societies would be a decided improvement. The financing is done by the Central Co-operative Banks of the districts of which the societies purchase one share each to conform to their rules. The money is advanced to societies on pronotes at an interest of 10 percent per annum. Sometimes societies have raised small deposits for capital.

With the money taken from the co-operative banks the societies enter into contract with the members as soon as their milch cattle calve. The contract is for a fixed quantity of ghee supply, generally from one to 2 maunds per buffalo and the rate is fixed at Rs. 10 to 12 per maund less than the Etawah rate. The rate varies with the fluctuations in the Etawah market rates. It is instructive to note that the *beoparis* contract at Rs. 15 to 25 per maund less than the Etawah rates. Again unlike the *beoparis,* the contract money is given in a lump sum and not in driblets, which is seldom of any real use to the indigent *kisan.* The members pledge the milch cattle to which the contract relates. The contract specifies the quantity of the ghee contracted for, the rate, the amount of money paid, the penalty for non-delivery or adulteration and the full description of the hypothecated cattle. There is no time limit for contracts and it goes on all the year round though most of the contracts are entered into between the months of July and November.

There is no joint liability and personal liability is limited to Rs. 50 only, for outside debts. No sureties are taken, there are only witnesses.

The difference of Rs. 10 to 12 per maund between the market rate and the rate at which the societies contract with their members covers the interest charges on the money laid out, the management expenses and the creation of reserve and other funds; if after all this there is any saving, a small amount as 'patronage refund' is given to members as an encouragement if they have honoured their contract in its entirety.

Besides the Central Co-operative bank which acts as the financing agency, the societies have close association and dealings with the Central

Co-operative Ghee Union of which they all are members and to which they contribute at the rate of Re. 1 per maund of ghee contract. The chief functions of this Union are to arrange for the sale of the ghee collected from the societies and to consolidate and unify the working of co-operative societies. This contribution from societies goes towards defraying the expenses of the staff employed by the Union for collecting ghee from societies and for blending, grading, heating and clarifying the ghee.

The actual working of these societies has also the merit of being very simple. The ghee is weighed out every fortnight by a member of the panchayat, usually the *Sarpanch*, and there are fixed days for each society. The members gather in the *chaupal* of the *Sarpanch* of their society with the weighman of the Central Co-operative Union in attendance with his tin containers and pack-horses or carts. The weighing is a full dress affair. The weighman and members keep an eye on the balance and the panchayat is not neglectful of its duty of seeing that correct measure is given and that the ghee is of the proper standard and is not adulterated. If it is not up to the standard it is heated and decanted and clean ghee is separated. If of a very low standard or adulterated, it can be rejected. The co-operative influence coupled with the panchayats' watchfulness is responsible for the surprising fact that in all these years there has been no instance of adulteration with any foreign matter. There were one or two instances of adulteration with milk or whey but deterrent fines have put a stop to all that. When members have weighed out their ghee they are given receipts for it. When all the ghee has been thus weighed it is handed over to the weighman of the Union who again weighs it and grants a receipt to the society. The weighman then takes it to the godown of the Union where it is weighed over again and another receipt given.

All the ghee thus gathered in the godown from the societies is periodically graded and sold as *kachcha* ghee in the Etawah market. If it is to be sold to the consumers direct or to such small traders as deal directly with the consumers, it is heated and clarified. The sale proceeds are given to the societies who repay with it the loan taken from the banks.

Sometimes the indigent members have not enough to feed their milch cattle and the society accomodates them with small loans for feed money, limited to Rs. 8 to 10 per maund of the ghee contract. On this, interest at the rate of 15 per cent per annum is charged. If this loan remains unpaid till the time of the next contract the money for the fodder together with interest is deducted from the contract money and the remainder is paid. Contrast this with the methods of the *beoparis* who pay in kind charging any rates they like.

If any members fail to deliver the whole quantity of ghee contracted for, *siwai* of ghee (i.e. 25 per cent more) is charged and is added to the demand and this remains unaffected by changes in the market rates, whereas the *beoparis* sometimes charge *siwai* and sometimes the actual price of ghee at the cessation of weighment of ghee plus 24 per cent per annum interest whichever suits them and which vary according to the market rates.

The balance sheet for each society is drawn at the end of the year. If there is a profit, it is divided according to the byelaws: ¼ of the total profits goes to the Reserve Fund, ¼ of the remainder to the Bad Debt, and ½ of the remainder as 'patronage refund' and ½ as honorarium to those members of the panchayat who have worked for the society, to member secretaries and towards the creation of other funds.

The Co-operative Ghee Societies have an undoubted future before them. They satisfy the consumers as well as the sellers and score over the *beoparis* every time because they are essentially fairer in their dealings with the *kisans*. To stress a few points:—1. All the members get a fair deal and equal treatment. 2. The elected panchayats manage the affairs of the societies and every member can have his say in the affairs of his society. 3. Contract money and feed money is paid in cash and in a lump sum which enables the *kisans* to meet their obligations. 4. Patronage refund for sticking to the terms of the contract. 5. Reasonable rates of contract and correct weighing.

The evidence of all this, in the eloquent language of the figures that follow, is that ghee societies have maintained a steady record of sustained progress throughout the years that have followed their inception:—

Year ending.	No. of societies.	No. of members.	Quantity of ghee contracted in maunds.
30-6-1930	1	16	25
30-6-1931	11	200	216
30-6-1932	19	310	417
30-6-1933	23	516	550
30-6-1934	29	660	800
31-10-1934	36	800	1000

Side by side with co-operative ghee societies, the work of milk testing combined with cattle-breeding to improve not only the milk-yield but also the breed can be taken up.

The present system of heating the ghee is unscientific, it spoils the flavour and affects the vitamins, and it is time that some research worker were to evolve a system of scientific heating to keep the flavour and the vitamins of the ghee intact.

AGRICULTURAL CREDIT IN ITALY*

By

Freppel Cotta,

Author of *Agricultural Co-operation in Fascist Italy*

At the present moment of India's history, when both the Government and the leaders of the people have realised the pressing necessity of efficiently organising her chief source of wealth, agriculture, in order to improve it and to render it more economic, a study of the organisation of agricultural credit in Italy is of great topical interest. Adequate finance is a fundamental requirement of any economic enterprise and much more so of agricultural enterprise, which is traditionally the impecunious member of the economic family.

The wisely thought-out and well-planned agricultural policy laid down by Mussolini at the very beginning of the Fascist régime, which made a scientific, efficient and prosperous agriculture the principal foundation on which to build national re-construction and rise, has elicited world-wide admiration and emulation. The chief objection raised against that policy is that it is being carried out at too great a cost to the general tax-payer. But the national independence produced by that policy with regard to such primary necessities as wheat, the relief given to unemployment, the social value of contented and healthy rural population, the increase of the national man-power are advantages worth paying for.

The splendid results obtained by Italy during the last few years in the field of agricultural production, processing and marketing are due no doubt to the activities of the research departments, to technical pro-

* The chief sources of reference used in this short study are: (a) Camera dei Deputati, N.1596-A, *Relazione della Giunta Generale del Bilancio sul Disegno di Legge. Stato di previsione della spesa del Ministero della'agricoltura e delle foreste per l'esercizio finanziario dal 1° luglio 1933 al 30 giugno 1934*. Tipografida della Camera dei Deputati, Roma; (b) Serpieri, *Fra Politica ed Economia Rurale*, Soc. An. G. Barbèra, Firenze, 1934; (c) International Institute of Agriculture, Rome, *International Review of Agriculture* for September 1927, March 1928 and October, 1930; (d) Cotta, *Agricultural Co-operation in Fascist Italy*, P. S. King & Son, Ltd., London, 1935.

paganda and to the zeal of the controlling organs; but they have depended ultimately on the action or the enterprise of the farmers.

But agricultural enterprise has oftener than not led a more or less precarious existence; with the world-wide economic depression, which has not yet lifted its pall, the lot of the farmer has been poor indeed. The Fascist régime, which in developing its agricultural policy has studied every aspect of the problem, has wisely come to the conclusion that well-organised, plentiful, cheap and judiciously used agricultural credit was absolutely necessary if farming enterprise was to follow the lead given by the Government.

Various Forms of Credit

The Italian Government has, therefore, entirely reorganised agricultural credit, and provided financial facilities:—by means of (1) capital contributions, (2) interest contributions, (3) short-term loans and (4) long-term loans.

(1) *Capital Contributions.*—Facilities under this head have taken various forms. For instance, the Government has paid 25% of the capital spent in the construction of silos and warehouses used for the orderly marketing of wheat. To the *Ente Finanziario per i Consorzi Agrari*, a financial institution created in May 1932 for the purpose of liquefying the frozen credits of the *Consorzi Agrari*[1] and for regulating the situation of their capital, the Government contributes annually six million lire, and will continue doing so for a period of 30 years. To especially deserving farming associations and individuals the Government pays about 75 milllion lire *per annum*, which payment forms part of an assignment of about 600 million lire spread over periods from 5 to 30 years. The sums spent annually by the Government for the *bonifica integrale* (the integral improvement of the countryside), which assists agriculture directly or indirectly, total over 300 million lire.

(2) *Interest Contributions.*—Relief of interest obligations is also very extensive. On the capital borrowed for the construction of

1. The *consorzi agrari* constitute the most successful type of the Italian co-operatives. They may be said to be general purposes societies, but working with a specialized department for each purpose if the respective business is sufficiently big. If India were covered with a net-work of co-operative societies similar to the *censorzi agrari*, joined in a federation, like the *Federazione Italiana dei Censorzi Agrari*, for each province, the problems of Indian agriculture would to a great extent be solved. Cf. Cotta, *Agricultural Co-operation in Fascist Italy*, pp. 44-53 and 109-123.

the aforesaid silos and warehouses the Government pays the first 2·5% of the interest for a maximum period of 25 years. On funds borrowed for making advances on produce delivered for collective marketing the Government pays the first 4% of the interest. On the 30th September, 1932, the amount of such advances outstanding on wheat to be sold collectively totalled over 240 million lire, whereas the total of advances outstanding on all stocks of wheat amounted to over 387 million lire. Interest contributions ranging between 2·5% and 3·5% are being made to especially deserving individuals and associations, as much in their interests as in the interests of the national economy, and the amounts allocated under this heading have been steadily rising, the respective total in the 1933-34 budget amounting to nearly 90 million lire.[2]

(3) *Short-term Credit.*—Short-term loans may be for :—(*a*) Current expenses of farming, including seeds, fertilisers, and the like; (*b*) the working expenses of processing farm products ; (*c*) the purchase of live-stock, machinery and implements ; (*d*) advances against produce deposited in a private or public warehouse for orderly marketing. The loans may be made to individuals or to associations. Loans for requisites are to be made preferably in kind. This ensures that the money is spent for the purpose for which it was taken; that good quality and fair price are obtained; and, finally, that the agriculturists are loyal to the voluntary or compulsory associations in which they are organised. Short-term loans, which are to be for a maximum period of five years, are given against bills of exchange, which must state the purpose of the loan, the farm to which it relates, the place where the produce warehoused or to be processed is, and the guarantees for the loan. In particularly difficult cases short-term loans may be converted into long-term by signing a mortgage deed or giving a suitable guarantee.

Short-term loans are to be paid back as follows :—(*a*) loans for farming expenses, at the harvest time; (*b*) for processing, when the processing has been completed ; (*c*) for live-stock, machinery and implements, within five years ; (*d*) for produce warehoused, at a time when it can be sold without loss to the producers. Loans to associations for the purchase of requisites, such as fertilisers, seeds and spraying materials are to be for a maximum period of six months ; after that

2. The laws and decree-laws providing for capital and interest contributions are too numerous to mention. The most important among them is the famous *Legge Mussolini*, of the 24th December, 1928, which laid down the policy of the *bonifica integrale*, and provided the means for carrying it out. A study of this law would be very useful at the present time, when India is bent on rural reconstruction.

period what remains unpaid may be transferred to the individual members against bills of exchange.

Distress warrants may be issued : (*i*) For loans for farming and processing expenses, on crops harvested in the year in which the payment became due, on crops not yet harvested or to be harvested in the next year, and on the produce of the farm in question which is held in storage ; (*ii*) for loans taken to buy live-stock, machinery and implements, the animals, machinery or implements may be seized.

(4) *Long-term Credit.*—Long-term loans may be given for : (*a*) new plantations; (*b*) change of crops and the land alterations or improvements necessary for the same; (*c*) drainage, irrigation and reclamation works ; (*d*) re-afforestation ; (*e*) farm walls, hedges and fences ; (*f*) farm houses and out-houses ; (*g*) rural improvements, such as roads, filtered water service and baths ; (*h*) the supply of electricity; (*i*) purchase of land to be turned into peasant holdings ; (*j*) redemption of burdensome debts incurred for capital expenditure. In a few words, long-term credit is meant especially for carrying out Mussolini's agricultural policy, *i.e.* for porjects intended to develop properties of particular importance, for big reclamation works such as have been carried out in the Pontine Marshes, for the works of the *bonifica integrale*, the fundamental test being that the loan is not only in the interests of the individuals or the associations directly concerned, but also for the benefit of the Nation as a whole. Hence loans simply for the purchase of landed property are not given.

Long-term loans have two stages. In the first stage the amount of the loan is drawn gradually, in order to pay for just that part of the work which is in progress, in accordance with the specification that was approved when the loan was sanctioned. The second stage begins when the work becomes productive ; it is then that annual instalments of the re-payment of the loan begin, and they may extend to any period up to thirty years. The mortgage or the guarantee for the full loan is effected before the first stage begins. For further security it is stipulated that that the loan follows the property and not the borrower ; as a consequence the guarantee increases as the work progresses. This provision was found necessary, as the original value of the property was not often enough to guarantee the full loan required.

THE REGIONAL INSTITUTES

Short-term loans may be given at the periphery by co-operative rural credit societies, agricultural banks, popular banks, communal banks, savings banks, provident and death benefit societies, the *consorzi* *agrari*, any other legally constituted agricultural association, or any credit institution, provided it is duly authorised to carry on that business. The chief condition for that authorisation is that the institution has enough of funds for that purpose. Bodies not fulfilling that condition may act as intermediaries, but their lending rate must not be more than 2% higher than the borrowing rate. One might say, therefore, that the Italian banking and credit machinery corresponding to the Indian indigenous bankers, has been brought into the service of agriculture.

To co-ordinate, to direct and to consolidate the activities of these innumerable primary credit units operating in the remotest parts of the country, ten regional or inter-regional institutes have been created, as follows[3]:

1. In Lombardy, the Agricultural Credit Section of the Savings Banks of the Lombard Provinces. 2. In the three Venetian Provinces, the Agricultural Credit Section of the Federal Institute of the Savings Banks of the Venetian Provinces. 3. In Southern Italy (mainland), the Agricultural Credit Section of the Bank of Naples. 4. In Sicily, the Agricultural Credit Section of the Bank of Sicily. 5. In Tuscany, the Federal Institute of Agricultural Credit for Tuscany. 6. In Piedmont, the Federal Institute of Agricultural Credit for Piedmont. 7. In Liguria, the Agricultural Credit Institute for Liguria. 8. In Emilia, the Agricultural Credit Section for Emilia and Romagna of the Savings Bank of Bologna. 9. In the Marches, Umbria and Latium, the Agricultural Credit Institute for Central Italy. 10. In Sardinia, the Agricultural Credit Institute for Sardinia.

It will be noticed that only three out of the ten, that is, only those for Liguria, Central Italy and Sardinia are especially created institutes; the other seven are either special departments or federations of existing general credit institutions. Those institutes that are not special departments of the Bank of Naples and the Bank of Sicily draw the bulk of their funds from the Savings Banks and Provident and Death Benefit Societies; and as the deposits of these two categories of credit institutions were on 30th Nov. 1932, 17,308 million and 656 million lire respectively, the resources at the disposal of the regional institutes from

3. The main legislation responsible for the reorganisation of short-term and long-term credit in Italy is the following: Decree-law No. 1509 of the 29th July 1927 and ministerial decrees of the 23rd January and 18th June, 1928, later converted into law No. 1760 of 5th July, 1928, amended by decree-law No. 2085 of the 29th July, 1928.

these sources alone are plentiful. Further liquid credit can be obtained by discounting the regional bills of exchange at the Bank of Italy, which gives short-period accommodation without any interest and allows postponement of re-payment up to a period of 5 years at the low rate of 3%.

The chief function of this intermediate organisation is, as we have seen, to co-ordinate, to direct and to consolidate the primary credit institutions and to give short-term credit. The regional institutes, may, besides, give what in Italy they call *small* long term loans, but which are rather big if judged by Indian land mortgage bank standards. The regional institutes for Lombardy, the Venetian Provinces, Southern Italy and Sicily may give individual long-term loans of the maximum amount of 300,000 lire each, that for Tuscany of 200,000 lire, and the remaining of 100,000 lire each. The object in limiting the long-term loans of the regional institutes is to reserve the major portion of their resources for their main function, that is, the supply of short-term credit for working expenses. The short-term loans outstanding in the whole of Italy at the end of 1932 amounted to 932,020,000 lire, distributed among the various institutions as follows: Regional Institutes: 554, 454,000; National Bank of Labour 36,203,000; other institutions; 341,363,000.

NATIONAL LONG-TERM CREDIT UNION.

Besides the organisations already mentioned, the Agricultural Credit Section of the Mortgage Credit Institute of the three Venetian Provinces, the National Fund for Social Insurance and the National Bank of Labour may also give long-term credit to a limited extent, as may give also, to a very limited extent, the co-operative rural credit societies and such other peripheral institutions. But the long-term credit organisation *par excellence* of Italy is the *Consorzio Nazionale per il Credito Agrario di Miglioramento,* literally, the National Union or Society for Agricultural Credit for Improvement. It has been set up on a large scale in order to feed the grand Fascist agricultural policy. A detailed study of the *Consorzio* will be of particular interest at the present time in India, where the formation of the Agricultural Credit Department of the Reserve Bank is still under consideration, and where the question of an All-India Land Mortgage Bank to supply consolidated, co-ordinated and well-distributed long-term credit to all the provinces has still to be tackled.

The *Consorzio,* which is located in Rome, came into being in December, 1927. It is capitalised by means of (*a*) shares; (*b*) coupon-bearing bonds; (*c*) debentures. The shares, which are with limited liability, are of 500,000 lire each, and have been subscribed by the State, the Bank of Italy, the Bank of Naples, the Bank of Sicily, the more important Luzzati Banks, Rural Credit Societies and Savings Banks, the National Fund for Social Insurance, the National Bank of Labour, the Regional Institutes and other credit institutions. The share capital is unlimited; bonds of twice the amount of the capital subscribed, and debentures of eight times the said amount may be issued. As 270 million lire of share capital had been subscribed, the *Consorzio* could have at its disposal nearly three milliard lire. Up to the end of 1932 the long-term loans given by the *Consorzio* amounted to 685 million lire, the millions being distributed as follows for the various works: rural buildings, 233; land reclamation, 93; roads, 37; irrigation, 149; plantations, 79; redemption of burdensome debts, 86; improvement of deserving properties, 8 millions. The average per loan worked out to nearly 1·5 million lire. Other long-term loans outstanding at the end of 1932 were as follows, in lire: National Bank of Labour, 3,300,000; Regional Institutes, 518,821,000; other institutions, 20,000,000.

Control of the *Consorzio* is effected by means of a Council composed of nine members elected by a general meeting of the shareholders. The Council decides the general policy of the institution, lays down the condition for the loans and the rates of interest for the same as well as for the bonds and debentures. Working under the Council is an Executive Committee composed of the Chairman, the Vice-chairman and four members of the Council. The Committee decides on loans of the maximum amount of three million lire each; loans of higher amounts are decided by the Council.

To assist the Council and the Committee there are two further bodies: (1) The Technical Office, which examines the loan applications from the technical and economic point of view; (2) the Loans Office, which examines the same from the legal point of view. Well-known experts are appointed to these offices, whose decision within their respective departments is final. Preliminary investigation and report are made by the Regional Institutes, which have attached to them parallel experts with special knowledge of their respective regions. The *Consorzio* works in the provinces through the Regional Institutes and the branches of the National Bank of Labour. The technical and economic tests are very strict; the loans must make for increased quantity and improved quality of products required either for the internal or the external market. The general ability of the borrower to re-pay is also considered.

The provisions regarding the distribution of the surplus of the *Consorzio* will give particular satisfaction to co-operators. The allocation

is to be made as follows: (*a*) Up to 20% is to be assigned first of all to reserve; (*b*) then up to 10% is to be placed at the disposal of the Council to be distributed as bonus to the staff, as subsidies for agricultural research and for increasing and improving the national agricultural production; (*c*) thirdly, a dividend is to be paid to the shareholders at a rate not higher than the average official rate of discount for the year; (*d*) fourthly, any amount of the surplus that may be left over is to be allocated to reserve. Should a year close with a loss, the net profits of the subsequent year or years are to be devoted to wiping off that loss before paying any dividend to shareholders. The first debenture series was issued at 6%. The rate charged to borrowers was between 6·60% and 7%; but as in most cases the Government pays, as already stated, the first 2.5% to 3.5% of the interest rate, the net rate paid by the agriculturists is low. Debenture and bond interest rates had since fallen, and the rate paid by borrowers was on the average 6%.

CONCLUSION.

How does the organisation described stand if looked at from the co-operative point of view? Co-operators would no doubt prefer co-operative credit. At the close of the chapter on Agricultural Credit Societies in *Agricultural Co-operation in Fascist Italy,* the writer commented adversely on the fact that the Italian Government, when re-organising, in 1932, the said societies, had provided no co-operative regional or national institutions, either unitary or federal, with the object of unifying the primary societies, and thereby creating a powerful, fluid and well-balanced source of co-operative agricultural credit. That criticism was justified on the strength of the generally accepted theory and practice. And I went on to say that in spite of the fact that Italian leaders and thinkers, like the then Minister of Agriculture, Signor Acerbo, accepted the theory, "for practical reasons, the Government was satisfied with the amount of co-ordination effected by the new (1932) measure."

The detailed review that we have made of the non-co-operative agricultural credit organisation shows what those practical reasons were. The grand Fascist agricultural policy required huge credit to back it up. The Savings Banks and the Provident and Death Benefit Societies had large resources, as we have already seen. They had, besides, a sound reputation, which was over a century old. Agricultural credit had hitherto been given in Northern and Central Italy chiefly by the Savings Banks, and in the South by the Bank of Naples and the Bank of Sicily. So, when in 1927 the Fascist régime re-organised agricultural credit, it made those institutions the basis and the backbone of the new organisation.

The Italian rural credit societies had been associated with party politics; taken as a whole, their reputation had been severely shaken; depositors had lost millions owing to the failure or mismanagement of many of these societies; previous efforts at their federation had proved a failure; their resources were comparatively small. The new organisation could not, therefore, be built upon them. In order that agricultural credit societies might be useful where they could, that is, at the periphery, the 1932 legislation made them financially sound, subjected them to strict Government supervision, and gave them, wherever they were set up, a practical monopoly of the field at the bottom of the whole organisation.

In the circumstances co-operators cannot but feel pleased with the organisation of agricultural credit in Italy. The judicious willingness with which plentiful and cheap credit is provided not only for the needs of farming but also for the general improvement of the rural population makes for the economic and social well-being of agriculturists. The organisation has been designed not for private profit, but for the service of agriculture, as the provisions regarding the distribution of the surplus of the National Long-term Credit Union make it abundantly clear.

RELIEF OF RURAL DEBT

BY

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In almost all countries legislation has been passed in one form or another, "aiming at the strengthening of the material condition of the farmer by extending credit, by measures for the relief of indebtedness, by the artificial maintenance of the price of the principal agricultural products above the level of prices on the free market and by the encouragement of export."

An analysis of the methods employed by other countries to meet the problem of rural debt reveals clearly that the chief directions in which action has been taken by the State are reduction of rates of interest, scaling down of debts, liberalising the conditions of repayment, provision for greater credit and even in cases of default minimising and circumscribing the losses due to the judicial process by methods such as the institution of colonisation offices to buy up property sold by judicial process and to give it back to honest debtors on a hire-purchase agreement, and the creation of debt conciliation boards facilitating settlement without recourse to law courts as well as postponement of sales in order to give time to the debtor to secure the credit he needs. Some have even tried to maintain an artificial price level by the aid of bounties and tariffs. The State has also tried to diminish the cost of production by the organisation of agriculture, by the reduction of taxes and railway freights and sometimes even by the reduction of rents and the cancelling of leases. At the same time production was sought to be stimulated by financial aid at the right moment.

An effective solution of this problem must depend, therefore, on the simultaneous adoption of both preventive and curative measures, the one being the complement of the other. One without the other would be of no use. So a comprehensive scheme of debt relief must include both measures for the removal of the present debt burden and measures for preventing agriculturists from falling victims to indebtedness in the future. Unless there is a co-ordinated scheme of both curative and preventive measures it is beyond any doubt, that no good is going to accrue. Money spent in stray and haphazard measures is a mere waste. Though it may seem to give relief for the time being yet the position will become worse in a short time.

The crux of the problem is the insufficiency of income of the agriculturists. So every attempt should be made to increase the income of the agriculturists. Besides early measures should be adopted to lighten the present debt burden. When we discuss the curative measures it would be possible to see the various ways and means of lightening the debt burden. Now let us confine our attention to the other side of the question.

Under the first item of providing cheap credit facilities the first thing that attracts one's attention is the question of fair interest. Although it is possible to get loans at cheaper rates in Madras than in any others yet the real interest rates become great when one takes into consideration the malpractices resorted to by the creditors and the exaction of compound interest. A high premium is put on the state of illiteracy of rural population. An analysis of the present debt position will lead us to conclude that not less than 20 per cent. of the present debt burden can be attributed to interest charges. There are cases in the villages, though stray ones, of demanding two annas per rupee per mensem, i.e. 150 per cent. per annum. So what is wanted is a legislative or administrative measure enforcing a general reduction in the rates to be charged, fixing the maximum for bonds, notes and other unsecured debts at 12 per cent. and that for mortgages and other secured debt at 9 per cent. In abnormal years the rates may be allowed to go even lower. At the same time compound interest should not be allowed. The total interest charges must not be allowed to go above a certain percentage of the principal.

The effective lowering of interest rates and checking of malpractices can be done as follows. No legal action on any debt shall be allowed unless the debt claims have been registered in either of the following ways. In the case of secured debt there is a registration taking place in the Sub-Registrar's office. Registration shall be allowed only after the Registrar satisfies himself that the rate of interest charged and other conditions do not contravene the legal limit and conditions. In the case of unsecured loans which generally bear an anna stamp and takes the form of a promissory note something can be done to ascertain the magnitude of the debt position and for checking the interest rates and malpractices. Provision should be made for all money transactions to be registered before the Village Munsiff. The Village Munsiff should have a register in which he may keep a detailed account of the money transactions. The interest rate and other conditions of borrowing must be thoroughly scrutinised before the officer registers the debt. No legal action on any debt which is unregistered should be allowed. The registration charges may be two annas per hundred, or two annas for all amounts. Before registering, just as all the promissory notes bear an anna stamp, so the registration fees also can be paid in the form of Revenue Stamps attached to

the note. The reason why the Village Munsiff is suggested is, that generally Village Munsiffs are influential and responsible persons of the village. They are already remunerated by the Government. On the other hand they have got heavy work only during the *kist* collection season. So they have got the necessary leisure and dignity which every such officer should have. The result of such a registration will be the correct checking of the interest rate, prevention of demand for compound interest and the illegal actions of the money-lenders. Moreover it will be possible for us to ascertain still more definitely the magnitude of indebtedness year after year.

In this connection, the possibility of licensing money-lenders can be studied. First of all, it is very difficult to define who a professional money-lender is. It is not uncommon that an influential and big landlord is at the same time a big money-lender. So the best method, if we want to license money-lenders, will be the fixing of a maximum number of transactions during the year, say, fifty or twenty-five. The idea of fixing the maximum amount limit, though sound, will lead to some difficulties.

After the question of interest comes the problem of the provision of easy credit. The Land Mortgage Banks are supposed to provide the necessary long term credit. The work of these banks, so far, shows no cause for satisfaction. The Government must enable these banks to lend to a larger number of clients. The percentage of indebtedness taken over by these clients comes to only 0.175 per cent. So they must be made to follow a liberal policy. The loans must be disbursed within a short time after the application is made. The time taken at present, about six months, is too long. A wider publicity to the existence of the Agricultural Loans Act and Land Improvement Loans Act is essential. In addition to publicity being given, the Government must disburse large sums of money through this channel on easy conditions.

The co-operative societies complain of large overdues. This can be solved to a large extent if they advance further in their operations on sound lines. Loans on the pledge of crops must be allowed. This combined with the marketing facilities to be supplied by the same movement in conjunction with the Government would make it possible for the easier recovery of the loans. What is wanted is the pursuit of a progressive and liberal policy on the part of the co-operative societies.

Next comes the problem of increased income. The Indian cultivators are not getting fair prices for their produce. Leaving apart the questions of increased yield and diminished cost, if the ryots are enabled to get their due share of the prices their conditions will improve much.

As Mr. Adinarayana Chettiar says, " It would be nothing short of mockery to ask the farmer to cultivate his land scientifically, to use chemical manure and to grow economic crops on a large scale when we do not provide him with timely or adequate finance and do not enable him to receive even the ruling market rate for the produce of the sweat of his brow. That the average farmer is unfitted by education, upbringing and by his isolation, not to speak of his want of belief in his destiny to fight against the organised clever and resourceful buyer, is only a truism."

It is a common phenomenon in this country to find the agriculturist trying to sell his produce as soon as the harvest is over even though the market is glutted with the same goods and the prices have fallen. He undertakes to do this since he has often to meet the insistent demands of his creditors, to pay the kist, or other seasonal obligations, or has no facilities for safe storage and hence he invariably sells at the lowest price and thus gets a very scanty return for his labours. This is not his only disadvantage; lack of standardised weights and measures, absence of grading, want of proper inspection of goods, secret settlement of prices by agents and brokers, have all gone against the interests of the producer.

The most outstanding feature of external marketing is the lack of a well-directed and unified selling organisation. This has been detrimental to the indigenous seller in that the unsettlement in quality and specifications has often resulted in an ignorance in other countries of the real quality of his goods and their extent as well as in his getting much lower prices than his goods could otherwise have secured. Not only has there been no proper advertisement of his goods in foreign countries but an impression has even gained ground in other countries that India cannot supply high-grade products. This latter has been in some measure due to variations in specifications and manipulations of standards. Improved methods of advertisement, proper grading and branding of goods and the establishment of trade agencies in foreign countries are obvious remedies for these evils.

These difficulties cannot be overcome without taking into account the essential functions of marketing, viz., collecting and assembling, transportation, wholesale distribution, retailing, risk-bearing and financing in all stages. The present wasteful method of individual selling of agricultural produce has to be given up in favour of collective and co-ordinated selling. This implies provision for improved credit and storage which can be best secured by the establishment of Agricultural Co-operative Marketing Institutions. Having regard to the exceptional economic conditions of our country it can very well be realised that sellers' co-operative organisations are more vital to the best interests of the people than even buyers' co-operative societies. The selling organisation will help to get him credit till his goods are sold, store his produce, and release them for sale at proper intervals. Thus the great need for establishing selling organisations becomes evident. Such associations may be formed for definite areas and linked together in a Central Organisation.

In any scheme of sound marketing transportation plays an important part, since it is the price of the commodity at the consumer's door that matters and not merely its cost of production. So in foreign countries, various methods of transportation, viz., rail-roads, water-ways, and truck-services are encouraged and special transportation services such as refrigerator-cars, fast freight lines and express-service make it possible for goods to be delivered quickly, cheaply and in good condition. This widens the market for certain goods and prevents their reaching the destination a day after the fair. Therefore there is great need in this country to improve communications, to increase transport facilities, and to decrease the freights.

The establishment of a warehouse or godown for a group of at least five or six villages is essential. Cheap credit must be given at 6 per cent. on the security of the produce stored in the godowns either by the co-operative societies or by the banks. The warehouse receipt must be classed among Negotiable Instruments. An Agricultural Information Bureau and a Central Marketing Board for the presidency as a whole are needed to disseminate information regarding markets and trade conditions.

Coming to the question of curative measure, it is beyond doubt that the present burden must be first of all lightened so that the farmer may improve his conditions. In conjunction with the measures suggested above the following measures will go a long way in achieving our object. The establishment of Conciliation or Arbitration Boards as in Bhavnagar State or in the Central Provinces and the Punjab must be aimed at. Though Conciliation Boards may not succeed so well in Madras as in the State where the land reveune system and land tenure are different and population is also smaller than our own, yet the Boards, if worked on those lines would at least relieve the burden in many cases. The Board must be authorised to reduce the rate of interest charged, and to disallow compound interest. Above all it must spread the period of repayment over a period of about twenty years or less as the case may be. In deserving cases the private loans settled by the Board may be paid in about ten years, to private creditors in equal parts out of a certain fund allocated by the Government for that purpose. The farmers, on their part, have to repay their loans to the Government or its authorised institution in the course of fifteen years.

A person to whom agriculture is the sole means of livelihood should not be placed in a state of bankruptcy on the application of the creditor except in certain special cases. The property sold by judicial process can be taken by the Government and given on hire-purchase agreement to the honest debtor to enable him to recover by his labour the ownership of his holding. In the case of sale of lands for revenue arrears, the property must not be disposed of below 50 per cent. of its market value.

At the root of all solutions lies the question of educating the masses. Without a proper background of education, whatever legislative measures are attempted would prove futile. Compulsory free elementary education up to the sixth standard must be introduced. The lessons taught must introduce the pupils to various topics pertaining to rural development.

The activities of the Agricultural Department must be increased. A large number of Demonstrators should tour in the village areas and give practical demonstrations and advice. Last but not least, the burden of land revenue must be lightened. Resort to coercive measures for the recovery of land revenue arrears should be minimised. Every effort must be made to give the agriculturist all the fiscal aid he needs.

All the above measures, if attempted simultaneously, will go a long way to solve the problem of India's agricultural poverty.

NEED FOR A FEDERAL FARM LOAN BOARD IN INDIA

BY

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The problem of rural indebtedness in India is of immense magnitude. The rural debt in India has been taken at a figure of about 900 crores of rupees. This huge mass of debt carries rates of interest most usurious. Due to the unproductive nature of this debt, the agriculturist has no wherewithal even to meet the interest charges much less any portion of the principal amount of the debt. He has no means to undertake any improvement in agriculture. His income is hardly enough to enable him to meet land revenue charges and keep a surplus bare enough to give sustenance for himself and his family under ordinary times. Unless immediate steps are taken to diminish substantially the burden of indebtedness and to increase at the same time the productive capacity of the agriculturist, the evil may end in a complete disaster of social life of rural population.

The Co-operative Banks have been started to meet the credit needs of the agriculturists but their activities are naturally confined to the sphere of meeting the current needs only. Stray experiments in various provinces are also being undertaken by starting Land Mortgage Banks to meet the long term needs of the agriculturists. But these experiments, however beneficial they may be in their own ways, can hardly be said to be adequate for tackling a problem of so vast a magnitude. It must be made clear from the outset that Land Mortgage Banks are themselves not expected to be complete panacea of all rural evils, but their very existence, if organised under sound lines, is assuredly expected to bring down rates of interest all round among the rural population. This would certainly tend to lower the burden of interest charges very materially and this factor in itself is sufficient to warrant the best attention of all concerned. In the heat of enthusiasm we are likely to overlook the defects of having Central Land Mortgage Banks in different Provinces, without any co-ordination among themselves, each floating its own bonds, competing with those of others, with different rates of interest and without any organised market in the country. These defects will assuredly become glaring when the favourable circumstances of easy money market pass away and the Land Mortgage Banks find difficulty in securing funds necessary to meet the growing demand for loans created by their continued existence. If the aim of starting Land Mortgage Banks is not to be satisfied with distributing a few lakhs of rupees loans in each Province, it is high time that we should realise the necessity of having a permanent machinery capable of meeting the long term demands of the agriculturists on right lines and on easy terms to any extent and under all times. Such a machinery is suggested in the formation of a Federal Farm Loan Board in India on the American Model with changes suitable to Indian needs. The Federal Farm Loan Act for its objects states as under :—

"An Act to provide capital for agricultural development, to create standard forms of investment based upon farm mortgages, to equalise rates of interest upon farm loans, to furnish a market for United States Bonds, to create Government depositories and financial agents for the United States and for other purposes." The Federal Farm Loan Board as constituted under this Act in 1916 has rendered immense service to the cause of farmers. The Federal Farm Loan Board in conjunction with the United States Treasury floats mortgage bonds for Federal Land Banks. These Bonds being guaranteed for both the principal and interest and being tax free are floated at very favourable rates. They being trustee securities and carrying steady return are very much in demand by various institutions like Insurance Companies, Trust Companies and others. These bonds have a country-wide market. The Federal Farm Loan Board through the agency of twelve Federal Land Banks and about 5,000 Farm Loan Associations had granted at the close of 1930 loans amounting to about $1,653,000,000. The Federal Farm Loan system has rendered the lands of the farmers, otherwise a frozen asset, a marketable security in its true sense. The services of the Federal Farm Loan Board are no less significant in other spheres also. It has steadily encouraged the farmers to introduce improvements in agriculture. It has in close co-operation with the Agriculture Department of the United States spread much useful knowledge to the farmers through the medium of circulars. It has through this very medium taught the farmers to adopt subsidiary industries like raising the live stock and keeping milk cows on the farm so as to have a dependable income in times of draught as well as in times of plenty. It has in short changed the very social life of the American farmers.

If the Federal Government of the United States considered agriculture as an industry of national concern rather than the concern of each individual State and for the sake of co-ordination and better service brought it under the Central machinery constituted by the Federal Farm Loan system, a need for such a machinery is still greater in a country like India where the problem of rural indebtedness is still of immediate and greater importance where both the borrowers as well as investors are very much backward, where provinces differ vastly in economic progress and where rates of interest are nowhere the same. The Federal Farm Loan Board if constituted in India would in conjunction with the Reserve Bank float mortgage bonds for Central Land Mortgage Banks instead of each Central Land Mortgage Bank floating its bonds. The Bonds floated by the Federal Farm Loan Board will have to be guaranteed by the Central Government for both the principal and interest as the bonds of the Central Land Mortgage Banks are at present guaranteed by the Provincial Governments. The Federal Farm Loan Board being a central machinery would be better able to get these bonds exempted from income-tax as is the case with farm loan bonds in other countries. It would be interesting to observe the remarks of the United States Commission in this connection :—

"In order that the farmer should get the benefit of the lowest interest rates, these land-bank bonds must be exempted from taxation. It will be conceded that the tax upon a mortgage ultimately comes out of the borrower, either directly or in the shape of an increased interest rate on the loan. The proposed securities are based on land and land is the one asset which is always taxed and which cannot evade taxation. It will be impossible to secure money for the farmer on the best terms unless and until such an exemption goes into effect." Mr. Wiprud, Vice-President of the Federal Land Bank of Saint Paul in his interesting essay on "The Federal Farm Loan system in Operation" also observes that "in the opinion of those who believe that the Federal Farm Loan system has a place in the American economic life, the tax exemption feature constitutes the very life blood of the system and its continued existence depends thereon." With these features the Federal Farm Loan Board should be able to secure funds at very favourable rates. The investors in other countries favour this type of security much more than even the Government Bonds. No wonder that during and after the War the prices of the Imperial Bonds of the German Government fell heavily while the bonds of the *Landschaften* were quoted at or near about par. It would also interest to know that the Federal Farm Loan Board very recently offered 3% Federal Land Bank Bonds for $239,000,000 due 1955 (optional '45) at 98½. It would certainly be not difficult to train our investors also in this new type of security.

Apart from the main functions of floating the common mortgage bonds for the Central Land Mortgage Banks, the Federal Farm Loan Board would keep a close supervision over all Central Land Mortgage and Primary Banks. It would see that loans are advanced against proper securities and that the repaying capacity of the borrowers is properly judged. It would see that loans for agricultural improvements are encouraged and would stipulate in each case that at least a portion of the loan is utilised by the borrower for the improvement of agriculture. The Federal Farm Loan Board would also see that the Central Land Mortgage Banks create sufficient reserves out of their annual profits so as to be able to repay the bonds on maturity. It would also see that proper legislation is passed in various provinces in this connection so as to bring the same in general conformity. The Federal Farm Loan Board would also work in conjunction with the Imperial Council of Agriculture and would distribute useful information to the farmers by means of circulars printed in various languages. The Federal Farm Loan Board would afford a common place for the best brains in the field to meet together and chalk out various schemes beneficial to agriculture in general. It may also be suggested that a Dismortgaging Scheme by means of insurance advocated by some for the borrowers of Land Mortgage Banks can very conveniently be undertaken under the auspices of the Federal Farm Loan Board.

The expenses of the Federal Farm Loan Board can be met by a levy of a small fee of about ¼% on the working capital or better still on the amount of bonds floated for various Central Land Mortgage Banks. It would be proper to note that the expenses of an institution of so great a national importance are met by the Government in various countries. Sec. 33 of the Federal Farm Loan Act provides that "the sum of $100,000 or so much thereof as may be necessary is hereby appropriated out of any money in the Treasury not otherwise appropriated, to be expended under the direction of the Federal Farm Loan Board for the purpose of carrying into effect the provisions of this Act including the rent and equipment of necessary offices." The Agricultural Mortgage Corporation of Great Britain also receives from the Government an annual subsidy of £10,000 for its upkeep. Other Governments have also provided for the necessary expenses for the upkeep of such a national institution. There is every reason to believe that Government in this country also would contribute substantially towards the expenses of the Federal Farm Loan system.

If the farm loan system is to have a permanent place in the economic life of the country, Indian conditions absolutely demand a central bond issue with a country wide market. The establishment of the Federal Farm Loan Board in India with its multifarious activities would provide an important link at present missing in the Land Mortgage Banking in India. It is better that the leaders of the Movement should realise the necessity for such an institution before the various Central Land Mortgage Banks are at the parting of ways.

THE DEPRESSION AND THE CO-OPERATIVE MOVEMENT IN THE PUNJAB

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The effects of depression have been very wide and deep and have in fact very nearly swept away a good deal of the credit the co-operative movement had acquired in the Punjab during the last thirty years.

DETERIORATION OF THE SOCIETIES.

Fall in the payment of dues by the members to the societies swells the overdues and naturally adversely affects the classification of the societies. The Department made an attempt to confuse the reader by attempting to combine A and B Societies for purposes of classification and by giving total numbers instead of percentages. In order to bring out more vividly the state of deterioration of the Agricultural credit societies by comparison with previous figures, I have had to subject the available statistics to a number of processes in order to reduce them to a common form.

Year.	Total number of Societies classified.	A.	B.	C.	D.
1926	—	4·25%	26·25%	62%	7·5%
1927	—	3%	22·6%	70·25%	4·15%
1928	12049	2·1%	18·6%	37·6%	5·5%
1929	13512	2·02%	16·6%	75·3%	5·9%
1930	14548	2·05%	15·08%	76·6%	6·2%
1931	15311	1·9%	13·2%	76·3%	8·5%
1932	15763	1·8%	11·4%	76·4%	10·3%
1933	15956	1·9%	10·79%	76·1%	11·19%

A little more of mathematical patience and practice, and I can tell you that the fall in A and B class societies amounts to 55.29 and 58.13 per cent. respectively. The rise in C and D class societies has amounted to 22.58 and 49.2 per cent respectively. Looked at from another point of view we see that A and B class societies now number about 12 per cent. only—a sad commentary on the achievements of a whole generation.

CASUALTIES.

In spite of the stupendous deterioration and very great care in handling societies the casualties have been very abnormal as the number of societies cancelled and brought under liquidation in recent years indicates.

Number of Societies.	1927	1928	1929	1930	1931	1932	1933
Cancelled	310	336	277	333	355	338	219
Under liquidation at the end of the year.	375	436	518	579	735	873	965

The Report for 1932 while recording some improvement on this behalf made by Kangra remarks: "Elsewhere the agricultural depression and the fall in prices have contributed to a general deterioration, in spite of the fact that recoveries have been good in the circumstances. The rapid rise in the number of D societies is serious enough on the above showing but the actual position is really worse. There are a few districts notably Gurgoan, in which many or some societies which according to the vigour of the rules should be classified as D, have been classified as "C poor," e.g., in Gurgoan the Cs are 523 "C poor" 176, "D" 123 out of 853 societies all told, D denoting those societies which have two years' bank interest in arrears to the Central Bank or in which the accumulated interest against members exceeds three years' interest on the loaned out capital, or standing for some element of danger on account of anticipated bad debts."

NUMBER OF AGRICULTURAL SOCIETIES.

Some indication of the effect of depression on the number of agricultural credit societies can be had from the following figures:

Years.	No. of Agricultural Societies.	Increase during the year.	No. of Societies cancelled.
1930	16·125	657	209
1931	16·297	172	218
1932	16·247	-50	218
1933	16·268	21	144

For the first time an actual decline was recorded in 1932. Liquidation was eschewed as much as possible. "—— even many of the weakest societies are being given the chance of keeping alive and maintaining their heart, if they can."

MEMBERSHIP OF AGRICULTURAL CREDIT SOCIETIES.

In spite of all efforts directed at increasing the membership in these societies, there has been noticeable in recent years not only a diminution in annual increase but an actual fall.

Year.	Annual increase in total membership.	Net increase.
1929	100,293	
1930	28,000	
1931	16,453	
1932	15,458	—5,024
1933	16,405	—2,707

The Registrar wrote in 1930: "The policy of persuading old societies to bring in good new members has been continued and in three years has resulted in the addition of 100,293 co-operators. We must not however forget the many thousand casualties—last year nearly 2,000 in Lyallpur alone to be set off against this."

No doubt the restricted financing of the societies left no attraction for the new members to join, and defaulters had to be pruned "but in addition, particularly in the South-East of the province, there has been noticed a tendency for members owning small loans to clear their accounts and quit. Gurgoan, for example reports a decrease of 861 members . . . it simply means people have got disheartened for the time being, nature being too harsh. The considerable loss of membership in Lyallpur is partly due to the niggardly way in which societies there were financed by their central institutions."

Report for 1933 observes: "——inspite of fairly steady influx of new members to old societies (16,405 during the year) the tendency of members to leave their societies after paying up their dues continues and there is a total decline in membership of 2,707, a number which, though disappointingly large, is considerably less than the decrease of 5,024 recorded last year. In many societies it is unfortunately the good members who are apt to go, either from the fear of the enforcement of unlimited liability or because owing to the default of their fellow members their society's credit with the financing bank is reduced and they are unable to get loans which they really need and to which their individual credit should entitle them. In Gurdaspur District there have been as many as 554 voluntary withdrawals, in Montgomery 455 and in Lyallpur 913."

REFERENCES TO ARBITRATION.

	1929	1930	1931	1932	1933
References to Arbitration	15,195	17,496	24,462	26,849	22,992
Awards taken to courts	6,773	8,509	10,678	12,016	11,938
Amounts claimed— (Lakhs of Rupees)	35	38	59	70	57

As the effects of depression began to be felt references to arbitration became more frequent. The figure jumped from 15,195 to 26,849 in the short span of four years and so did the number of awards which had to be taken to the courts. The amount claimed, as well, exactly doubled in four years. The year 1933 shows a sudden decline in all the three figures. But it does not imply that the necessity for such an action is over.

Arbitration leads to execution of awards which is a very difficult problem. "It may be said and it has been said that these and similar occurrences show that societies and the co-operative staff are exercising undue harshness in exacting debts from debtors who are already desperate from sheer need. The situation in this respect obviously requires very careful handling but it is unfair to form a conclusion adverse to the movement without a very full knowledge of the circumstances in each case. It is by no means always the man who is least able to pay who is most violent in resistence and out-cry." (Report for 1932). The occurrences alluded to above refer to an attempt at suicide, murder of an execution agent and that of the nephew of a zealous President.

It is these painful occurrences and the increasing unwillingness of the members to help societies against their friends and relatives and the growing disinclination of committees to pay for executions that made the Department take to milder measures. In 1933 over 2,500 awards could not be taken to courts because the societies concerned did not remit advances to the Unions to meet necessary expenses. It was realized that "extreme coercive measures, such as sending defaulters to jail show that the expense of such measures is generally disproportionate to the amount recovered."

In the light of this background and the reasons advanced by the Registrar in his report for 1933, we can easily account for the huge fall in figures concerning arbitration. The reason for this decrease, says the report for 1933, "is that societies have been more inclined to follow the policy of recovery by gentle and persistent persuasion rather than by resort to legal methods of compulsion. Under present circumstances there is little doubt that such a policy is a wise one, but it is to be feared that it has also covered a number of cases in which the committees of societies have been unwilling to proceed against the influential members or their own friends who are in default."

REPAYMENTS

The co-operative credit societies draw their members almost entirely from agriculturists, any fall in whose cash incomes must inevitably be reflected in their diminished capacity for repayment. The abrupt and continuous fall in the income of the agriculturists has, therefore, expressed itself in a very great fall in the recoveries. From 1926 to 1933, following were the percentages of repayment of the principal outstanding :—35, 34, 33, 28, 23, 16, 16 and 13.

REPAYMENTS TO PRIMARY SOCIETIES BY THEIR MEMBERS (Lakhs of Rupees)

	1928	1929	1930	1931	1932	1933
Principal	1·52	1·55	1·42	1·12	·99	·90
Interest	·54	·60	·62	·62	·68	·63
Total Repaid	2·06	2·15	2·04	1·74	1·67	1·53

REDUCTION IN LOANS GRANTED (Lakhs of Rupees)

	1929-30	1930-31	1931-32	1932-33
Loans advanced during the year	216	140·25	79·6	79·22
Loan outstanding at the close of the year	691	718	691	
Average debt per member	·143	·144	·141	

While studying the figures for recovery we have to remember that the Department riveted all attention upon recoveries and all other activities were practically at a standstill. Coercive methods such as have earned a bad name for the movement in certain areas were adopted. These measures were resented and a reference to this had to be made in the annual Report for 1933.

"An enquiry has been made into the extent to which coercive measures have been applied in recovering the dues of societies. These show that in the whole year 494 debtors (about 1 member in 1,000) were committed to the Civil Jail, and of these the greater number were soon released; an enquiry made during the year showed that at one time the total number in Jail was 90. Of the 494 cases mentioned, however, it is a fact that more than half were in the four districts of the Province, and enquiries are being made in regard to the high proportion of arrests in these districts."

RESTRICTIONS ON LOANS

While all possible efforts were being invested in the recovery of loans, it was thought advisable to restrict borrowings by the members. With this restriction in view the credits of members and societies were greatly reduced and instructions were issued by the Department to advance loans with greater circumspection and for productive purposes alone. This restriction brought down the annual loan of the societies to the members from 216 lakhs in 1929-30 to 79.6 lakhs in 1932, as the table given above indicates.

PURPOSE OF THE LOAN—APPROXIMATE PERCENTAGE

	1932-33	1931-32	1930-31	1929-30	1928-29*
Cattle	17·06	17·27	21·08	19·9	17·43
Fodder	·87	·8	1·4	4·3	1·54
Seed	2·61	1·72	6·4	7·9	2·89
Implements	·48	·37	·4	·4	·25
Carts	·24	·48	·1	·2	·25
Rent	·41	·64	1·2	1·2	1·55
Revenue	14·33	16·46	18·4	14·1	12·66
Household	1·57	1·39	3·1	3·07	1·89
Grain	2·17	1·34	3·9	7·1	2·31
Debt	21·46	22·33	19·6	18·2	23·48
Wells	1·38	1·56	·9	·9	1·03
Land Improvement	·63	1·13	·5	·9	1·41
Land cultivation	·31	·37	·6	·7	·42
Land Redemption		1·16	1·07	·4	1·4
Land Lease	·71	·32	·3	·3	·94
Land Mortgage	·67	·75	·2	·3	·94
Land Purchase	7·5	6·88	2·2	2·03	4·99
Building	7·05	5·91	4·8	4·1	5·22
Education	·56	·48	·6	·3	·3
Trade	9·81	9·68	5·8	6·1	10·83
Ceremonies	6·63	7·31	5·9	5·5	7·58
Litigation	·34	·21	·2	·1	·12
Miscellaneous	1·43	1·45	1·6	1·02	·95

* Approximate percentage for 5 years ending 1927-23:—18·55, 2·44, 1·4, ·83, 1·04, ·19, 1·95, 6·3, 21·75, 1·56, 1·21, 1·56, ·1, 1·01, 1·14, 6·75, 2·2, 3·65, 18·01, 6·1, ·23.

The table by no means admits of an easy interpretation and there appear to be certain incongruities which only special research will help to explain. It appears that the year 1930-31 indicates the period when the effects of depression were very directly represented by the 'purpose of the loan.' During that period loans for payment of revenues jumped up from a little less than 2 per cent of the basic quinquennium to over 18 percent—nine times as much, loans for payment of rent rose from .19 to 1.2, those for wells decreased from 1.56 to .9, for land improvement fell from 1.21 to .5, for land purchase the figure went down from 6·75 to 2·2 and for litigation there was recorded a decrease from ·23 to .2. The table has a comparative value but the changes after 1930-31 are to be studied with special care and are in no way to be accepted as indications of a better state of affairs.

CENTRAL CO-OPERATIVE BANKS AND THE AGRICULTURAL DEPRESSION

Contraction of loans.

The Central Banks were not willing to advance loans to societies on the old liberal scale, and side by side with effecting recoveries, thought of restricting the loans to societies. The Central Banks advanced to the societies as follows:—

1929-30	1930-31	1931-32
Rs. 192 lakhs	Rs. 105 lakhs	Rs. 49 lakhs

"Speaking broadly lending business was only half in 1930-31 of the volume of the previous year and that half has now dwindled to half again." Societies were unable to borrow because of the restriction on loans, delays in repayments and positive defaults.

Year.	No. of Societies that did not borrow during the year.	No. of Societies that had not borrowed for the last two years.	No. of Societies which exceeded their maximum credit limit.
1932	11,035	8,608	4,218
1933	11,668	9,625	

Societies not assessed to demand numbered 1614 in 1931 and 1871 in 1932. Figures for 1933 show that 8037 societies defaulted in respect of payment of principal and 5921 in respect of payment of interest.

Difficulties in recoveries were experienced. While reviewing the Report for 1932 the Ministry of Agriculture observed: "It is inevitable, though the Registrar of course is right in deploring the fact, that recovery in the present circumstances should be difficult, with the result that Sub-Inspectors have had to devote a disproportionate amount of their time to the unpopular role of the bailiff."

BAD AND DOUBTFUL DEBTS

Debts from D class societies and societies under liquidation are classed as bad and doubtful debts.

Year.	D class Societies.	Societies under liquidation.
1931	32·09 Lakhs	8·80 Lakhs
1932	42·4 "	12·28 "
1933	48·28 "	15·95 "

This rapid growth of bad and doubtful debts is alarming when we remember that during 1920-29 only Rs. 60,000 had to be written off as irrecoverable. Now the amount of bad and doubtful debts stand at 64·93 lakhs and the possibility of loss on this score is painfully apparent.

MORTGAGE BANKS

Defaulters.

Out of the twelve Mortgage Banks in the province only two, Shahpur and Bhalwal, had no defaulters. In the rest of the banks out of 1,589 borrowers 620 or 39 per cent. were in default in 1930. In addition to those who defaulted 291 borrowers had their instalments postponed.

In view of the seriousness of the situation a conference of all the colony Mortgage Banks was held at Lyallpur in April 1931. Relevant extracts from recent reports are reproduced below :—

REPORT FOR 1932

"Mortgage banks (twelve) have been struggling to collect their dues and there has been no fresh business to speak of. The mortgage burden has been found to be disproportionately heavy in comparison with the value of the estate. In spite of a halving of the instalments in colony areas there has been a *bona fide* inability on the part of many borrowers to meet their loan obligations. The present catastrophic fall in prices is straining their resources and their morale equally."

REPORT FOR 1933

"No branch of the Department's activities has been so seriously affected by the recent depression as the mortgage banks. Now loans have assumed three or four times their original value while the property held by the banks as security is no longer sufficient to cover the loans. The depression soon followed and the borrowers have been genuinely unable to meet their obligations in the way of instalments on loans which now assumed three or four times their original value."

INCREASE IN INSOLVENCY AND RESORT TO MURDER

"In some districts petitions for insolvency are becoming increasingly frequent as a method of escaping obligations to societies, and in Gurdaspur, where 124 such petitions were filed, the Deputy Registrar described it as a menace to the movement."

"It is in the south-east Punjab, where conditions are hardest that the greatest difficulties have been experienced, and execution proceedings had even as their sequel the murder of an execution agent and of the nephew of a zealous president." Execution and liquidation proceedings are hampered by all.

RELIEF

The acute depression has given a very rude shock to the agriculturists in the province and the societies have naturally been concerned to afford as much relief as possible. The following steps have been taken in that respect :—

(1) Demands have been fixed at a very low level so as to facilitate and adjust repayments to the capacity of the members. (2) Rebates of interest to punctual repayers. (3) Rates of interest have been reduced wherever and as far as possible. (4) Share instalments have been lowered. (5) In some societies in which shares were non-returnable, by-laws have been amended making them returnable and share money has been adjusted against member's loan accounts. (6) Such primary societies as have no outside liabilities have been permitted to forego interest on the sums due from their members. (7) All Central Banks have reduced the rates they charged to the Societies on moneys lent to them. (8) Most of the banks allow a rebate on repayment of interest by societies. (9) Central Banks have been advised to suspend interest and receive payments from D class societies as capital.

THE MONEY-LENDER SCORES A POINT

The money-lender was not slow to realise that the catastrophic fall in prices would virtually render insolvent a large majority of his clients. Like a smart man of business the Sahukar quickly realised the intensity of the cultivator's misfortune and its reactions upon his own prosperity. He set himself, therefore, with all possible seriousness and haste to realise as much of his dues as possible. Like co-operative societies he stopped lending to such of his clients in whose capacity to repay he had not the fullest confidence. Where he lent he took special precautions to safeguard his interests. He pressed the average cultivator for repayment. Cash, kind, cattle and every form of property that he could lay his hands upon were taken away by the Sahukar in payment of his dues. As the total amount of a debt at any time virtually means a small sum swollen in course of time through various processes in spite of large repayments, the Sahukar could well afford to grant liberal reductions if necessity so dictated. Seeing his victims in the very jaws of death, he made a virtue of necessity and by posing to grant remissions made quite exacting realisations.

For whatever still remained unrealised he made the zamindar give a fresh bond, which proposal he was apt to accept with feelings of deep gratitude. Wherever necessary he got his decree and managed to enforce it. In the very first year of the depression members of co-operative societies borrowed more than the normal amount for repayment of debts and no doubt much more for the same purpose under other heads. It goes to the credit of the Punjab peasants who in spite of the suggestions of kindly friends they have as a class admirably honoured their obligations which in all equity they could well have repudiated. They have declined to declare themselves insolvents and have appreciated the Sahukar's kindness in not sending so many of them to the jail, even when they know that such a procedure practically absolves them from all obligations and involves an unnecessary expenditure on the part of the Sahukar.

In striking contrast to the methods of the Sahukar are the ways adopted by the co-operative organization in the province. A co-operative society cannot by the very nature of things grant reductions and remissions. It has granted extensions which only serve to swell the amount due. The borrowers and their sureties have been very rudely shaken. Arbitrations, awards, decrees and executions have become the order of the day and have aroused a resentment against the movement, the depth of which can never be gauged by the readers of blue books.

WISE AFTER THE EVENT

No genuine attempt has been made at finding out the effects of the depression upon the agriculturists of the province. If they were a vocal class and had the press of the province at their back and if by their organisation they could command the platform of the province surely a commission to enquire into the extent of their misfortune would have by this time completed its deliberations and the recommendations of such a commission or a committee would have been by now enforced. Since they are so hopelessly ignorant and awfully disorganised, we presume they have no cause for complaint. The Department of Co-operation issued a questionnaire to its Inspectors in order to gauge the effects of depression upon agriculturists in general and members of agricultural societies in particular. Unfortunately the result even of that meagre attempt has been treated as 'confidential' and has not been published.

One general result of the depression however is painfully apparent. Not only has the peasant's and the zamindar's standard of living gone down but the rude shock has set them athinking as nothing else could have done. All wasteful expenditure on ceremonies has gone so that

what forces of persuasion failed to achieve has been accomplished by the stress of circumstances. The peasant is growing thrifty and is doing without fresh loans. Agricultural Punjab to-day is a vast school in compulsory thrift and economy and if this lesson is not entirely forgotten when the deep wounds caused by the depression have been healed, the province would be deemed to have, in an important respect, gained by the depression.

THE APPROACH TO RURAL UPLIFT

Bureaucratic versus Democratic Methods

BY

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The establishment of the Village Industries Association and the Government of India's grant of crore and 13 lakhs of rupees towards rural uplift have focussed public attention on the problem of our villages. It would be quite in the fitness of things, therefore, to discuss the methods of approach towards the various kindred ailments of our villages, especially in view of the attempts at centralisation and bureaucratisation in these matters also.

It is fundamental to remember, without, of course, making a fetish of it, the oft-mentioned but usually forgotten sociological fact, that every village-group has a certain organic character of its own. The group enjoys a certain loyalty from its members; and has its own organisation, economic and administrative, all built up against the background of an evolving tradition. This need does not exclude readjustment and linking up with other groups. The village-reformer must possess some knowledge of the sociological foundations of the village, of the social background and the economic facts. Neither dictatorial fiats nor orders from the secretariat with an idea, however zealous and honest, to reconstruct villages, can be of any abiding effect; for an organic unit may only be reorganised, you cannot reconstruct it in the technical sense. A programme of rural uplift must either evolve and be correlated to the dynamics of village life, especially the reactions of the programme itself, or fail altogether of its objects.

The Linlithgow Report, after noting the 'great awakening of non-official interest in the health and welfare of the countryside,' observed: "It is from this manifestation of public interest that we derive our greatest encouragement and hope."[1] Their plea for the establishment

*The following is the substance of a talk before the Indian Institute of Economics, Calcutta, by Prof. Banerjea, in initiating a discussion on the topic.

(1) P. 488. Report of the Royal Commission on Agriculture in India.

of Agricultural Associations[2] and the very appreciative references to the work, for instance, of the Servants of India Society, the Rural Reconstruction Centres of the Y. M. C. A. and the Bombay Mutual Aid scheme worked through the *Upacharakas*[3] all bring into relief the fundamental approach of the Commission. While emphasising the very important part which the Government so long had neglected to play in the matter of financing and co-ordinating rural development the Commission observes: "If the cultivators of India in the mass are to be won over to the use of better seeds, to improved methods of cultivation, to the better care of cattle, to the adoption of precautions against animal or plant disease, it must be through the agency of their own organisations. Nothing else will suffice."

In the light of the above, the recent methods of the Government in the disbursement and allocation of the Rural Development Grant, in relation to co-operative organisations and in the matter of introducing drastic legislative changes in the economic sphere without the complementary steps for economic betterment, cannot be regarded as a good augury for the future of rural uplift work. A great deal has been made of officially-initiated rural welfare work in the Punjab. Yet we find Mr. M. L. Darling exposing the hollowness of such attempts, especially those associated with that deservedly famous official Mr. F. L. Brayne. Of the uplift campaign at Gurgaon, he notes, that little now survives except the manure pit and the Persian wheel, and these only where conditions are favourable.[5] The Gurgaon plough has been a complete failure and Rs. 28,000 advanced by Government for its purchase has had to be remitted. The work at Jhelum which Mr. Brayne next took up, regarding that as a more favourable field, has not prospered well and extravagant expenditure on the pet schemes of the official who happens to be in charge of the area was one of the standing complaints of the people.[6] Rightly does Mr. Darling conclude : "My journals would have been written in vain if they have not made it clear that in the Punjab the village is still a living organism, as full of wisdom as of waste and as much illuminated by the old light as any town is by the new. Like the *pipal* tree which often guards its approaches, this wisdom is deeply rooted in the soil of the past, and . . . . . is the best guardian of the village. By its side the

(2) P. 157 Ibid.
(3) P. 486 Ibid.
(4) P. 468 Ibid.
(5) *Wisdom and Waste in the Punjab Village*, p. 199.
(6) Ibid, p. 38.

wisdom of the new age is a mere sapling, which has still to show that it can take root and stand up against draught, dust-storm and flood . . . . It is to the village, therefore, that we must look for its regeneration, and to the peasant that we must go to ascertain its needs and desires."[7]

The 'ma-bap' theory of bureaucratic rule in the country has, I submit, the least potentiality in the sphere of rural regeneration. It is on the development of rural initiative that the success of movements with these ends must depend. The Linlithgow Report realised this. In discussing the problems of the co-operative movement, the Report emphasised that the only remedy for the evils in this sphere was the "patient and persistent" education of the members of societies;[8] and if a choice has to be made between arrangements for audit and of education, the latter should receive preference.[9]

The matter, though in an apparently narrower field, had been engaging the attention of co-operative leaders in the country. Recent pieces of legislation regarding the co-operative movement in the different provinces seemed to vie with each other to introduce what the C. P. Minister, the Hon'ble Mr. B. G. Khaparde, adroitly described as "a benevolent dictatorship to a certain extent for a time." The retort courteous on behalf of non-officials to such attempts, to quote Mr. Ramadas Pantulu, is that if "the non-officials have failed to conduct the Movement on right lines and are incapable of improving even with official guidance and advice, the remedy is to wind up the Movement in the province and not to replace the non-official by the official agency, for dictatorship means nothing less." I am trying to emphasise that the recent attempt (not to go very far back), since the Schuster Resolution of May, 1934 has been to centralise albeit for non-economic purposes, rural welfare work, which by its very nature cannot be approached from that angle.[10] The dangers of the new move are pointed out in Darling's book, which I again quote because of the author's position and first-hand knowledge of officially-inspired movements. There is the danger of propaganda, firstly, because it is more akin to advertisement than to teaching and, secondly, because any teaching in this sphere in order to be effective "must be the teaching of the individual rather than of the mass."[11] Moreover, there is always the danger due to over-zeal: "For reconstruction a long view is needed and great patience."

(7) Ibid, p 347-48.
(8) Report, para 374.
(9) Ibid, para 378.
(10) cf. Rural Uplift; The Democratic way: article by B. N. Banerjea, *Amrita Bazar Patrika*, Puja Special, 1935.

The problem of leadership or even of finance need not be insurmountable. I think that, given *adequate* scope, rural leadership, even from the local unsophisticated people, would be available. Government can properly play the role of adviser and act as a clearing-house for information. It might finance and support with expert assistance model centres, the light from which will be passed on to kindle newer and newer lamps in distant villages. Government might also make provision for the establishment of statutory village-panchayats, with power of self-taxation, for specific purposes which the village council might favour. This last I consider important. I have again the support of the Linlithgow Report in my favour.[12] There is the success of the Jugo-Slavia Health Organisation Scheme in support of its practicabilty and I have the Sri-Niketan Health Scheme sponsored by Rabindranath Tagore as a practical illustration.[13] But a *caveat* should be entered here; such associations should not suffer duality of control leading to irresponsibility. Responsibility to the small local group would be popular as well as democratic, the benefits of the scheme would be moral as well as socio-economic.

My other complaint is that the recent Government measures are piece-meal and even smack of short-sightedness. On the Schuster scheme, except certain appointments, not even a start has been made with regard to the other items notably:—(a) The improvement of grade standards by special committees in respect of particular commodities including dairying; (b) Co-ordination of agricultural production; (c) Establishment of a Central Bureau for Industrial Research; (d) The appointment of additional Trade Commissioners abroad; and last but not least—(e) The undertaking of a census of production advocated in the Bowley-Robertson Report.

In Bengal we had as the only aftermath of the Jute Enquiry Committee's Report the voluntary restriction scheme trumpeted all over the province not merely by propaganda but also, as several

(11) Ibid., p. 345, *Rusticus Loquitur*, p. 157. Also D. Spencer-Hatch—*Up from Poverty in Rural India*, p. 86-89.
(12) Report, para 406.
(13) cp. The Bengal Co-operative Journal (July-Sept, 1935); Visva Bharati News (July, 1935).

reports in the *Patrika* revealed, by the threat of the flourish of the 'big stick.' No steps have been taken to establish even the mockery proposed by the Majority Report, of tentative 'regulated' markets working in competition with the other markets working unhampered by legislation over the same area. We have not yet had the Jute Committee with its scope of activities so limited by the Majority Report that Clive Street might not feel embarrassed; we have not been promised the era even at a distant date, of compulsory regulation of jute-cultivation, not to speak of a scheme of compensatory payments to accompany restriction. But we have on the Statute Book the Primary Education Act, the Bengal Waterways Act, the Bengal Money-lenders Act, and the Bengal Development Bill has been passed with minor changes. Now comes the Bengal Relief of Indebtedness Bill and the Resolution for ruralising education. The Government of Bengal, of course, has been slow in the matter of bringing forward this array of legislation, but in having them put in the Statute Book they have shown not so much commendable promptitude as haste which did not allow them to take public opinion much into consultation, not to speak of waiting for a more representative Council. But, one wonders why there is this hurry to have these pieces of legislation, while most of them are not being put into operation.

The method of rural uplift through Government agencies stands condemned to-day in India on two principal grounds. First, an evolving democratic system in the country, especially the promise of an impending instalment, should not be made to co-exist and be dependent, in the slightest degree, on bureaucratic direction. Schemes, which would depend on the 'ma-bap' theory of administration through the omniscient and omni-competent Civilian Brahmins, would not only not strike their roots into the soil but would continue, even enhance, the great dependence of even the local 'self-governing' institutions on the local official. Secondly, if the people cannot be depended upon to organise themselves according to certain plans evolved for the province after due consultation of all interests affected and the experts (not necessarily)—one wonders what chances there can be of such schemes actually achieving the desired object of rural uplift, betterment or reconstruction.

The remarkable success of much of the Christian missionary efforts, in the sphere especially of education, is due to the democratic basis of this work and the very close relationship of such activities to the immediate needs of the villager.[14] Intensive work should have

(14) Vide: Schools with a Message in India and its recent supplementary booklet, Fourteen Experiments in Rural Education, published by the Y.M.C.A.

to be undertaken in selected centres to tackle comprehensively and simultaneously those of the problems of a particular locality which can be tackled locally. The co-operative movement must play an important part in such activities and not the Department. The experience of such model centres should be pooled, conferences of workers should be held and rural uplift should be a people's movement. Such measure of compulsion or legislation as might be necessary should be the outcome of the suggestion of *bona-fide* workers in that sphere and not of bureaucrats. It is the democratisation and decentralisation of the whole machinery of rural uplift that can go to the root of the problems to tackle them most efficiently and economically.

A MYSORE EXPERIMENT IN CO-OPERATIVE DISTRIBUTION

By

Mr. Y. Sreenivasaiya, B.A., LL.B.,

Hony. Secretary, The Chamarajapuram Co-operative Stores, Ltd., Mysore.

Chamarajapuram is an extension of the City of Mysore at its south-west, formed forty years ago. It is inhabited mostly by the salaried class and members of the bar. Many of them are permanent settlers who own houses in the extension. There are not many shops even now in the extension, nor were there any when the extension was formed. People had therefore to go a distance of nearly six furlongs to obtain even the ordinary requirements of their household. The worry and the waste of time thus involved began to be keenly felt.

In the year 1906, soon after the introduction of the Co-operative Regulation into Mysore State, a Co-operative Society was opened in this city, and in its administration and development some persons living in this extension took keen interest. But that Society was situated in the heart of the city more than a mile and a half from the extension. For that institution, by name the Mysore Co-operative Society, Ltd., started with an ambitious programme. It secured jurisdiction over the whole taluk measuring more than 200 square miles, and aspired to serve the agriculturists of the villages as well as the dwellers of the city, by providing both of them with all their requirements, such as loans, cloth, provisions, seeds, manures, agricultural implements, etc. Though it succeeded well in its loans section and cloth department, its enterprise in the provisions section ended in failure, within the first two or three years. Consequently its members, of whom a large section were the inhabitants of Chamarajapuram, entertained the belief that co-operative societies could not successfully supply on business lines provisions to their members.

Some years later, when the extension expanded further and became more populous, the want of shops was felt even more keenly than before by the dwellers in the locality. They decided to attempt once more to run a co-operative stores, this time not in the business centre of the city as before, but in their own locality just to meet their own requirements. In the year 1918 some young and enthusiastic persons of the place, of whom some were teachers in the Mysore University and others belonged to the bar, applied for the registration of a co-operative store in spite of the warnings of elderly co-operators who had witnessed the provisions section fail in the older society; and in the month of August of the same year, on a Friday—the Varamahalakshmi day—the new Stores was opened in the centre of the extension in a small room measuring 10 feet by 12 feet, and was named the Chamarajapuram Co-operative Stores, Ltd.

The organisers of the stores entertained the opinion that the loans section of the older society was the cause of the failure of its provisions section. Intending to profit by the lessons learnt in the past, they made no provision in the bye-laws, for the advance of loans to members. But this omission was not felt at the time to be a serious defect, as it was possible for people to get loans in other societies where they were members. In fact, the Stores was looked upon by many as an organization intended to supplement the services rendered by the sister institutions of the city.

Members flocked into the new society in large numbers. Within the end of next June the membership rose to 360, and the sales for the ten months ending with June 1918 amounted to Rs. 30,000. The organizers all of whom were members of the first Managing Committee spared no pains to make the new Stores succeed on business lines and to falsify the misgivings of the sceptics. It must be gratefully acknowledged by every one that the Stores owes not a little of its success, to the spirit of service and self sacrifice of the pioneers, who without any gain for themselves, cheerfully rendered very arduous work both in selection of articles and securing them at low rates—not minding carping criticisms of the fastidious, the suspicious, and the fault-finding amongst the members. Next year the sales exceeded Rs. 68,000 in value and within the next two years the sales went up to Rs. 83,000.

In addition to the enthusiasm, self-sacrifice and spirit of social service of the organizers, and the responsiveness of the inhabitants of the locality, the time was, otherwise, propitious for the expansion of the Stores. The Great War was still raging very severely in the year 1918. The cost of things both Indian and foreign had risen very high. Trade in foodstuffs was strictly controlled by the Government which had fixed the maximum sale price of articles. It was difficult at that time and during the next one or two years for people to get their requirements in the open market for a fair price. The prestige associated with co-operative organizations therefore induced many persons to come to the Stores to obtain their requirements.

Though its business thrived and its membership increased rapidly, it suffered from the very beginning from a serious handicap. It had to locate its shop in a rented building, but few people were willing to let out their houses to the Stores, as the damage caused to their buildings by rats, customers, and the oil stored for sale, was too great to be sufficiently compensated by the rent they obtained. As no owner allowed the Stores to be located in his house for more than six months, it was obliged to change its premises four times within the course of the first two years. Therefore it became a matter of urgent necessity for it to own a building of its own, so as to be able to have a fixed place of business. A loan of Rs. 9,000 was soon raised and was invested to construct a building which it occupied in the year 1921, and in which its central premises are even now located. The investment on the building now exceeds Rs. 20,000.

Though the building gave it a permanent abode and raised its prestige, its progress had a set back in 1923 and this continued for some years. No doubt its membership continued to be about 500 but the sales fell gradually to Rs. 44,000 in the year 1927-28, on account of various causes, one of which was the loss incurred during 1925-26.

The Managing Committee of the year 1928-29 was confronted with a serious situation. The earnings from the sales were insufficient to employ a sufficient number of hands and meet their charges and other working expenses. They foresaw that if things were not improved the institution had no alternative but to close its business soon. So they had to consider how they may popularise the Society and stimulate its business. They therefore examined the principles on which they had been working. It was believed by many persons at that time that in an ideal co-operative society the area of operation must be narrow, the membership should be not more than 300 or 400, and that each Society should confine itself to only one kind of co-operative work. The Stores was organised on these principles. Its jurisdiction extended to only one *Mohalla* (Division) out of the seven in the city and its membership was confined to those who actually dwelt within the area, and its business was limited to that of supplying the provisions required by its members.

But the Management realised that these principles, whatever their theoretical worth, did not help them to run their Society successfully and satisfy their members. They remembered that in another important matter, where they had deviated from the cherished notions of the theorists, they had not suffered at all. In fact without that practice which they had kept in vogue from the beginning, the Stores would have closed its doors long ago.

It is well known that one of the Rochdale principles is to sell goods for cash, but never on credit. But the Mysore State violated this

principle from the very beginning. In all the societies of the State, credit sale is a very common feature and by far exceeds the cash sales. Very little of the credit advanced has become bad debt—especially as the credit is fixed so as not to exceed the share amount paid by the members in the majority of cases—though certain societies allow even a higher credit. The payments made by members in discharge of their dues for credit purchases every month more or less equal the amount of credit sales of that month. Practically it is as good as cash sales so far as the societies are concerned, since the recoveries on account of credit sales together with cash sales amount approximately to the value of goods sold for cash and credit each month.

They settled therefore to deviate from the cherished notions and find out a way of their own; they decided to enlarge the area of operation, expand the variety of the business and to provide for all the domestic requirements of their members, such as provisions, cloth, fuel and above all to advance the much dreaded loans also. First of all the banking and the cloth sections were opened and next year the jurisdiction was extended to about half the area of the city. Thereafter the business developed rapidly. The expectations were more than fulfilled. The membership which had dwindled to 420 by the end of June 1929 rose to 649 by the end of June 1930 and continued to increase in even a greater proportion. To-day (June 1935) the Stores counts more than 2,500 members. The schedule of Comparative Statement appended herewith shows clearly how the assets and business of the Stores have been increasing rapidly year by year ever since the new policy was adopted. The total assets of the Stores at the end of June 1928 were Rs. 27,567. By the end of May 1935 it was more than Rs. 300,000—an eleven-fold increase in less than seven years.

Expansion of jurisdiction and enlargement of membership made it impossible to distribute things in a single sale room promptly and satisfactorily to all the members of the Stores within its limited business hours. Members were sometimes obliged to wait in the early part of the month for more than two hours to get their turn at the counter. Naturally they were dissatisfied and demanded that branches should be opened near their homes. The first branch was therefore opened on 20-8-1931 at a place about a mile off from the central stores to serve a group of about 300 members. Its success encouraged the Managing Committee to open more branches. They opened the second branch in the Municipal Market in another division of the city in February 1932. The third branch was opened in the month of April of the same year in the Vanivilasa Mohalla—a new extension more than two miles away from the central stores developing at that time and very much in need of a good stores. In 1933 the fourth branch was opened within a furlong of the Central Stores to remove congestion of its business. The fifth, and at present the last, branch was opened in February 1935.

The sales of the Central Stores have not fallen, even though much of its business is transferred to the branches. The branches have been securing new business and the Central Stores has been attracting many of the people in the vicinity who till now were not particular to purchase their requirements in the Stores. The total sales effected by the Stores amount at present to Rs. 13,000 a month.

The Stores purchases all the goods it sells, but has not yet undertaken the production of any of the things consumed by its members. The membership is sufficiently large for venturing on a small scale, in the field of production, but the problem has not yet received the serious consideration it deserves.

The increased volume of work has necessarily led to a proportionate increase in the staff also. In the beginning there were only four clerks and four peons; but now there are more than sixty hands, comprising the store-keepers, bill-writers, clerks, attenders, and audit clerks who are more than forty strong, and menials who are about twenty in number. The salary disbursed per month exceeds Rs. 840.

The profits of the Society are no doubt increasing year by year; but as the share capital is also rising in a greater proportion, the dividend on shares is not showing a perceptible increase. Nor is there any surplus available to distribute a dividend on sales. Better results are expected in the course of one or two years.

All the members of the Stores are not making their purchases in the Stores. If only they should buy exclusively in the Stores, the sales can confidently be expected to be doubled. The prices are fixed generally at the market rate but sometimes they are slightly higher especially in the case of rice, butter and some other articles. But there are some articles which are sold slightly cheaper than in the market.

The average gross profit on sales is not more than 7 per cent. of the sale price. The salary of the staff of the Stores section, and expenditure on stationery and contingencies of that section, amount to about 6¼ per cent. on the sales. 75 per cent. of the salary disbursed by the Stores is for the staff of the stores-section. Therefore the stores branch of the Society cannot be described as self-supporting. It depends to a large extent on the profits made in the banking section to pay the

interest on share amount. The management and the members have both realised that, rather than a simple Stores Society, a Society which renders all the services that the members require can work the stores section successfully. When the proportion of profit on sales increases, even when the Stores sells at the market rate and the proportion of working expenditure on sales becomes lower, the institution will earn sufficient net profit in its stores section, to enable it to stand on its own legs. The Chamarajapuram Co-operative Stores hopes to do this in the course of the next few years with the co-operation of its present and future members.

THE CHAMARAJAPURAM CO-OPERATIVE STORES, LTD., MYSORE.

Year.	Number of Members.	Share amount paid	Deposits	Total assets as per Balance Sheet.	Cash sales.	Credit sales.	Credit sales recovery	Balance of Credit sales.	Loans due to the stores	Gross profit.	Net profit.	Dividend on Shares	Rebate on Cr. Sales per Rupee	Rebate on Cash Sales per Rupee	Total Cash business of the year
1918–19	360	8,670	180	10,045	11,812	17,119	13,859	3,260	—	—	805	5%	—	—	—
1919–20	479	16,313	2,305	23,036	16,658	51,876	46,107	9,022	—	—	2,068	6¼%	1 pie.	—	—
1920–21	499	17,067	1,820	25,822	17,040	55,452	53,037	11,437	—	—	2,742	6½%	1 pie.	—	—
1921–22	518	17,647	1,875	35,966	19,809	64,021	61,348	14,637	—	6,953	4,400	7%	2 pies.	4 pies.	1,97,60[illegible]
1922–23	507	17,061	815	33,016	18,714	58,518	60,511	13,187	—	5,262	2,500	7%	1 pie.	2 pies.	1,86,4[illegible]
1923–24	505	15,532	890	28,797	21,045	48,210	49,711	11,686	—	5,162	2,203	7%	1 pie.	2 pies.	1,76,3[illegible]
1924–25	504	14,866	478	33,785	23,739	45,246	45,258	11,802	—	4,454	1,487	7%	½ pie.	1 pie.	2,11,7[illegible]
1925–26	474	14,182	1,147	30,242	22,570	34,087	34,372	11,624	—	3,109	378	—	—	—	1,60,7[illegible]
1926–27	475	12,608	1,111	28,547	19,113	30,210	30,525	11,253	—	3,795	830	6¼%	—	—	1,48,9[illegible]
1927–28	466	10,417	1,250	27,567	19,261	25,476	27,978	8,837	—	4,853	2,106	7%	1 pie.	2 pies.	1,42,3[illegible]
1928–29	420	11,182	14,677	41,460	22,347	28,934	29,126	8,645	8,540	4,620	1,513	7%	1 pie.	2 pies.	2,05,5[illegible]
1929–30	649	18,632	26,590	64,673	27,180	45,369	41,505	12,449	22,595	7,298	2,957	7%	1 pie.	2 pies.	4,39,6[illegible]
1930–31	876	25,891	58,624	1,02,913	25,660	45,049	45,415	12,086	48,050	8,635	2,465	5½%	½ pie.	½ pie.	7,83,3[illegible]
1931–32	1,447	39,149	83,953	1,46,783	31,949	53,975	49,833	16,332	81,551	12,719	3,308	5½%	½ pie.	½ pie.	9,52,3[illegible]
1932–33	1,803	46,536	1,28,075	2,06,531	42,715	70,224	68,763	19,385	1,15,117	18,518	4,294	5%	—	—	12,57,4[illegible]
1933–34	1,975	50,913	1,57,303	2,49,228	43,479	81,946	75,809	25,524	1,44,786	22,752	4,364	6%	—	—	16,11,9[illegible]

REVIEWS

THE CO-OPERATOR, 50, Chittaranjan Avenue, Calcutta. Editor: J. N. S. Iyengar. Annual subscription Rs. 5. Price per copy 8 annas.

No Co-operator in his individual capacity has so far attempted to bring out a Co-operative Journal. Perhaps the reason for this is the difficulty of making a Co-operative Magazine self-supporting, at least in its preliminary stages.

Mr. J. N. S. Iyengar is to be congratulated on his undertaking the publication of "The Co-operator" in his individual capacity "The dearth of propaganda", says Mr. Iyengar, "is responsible for the slow pace of the movement. For a huge country with lakhs of villages, there is room for many journals. It is with a view to fill in this void, that this journal feels the justification of being published from the premier city of India. . . . It is proposed to maintain balance among the several phases of Co-operation, namely, Finance, Production and Distribution. . . . Its service as a lever for moral uplift will also find due recognition and proper fostering."

The first issue (July 1935) contains some good notes and articles. The article on "Women in Co-operative Sphere" is particularly noteworthy.

A good many of the Co-operative Journals published in this country are too technical and therefore not followed by the ordinary citizen. "The Co-operator" has broken a new line. It should, therefore, prove of interest to the average reader as well as the Co-operator.

BASHIR.

SAHAKARI-MADHYABHARATA: A Quarterly Journal in English and Hindi. Dealing with topics of Co-operation and Village Uplift in Central India. Published under the auspices of the Indore Co-operative Central Association, Edward Hall, Indore.

Managing Editor: Mr. K. T. Bhate; Subscription, Rs. 2-4 per annum. Concessional rates for co-operative societies and their members.

The Propaganda and Education Committee of the Indore Co-operative Central Association has undertaken the publication of this Co-operative Quarterly Journal. No apology is needed for starting a new Co-operative Journal, especially in the vernacular, anywhere in India.

The propagation of the principles and practices of Co-operation in this country necessitates the establishment of as many co-operative papers as possible. We therefore appreciate the readiness of response with which the suggestion made in the *Indian Co-operative Review*, the organ of the All-India Co-operative Institutes' Association, has been greeted by the Indore Co-operative Central Association.

The first issue (September 1935) of *Sahakari-Madhyabharata* opens with a message from His Highness the Maharajah Holkar of Indore which reveals his great interest in and solicitude for the Co-operative Movement. The journal is rightly claimed to be of more than purely local interest and aims at enlisting the sympathy and support of the rulers and the public of all the States in Central India. Prominence is given to problems of rural uplift or village improvement. The journal contains some suggestive and informing articles. "Some suggestions on Indore Co-operation" by Dewan Bahadur A. U. Malji will be found to be of particular interest to workers in the field of Co-operation: the bulk of the journal is in bright popular *Hindi* and will thus be very helpful to rural co-operators. It is illustrated and the get-up is good. It promises to be a very valuable addition to the co-operative periodical literature in India.

We congratulate the Indore Co-operative Central Association and the Editorial Committee on their enterprise.

EDITOR.

WORKING OF CO-OPERATIVE SOCIETIES IN INDIA

BENGAL

Extracts from the Report of the Registrar, Khan Bahadur A. M. Arshad Ali, for the year ending 30th June 1934.

SUMMARY OF GENERAL PROGRESS.

It was not possible to improve the financial aspect of the movement to any appreciable extent mainly on account of the price of jute and some other agricultural crops continuing even below the cost of production. However, as a result of the strenuous efforts by all concerned, it was not only possible to prevent further deterioration in the financial position of the Central Banks and societies but also to effect a slight improvement in the total collection of the Central Banks which rose from Rs. 75.97 lakhs to Rs. 87.72 lakhs.

OVERDUES.

The position of overdues, however, still remained a disturbing factor. It is an admitted fact now that it is impossible for members of credit societies in the present economic condition to repay their principal loans to any appreciable extent after payment of the current and overdue interest at the prevailing high rate, which is probably the highest in any province in India. Under the circumstances, it is necessary that the Central Banks should no longer defer the question of granting extension of time and revision of kists to members for repayment of their principal loans. For this purpose the Central Banks will have to supplement their resources of long term capital either by obtaining long term deposits or by the issue of debentures.

The main difficulties in the way of successful collection of the dues of co-operative societies are:—

(a) Comparatively large loans were appropriated by village headmen who had more lands and who by virtue of their position in the societies predominated over their affairs as office-bearers. In the present depleted condition of their income it is not possible for them to repay their debts unless the period of repayment is extended consistent with their repaying capacity.

(b) Though the money market has become easy now the old high rate of interest still obtains in the village societies which is virtually beyond the present paying capacity of the members of these societies.

(c) It is difficult at present for the Central Banks to successfully execute the awards made by the Arbitrators in dispute cases and for the liquidators to realise the dues from the liquidated societies by enforcing certificates under the Public Demands Recovery Act as the disposal of the properties of the judgment-debtors do not usually fetch proper value.

(d) The inadequacy of the Central Bank's supervising staff is also a great handicap in improving the collection of the dues of co-operative societies.

Notwithstanding these difficulties the Central Banks are sincerely anxious to improve their financial position. The members of village societies are also generally eager to repay their debts as best as they can and they still maintain the traditional respect for the sanctity of debts. The attitude of the investing public has also been sympathetic so far. In the various conferences of the depositors, they generally displayed a most reasonable attitude on the question of reduction of the rate of interest on deposits. The willing co-operation of the District and Sub-divisional Officers is also available now to a greater extent. These redeeming features will undoubtedly help in the work of stabilising the movement.

ACTION TAKEN BY CENTRAL BANKS.

With a view to stabilising the financial position and improving the financial working of the Central Banks and the co-operative societies at this juncture, action was taken by a number of Central Banks. These measures are now being applied to other Central Banks.

(i) Conferences of depositors were held and the rate of interest on fixed deposits for three years was amicably reduced by about 3 per cent from the existing rate which was 7½ per cent on an average.

(ii) Conferences of shareholders of the Central Banks were held and the rates were reduced—in the case of societies from 12½ per cent. to 10$\frac{15}{16}$ per cent. or 9⅜ per cent. and in the case of individual members from 15⅝ per cent. to 12½ per cent. or 10$\frac{15}{16}$ per cent. according to the working capital of the central banks and societies. The reduction in the rate of interest served as an incentive to members for better payment of their debts. The present economic conditions continuing, it will be necessary to reduce the rate of interest still further.

(iii) Arrangement was made to realise the arrear interest in equal yearly instalments spread over five to ten years. Definite instructions were at the same time issued to the Central Banks regarding utilisation of their receipts, namely, that every Central Bank should meet its annual obligatory charges, i.e., interest due to financiers and establishment cost out of the current and arrear interests which should be sufficiently collected for meeting these charges. If there is any surplus after meeting these charges it should be utilised in improving the position of the fluid cover and the reserve fund. The reserve fund should be invariably separately invested. The repayment of matured deposits should be made from principal sums collected, by raising fresh deposits at lower rates and by borrowing from the Provincial Bank or drawing upon the cash credit from the Provincial Bank where such credit exists.

(iv) Payment of dividend and bonus was generally suspended by the Central Banks.

(v) Steps were taken to introduce in the area of Central Banks, where possible, profitable spring crops with a view to increasing the income of the members. The importance of the problem of supplementing the income of the agriculturists cannot be overestimated at the present juncture. The reduction of the rate of interest and the extension of period of repayment of loans are mere palliatives, but some suitable measures should be devised to gradually increase the income of the members.

(vi) An elaborate scheme for the training of over 300 officers of the Co-operative Department and about 800 officers of the Central Banks and also for the training of office-bearers of village societies was formulated by the Department which was considered by the representatives of co-operative societies at the last annual general meeting of the Bengal Co-operative Organisation Society and approved by them.

(vii) As a safeguard against over-financing of societies by Central Banks steps have been taken for the maintenance of accurate property and debt statements of members of societies with a record of their normal credit appraised with due consideration of their repaying capacity. Arrangements have also been made to have the statement examined and revised annually by a responsible departmental officer and thereby to ensure greater control by the department in the matter of issue of loans to members.

(viii) Arrangement has been made for better control and supervision of societies with the existing departmental and Central Bank staff as far as possible. The area under each Inspector of co-operative societies has been divided into Audit Circles consisting of 75 to 100 societies. Each circle so constituted has been placed under an Auditor of co-operative societies. The duties assigned to the Circle Auditor in addition to his audit duties are to maintain a record of the economic history of the members of societies under his charge, to encourage the formation of an advisory body in the circle for improving the working of societies, to promote schemes of rural reconstruction and to assist the Central Banks in the collection of their dues from the village societies with the help of the Supervisors of Central Banks working under them. It is hoped that the circles forming permanent co-operative administrative units will gradually become efficient agencies not only for improving the working of village societies but also for helping village reconstruction in various ways.

NEW SOCIETIES.

During the year under review there was a growing demand for formation of new societies, both credit and non-credit. The formation of new societies was practically stopped during the last two years, partly due to the policy of consolidation followed by the Department and partly in view of the recommendation of the Retrenchment Committee. The soundness of the policy of placing an embargo on new registration was seriously discussed in some quarters. With a view to preventing the movement from drifting into stagnation, cautious expansion both on the credit and non-credit side is necessary. I submitted to Government a proposal for formation of new societies to a limited extent which has since been approved by Government.

URBAN CREDIT SOCIETIES.

The non-agricultural credit side of the movement developed rapidly and continued to maintain its prosperity unabated. Notwithstanding the adverse economic conditions these societies have succeeded to improve their collections fairly and reduce their overdues appreciably. Middle class people who form the membership of these societies are deriving benefits from them in more than one way. These societies not only supply cheap credit to their members in times of need but also serve as a profitable field for investment of their savings. Further, in the Salary-Earners' Societies the introduction of the provident deposit and death benefit schemes have been extremely beneficial to the members. These societies are gradually bringing into the fold of co-operation an increasingly large number of educated middle class men and thereby considerably strengthening the movement.

OPERATION OF AGRICULTURAL CREDIT SOCIETIES.

The total number of agricultural credit societies fell further from 20,009 to 19,892. The number of members also declined from 465,237 to 457,083 but the working capital increased slightly from Rs. 5.69 crores to Rs. 5.73 crores. The issue of loans by these societies amounted to Rs. 32.74 lakhs as against Rs. 35.83 lakhs of the previous year. There was a slight decrease in the repayments by members which amounted to Rs. 36.36 lakhs as against Rs. 36.55 lakhs in the preceding year, while the percentage of repayment slightly increased from 8.4 to 8.5. The position of the overdues also improved a little being Rs. 340 lakhs or 79.9 per cent as against Rs. 346.59 lakhs or 80.9 per cent of the preceding year. Out of a total outstanding debt of Rs. 425 lakhs in the agricultural credit societies as much as Rs. 226 lakhs or 53 per cent is their own money.

Five Land Mortgage Banks were sanctioned by Government during the year for providing easy credit facilities in the shape of long term loans to the agriculturists repayable in small instalments not exceeding 20 years. A capital to the extent of Rs. 12.5 lakhs for these five banks was also sanctioned to be raised by floating debentures by the Bengal Provincial Co-operative Bank. Only two out of the five proposed Land Mortgage Banks were established before the close of the year.

AGRICULTURAL PURCHASE AND PURCHASE AND SALE SOCIETIES.

The Central Paddy Sale Society at Calcutta handled about 98,537 maunds of paddy and rice as against 112,732 maunds of the previous year. It could not improve its business owing to unsteady rates of paddy. The business of the society was also affected as a warning notice was served by the Irrigation Department at the beginning of the season to close the khal which is the main waterway for import of paddy and rice to the society. The society, however, was able to balance its budget and made a nominal profit by cutting down establishment charges. The Gasava Rice Mill did comparatively better business this year and earned a profit of Rs. 3,669 against Rs. 3,416 after allowing for proper depreciation of block and fixtures. The Bakarganj Subdarban Sale Society continued to earn a good profit and the Donovan Rice Mill attached to it also worked very well during the year. The mill, besides raising the price of paddy of the members, made a profit of Rs. 9,746 after working only 110 days. The mill has so far successfully ousted the local *beoparis* who so long had a monopoly business and dictated the price which the unorganised growers had to accept. The services rendered by the mill are, therefore, keenly appreciated by the colonists.

IRRIGATION AND DRAINAGE SOCIETIES.

There was a slight increase in the number of these societies from 932 to 937 and in their membership from 22,832 to 22,907. Five new Irrigation societies were registered in the Burdwan Division making up a total of 922 in that division as against 917 of the previous year. The total irrigable area served by the irrigation societies was 156,781 bighas of land as against 150,555 bighas in the preceding year. There was a larger demand for new organisation of tank irrigation societies particularly from the districts of Bankura and Birbhum.

AGRICULTURAL ASSOCIATIONS.

The Naogaon Agricultural Association started a sugar factory and encouraged the cultivation of cane in the ganja mahal area with a view to supplement the income of the members which deteriorated on account of the decline in the sale of ganja. The factory has not yet been able to work at a profit.

PRODUCTION AND SALE SOCIETIES.

The primary Milk societies affiliated to the Calcutta Milk Union supplied milk valued at Rs. 1,49,928 as against Rs. 1,69,168 of the last year. The profit earned by

them suffered a corresponding reduction from Rs. 8,442 to Rs. 5,785. The reason for the decline in the business is the prevailing economic depression as well as the unfair competition of private dealers which necessitated a drastic reduction in the selling rates of milk. The milk movement in other divisions has not yet shown signs of improvement on account of economic depression and abnormal fall in the price of milk.

NON-AGRICULTURAL CREDIT SOCIETIES.

Non-agricultural credit societies rose from 526 to 531, their membership from 188,532 to 202,163 and their working capital from Rs. 354 lakhs to Rs. 401 lakhs. Rs. 291 lakhs was issued as loans to members as against Rs. 259 lakhs in the preceding year and Rs. 229 lakhs was realised against Rs. 225 lakhs of the last year. The overdues at the end of the year were Rs. 44.75 lakhs or 12.6 per cent as against Rs. 43.60 lakhs or 20.5 per cent in the preceding year. The amount of profit also increased from Rs. 9.54 lakhs to Rs. 11.66 lakhs. Distinct improvement in collection of overdues was noticeable in these societies in spite of the unfavourable economic conditions. The societies organised for the benefit of the unthrifty menials and depressed classes, such as sweepers, etc., have been successful in improving the moral and material condition of their members. It was not possible to resist the demand for new organisation of this type of societies in special cases. This phase of the movement is developing rapidly and contributing greatly to the strength of the movement.

STORES AND SUPPLY SOCIETIES.

The number of these societies fell from 55 to 53 this year and its membership from 10,141 to 9,202. There was, however, an increase in the total sale from Rs. 2.58 lakhs to Rs. 3.39 lakhs. This type of societies is not on the whole working well owing to disloyalty of shareholders, lack of business experience and large credit sale.

RURAL RECONSTRUCTION.

The number of these societies remained at 19 as in the previous year. The Bolpur group of societies, 11 in number, continued to do very useful work. These societies have created three medical centres and appointed a medical officer in each centre for giving medical relief to the members as well as for improving the sanitation of the localities. The measures adopted have considerably improved the health of the local people. Two new schemes were, however, inaugurated during the year, one at Gosava in Sir Daniel Hamilton's Estate and another at Birnagar in Nadia where rural reconstruction institutes have been started with a view to imparting vocational education to middle class young men. The training consists of instruction in agricultural and industrial subjects. It is proposed to organise these institutes into co-operative societies.

BENGAL CO-OPERATIVE INSURANCE SOCIETY.

The society after reconstitution has much improved its working. Its new business during the year under review increased to the extent of 78 per cent over last year's. The attention of the central and other societies of the province has been drawn to the new attractive features of the society and the favourable terms offered by it. It is gratifying to note that in spite of the prevailing economic difficulties, the percentage of lapsed policies was only 3 per cent of the total business done by the society.

THE CENTRAL CO-OPERATIVE ANTI-MALARIAL SOCIETY.

The number of registered Anti-malarial societies affiliated to the Central Co-operative Anti-malarial Society increased from 782 to 930 during the year. The society has successfully tried to awaken in the people of this province a desire for improvement of local sanitation and public health. By means of vigorous propaganda carried on through its journals and bulletins the society has succeeded to divert public opinion to the necessity of improving a number of waterways and subsidiary channels.

INDUSTRIAL UNIONS.

The Bengal Provincial Co-operative Industrial Union made a profit of Rs.5,945 in its trading account for the year. The total sale of the finished products during the year fell from Rs. 40,334 to Rs. 36,546. The value of yarn and raw materials supplied by the society during the year to the industrial unions and weavers' societies amounted to Rs. 1,67,334 as against Rs. 88,257 of the previous year. The society is considerably handicapped as it has to carry on its business with a large amount of borrowed capital bearing a high rate of interest. The Government loan outstanding in this society is Rs. 32,500 bearing interest at 7 per cent. A proposal has been submitted to Government to reduce the rate of interest as also to revise the instalments of repayment with a view to enable the society to improve the position of its liquid capital for carrying on the business on a larger scale. With the help of the subsidy of the Government of India it has been proposed to help the society with an additional staff consisting of a marketing officer, a designer and two canvassers for pushing up the sale.

CENTRAL BANKS.

The number of Central Banks was 118. Their working capital rose from Rs. 513.72 lakhs to Rs. 519.14 lakhs. Deposits from individuals fell slightly from Rs. 200.19 lakhs to Rs. 169.95 lakhs while the loans from the Provincial Co-operative Bank and Central Banks rose slightly from Rs. 121.38 lakhs to Rs. 122.57 lakhs. There was a little rise in the loans to banks and societies from Rs. 77.54 lakhs to Rs. 79.43 lakhs. The repayments increased from Rs. 75.97 lakhs to Rs. 87.72 lakhs, the percentage of repayment being 22.2 of the amount outstanding at the beginning of the year as against 18.3 in last year. The total collection on account of principal and interest (including Anti-malarial societies and Producers' unions) increased from Rs. 106.95 lakhs to Rs. 120.81 lakhs. The total profits earned amounted to Rs. 7.31 lakhs as against Rs. 7.44 lakhs in the previous year. The cost of management decreased from Rs. 6.90 lakhs to Rs. 6.88 lakhs.

BENGAL PROVINCIAL CO-OPERATIVE BANK.

The working capital of the bank rose from Rs. 227.21 lakhs (revised) to Rs. 227.88 lakhs. Loans made during the year were Rs. 60.04 lakhs while the repayments received were Rs. 56.45 lakhs. Owing to a surfeit of funds the bank further reduced the rate of interest on all kinds of deposits. There was no necessity to operate on the cash credit of Rs. 30 lakhs granted by the Imperial Bank on the guarantee given by Government.

BENGAL CO-OPERATIVE ORGANISATION SOCIETY.

The number of societies affiliated to this society increased from 18,338 to 18,830. The society continued its useful propaganda and publicity work during the year though on account of the continuance of the economic depression there was a fall in the income of the society. The lecturers attached to the society made intensive tours in the province and delivered lectures on co-operative matters. The society also participated in exhibitions, and broadcasted several talks on co-operative matters. Thanks are due to Mr. S. K. Lahiri, the Honorary Secretary of the Society, for the time and labour he has been ungrudgingly giving for the success of the society and in editing the English quarterly journal.

CENTRAL PROVINCES AND BERAR

Extracts from the Report of the Registrar, Mr. Bhalja, for the year ending 30th June 1934.

SEASON AND CROP.

For yet another year the outturn of all crops except rice continued to be below the average and there was a further fall in the outturn of gram and cotton. Land revenue had to be suspended or remitted by Government in some places in Berar and the first circle. The yield of cotton was low, while the slight improvement in prices came when most of the cultivators had already sold their produce and could not therefore reap its benefit. The prices of other commodities except linseed declined further. In these circumstances, no improvement was possible in the condition of agriculturists which has been deteriorating for some years.

RECOVERIES.

Undoubtedly the poor outturn of crops and the slump in prices are mainly responsible for the marked diminution in recoveries. But close scrutiny reveals that there are also other factors contributing to this result. The bank authorities show reluctance to execute awards or take stringent measures against persons who wield influence in the elections of local bodies or who are otherwise *persona grata* with them. It must also be recognised now that there has been a considerable weakening of the sense of loyalty on the part of members towards their societies. Instances are not infrequent of members deliberately withholding amounts which could be paid without much difficulty. Membership of a society is no longer coveted, but is looked upon as a galling yoke. All this is very regrettable but is the inevitable negligence in education and supervision and of the practice of making advances on the basis of assets rather than repaying capacity. That coercion, pure and simple, will not bring about the desired result is demonstrated by this year's poor recoveries. It must be combined with persuasion, a careful watch over the income and expenditure of members and the readiness to give timely financial help in deserving cases.

CASH ADVANCES.

Cash advances, which in the previous years had reached the lowest figure of the decade, registered a further decrease during the year. The factors responsible for this practical cessation of fresh financing are: (1) heavy outstandings against members, (2) poor repayment (3) demoralisation among members who hold up their produce for meeting agricultural requirements through fear of not getting fresh loans and (4) the desire of some members to avoid borrowing from societies on account of the coercion exercised for effecting recoveries. It is obvious, however, that unless a way is found for getting over this impasse and re-establishing conduits for funds to flow from the banks to the agriculturists the former would be failing in the fulfilment of their primary function. It is essential that the short term requirements of at least those members who have proved good debtors should be met. In this and in organising fresh societies of good and honest agriculturists who by their past conduct give promise of making productive use of the credit facilities made available to them lies the salvation of Central Banks, the operations of many of which have come to a standstill.

OUTSTANDING LOANS.

The percentage of overdues to the total dues increased from 78 to 83 per cent in the Central Provinces, and from 85 to 89 in Berar. Overdues are the lowest in Chhattisgarh, where they amount only to 7 per cent. of the outstandings.

Financial balance sheet of the co-operative movement as a whole, on 30—6—1934.

Liabilities.

	Rs.
(a) Fixed Deposits	1,47,39,786
(b) Savings Deposits	27,88,437
(c) Current Deposits	4,98,651
Provident Fund of Employees	2,50,937
Loans due to banks outside the movement	10,90,493
Total liabilities to outside creditors	1,93,68,304
Paid up share capital	22,88,055
Grand total of liabilities	2,16,56,359

Assets.

	Rs.
Cash in hand and in banks outside the Movement	2,17,147
Surplus in Government Securities	15,11,047
Fluid resource in Government Securities	59,36,546
Reserve fund in Government Securities	34,38,664
Demand loans on the security of deposits and government paper	88,418
Deposits in approved banks outside the movement	1,02,177
A. Total liquid assets	1,12,93,999
Buildings and stock	6,05,742
Landed property	14,38,649
B. Total fixed assets	20,44,391
Total liquid & fixed assets (A and B)	1,33,38,390
Good debts outstanding against societies	96,45,059
Grand total of assets	2,29,83,449

It would appear that despite a succession of adverse years the intrinsic position of the movement, from the financial point of view, is still not unsound.

SOCIETIES AND MEMBERSHIP.

"Any movement which fails to advance is likely to deteriorate." While on the one hand the process of weeding out bad and unco-operative societies must continue, on the other hand, it is necessary for the health of the movement that new sound societies should also continue to be organised. The dual policy of cautious advance and elimination of weak societies was pursued during the year. Unfortunately with the present indebtedness of the cultivator and his reduced paying capacity, scope for further expansion is limited. The number of co-operative societies of all types declined further from 3,898 to 3,794 of which, 3,589 were primary agricultural credit societies. In consequence the total membership also declined from 1,18,587 to 1,14,389. The working capital however showed an increase from Rs. 5,38,98,600 to Rs. 5,56,89,480.

EDUCATION AND SUPERVISION.

Much of the time of the group officers and assistant group officers is necessarily spent in effecting recoveries. So they find it difficult to carry on much educative propaganda. But they are not mere dunners, as is sometimes alleged. Even while effecting recovery they try to inculcate co-operative doctrines. That they have not so far been able to show any striking results is due to the unfortunate synchronization of the introduction of this system with the economic depression. There can be no doubt, however, as was observed last year, that they have been largely instrumental in arresting further deterioration in primary societies. Government gave financial assistance to the institutes by way of grants to the extent of Rs. 24,000 (Rs. 37,000). The grants were cut down as some of the institutes had accumulated large surpluses.

TRAINING AND PROPAGANDA.

243 rallies were held during the year (256). 219 rallies were held in the Central Provinces and 24 in Berar. They were attended by 11,967 members of 1,867 societies and by 8,883 outsiders. Except in Chhattisgarh interest in rallies is waning. This is due to several causes. The novelty which attracted persons to rallies in the beginning is wearing off. The economic stress and indebtedness of members do not encourage enthusiasm for these functions. Much depends on the personality of the person organising a rally. The persons selected to preside over the function must be one who wields considerable influence in the neighbourhood and who can inspire enthusiasm among the agriculturists. The rallies should not be made formal affairs. While lectures should not be tabooed, emphasis should be laid on discussions and talks which are likely to be more easily comprehensible to the villagers and therefore more interesting and instructive. In order to popularise rallies the Wardha bank has been allowed to purchase a magic lantern.

Three institutes organised training classes for the field staff. Classes for training the members of societies and rural directors were held at six centres. Officers of the Agricultural and the Co-operative Departments maintained touch with one another. This contact is essential if the activities are to bear fruit. In Chhattisgarh members of several societies were given selected seed and advised to sow it separately. The yield from such seed is reported to have been 25 per cent more than that of ordinary seed. The rural uplift activities in the Pipariya circle in Hoshangabad district were continued as before. Co-operative societies in the province were advised not to grant loans to their members in connection with marriages in contravention of the Sarda Act.

GENERAL POSITION.

Although the financial position of the movement as a whole is yet sound, it has ceased to be a live agency for rural credit except in Chhattisgarh. Several banks which have large surplus funds are unable to make use of them in financing societies. The problem of the management of land has assumed great complexity in Berar. The area in the hands of central banks and societies increased to 25,423 and 5,926 acres, respectively. The largest area has been acquired in Akola, Khamgaon and Amraoti. Cultivation of lands by banks and societies has proved unprofitable and so has the system of leasing them out on *batai*. In many cases it was found difficult to realise in cash the lease money. The only sound course is to dispose of the lands as soon as possible as and when the demand for land revives and meanwhile to so manage them as to avoid any loss, if no profit is possible.

An elaborate scheme has been drawn up for writing off bad debts from reserve and other funds of primary societies in Berar. In conjunction with the special staff appointed by the Berar Co-operative Institute, the work of determination of bad debts has already begun and is expected to be completed before the end of the current co-operative year. The Central Provinces banks have been advised to take steps to reduce their accumulated bad debts in accordance with the standing instructions by contributions from solvent members, the reserve fund of societies and the banks' provision for bad debts.

The Central Banks and the primary societies affiliated to them have been permitted as a temporary measure to reduce the margin between their borrowing and lending rates to the lowest possible limit.

The reserve fund scheme has been modified so as to permit the interest on reserve funds of all societies being used to reduce the rate of interest charged to members. These measures have given some relief to the indebted members of primary societies.

LAND MORTGAGE BANKS.

Since the close of the year, Government has decided to establish 10 land mortgage banks and further to guarantee the principal of, as well as interest on, debentures to be floated by the Provincial Bank for raising the requisite capital, to the extent of Rs. 50 lakhs. At the same time the original scheme has been made more liberal in certain respects so as to extend the benefit of Land Mortgage Banks to the largest number of agriculturists possible. The maximum of an individual loan has been raised to Rs. 10,000; while the minimum has been lowered to Rs. 250 in the Central Provinces and Rs. 300 in Berar. The period for which loans will be advanced has been extended from 16 to 20 years. As a result of Government guarantee of the principal of debentures it is hoped to reduce the rate of interest to be charged to members from 9 to 7 per cent. Lastly the Central Provinces Tenancy Act has been amended so as to permit the mortgage of occupancy land in favour of Land Mortgage Banks, with the object of enabling occupancy tenants to take advantage of long term credit facilities.

DUAL POLICY.

The policy that the Department has been pursuing is thus a dual one. On the one hand all possible steps are taken to arrest further deterioration and decay and the resources of the movement are conserved and consolidated. Weak and unco-operative societies which constitute a dead weight on the movement are eliminated and coercive measures are pursued vigorously against members who are hopelessly indebted and who cannot be saved. On the other hand all possible measures are taken to reduce the load of indebtedness and the necessity of establishing new societies on a sound basis and of re-organising those which are not beyond all hope of redemption is steadily brought home to the authorities of the Central Banks. It is recognised that if the movement is to revive, it must not be allowed to stagnate and the desirability of meeting short term requirements of deserving members is pressed on the Central Banks.

Coercive action, in the unfortunate plight in which the movement is at present, is largely unavoidable. This emphasis on coercion has exposed the Department to the charge of being unsympathetic. Further in the present delicate and difficult condition of the movement the Department has been compelled to pay greater attention to matters of detail. The officers of the Department have to keep a vigilant eye on every instance of slackness of wasteful expenditure, of improper financing and of every action which may savour of favouritism. This is not liked by those who wish to follow their own methods. A tendency is noticeable, especially in Berar, of accusing the Department of trying to exercise undue control. Speaking generally, however, and barring a few exceptions, the relations between the officers of the department and the non-official workers were cordial. It is also to be noted with satisfaction that the constructive activities of the Department, such as the establishment of Land Mortgage Banks with guaranteed capital and interest, measures adopted to reduce the load of indebtedness and the rates of interest and unostentatious but solid work, as in Chhattisgarh, are being appreciated generally. It will need years of patient efforts on the part of both official and non-official co-operators to extricate the movement from its present plight. Any tendency to mix up politics with the working of this Department, as is noticeable in Berar, is to be deprecated.

UNITED PROVINCES OF AGRA AND OUDH

Extracts from the Report of the Registrar, Mr. Vishnu Sahay, I.C.S., for the year ending 30th June 1934.

Overdues, it is often claimed, are an index of co-operative education and it is true that the reported improvement is not reflected in diminished overdues. But in a year like this when there has been a succession of bad harvests in most of the large co-operative tracts and when the peasants' surplus available for re-payment of loans has almost disappeared owing to the fall in agricultural prices, I do not think it is fair to assess co-operative education in terms of overdues.

FINANCING AGENCIES.

The number of banks including 9 banking unions remained 71 as last year. The paid up share capital is Rs. 23.6 lakhs. As a concession to societies on account of the agricultural depression, banks allowed more postponements of share instalments and in some cases adjusted share money against loans; the result was that share receipts fell from Rs. 71,092 to Rs. 56,600 while withdrawals of share money increased from Rs. 33,888 to Rs. 47,027. The total deposits of societies held by banks at the end of the year rose from Rs. 3.72 lakhs to Rs. 4.73 lakhs; the cause is that owing to heavy overdues, advances to members were restricted and lagged behind the automatic growth of owned capital, and the surplus was naturally invested in banks. Deposits from individuals were reduced from 45.0 lakhs to 39.9 lakhs, not for lack of depositors but because owing to large idle balances, the banks did not want the money. A considerable proportion of these deposits were taken some years ago at high rates of interest, and are now an embarrassment as cheaper money is easily obtainable.

Interlending between banks shrank from Rs. 5.55 to Rs. 4.48 lakhs; banks which used to borrow found it unnecessary, owing to the growth of the owned capital of their societies and the restricted loaning on account of rising overdues. Advances to working societies and repayments by working and liquidated societies amounted to Rs. 15.09 and Rs. 19.40 lakhs respectively, a decrease of Rs. 1.07 lakhs and Rs. 1.11 lakhs on the figures of the previous year. Recoveries exceeded advances by Rs. 4.31 lakhs and outstandings have consequently decreased against working societies by Rs. 3.82 lakhs and liquidated societies by Rs. 0.47 lakhs. The total outstandings are Rs. 41.02 lakhs against working societies and Rs. 7.76 lakhs against liquidated societies. Although the actual amount of repayments was less than last year, it represented 38 per cent of the total demand as against 37 per cent of last year. The overdues of principal against working societies at the close of the year represented 57.8 per cent of the total outstandings of 41.02 lakhs—the percentage last year was 61.06. The financial position has, therefore, slightly improved.

REPAYMENTS IN KIND.

The system of repayments in kind in order to improve collections was given up by Bijnor on account of losses in the previous year. Moradabad continued it but on much smaller scale. The concession to members in purchase price was reduced to 2 chataks per rupee and only 4,681 maunds of grain valued at Rs. 14,153 was dealt with. The exact financial results are not known, as about half of the stock was undisposed of at the end of the year.

FINANCIAL POSITION.

Borrowed capital mostly from individual deposits was reduced to the extent of Rs. 5.51 lakhs, while share capital and reserve and other funds increased by Rs. 0.10 and Rs. 1.02 lakhs respectively. The net result was a diminution of working capital from Rs. 91.83 lakhs to Rs. 87.44 lakhs. The share capital and reserve funds represent 27 per cent and 17 per cent of the working capital. The Maclagan Committee recommended eight times the owned capital as the upper limit for borrowed capital; the banks in these provinces have not raised more than 1¼ times the owned capital. Taken as a whole, the financial position of the banks is safe. The banks were, however, not able to find proper investment even for this reduced working capital. Temporary investments and cash in hand went down by Rs. 1.65 lakhs but fixed investments increased by Rs. 2.31 lakhs and real co-operative business was reduced by Rs. 5.36 lakhs. Banks have been advised to reduce the rate of interest on their borrowings. Fresh organisation is also being undertaken in localities where the human material is suitable and there is a genuine demand for co-operation and where proper arrangements for supervision and co-operative education can be made. Book profits and undistributed profits amounting to Rs. 5.39 lakhs provide the first buffer and then come other funds amounting to 4.41 lakhs.

The overdues in principal and interest are 31.47 and 7.51 lakhs respectively and even if bad debts are 1|5th and ½ respectively of these amounts, the total amounts required would come to about 10 lakhs. Even the reserve funds would not be touched. This is the general position; there are, however, several banks where the position is shaky.

AGRICULTURAL UNLIMITED LIABILITY SOCIETIES.

The number now is 5,096; membership has fallen from 1.06 to 1.03 lakhs owing to the exclusion of defaulters against whom execution of awards was sought. Advances to members increased by 0.11 lakh to Rs. 19.50 lakhs. Repayments were however 20.68 lakhs, Rs. 0.75 lakhs less than last year but Rs. 1.18 lakhs more than

advances. The total outstandings with members decreased to Rs. 73.98 lakhs, Rs. 1.79 lakhs less than last year excluding as usual the outstandings of societies liquidated during the year. The proportion of recoveries to demand was 30 per cent as last year. Overdue loans decreased by Rs. 3.39 lakhs to Rs. 48.87 lakhs. Overdues including postponements amounted to Rs. 50.05 lakhs or 67.6 per cent of the outstandings as against 71 per cent of last year.

The paid up share capital, reserve fund and other funds of societies increased from 24.44, 27.76 and 3.23 lakhs to 24. 53, 29.19 and 3.92 lakhs respectively, and owned capital is now 57.63 lakhs or 57.8 per cent. of the total working capital as against 55.43 lakhs or 55 per cent of last year. The working capital has fallen by a lakh from 100.69 to 99.67 lakhs due to reduced outstandings against members. The overdues both in principal and interest amounting to Rs. 48.87 lakhs and Rs. 17.51 lakhs are very heavy but the resources available to meet possible losses are sufficient and consist of Rs. 10.06 lakhs of book profits, 0.47 lakhs of undistributed profits, 29.19 lakhs in the reserve fund and 3.92 lakhs in other funds.

PURCHASE AND SALE AND PRODUCTION AND SALE SOCIETIES.

These organisations are a comparatively recent development in these provinces. Many ventures are being attempted and some are full of promise. The work presents unusual difficulties. The workers themselves are in most cases unsatisfactory material for co-operative effort—they are faction-ridden and unbusinesslike, their security is low and both production and marketing demand technical knowledge and business experience of a special type. It is difficult to develop the members to run the business themselves and so far most of the work has had to be done by our staff, who themselves were untrained for work of this kind. Experience has had to be purchased. Cane supply and ghee societies, however, offer a hopeful field, as their management requires no particular technical knowledge or specialized ability.

CANE SUPPLY SOCIETIES.

The number of cane supply societies increased from 26 to 111 including one sale union at Ghughli. The new societies are centred round the Co-operative Sugar Factory of Biswan. The organisation is the usual one of 'one village, one society'. The society makes advances to the growers and sells them improved seed on the security of their crops and acts as the agent for its sale to the factory. No commission is charged from the growers but instalments of the shares are taken collecting one seer extra per maund of cane purchased. The market price is paid, and arrangements are made through a paid staff for fixing the dates of supply and for organising delivery to the factory. The staff consists of a Supervisor for every 25 societies on an average and its cost is met from the commission of one pice per maund which is payable by the factory. The supply part of the organisation gave no difficulty but as the factory started late, this being its first year, it could not purchase all the contracted cane and growers had to utilize the surplus in making *gur*.

OPEN PAN SUGAR FACTORIES.

The sugar yield under the open pan process is low, and the vacuum pan factory is unquestionably more economic but even with the large increase in the latter that is taking place, there must continue to be large sugarcane tracts which would remain inaccessible to factories and where the growers would not get an adequate price for their cane. It was in the hope of helping the growers in such tracts that open pan factories were started as an experimental measure. But most of the ventures suffered from a succession of mechanical breakdowns and after continued losses several discontinued work. The experiment is being continued under the devoted supervision of Khan Bahadur S. Mohammad Hadi. The Department is under a deep debt of gratitude to him.

THE BISWAN VACUUM PAN FACTORY.

This venture represents a new effort in co-operative organisation and aims at saving cane-growers from the evils of disorganised supply and securing them the full value of their produce and a share in the profits of sugar making. The growers were paid promptly and there was no delay and trouble at the time of weighment. Profits were, however, not large as they would have been, had the factory worked the full season—there was unavoidable delay in starting work. The factory distributed a dividend of 6 per cent. out of profits but no bonus could be given to the growers. One more society was organised at Mamauli in Lucknow District. It purchased 5,000 maunds of juice from members and worked at a small profit. The Bastia Society made rab from 12,000 maunds of juice and made sugar by centrifugalizing it. There was a profit of Rs. 431. There appears to be scope for such societies in areas which cannot sell their cane to factories.

GHEE SOCIETIES.

The number of such societies excluding the Chaubon Ka Pura Ghee Union of Agra rose to 30. The total membership is 703 and the total profits were Rs. 7,000. The ghee supplied by these societies has now an established reputation and fetches a good price.

POULTRY.

There are nine small poultry societies including a union at Etah. The societies are scattered and the collection of eggs from them is a hindrance to economic management. The turnover is too small for the societies to be run on proper lines —the main problem here as with most sale societies is that of marketing.

COTTON SALE SOCIETIES.

The Iglas Society of Aligarh did no business, while the Bilgram Society continued to do well. It advanced improved seed (C. 402) to its members, purchased over 4,000 maunds of cotton at its 12 purchasing centres at prices fixed by representative sub-committees, classified, ginned, and pressed the cotton and then sold it through an agent. Hedging was done against Broach cotton to guard against a possible depreciation of C. 402 in the period between the time of purchase and its ultimate sale in the outside market. The growers were paid at once, the financing being done by the Bilgram Co-operative Bank. Purchases were made from non-members also but bonus was restricted to members, the object being to attract members, and thereby popularize this cotton in the Sarda Canal area. The net profit was Rs. 5,154. The Agricultural Department collaborated whole-heartedly and thanks are due in particular to Khan Sahib M. Amir Khan, Divisional Superintendent of Agriculture for his valuable assistance.

BETTER-LIVING ACTIVITIES.

Better-living organization in these provinces are the result of only a recent orientation of co-operative activity which till then was almost exclusively concentrated on agricultural credit. The idea of all-round village welfare as a subject for co-operative effort was taken up some six years ago and now there are 481 better living and better farming societies in addition to a much larger number of credit societies which have taken up this work as an annexe. The main concentration of effort has been in Partabgarh and Fyzabad where extra staff has been employed and some definite progress can be reported.

The total number of welfare societies rose from 438 to 481, and membership increased form 11,500 to 12,200. There are 225 adult schools with 5025 pupils, 835 of whom are reported to be able to read and write up to the primary standard, and 2,499 to the preparatory standard. The number of adult women related to members who can read and write is said to have increased from 2,337 to 2,764. Economies are reported in 4,226 ceremonies as against 3,645 last year. Fines amounting to Rs. 161 were inflicted in 43 cases of undue expenditure on ceremonies. As regards sanitation, 345 societies are under the village-aid scheme; there are 1,489 trained village-aiders, 968 trained *dais*—an increase of more than 100; 346 new village dispensaries were opened, the total number now being 1,676, and over 150,000 persons are reported to have been treated by them, 20,000 more than last year. Vital statistics are maintained in over 500 villages. The number of wells disinfected or cleaned increased by more than 2,000 while those provided with parapets have almost doubled.

GROUP CONFERENCES.

There were 109 group conferences with a reported attendance of 17,000 members representing 1,524 societies. Their utility varied with the Inspector. Some treated them as business conferences at which difficulties were stated, explained and solved; others converted them into mere displays of indigestible uplift oratory by outsiders. Speech-making too has its uses—but the aim should be to get the whole work—speech-making, singing, acting of plays, discussion of difficulties or ventilation of grievances—done by the members themselves.

ATTITUDE OF THE PUBLIC AND ASSISTANCE RECEIVED.

The banks continue to enjoy the confidence of the investing public and there is no lack of depositors. The old band of voluntary workers—all honour to them—still continues to give devoted service in spite of the vicissitudes of recent years, but new recruits are not forthcoming. The 'intelligentia' seem to have lost their earlier enthusiasm for co-operation and the village leader capable of initiating and carrying on rural reconstruction on his own has not yet appeared. The co-operative method has widened its scope and now embraces all forms of welfare activity. There must be a large volume of unmobilized patriotism in the country and all that should be wanted is earnest propaganda—in cities, villages, colleges and schools to organise it and bring it within the co-operative fold.

COST TO GOVERNMENT.

The net cost to Government was Rs. 4.12 lakhs as compared with Rs. 3.92 lakhs. The grant to the U. P. Co-operative Union was raised from Rs. 62,550 to Rs. 66,500. Rs. 34,066 were received from central banks in audit fee.

CONCLUSION.

The credit side of the co-operative movement in these provinces is much criticised. Co-operative education is still defective and the finances of many societies are undoubtedly in a bad way. But in judging the results, one must not overlook the effect, both on morale and finances, of a series of indifferent and bad harvests and of the slump in agricultural prices. The development of co-operative loyalty is bound to be a slow process; after all our raw material is the ignorant villager usually living on the margin of subsistence. Even so, there has been some progress in repayments. Financially, more than half the societies are sound. Owned capital is large and there is no reason to despair. What is wanted is a speedy and effective process of recovery on the one hand, and on the other, general effort at all round development. In addition to credit, societies should take up better-farming, marketing, adult education and other aspects of rural reconstruction. The department propose to take up a policy of 'cautious and steady' expansion on these lines.

COCHIN

Extracts from the Report of the Registrar, Mr. R. A. Gayatrinatha Ayyar, for the year 1933-34.

SUMMARY OF GENERAL PROGRESS.

The following statements give (*a*) the general progress of the movement and (*b*) a general view of the results of the year's working as compared with those of the two previous years.

(*a*) *General progress*:—

Year.	No. of societies.	No. of members.	Working capital.	Total transactions.	Reserve fund.
1931-32	254	25,290	22,26,336	73,22,445	3,23,051
1932-33	256	25,346	24,21,557	85,77,506	3,69,026
1933-34	257	25,183	25,02,154	70,93,801	4,03,715

(*b*) *General view of the result of the year's working*:—

	No. of societies.			No. of members			Amount of Working Capital (in lakhs)		
Year.	Central	Agl.	Non-agl.	Central	Agl.	Non-agl.	Central	Agl.	Non-agl.
1931-32	9	140	105	298	12,010	12,982	6·95	7·78	7·53
1932-33	9	137	110	293	11,498	13,553	7·56	7·97	8·68
1933-34	9	134	114	338	11,218	13,627	7·88	8·01	9·13

The total number of societies at the end of the year was 257, distributed as follows:—

1	(*a*) Central Bank	.. 1
	(*b*) Central Institute	.. 1
	(*c*) Supervising Unions	.. 7
2	(*a*) Agricultural Credit Societies	.. 132
	(*b*) Non-Credit Societies	.. 2
3	(*a*) Non-Agricultural Credit Societies	.. 49
	(*b*) Societies for the Depressed Classes	.. 43
4	Consumers' Societies for purchase and sale	.. 10
5	Weavers' Societies for production and sale	.. 3
6	(*a*) Industrial Societies	.. 4
	(*b*) Students' Stationery Societies	.. 5
	Total	.. 257

The policy of rectification and reconstruction rather than expansion was the guiding motto adopted. This accounts for the small number of societies registered this year.

The number of villages including towns covered by the movement stood at 189 out of a total of 275 villages in the State.

Membership.—The number of members in all the societies excluding the 338 members of the 9 central institutions stood at 24,845 giving an average of 103·1 members per society against 104·6 in the previous year. Classified according to communities, the membership stood thus:—

i. Caste Hindus, 9,484; ii. Non-Caste Hindus, 5,680; iii. Christians, 6,936; iv. Muslims, 1,119; v. Jews, 7; vi. Other castes, 1,540; Total, 24,845.

Of the members, 1,311 were women.

WORKING OF SOCIETIES.

Central Bank.

Though there was a fall in the volume of total transactions when compared with the previous years, there was progress in all other directions. The number of societies continued to be 151 at the end of the year. Of these, 99 were agricultural credit societies and the remaining 52, which included the 7 Supervising Unions, were of the non-agricultural types. The paid-up share capital rose from Rs. 55,722 to Rs. 58,414, but the deposits from societies fell from Rs. 1,17,766 to Rs. 1,17,213. Deposits from individuals stood at Rs. 5,06,377 against Rs. 4,69,399 in the previous year. The rate of interest allowed on deposits varied from 2¼% to 6% per annum. The total transactions fell from 34·23 lakhs to 22·96, but the working capital increased from 7·56 lakhs to 7·88 lakhs. The net profit for the year amounted to Rs. 12,780-13-9 against

Rs. 7,249-10-11 in the previous year. The Government loan of Rs. 25,000 continued to be enjoyed by the Bank.

Loans.—A sum of Rs. 94,008 was disbursed as loans to societies in 104 cases as against Rs. 1,12,918 in 99 cases in the previous year. The interest charged by the Bank on loans continued to be the same as in the prexious year, viz., 6 to 8½%. To mitigate the acuteness of the economic depression, liberal concessions to meet the situation such as, special adjustment loans for the purposes of repayment of overdues and extensions up to a maximum period of 7 years by refixing of existing instalments after close scrutiny made into the security of the outstanding loans by the society panchayats themselves, were given. All the societies concerned do not appear to have availed themselves of these concessions and this accounts for the decrease in the volume of the total turnover and the increase in the overdues.

Inspection and supervision.—The system of supervision by Honorary Supervisors was abolished early in the year. The work of inspection and supervision was therefore conducted by the two Group Examiners. In places where there are Unions, the Bank entrusted the work of inspection and supervision to such Unions. When all the Groups come to have Unions in their midst, greater relief will be afforded to the Group Examiners.

Central Institute.

This continued to be the only Institute of its kind for education and propaganda. Its membership stood at 69 societies and 36 individuals against 61 and 31 respectively in the previous year. The gradual increase in society members is satisfactory and it is hoped that all societies will eventually come into the Institute's fold.

The activities of the Institute were, as usual, confined to (1) Publication of the Quarterly Magazine (Sahakarana Prabodhini). (2) Propaganda work and delivering of rural lectures. (3) Running of a library and reading room. (4) Celebration of the All-India Co-operators' Day. (5) Conducting training class for co-operators and others. (6) Conducting the State Co-operative Conference. The Village Panchayats extended their patronage to the magazine, which became more and more popular and useful. The period of the training class stretched over a period of one month and 10 days and the students began to evince more and more interest in the subjects taught.

Finances.—Including the Government grant of Rs. 600 the total receipts for the year amounted to Rs. 3,375 and the total disbursements to Rs. 3,236, leaving a balance of Rs. 139.

Agricultural Societies.

There were 132 societies at the end of the year. The membership decreased from 11,479 to 11,199. The working capital increased from Rs. 7,96,792 to Rs. 8,00,200. But the deposit from members decreased from Rs. 1,88,698 to Rs. 1,81,134 and those by non-members from Rs. 70,955 to Rs. 66,363. The amount of loans from the Central Bank fell from Rs. 2,51,208 to Rs. 2,45,425. The decrease in membership was due to the cancellation of certain hopeless societies having big membership as well as to the removals made in the course of rectification and consolidation work in societies.

Loans granted in the year amounted to Rs. 2,72,674 against Rs. 3,42,884 in the previous year. Of the total number of 4,271 loans issued, 2,811 loans were to the value of Rs. 50 and below, 1,043 between Rs. 50 and 100, 317 between Rs. 100 and 250 and 100 above Rs. 250.

The total of loans covered by mortgage securities stood at Rs. 35,459 and that on personal securities at Rs. 2,37,215 against Rs. 35,168 and Rs. 3,07,716 respectively in the previous year. Loans granted for the liquidation of prior debts, etc., amounted to Rs. 1,50,924 against Rs. 1,76,672, while the amount granted for agricultural purposes and purchase of cattle stood at Rs. 54,912 against Rs. 73,933 in the previous year. Advances for domestic and other purposes decreased from Rs. 92,279 to Rs. 66,838.

The amount of loans outstanding at the beginning of the year was Rs. 5,51,487 against Rs. 5,57,740 in the previous year. A sum of Rs. 2,72,674 was issued as loans during the year raising the total demand to Rs. 8,24,161. Of this, a sum of Rs. 2,81,747 was repaid leaving a balance of Rs. 5,42,414 outstanding at the end of the year. Of this, the overdues amounted to Rs. 2,35,237 or 43·3 per cent as against Rs. 2,13,670 or 38·0 per cent in the previous year.

The rate of interest charged on loans ranged between 7 13|16 per cent and 12½ per cent as against 9 and 3|8 per cent to 12½ per cent in the previous year. During the year under report, one society (Desamangalam) reduced the rate of interest from 9⅜ per cent to 7 13|16 per cent. The interest paid on deposits by societies ranged between 5 and 9 per cent. against 6 to 9 per cent. in the previous year. The net profit amounted to Rs. 15,961 against Rs. 17,480 in the previous year. The decrease in the net profit was due partly to the new system of crediting the interest on Reserve Fund to the Reserve Fund itself and partly to the cancellation of societies having large working capital and net profit. The amounts spent on establishment and contingencies stood at Rs. 14,694 against Rs. 13,380 in the previous year. The Reserve Fund stood at Rs. 2,30,580 against Rs. 2,13,820 in the previous year.

Non-agricultural Credit Societies.

The number of societies at the end of the year was 92. The membership rose from 11,994 to 12,216 and the working capital from Rs. 8,33,511 to Rs. 8,79,162. A sum of Rs. 6,45,073 was outstanding at the beginning of the year as loans. With a sum of Rs. 6,55,331 issued in the year, the total demand rose to Rs. 13,00,404. Out of this, a sum of Rs. 6,23,764 was repaid leaving a balance of Rs. 6,76,640 outstanding at the end of the year. The amount of overdue loans at the end of the year amounted to Rs. 1,40,975 or 20.8 per cent. as against Rs. 2,35,237 or 43.3 per cent. in agricultural societies and Rs. 1,12,416 or 17.4 per cent in the previous year. The net profit amounted to Rs. 33,067 against Rs. 30,733 and the reserve fund to Rs. 1,17,691 against Rs. 1,05,387 in the previous year. The working of these societies was generally satisfactory.

Depressed Classes Societies.

These societies consisted of Sambavars, Pulayas, Kanakkas, Vettuvas, Ulladans, Nayadis, Malayans, Pulluvans, etc., of the Depressed Classes. There were 43 societies at the end of the year. The membership of these societies increased from 1,594 to 1,725, paid-up share capital from Rs. 2,803 to Rs. 2,866 and the working capital from Rs. 7,839 to Rs. 8,688. But there was a slight fall in the amount of the members' deposits from Rs. 951 to Rs. 922. The total transactions also fell from Rs. 7,897 to Rs. 6,142 resulting in a decrease of net profit from Rs. 641 to Rs. 586. There was also a decrease in the amount of loans issued, which amounted to Rs. 1,592 only against Rs. 2,767 in the previous year. The reserve fund stood at Rs. 2,119 against Rs. 1,534 in the previous year. In spite of the liberal concessions granted by the Government, the general illiteracy, want of thrift and self-help among the members and last, but not least in importance, the world-wide economic depression have enhanced the special difficulties in improving their lot. With the progress of education among them and an improvement in the economic condition, better and more gratifying results may be expected.

Valas' (Fishermen's) Societies.

The number of these societies which were exclusively organised for the benefit of the members of the Vala or Fishermen community stood at 7 at the beginning of the year. The number continued to be the same throughout the year under report. There were thus 7 societies at the end of the year. The number of members, working capital and total transactions of these societies stood at 229, Rs. 33,364 and Rs. 9,755 against 238, Rs. 34,119 and Rs. 8,544 respectively in the previous year. The reserve fund stood at Rs. 5,557 against Rs. 6,719 in the previous year. Deposits from members increased from Rs. 135 to Rs. 154. Though all except Azhikkal Vala Society worked at an aggregate profit of Rs. 404, the transactions of the Azhikkal Vala Society, which is under the direct management of the Central Bank, resulted in a loss of Rs. 890. The Central Bank continued to take interest in the management of these societies. Experience shows that these societies are as difficult of improvement as the societies for the Depressed Classes.

Purchase, Purchase and Sale—(Stores).

The number of societies under this head at the end of the year remained the same as in the previous year, *viz.*, 10. There was a decrease in membership from 823 to 682 and working capital from Rs. 23,832 to Rs. 22,987. The total transactions, however, increased from Rs. 4,79,166 to Rs. 4,89,041, but the net profit decreased from Rs. 1,450 to Rs. 821. The stores in general may be said to have worked satisfactorily in the year under report. Absolute loyalty of members has become available to make sustained progress.

Production, Production and Sale.

The number of societies under this class remained the same as in the previous year, *viz.*, 1 Carpenters' Society and 3 Weavers' Societies. The total number of members stood at 180 and the working capital at Rs. 3,055. The total transactions amounted to Rs. 17,248 resulting in a net loss of Rs. 72-7-0 as against a net profit of Rs. 170 in the previous year. The reserve fund of these societies stood at Rs. 1,062. The result of the year's working of these societies may, however, be said to be satisfactory.

Other forms of Co-operation.

There were 7 societies of this type at the beginning of the year. One (Industrial) society was registered in 1109 raising the total number at the end of the year to 8. These were the three Industrial Societies:—Vaittila Industrial, Moothedom Parish, and Ernakulam Industrial, 4 Students' Stationery Societies and the Sanskrit College Co-operative Home. The number of members and the total transactions of the industrial societies decreased from 182 and Rs. 4,044 to 170 and Rs. 2,215 respectively. Their working capital stood at Rs. 5,732 against Rs. 5,766 in the previous year. The Moothedom Parish Industrial Society had a net profit of Rs. 198 while the Vaittila Industrial Society incurred a loss of Rs. 277. Unless the prices of coir

and fibre get improved and standardised, the prospects of these industrial societies have necessarily to be gloomy.

The membership of 4 Students' Societies stood at 335, working capital at Rs. 2,035, total transactions at Rs. 31,211 and the net profit at Rs. 416. The reserve fund increased from Rs. 312 to Rs. 471. The Maharaja's College Students' Society headed the list with a membership of 154 and a working capital of Rs. 1,030. The working of these societies was satisfactory.

In addition to the above, there were about half a dozen students' unregistered societies attached to educational institutions. Detailed particulars of these are wanting.

Conclusion.

I have had 28 years official experience in the Co-operative Movement both in British India and in Cochin State. With the highly educated human material in Cochin, I had high hopes of its great success. And it did succeed so far. The foundation has been well laid and it is for the educated lover of the land to work up and bring the movement to its intended goal. But unfortunately, he has been educated in a peculiar way. In order to be a real co-operator, and a friend of the poor, he has to be a different man. It is not due to ignorance of co-operative principles. Our educated men know what co-operation is and that is why they do not come in large numbers wherever opportunity is given for education. Perhaps, they fear that by attending propaganda meetings they will have to forego a bit of selfishness and be of service to the land and his neighbour. The failure in many cases where influential people manage societies is due to the lack of a subtle something, viz., sincerity to the cause, want of love of his neighbour and lack of origination and concerted action. Co-operation cannot succeed so long as the sole responsibility is thrown on Government. It is the people's concern and the people for whom it is intended seem to look upon it as a Government concern. So long as the people do not take it as theirs and utilise its immense possibilities there will be no success. The following few words of Mr. V. G. Kale are true here as in Bombay. "True, selfless and effective leadership is also lacking among us and the result is deplorable. Instead of finding fault with the Government and the Registrar and the Department for the prevailing unsatisfactory state of affairs, it may be urged that leading workers in the movement and those who feel like us ought to try themselves to set their own homes in order."

THE XIX UNITED PROVINCES CO-OPERATIVE CONFERENCE, ORAI,
6th and 7th April, 1935.

EXTRACTS FROM THE ADDRESS OF THE CHAIRMAN OF THE RECEPTION COMMITTEE.

The Government's decision to have a whole time Registrar for the Co-operative Department again is one on which we can congratulate both the Government and ourselves. In this respect the Government has shown itself to be very responsive to the popular demand. The selection of Mr. Vishnu Sahay, I.C.S., as Registrar has been excellent. We can confidently look forward to a steady progress of the movement in the coming years.

We hear of a great deal in these days about Rural Improvement. It is a matter of regret that in the absence of workable schemes and trained and exclusive staff and, above everything else, because of the paucity of funds, nothing appreciable has been done in this direction. We hope when the Government of India's one crore comes to be distributed, our Province will have a good share and if the co-operation of the District Boards, Co-operative Banks and various Departments like Agriculture, Health and Industries is secured, great things may be accomplished. The Union and the Department are wrong when they expect much from the Circle Officers and the Supervisors in the matter of forming and working the Better Living Societies. I am definitely of the opinion that unless the staff is increased, the credit side of the movement is bound to suffer.

The movement to have member secretaries instead of the salaried group secretaries finds in us an opponent. This is because we have found that in the present state of education in the rural areas, the sense to shoulder honorary work is not developed among the members of our primary societies.

Encouraged by the helpful attitude of the Department we have, after a lot of preliminary enquiry, founded last year a land mortgage society for the Orai Sub-Division. There are many who question the wisdom of such a step. But we mean to go ahead.

EXTRACTS FROM THE PRESIDENTIAL ADDRESS OF MR. G. K. DEVADHAR, C.I.E., PRESIDENT, SERVANTS OF INDIA SOCIETY.

When I came here last to preside over the Fyzabad Co-operative Conference in 1926, the Oakden Committee was appointed by the U. P. Government "to enquire and report the reasons why co-operative societies have not succeeded better in gaining the confidence and support of the people; and the committee was also further asked to make proposals for improving the organisation, supervision, control, audit, and financing of the movement in all its branches," and the Committee was able to throw much useful light on conditions that prevailed here.

The real beginning in your province may be said to have been made by Mr. Dupernex in 1900 just four years before the introduction of the co-operative movement in India by means of State Legislation passed by Lord Curzon's Government. Mr. Dupernex who was put on special duty, studied the working of co-operative institutions in Europe and published his conclusions in the form of a useful booklet called "The People's Banks in Northern India." From that day onward, during the last thirty-five years, the growth of the movement in your province is not at all adequate to its needs though I must also say, at the same time, it is not so very disappointing and hopeless.

The growth of the co-operative movement in this province as regards (1) societies, (2) their membership, (3) the working capital, (4) the growth of non-credit co-operative activities is far from adequate to satisfy the needs of the growing towns and villages and the increase in rural population. There are many fresh fields for the spread of the co-operative movement with the help of which the prospects of the cottage industries on a small scale like co-operative societies for sugarcane cultivation and crushing should be rapidly improved. Your movement has shown a real insight into the working of a co-operative society by making it a starting point and a nucleus to start rural reconstruction in the villages. It should gradually meet almost all the needs of the rural man in his rural environments and women's improvement by the promotion of better living and thrift societies among women.

Dealing with your special need so far as the finance of the movement is concerned, there has been the crying demand for a Provincial Co-operative Bank to regulate the functions of the net work of the Central Banks in your province. I gladly accord my whole-hearted support to the scheme which was formulated by your Conference by virtue of one of its resolutions and assisted by a committee of three with the help of my friend, Mr. Ramadas Pantulu, when he came here three years ago to preside over a similar conference. I would in passing, however, suggest that you would do well to follow the model of the Bombay Provincial Co-operative Bank as one of the most go-ahead apex co-operative banks in India. With the establishment of such an apex bank, the whole movement will be enlivened and vivified and the whole body of the central financing institutions will be rejuvenated.

I have seen the working of some of the District and Central Banks in your province recently. I feel that the working of the Bank at Orai deserves special mention. Therein I find many elements of progressive development and if the other District and Central Banks were to develop in this manner, there would not be much cause for despair.

The very grave and critical condition of agriculture and agriculturist, speaking broadly, has been the result of the present economic depression and catastrophic fall in prices. It has attracted very naturally the serious notice of the Provincial and State Governments all over the country and several legislative measures are being either introduced or enacted to bring within the reach of the agriculturist the greatly needed relief. Thus, in your Province to-day there are on the Legislative anvil* several measures such as (1) Agriculturists' Relief Act, (2) The Encumbered Estates Acts, (3) the Regulation of the Sales Act, (4) the Temporary Regulation of Execution Act, (5) the Usurious Loans Act, as amended by the U. P. Usurious Loans Act. They are five out of eight that were contemplated; the provisions of these Acts cover a wide range of relief on a large scale. It is, however, to be noted that there is a considerable amount of opposition which even induced the Government to suggest revision of some of these provisions. If indebtedness of the Indian peasantry is to be liquidated, one of the remedies that has been universally suggested and that has been engaging the attention of co-operators in the land during the last ten years or more is the remedy of Land

* These measures were, with the assent of the Governor-General, just being passed into law at the time Mr. Devadhar was delivering his address—*Editor, U.P.C.J.*

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Mortgage Banks working in close conjunction with Debt Conciliation Boards. Central Provinces have made a name for themselves by their vigorous advocacy and partial adoption of these measures. The outstanding example of Bhavnagar deserves to be studied and followed, if possible, stage by stage, in Provinces and States where there is urgent need for such relief to save the agriculturists from economic servitude. The Bhavnagar experiment of the wholesale liquidation of *Khedut's* debts has attracted much attention. As a result of the total redemption effected, there are to-day hardly any suits or execution proceedings pending against any *khedut*s in the Civil Courts of the State. Litigation always a fruitful source of anxiety and expenditure, has been all avoided by amicable settlement outside the courts. Another immediate and undoubted benefit conferred on the *kheduts* is the substantial saving in interest charges alone, which would have amounted to about Rs. 21,00,000 annually, calculating interest at the rate of 25 per cent. which is the ordinary rate the Sowcars levy, though cases of still more extortionate rates charged occur only too frequently. In other words, the *kheduts* have had their huge outstandings of Rs. 86,38,874 compromised and compounded by payment of a sum, which is certainly not more than the annual interest charge, to which they were annually subjected for these arrears. The gain to the State is also not inconsiderable; for apart from redemption creating a debt-free and contented peasantry, an incidental result has been easier and better recoveries of the land assessment, and it was noticed that in spite of the heavy fall in prices, the *kheduts* willingly and easily paid the full unit of current assessment and also something towards arrears even in parts of the State where the season was below normal.

Your province abounds in many sacred rivers and spots which attract a very large number of devout and educated people both men and women. You should consider the feasibility and utility of a new type of co-operative undertaking started at several centres of pilgrimage where religious people who are not quite orthodox would be ready to appreciate co-operative service organised in the interests of the pilgrim travellers and such co-operative institutions should be designed on modern lines and be styled as *Centres of Pilgrims Co-operative Service.*

With a view to afford to the poor but intelligent students of both sexes and to ensure greater dissemination of useful and modern knowledge among the masses, Co-operative Educational and Publication Schemes should be undertaken as in Baroda by those who are keen on doing good to the deserving poor.

The Indian Movement with its 106,000 co-operative societies and total membership in the neighbourhood of 40 lakhs and an ever increasing supply of co-operative capital amounting to a sum of Rs. one hundred crore and an annual and direct saving in interest charges to the tune of two crores of rupees are great achievements to the credit of this great brotherhood of world co-operators in the Indian section and my heart yearns for more rapid growth all along the line at the hands of patriotic and humanely disposed young men and women.

RESOLUTIONS PASSED AT THE CONFERENCE.

The Conference pased a number of important resolutions on matters relating to the co-operative movement in the United Provinces. Among others, the conference asked the Government to give sufficient annual grants for five years to the United Provinces Co-operative Union for the introduction of adult education on an extensive scale amongst the members of the village societies. It further asked the Government and the Union to undertake the ...

tensive scale throughout the co-operative field. It was also resolved that a substantial portion of the grant expected from the Government of India to the province out of the Sugar Excise Duty be devoted to the organisation of better production and supply societies among cane growers and in providing them transport, marketing and other facilities. It was further resolved that the Registrar be asked to encourage the formation of non-credit societies, such as cane supply societies, cotton production and sale societies, irrigation, marketing societies and seed stores. The Conference was of opinion that Government should be asked to utilise as far as possible the co-operative agency in furtherance of rural reconstruction activities in these provinces. It was also decided to move Government for the establishment of Land Mortgage Banks in these provinces as in Madras.

The Conference also passed a resolution asking the Government to reduce the rate of charges for irrigation fixed by the canal department as the catastrophic fall in the prices of almost all the agricultural commodities left no margin of profit for the poor cultivators.—*The U. P. Co-operative Journal, July* 1935.

THE XXI MADRAS PROVINCIAL CO-OPERATIVE CONFERENCE, MADRAS
28th & 29th September, 1935.

EXTRACTS FROM THE WELCOME ADDRESS OF MR. V. RAMADAS PANTULU, PRESIDENT, MADRAS PROVINCIAL CO-OPERATIVE UNION.

The most distressing feature of the Movement to-day, in my opinion, is the loss of faith in themselves on the part of non-official co-operators. That all is not well with the Movement, or to be more candid, that it is sufferring from serious ailments may be conceded. But what is the remedy? There is an increasing tendency on the part of non-official co-operators to rely less and less on themselves and to throw up their responsibility and to depend more and more on the official agency and to shift the burden on to it to put matters right and to resuscitate the Movement. As for the official agency itself, with its traditional and pathetic faith in spoon-feeding, it of course never had any other prescription for non-official maladies except an extra-strong dose of official control, with a corresponding dilution of non-official direction. In my humble opinion, this mental depression in non-official co-operators is wrought with greater danger to the Movement than even the economic depression. A development of such psychology will lead to the eventual extinction of all that is good and worth striving for in Co-operation whose essential attributes are freedom of initiative and democratic control and whose cardinal virtues are self-help and self reliance. The first and foremost reform therefore that is now called for is a mental reconstruction among our official and non-official co-operators and a resurrection of faith in the fundamental doctrines of "Co-operation" which is part of a larger movement of national reconstruction and whose definite aim is to bring about the economic emancipation of the masses. Without confidence in themselves and courage to shoulder full responsibility for the management of their affairs on the part of non-official co-operators, no attempt at reforming the Movement will bear fruit.

Another regrettable feature to which, in my opinion, the present weakness of the Movement is largely attributable, is the absence of cohesion in the several units of the co-operative structure. They are to-day so many isolated bodies each claiming its own autonomy and not integral parts of a single organisation, which is capable of giving a drive from the centre. It is not the power or strength that is derived from combination that appeals but the consciousness that each unit has its exclusive inviolable rights and an assured fractional share in the common inheritance. Any attempt at centralisation of policies or effort in any particular sphere is resented as offending against the autonomy of the individual institutions. This notion is, in my opinion, radically wrong, for in a federal structure the power in the centre can be fully harmonised with autonomy which is broadbased on the ultimate democratic control by the units which voluntarily federate and cede such power, which they may take back if misused. I feel that unless and until we effect radical alterations in the structure of our organisation so as to integrate it and make its various units function as dependant parts of a single machinery, there can be no tangible improvement in the present position.

I take it that the aim of Agricultural Co-operation is to improve the economic condition of the farmer, through co-operative credit, which frees him from exploitation by outside capital; co-operative marketing, which increases his income; and co-operative purchasing, which increases the buying power of that income. If so, it is a plan and a programme which can only succeed by the closest co-ordination of the activities of the several parts of the co-operative organisation. Is there any evidence of such co-ordination in each of these branches of Co-operation and between the several branches *inter se*? I find none. We must make definite plans at once for putting our credit structure on a more sound and satisfactory basis so as to make the primary credit societies, the Central Banks and the Provincial Bank function as integral units of a single organisation and to connect it with our marketing and purchasing organisations.

While our credit organisation is thus in need of being welded together and linked up with other branches of co-operative endeavour, our Provincial Government has developed an extraordinary craze for the multiplication of new provincial credit societies and for decentralisation or departmentalisation of finance in a way. They started a provincial society to finance (among other objects) handloom weavers through weavers' co-operative societies and threaten to start another to finance urban house builders through co-operative house-building societies, as if the existing co-operative credit institutions, which have been laboriously built up during the last three decades, cannot find the funds needed for the purpose. In my opinion, the non-utilisation of the existing credit machinery, with suitable and necessary readjustments, for the development of industrial co-operation, co-operative marketing and co-operative trade, is a very short-sighted policy and will involve duplication, overlapping and waste for which there is absolutely no justification. If, for instance, the existing co-operative credit facilities were availed of for the development of handloom weaving, I feel that the grant made by the Government of India for this purpose might have been put to much better and more effective use and much needless expenditure avoided. I, therefore, beg leave to extend to the Provincial Government also my humble appeal for centralisation of policy, concentration of effort and co-ordination of the activities of the different parts of the co-operative organisation.

The Debt Conciliation Bill introduced into the Provincial Legislative Council by Dewan Bahadur T. A. Ramalingam Chettiar, is in the Select Committee stage and I understand that the attitude of the Madras Government towards it is sympathetic, and that it will find its way to the Statute Book in a couple of months. The Special Officer appointed by the Local Government to report on the problem of rural indebtedness and to suggest remedial measures has, in his valuable report, which is semi-officially published recently, blessed the scheme of Debt Conciliation embodied in the Bill. It is true that most creditors will agree to take 60 per cent or even less of the total debt in entire satisfaction of their claim if that is paid

in cash. But what is the agency to pay it is the real question. The Local Government has therefore come forward with a scheme to finance the agriculturist to help him to liquidate his prior debt; the Agricultural Loans Act is amended for this purpose and with the active co-operation of the Board of Revenue, arrangements are being made to put the scheme into operation at once. But State-aid must be largely supplemented by other agencies even to touch the fringe of the problem of rural indebtedness. We co-operators must take our full share in this scheme of debt conciliation. As the legislature and the Government have created facilities for reducing the size of the debt by conciliation, we must evolve schemes to help the agriculturist to find the amount of the reduced debt to satisfy his creditors. I hope this Conference will formulate such a scheme. In this connection, I must say that I am unable to agree with the view expressed by my esteemed friend, Dewan Bahadur Sir M. Ramachandra Rao, that co-operative societies (land mortgage banks and credit societies) must be exempted from the operation of the Debt Conciliation Act. I think that there is a good, if not an unanswerable, case for conciliating co-operative debt as well and for considerable reduction of rates of interest charged on co-operative loans. I appeal to the President of the Madras Co-operative Central Land Mortgage Bank to take steps to reduce the lending rate to the ultimate borrowers to 5 p.c. having regard to the fact that he is able to get his debenture money at 3½ per cent. The Madras Provincial Co-operative Bank and the Central Banks must also help the rural credit societies to reduce their lending rates so as to make money available to agriculturists at about 5 per cent. In the drive to help the agriculturist to buy his finance cheap and sell his produce dear and to conciliate his debts, the Madras Provincial Co-operative Bank must take the lead and give a new orientation to the Movement.

EXTRACTS FROM THE PRESIDENTIAL ADDRESS OF MR. VAIKUNTH L. MEHTA, MANAGING DIRECTOR, BOMBAY PROVINCIAL CO-OPERATIVE BANK, LTD.

Recently, the feeling has been uppermost in my mind that the discussions of our domestic problems and the introduction of changes in our internal mechanism can really make little difference in the reordering of the movement overwhelmed as we are by an economic crisis, the worst sufferer from which has been the primary producer, for whom the co-operative movement in India is principally intended. Even as it was, the agriculturist's burden of debt was notoriously heavy, but the depression has added to the burden to an extent that has made relief from it a social problem of the gravest magnitude. No solution of this problem of agrarian distress is feasible except on the initiative of the State, and that is the reason why in all countries we find Governments embarking on schemes of economic planning intended to avert the threatened disaster by rebuilding the rural economic structure on a well-ordered plan.

Our Government have made no attempt whatsoever to secure any increase in the level of agricultural prices, and the improvement that has taken place in the outlook before the cotton cultivators is primarily due to measures inaugurated in the United States of America. There are various devices by which the agriculturist can be enabled to secure a better return for his products, and all or several of these are in operation in various parts of the world, including Great Britain. But the Finance Member of the Government of India refuses even to look at—much less examine—any of those devices, and he uses the elegant phrase "monkeying" for the most well-supported of these devices, namely, the devaluation of the Rupee. From the point of view of the Government of India, the demand for a lower ratio has probably passed into the stage of a futile academic controversy, but according to an experienced British businessman, Sir Montagu de P. Webb of Karachi, "the only way in which India can meet the danger of dumping from all quarters is to concentrate an attack on the noxious overvalued Rupee". The Reserve Bank of India Act has, however, accorded statutory recognition to the present monetary standard and has postponed reconsideration until such time as the international monetary position has become sufficiently clear and normal, as if there can ever be a state of stability in the world of finance, so liable to be upset by even a passing gust of wind.

To the Finance Member of the Government of India the term "economic planning" is anathema, standing invariably for cheap nostrums and quack remedies. Proposals for the development of public works, for the floatation of a reconstruction loan to finance such development, for the modification, where necessary, of the country's fiscal policy, for the grant of subsidies and bounties are all unceremoniously rejected as economic heresies and as savouring of socialism. Sir James Grigg's notions of economic progress are nearly half a century too old, because today all over the world most thinking men and women admit that "if by Socialism we are to understand the jettisoning of *laissez faire*, it is certainly true that none, however deeply steeped in the traditions of the nineteenth century, can examine the present state of affairs and construct a policy which is not Socialistic."

Even the Government of India, before Sir James Grigg came on the scene, recognized the need for the formulation of a policy of economic development to meet the situation caused by the depression and they called in April last year a Conference consisting of the Ministers, Members, and other representatives of Provincial Governments. The programme formulated at the Provincial Economic Conference contained mostly an extension of the activities already in hand in various provinces and represented no departure in policy. So that, at best, the sole contribution of the Government of India towards the relief of a grave distress may be described in the words of the Finance Member himself "as praying in the first place for a disposition in the world to return to the doctrine of cheapness and free exchange and the abandonment of the cursed doctrine of scarcity, and, in the meantime doing what we can, in innumerable small ways to improve the condition and increase the efficiency of the producer, particularly the primary producer." The method by which the Finance Member wishes to secure this improvement in the economic condition of primary producers is by starting from individual villages and then working upwards. The sum of a crore and thirteen lakhs set aside from last year's surplus of the Government of India is intended to promote development along these lines. The grant is made to Provincial Governments for schemes in rural areas intended to promote the economic development or improvement of such areas. These terms are explained as covering all measures which conduce to the amelioration of the conditions of the cultivators and other sections of the rural community, particularly the introduction of improved methods of agriculture, the establishment of industries to give employment to and increase the income of the cultivators, and measures designed to effect a general improvement in the condition of village life. Out of the total grant made, a sum of Rs. 15 lakhs was earmarked for expenditure on the co-operative movement; and the whole of this amount, it has now been announced, is to be devoted to giving effect to educational schemes worked out in consultation with the Registrars of Co-operative Societies in various provinces.

The amount falling to the share of the Madras Presidency is Rs. 14 lakhs, of which Rs. 5.50 lakhs are to be utilized for the provision of rural water supply, Rs. 4.50 lakhs for the development of village communications, Rs. 3 lakhs for the improvement of village sanitation, and Rs. 50,000 for anti-malarial measures, the remaining sum of Rs. 50,000 being placed at the disposal of district officers for discretionary grants. One of the conditions which the Government of India have laid down is that the grants should be devoted only to schemes which the Local Government would not otherwise have been able to undertake in the near future. The four items mentioned above are, however, such as should ordinarily be met out of the resources of the province, though no one will grudge expenditure on essential services which should have been the primary concern of the State, but which—for reasons into which it is needles to enter here—have been hitherto neglected. But the Finance Member also indicated in his Budget speech his preference for schemes which brought additional income to the rural population by the promotion of schemes of improved agriculture and of industries likely to provide local employment. It is a matter for regret that out of the large grant made available to this Presidency no portion is proposed to be spent on the building up of the economic strength of the people. The Finance Member wishes to see the efficiency and the productive capacity of the primary producer improved by efforts starting from the individual village upwards, but those responsible in Madras for the framing of schemes for the allocation of the Government of India grant appear to have been blissfully ignorant of his intentions.

When it was originally decided to earmark a sum of Rs. 10 to Rs. 15 lakhs out of the grant for expenditure on the co-operative movement, the Finance Member expressed the hope that this contribution might assist the Provincial Governments to develop the movement on sound financial foundations. Details of the measures for which and the conditions on which the grants were to be allowed would, he added, be settled after Government had considered the report of Mr. M. L. Darling who was placed on special duty in connection with the creation of the Agricultural Credit Department of the Reserve Bank of India. It is now over half a year since this pronouncement was made, and yet, so far as I am aware, no further announcement has been made on behalf of Government about the manner in which the grant is to be spent, except the bare mention of the fact that the entire amount is to be devoted to schemes of education. Important as is the place of education in the evolution of a sound co-operative commonwealth, I hold that a portion at least of the grant should have been utilised for purposes other than education. Without wasting money on experiments or on hazardous ventures, various useful co-operative activities could have been promoted and stimulated by the grant of judicious State help, either direct or indirect; and in my province, at any rate, several valuable suggestions were made to the Co-operative Department including,—I may cite as an illustration—propaganda for the consolidation of holdings on lines so well developed in the Punjab by the education of rural public opinion in favour of the measure. Co-operative education to be effective as the basis of co-operative progress must itself have as its foundation the diffusion of a knowledge of letters and the creation of a desire for knowledge among the mass of rural co-operators. It is now a quarter of a century since an insistent demand was first made by the leaders of the nation that the State should embark on a campaign for the liquidation of illiteracy. What miserable progress we have achieved in that direction is evident from a glance at the statistics compiled at each successive census. For an illiterate proletariat there can be no talk of progress, and just as we must fail in organizing economically a hungry half-starved proletariat purely on the basis of self-help and thrift, so also shall we fail in rousing the unlettered peasant to combined action for common good.

Now that it is definitely settled that the grant is to be used for co-operative education it is our duty to put forward suggestions to ensure its being spent to the best purpose. The Government of India are not unaware of the fact that there are in existence in the provinces institutions, one of the main objects of which is the promotion of co-operative education; and yet, to my knowledge, no attempt has been made by them officially to ascertain the views of these bodies in all the provinces and of the All India Institutes' Association at the apex about the manner in which facilities for co-operative education can best be developed. Not that our leaders have not bestowed any thought on the subject. That the question has already engaged the serious attention of the All-India Institutes' Association is evident from the valuable symposium on the subject published in the last issue of its official organ, the *Indian Co-operative Review*. Mr. V. Ramadas Pantulu has reviewed the position and put forward a programme of work which represents an improvement on the proposals adumbrated by the Indian Central Banking Inquiry Committee. One factor that he has emphasised is of paramount importance. In all co-operatively advanced countries, the direction of co-operative education is the special privilege of the movement itself, and the regional unions as well as the provincial or national federations or organization societies in other countries exist primarily for that purpose. In several Indian provinces the function of education has been transferred to the provincial unions and institutes, and the Indian Central Banking Inquiry Committee agreed that educational institutions should be run by non-official co-operators themselves. It will be a step backwards, therefore, if when the grant for co-operative education is placed at the disposal of the provinces the Provincial Governments decide to organize the work of co-operative education through a purely official agency, ignoring, as it were, the claims of the popular institutions to be entrusted with the work.

I should like to emphasise the need for spending some part of the money that is to be made available on the publication of simple literature in the various provincial languages. The more we have of such literature the more is our work of diffusing education facilitated. At the same time, we should spend some money on the production of posters, the preparation of lantern slides, and the adoption of other methods of visual instruction necessary for securing the spread of education among an unlettered community. Lastly, I should like to observe that while facilities may be made available for the training of what we call the superior grades of co-operative officers, it should also be our aim to educate the secretaries and office-bearers of primary societies in villages and hold educative rallies where simple talks and discussions on matters of common interest can be arranged for the benefit of the ordinary members of the societies.

Among the subjects that must first engage our attention in the consideration of any programme of economic planning in India is the relief of agricultural indebtedness. The Provincial Economic Conference recognized that the problem had acquired a new intensity and significance as a result of the fall in prices. The line of treatment discussed at the Conference was twofold: the adoption of legislation to deal with usury in all its aspects and to afford protection to agriculturists in the abnormal situation that had arisen, and, simultaneously, the introduction of a machinery for long term credit. The Conference decided to leave it to the Provincial Governments to take action in both the directions. In the Madras Presidency, it is some years now since you created a system of land mortgage banks, with a central land mortgage bank at the top. Under the aegis of the Madras Central Land Mortgage Bank you have now a well-knit, efficient and financially sound organization for this purpose, and you have gone ahead of the rest of India by enacting special legislation to regulate the working of the system. These facilities for credit for the relief of indebtedness have recently been supplemented in your Presidency by the amendment of the Agricultural Loans Act. The other method of approach to the problem has, however, not been tried in this Presidency. Presiding at a Conference for Relief of Rural Indebtedness held at Bezwada in May last, Mr. Ramadas Pantulu made a number of valuable suggestions bearing on this aspect of the treatment of the problem of debt, following, in the main, the recommendations in that behalf made by the Indian Central Banking Inquiry Committee. Some time earlier, a Special Officer was appointed by the Government of Madras to inquire into the question of agricultural indebtedness in the Presidency and a report of this inquiry appears to have been published recently. The agricultural income, according to this Officer's report, is falling while the population is increasing, crowding on to the land more persons that it can possibly sustain. Mr. Sathianathan, the Special Officer, proposes the enactment of legislation, as in some other provinces, for the creation of debt conciliation boards; and these boards in collaboration with land mortgage banks may be helpful in providing some relief. The evil, however, has gone too deep to yield to any simple solution like that proposed, and a vigorous nation wide campaign is necessary—I agree with the Special Officer in holding—to find out for the surplus population means of livelihood other than agriculture.

At the Provincial Economic Conference the conclusion was reached that of all the practical measures necessary for improving the economic condition of agriculturists an intensive programme to develop marketing facilities for agricultural products offered the best *immediate* prospects of successful results. While subscribing to this view whole-heartedly, I am not convinced that the steps taken by the Government of India to implement this decision are the proper ones. The principal among these steps was the appointment of a special All-India Marketing Officer and the selection for that post of a person who had previously no acquaintance either with India or its agriculture or its marketing conditions. And this officer has had a large staff of marketing officers placed under him, so that for the time being the amount sanctioned by the Government of India for the development of marketing has all been consumed on the creation and maintenance of a new official hierarchy. Instead of proceeding to work on the basis of the considered recommendations of the Royal Commission and the Banking Inquiries, the Government of India have embarked upon costly surveys which will scarcely be helpful in providing *immediate* prospects of successful results. An ounce of practical action is worth more than a ton of academic surveys that lead nowhere and are not followed up by action. With a little encouragement and help, co-operators can develop in most parts of the country—that, at any rate, is our exprience in Bombay—co-operative sale organizations without waiting for any further surveys, provided facilities in the shape of warehouses, petty grants for meeting expenditure in the initial stages, and some assistance in the work of preliminary propaganda are made available. Otherwise, in our search for a scientific system of marketing years may be wasted in surveys without any attempt being made to build up a marketing system on the only basis that will stand, namely, the organization of the producers co-operatively.

It has been a charge levelled against us, co-operators, that we have not interested ourselves sufficiently in problems of agricultural improvement. There is a substratum of truth in this criticism, inasmuch as we have treated the problem of improved agriculture as a technical one, to be handled by experts. But there are certain activities which can and should be organized on a co-operative basis and to which we must divert our attention in the attempt to invigorate the work of our primary societies. The encouragement of cattle-breeding and the supply of premium bulls, the consolidation of holdings on a voluntary basis, the organization of the supply of approved varieties of seed through village credit or better farming societies or their unions or associations, the financing of a programme of minor works of land improvement with the aid of taquavi loans or loans from land mortgage banks, the fencing and protection of crops on co-operative lines, these are all activities in which co-operators should interest themselves. A portion of the grant made by the Government of India could justifiably have been devoted to some of these objects, inasmuch as the Finance Member had observed in his Budget Speech that one of the main objects of the special assistance given was to increase the income of the agriculturists.

Nevertheless, any comprehensive attempt to solve the problem of rural employment must embrace all the aspects of production, and appreciating the force of this contention, Mahatma Gandhi has now brought into being a new body, the All-India Village Industries Association, whose task it is to promote the improvement of the moral and material condition of the rural population by encouraging the revival of the dead or dying industries of the country and by organizing public opinion to patronize the products of such industries. As co-operators, we are intensely in this new national activity, and we have a distinct contribution to make in promoting it in the sphere both of production and distribution. The services of co-operative societies in villages can be utilized, with much benefit to their members, in securing the local processing of agricultural commodities, in reviving old industries and in introducing new ones, while producers' organizations can be started for the specialized cottage industries.

I shall now turn to the creation of the Reserve Bank of India and the part it can play in improving credit facilities for agriculture and small industries. The Government appointed Mr. M. L. Darling on special duty to examine and report on the most suitable basis for the organization of the Agricultural Credit Department of the Reserve Bank of India and on the manner in which it could most effectively co-ordinate the work of co-operative banks and other local credit agencies so as to secure an improvement in the rural credit machinery of the country. It is over a year since Mr. Darling was appointed on special duty and went round various provinces, holding valuable consultations with co-operators and others interested in the question of agricultural finance. It is also nearly six months since the Reserve Bank of India was brought into existence and three months since it started its banking operations. It is curious however, that the authorities of the Reserve Bank have not yet deemed it necessary to establish contact with Provincial Co-operative Banks, and that no information has so far been vouchsafed to the public or to these banks about the organization of the Agricultural Credit Department of the Reserve Bank. Nor have Government taken the Provincial Co-operative Banks into confidence with regard to the contents of Mr. Darling's report and the nature of his recommendations. Provincial Co-operative Banks constitute an important arm of the co-operative movement in every province and they have an All-India organization to represent and promote their common interests. Even if this Association and its constituent units were ignored in making nominations to the Central Board of the Reserve Bank of India, these banks and the All-India Association may well claim that they should be consulted before any decisions are taken regarding the reorganization or improvement of the credit side of the movement and also that no changes in policy should be ordered by Government through the Co-operative Departments without giving an opportunity in the provinces to co-operators to express their opinion on the proposed changes.

With the object of making the rural credit movement more helpful to the cultivators in the present depressed condition of the agricultural industry, each province is trying to introduce improvements, to impart elasticity and to embark on developments best suited to its peculiar conditions. In Bombay, the first step that we have taken in the process of rehabiliation is to give to members of co-operative societies an assurance of fresh finance against repayments, howsoever small these may be. Members are expected to make repayments from their gross produce and then get their current demands met by resort to fresh finance. An attempt is made to reduce the old outstanding liabilities, but even though no such reduction can be secured for every individual member, the liabilities of societies to outside creditors are gradually brought down. The demand from members is fixed at the beginning of the harvest season on the basis of the state of the crops and of the load of existing debt; and if this demand is generally satisfied the outstandings of members to their societies and of societies to their central financing agencies are treated as authorised arrears until the subsequent season. The value of personal security as the basis of co-operative credit is emphasised, but where loans are allowed to members in excess of the ordinary limit prescribed in the bye-laws or where alienations are common owing to local agrarian conditions, or where no attempt is made to reduce the burden of debt appreciably the collateral security of mortgage of land is demanded. The central financing agencies have almost all reduced their rates of interest on loans and a scheme has been introduced empowering societies to reduce the rates of interest charged to members. This is permitted where due and overdue interest is recovered from all members, a minimum fixed proportion of the principal is recovered by the societies as a whole, and all liabilities to creditors by way of interest and all the expenses of management can be met out of the income earned during the year. If these three conditions are fulfilled, the societies are allowed to forego the additional margin provided for building up the reserve fund and they can then reduce their lending rate. In some areas, the reductions effected have been very substantial, and the central financing agencies have co-operated in making this experiment successful by sanctioning a special rebate to societies which come under the scheme. In addition to a general reduction in the rates of interest charged in most areas, the system of charging penal interest has been abandoned; and where the burden of the existing liabilities is very onerous reductions are allowed even in the accumulated simple interest that is to be recovered. These measures have afforded a gleam of hope to members of societies and the response to the new policy has so far been very satisfactory.

The other prominent plank in our programme of reorganization is the adoption of means to secure an improvement in the machinery for supervision and an extension of the facilities for co-operative education. A Reorganisation Committee appointed by the Government of Bombay, some three years back, to explore the avenues for retrenchment recommended the scrapping of the system of supervising unions which was introduced in Bombay only ten years ago. There was a united protest against the proposal, and to meet the criticism levelled against the system of unions a Committee was appointed to examine the question. This latter Committee unanimously favoured the continuance of the system, but suggested certain modification in its working. The most important of these suggestions were the formation of boards in all districts to guide the unions and to control the supervisors and the provision of adequate funds, with the help of financing agencies, to secure the appointment of qualified trained supervisors. I am aware that there is a school of thought in the Madras Presidency which believes emphatically that this agency of local unions has outlived its utility. The main distinction between the position in the two provinces, to my mind, is the fact that in Madras until recently it was the generally accepted view that Central Banks should not have their own inspecting staff and should utilize the agency of unions for the assessment of the credit of affiliated societies and the recovery of loans, In Bombay, the central financing agencies were called upon to shoulder the responsibility for the performance of these functions at a very early stage in their career, and the supervising unions do not displace this agency. To a certain extent, they supplement the work of the inspecting staff of banks and the auditing staff of the Co-operative Department, but in addition they have to supply the mutual control that, owing to the weak personnel available in individual villages, is lacking in our agricultural primary credit societies and to provide an agency, in the person of the supervisor, for the day to day training and education of the members of co-operative societies in the principles and practice of co-operation. Unless we have such local mutual control and can provide some training in the principles of co-operation and guidance in its practice the whole of our structure will subsist on very shaky foundation; and I plead for the retention of the system of supervising unions mainly because I hold that it supplies, in our existing conditions, the only conceivable agency that can be enstrusted with the performance of this important twofold service.

That leads me to my last point, that what we require to make the movement a success even in the present troubled times is, first, men inspired by high ideals and, next, an adherence to those ideals. In India, the co-operative movement may have had its origin in the limited desire to provide a credit system for the cultivator—simple, elastic, self-controlled, and free from the element of profiteering inherent in any individualistic economic organization. But it has gradually come to stand for aims extending beyond the provision of credit, and while attempting to embrace all the aspects of the economic life of the peasant—as well as the petty artisan—it also seeks to promote among the peasantry a higher outlook on life, on citizenship, and on fellowship with their neighbours. If we have failed so far to impart to the masses of our members a passion for our gospel of "better farming" "better business" or "better living" may it not be due to the fact that we have no clear conception ourselves of the social order for which we are striving? As the Irish mystic co-operator, A. E., wrote fifteen years ago, without an imaginative conception of what kind of civilization we wish to create, the best government, either national or foreign, will never avail to lift us beyond national mediocrity. As co-operators we must declare once for all that we stand for an equalitarian state of society "free from meaningless privilege and capricious divisions based on the possession of wealth." We must so plan the lines of our economic structure that "authority is associated not with property, but with function, and that such authority rests on conscious consent, not on the power of wealth." We must stand for a society which, in the words of Tawney, "so distributes its resources that an ever larger proportion of the surplus, which, thanks to science and invention modern industry yields, is employed not for private gratification but for the common advantage." Let us take our stand on this great idea and we may soon find that the world will come round to us.

RESOLUTIONS PASSED AT THE CONFERENCE.

1. This Conference urges on the Government of India and the authorities of the Reserve Bank of India to consult the Indian Provincial Co-operative Banks' Association and the Provincial Co-operative Banks before formulating the scheme for the establishment of the Rural Credit Section of the Reserve Bank of India and requests the Government to make Mr. M. L. Darling's report on the subject available to them.

2. This Conference regrets that the Government of India, in making a grant for the promotion of co-operative education, did not provide for the Local Governments consulting the Provincial Co-operative Institutes in regard to the schemes and urges on the Provincial Government of Madras to frame their scheme of Co-operative Education in consultation with the Madras Provincial Co-operative Union.

3. This Conference resolves that the Madras Co-operative Central Land Mortgage Bank should make arrangements to relieve rural indebtedness by:

(i) reducing the rate of interest to 5 per cent to the ultimate borrowers; (ii) extending the period of repayment from 20 to 40 years; (iii) making speedy arrangements for investigation and sanction of the loans; and (iv) increasing the maximum borrowing power from Rs. 5,000 to Rs. 10,000.

4. This Conference while welcoming the proposals of the Government to finance the agriculturists under the amended provisions of the Agricultural Loans Act for the liquidation of prior debt and to help debt conciliation schemes urges upon the Government not to charge more than 5 per cent on the loans and to extend the period of such loans to 40 years and to fix the maximum of the loan at Rs. 3,000 at the least.

5. This Conference resolves that steps be taken to organise a Trustee Bank either independently or as a branch of the Madras Provincial Co-operative Bank or the Madras Co-operative Central Land Mortgage Bank, in order to help in the relief of rural indebtedness.

6. (i) This Conference urges on (a) the Provincial Co-operative Bank to reduce its lending rate to Central Banks to 4 per cent, (b) the Central Banks to reduce their lending rate to primary societies and loan and sale societies to 5 per cent and (c) the primary societies to reduce their lending rate to members to 6 per cent.

(ii) This Conference resolves that the reduction of the lending rate as stated above, should be both on outstanding loans and future loans.

7. This Conference is of opinion that extension of time for the repayment of loans be given to members of Societies who give proper security as cover, for periods extending up to ten years; and to facilitate the clearance of the outside debt of such members by the co-operative society in all deserving cases, the Registrar be requested to register liberally amendment to bye-law No. 42 of a Society, so as to increase the individual borrowing capacity to the level of a member's debt.

8. This Conference is of opinion that the appointment of Directors by nomination in Primary Land Mortgage Banks as suggested in the model bye-laws circulated is opposed to the spirit of democratic character of the movement and requests the Department and the Government to delete the provision relating thereto.

9. This Conference requests the Provincial Co-operative Union and the Registrar of Co-operative Societies to prepare a scheme for the starting of Purchase and Sale Societies together with warehouses at least one for each taluk, and the Government are requested to finance the construction of godowns out of the Village Development Fund.

10. This Conference recommends that crop loans be advanced through co-operative primary societies or other suitable special types of societies wherever the Agricultural Department is willing to co-operate with technical advice and recommendation and that the produce from such crops be sold through co-operative agencies.

11. This Conference resolves to request the Government to reduce the audit fees now levied on co-operative credit societies at least by fifty per cent.

12. This Conference requests the Trustees of temples governed by the Hindu Religious Endowments Board and the authorities in charge of hospitals and educational institutions to make purchases in Co-operative Stores in order to encourage the movement.

THE XXII MYSORE PROVINCIAL CO-OPERATIVE CONFERENCE, MYSORE 4th October, 1935.

EXTRACTS FROM THE WELCOME SPEECH OF MR. S. VENKATAKRISHNAIYA, B.A., B.L., PRESIDENT, MYSORE CO-OPERATIVE PROPAGANDIST INSTITUTE.

It is a matter for sincere gratification to find that the co-operative movement has been making steady progress in the State notwithstanding the continued depression for the last six years. The total working capital of the societies rose from Rs. 221 lakhs to 229 lakhs, the total turn over from Rs. 670 lakhs to Rs. 800 lakhs, the net profits from Rs. 4,41,000 to Rs. 4,46,603 and the reserve fund from Rs. 27 lakhs to 29½ lakhs. There was however a fall under membership, deposits and the number of societies due mainly to the winding up of 109 bad societies during the year and the reluctance on the part of societies to accept heavy deposits.

More than seventy-five percent of the societies are agricultural and all of them are merely credit institutions. There are not many societies established purely either for the supply of agricultural implements, seeds and manure or for the marketing of agricultural products. 27 societies, however, have taken up the work of supplying implements, seeds and manure to their members on a small scale.

Our movement has not been able to make much headway in the industrial field. There are out of about 2,000 societies, only 89 societies for Hand-loom Weavers, Sericulturists, Metal Workers, Sandalwood carvers and Gota manufacturers. Some of them, particularly the hand-loom weavers and sericulturists, have been seriously affected by foreign competition and fall in prices. It is however hoped that in the movement for the revival and development of village industries, co-operation would play an important part.

The operations of the Land Mortgage Bank have been extended to four more Taluks and two Sub-taluks during the year. There are in all 19 Land Mortgage Societies. A sum of Rs. 4,71,895 has been sanctioned through these societies which are all reported to be working fairly well.

A notable feature of our movement is the great encouragement given to house building co-operation by the Government. There are at present 22 house-building societies and they are all reported to be doing good work. The Government have very recently granted a loan of Rs. 1½ lakhs to the Bangalore City Co-operative Housing Society which has prepared a scheme for the formation of a Co-operative colony for the poorer and lower middle classes and another sum of Rs. 1½ lakhs to the Apex Bank for financing other house building societies in the State.

Under the able guidance of Mr. M. G. Mehkri the Registrar, the Department of Co-operation has embarked upon a vigorous policy of consolidation and rectification conjointly with a policy of cautious and wise expansion. Bad and dormant societies which could not possibly be revived have been ordered to be wound up. Mismanaged societies are being overhauled and efforts made to place their working on a sound basis. Arrangements have been made for systematic inspection and continuous audit of the societies. Official Liquidators have been appointed to carry on the work of liquidation in an efficient and expeditious manner. There are at present three Official Liquidators, one attached to the Central Bank, another attached to the Apex Bank and a third attached to the District Banks. A portion of the cost is contributed by the Central Bank and the Apex Bank. Forms and registers have been improved and standardised. Suitable measures have also been adopted to improve the efficiency of the staff. Refresher Courses and Training Classes have been arranged for the benefit of the employees of co-operative societies and the Department. These efforts of the Department, I have no doubt, will help to revitalise the movement and impart a new and healthy tone to its working.

The problem of overdues is confronting every co-operator to-day. In most of the agricultural societies over 60 per cent of the demand has fallen into arrears. These overdues are due partly to the continued economic depression and partly to inefficient management of the societies and the low earning power of the agriculturist. The economic depression is of a world-wide character and can only be dealt with by international action. The Department, as I have just stated, has taken steps to secure the efficient management of the societies. To check the growth of overdues which threaten to destroy the very foundation of the co-operative movement, the Apex Bank has taken vigorous steps to collect the outstandings while at the same time affording relief to the agriculturist. Circle Inspectors, Group Secretaries and Supervisors have been appointed wherever possible to collect overdues. Reduction in the rate of interest, remission in penal interest and extension of time in deserving cases are some of the measures adopted to give relief to the agriculturist. In view of the fall in the price of land, securities are being revalued and additional securities are demanded wherever necessary. I am happy to state that in all the measures adopted, the Department and the Apex Bank have been acting in close co-operation and consultation.

About four years ago this Conference resolved on the construction of a Co-operators' Home in the Mysore City to serve as a centre of co-operative activity and to afford accommodation to the delegates attending the Conference. Thanks to Mr. M. G. Mehkri, the Registrar, who rendered great help to us in collecting funds, we have just been able to construct the main portion of the Co-operators' Home and it is almost ready for occupation. On behalf of the institute, I earnestly appeal to all co-operative societies and co-operators to provide us with the necessary additional funds so that we may complete the building in accordance with the original plan.

We are grateful to the Government for having decided to appoint a Co-operative Enquiry Committee. We also congratulate the Government on having secured the services, as Chairman, of Rajadharmapravina Dewan Bahadur K. S. Chandrasekhara Aiyar.

Mr. Venkatakrishnaiya extended a cordial welcome to Dr. C. R. Fay, the eminent Economic Historian at the Cambridge University and Chairman of the Horace Plunkett Foundation in London, and requested him to declare the Conference open. He also thanked Mr. A. Krishna Rao, the leader of the Mysore Bar, who had grown grey in the service of Co-operation, for having kindly consented to preside at the Conference.

EXTRACTS FROM THE OPENING ADDRESS OF DR. C. R. FAY, CHAIRMAN OF THE HORACE PLUNKETT FOUNDATION, LONDON.

Co-operation is a world-wide movement, which is now about one hundred years old. It is related historically to that profound economic upheaval which we call the Industrial Revolution. It has appeared always in response to some economic pressure such as the growth of factory life or of commercial agriculture, both of which have altered fundamentally the older simpler relationships between town and country. Industrialism smashed the old domestic industries of England, but industrial democracy in the person of the Rochdale Pioneers has done something to recreate the old home life. It has rebuilt this old life around a new and larger home, the co-operative society. The Rochdale Pioneers Society founded in 1844 was the present model of the two great federation of societies, which to-day have their wholesale houses, their factories, their insurance society, their bank and last but not least their tea plantations in Ceylon and South India, which I have just had the pleasure of visiting.

The supreme merit of the co-operative store movement is that it succeeds, and succeeds without the help of any one from without. It makes an asset of the act of spending because of the dividend on purchases. It has turned old indebtedness into new saving. It is a present testimony to the power, as well as the virtue of cash payments. It is a rock of social stability and a training ground in self-government. Without its support, the Labour Party could hardly hope to command the confidence of moderate men and women. I add women, because the women of England spend the wages, and they have the movement in their keeping. Co-operative store keeping is always a possibility provided that the population has three qualities; loyalty, shrewdness and determination. If you start a store and buy elsewhere you destroy your own child. If you buy the wrong stuffs or employ a salesman who is crooked or incompetent, you disgust your members and they leave. If you give in at the first check, you are not worthy to be a co-operator. It is not a question of poverty. The starving debt burdened handloom weavers started the movement in England and wage earners equally poor started it in Western Europe. It is a question of character. But, of course, you must have wages to spend at your store; and it is among wage earners, small government officials, railwaymen, transport workers that I look to see such a movement growing in India. I have seen one town store in Bangalore. You ought to have many such in your State, all ultimately united under co-operative wholesale society. If wage-earners are in debt, it is not necessity, but their own deliberate and foolish extravagance which keeps them in debt all their lives. That was what the poor co-operators of England and Scotland found a century ago. I have little hope of any consumers' movement which involves itself in lending operations to its members, for in doing so, it destroys the only chance of bringing the indebtedness to an end. To speak quite frankly, the extravagance of Indian men and women in social ceremonials, in dowry, in the size of the family itself, bewilders the students and working people of England. If you cannot transfer some of the expenditure to the endowment and enrichment of that larger family grouping, the co-operative society of the towns, I think no co-operative movement that is really worthwhile, will arise in your towns. And if it does not arise in your towns, I cannot see with what sort of honesty you can go and preach co-operation to the much poorer people in the country.

The problem of the cultivator is more difficult. He draws no regular wages; and unless he inherits an unencumbered farm, he must incur debt. The experience of Europe and the New World is that there is a big and legitimate field for the State-aided land mortgage bank. It is only quasi-co-operative in form and function; but the more co-operation there is the better, provided that the co-operative element is not at the expense of financial stability. Such a bank supplies landowners, possessing a good title, with funds at a lower rate than they would have to pay in the open market. I can see no better way of using such a loan than to pay off a debt incurred at a higher rate. But it leads nowhere unless this easement is made the opportunity for better farming. The valuation on which the loan is made should be conservative, and the repayments of interest and principal should be extended over a long period of years, but rigidly enforced. The aim should be to select good risks and help only those who are capable of helping themselves.

There remains the need of the cultivator for a seasonal loan over the crop year. This is the field in which the Raiffeisen village system presupposes a spirit of thrift. Those countless little villages of Germany and Central Europe themselves before the Great War provided the saving which they then lent out among themselves. They took the place of the buried stocking. Now in the new world and, if I mistake not, to a large extent in India also, the Raiffeisen essential has been largely absent. For the deposits come from persons or bodies higher in wealth and social status than the borrower and this cuts the essense of co-operation. The unlimited liability of a group of thriftless persons is something which is worth nothing. Indeed it is worth less than nothing, because it prevents the farmer of moderate substance from joining. Therefore the village bank should be selective, if you will, exclusive, and confined to those who are thrifty enough and honest enough to become creditworthy. The day of 'easy money', I firmly believe, has passed. No Government, Indian or British, can face it as a permanent policy. But if the cultivator uses his loans through a co-operative channel, e.g. for the purchase of seed, fertilisers, implements etc. and sells his produce through the same or an allied co-operative channel, then the society has a better prospect of recovering its loans. The dealer (Sowcar) supplies an integrated service buying, selling, and lending. Must not the co-operative society do the same, if it is going to bring real economies to its members? The great advantage of co-operative buying and selling is that it brings the members into close and continuous contact. It gives him a chance of improving his product in quality and selling it under the society's name. It may grade eggs, grow special quality cotton, coffee, castor, linseed. Even if the act of co-operation goes no further than the local assembly of its members' products and their sale to a reliable dealer, that is something; and it is on the local something that the other and bigger things can grow.

I have been greatly impressed both in the Mysore State and in Hyderabad State by the zeal with which the Government is pushing forward roads, markets, universities, hospitals, sugar factories and the like and the day I presume may come when the great municipalities will supervise the delivery of pure milk to the towns. Here is a chance for a form of co-operation. The dairies or factories may be owned by the State, by companies or by associated consumers. The farmers could be organised for the delivery of supplies to these. They should be paid by quality and poor suppliers should be expelled. This will give the growers a definite interest in quality; and if the growers of a locality are grouped in a district contract, they will have a joint interest in the quality of products which their district provides. Better business can then be made the avenue to better farming.

Well-conceived State or municipal enterprises may be made to possess many of the qualities of a co-operative consumers' organisation. The Belgians call these enterprises *Regies Co-operatives*. I have written the account of a great Canadian achievement in this sphere in my book *Youth and Power*. It is the publicly owned

Hydro Electric Commission of Ontario, which is a voluntary federation of municipalities deriving power from the Central Hydro-Electric Establishment which is in the hands of a public Commission. From this Government-appointed Commission politics has been rigidly excluded. It is a small body of experts. It pays its way and pays it handsomely and it has provided Ontario with light, heat and power at rates about half those of New York State, which derives its power from the same Niagara river, that supplies Western Ontario. All profits return eventually to the consuming public. Is there not here too a field to which India might contribute something? In proportion as the old forms of co-operation are found to be defective, we must find new ones where the co-operative essence which is group effort with a view to common enjoyment may prevail.

EXTRACTS FROM THE PRESIDENTIAL ADDRESS OF MR. A. KRISHNA RAO, B.A., B.L., PRESIDENT, MYSORE CITY CO-OPERATIVE BANK.

We have in our State 1,999 co-operative institutions consisting of 1,36,377 members with a share capital of Rs. 55,03,496, deposits of Rs. 1,05,39,556, reserve fund amounting to Rs. 29,32,000, a working capital of Rs. 2,29,00,000, a total turnover of eight crores and net profit of Rs. 4,46,603. Out of the total number of societies, more than 1,500 are purely agricultural societies with a membership of nearly half of the total number. Though these figures are encouraging enough, there is still a lot of ground to cover in view of the fact that the rural population of the whole State numbers 55,12,260 and is distributed over 16,483 villages. A perusal of the latest Administration Report shows that there has been, for the last three years, stagnation instead of expansion. I shall briefly indicate what, in my opinion, are the important causes and what remedies are to be adopted to secure the healthy growth of the movement.

Impediments to Development. Co-operative institutions whose basic principle is not facile credit, but controlled credit, were not able to accommodate the ryot in the same way as the money-lender. He could not understand the reasons for the rules and regulations of the society about the punctual payments of the instalments either of the principal or interest, and felt them to be unnecessarily irksome. While the moneylender would allow the postponement of the dues when the ryot could not save on account of unfavourable agricultural seasons or other causes, the co-operative society was not in a position to allow him the same concession. The ryot could not also understand the elaborate investigation and the consequent delay, which were inevitable, before he could get the loan from the society however urgently he required it. Many ryots seeing these so called inconveniences experienced by others refrained from joining the movement. The Government, no doubt, spent money in appointing Honorary Organisers for a number of years to spread the movement among the villagers, but this was not sufficient as the Organisers thus appointed were keen more on starting a number of societies than on educating the people in the principles of Co-operation. The habit of confusing the business of Co-operation with social philanthropy is a stumbling block in the way of progress, and the time has come for emphasising that co-operation is distinct from philanthropy. It is a form of business, not of the capitalistic and profiteering type, but business run on honest lines governed by moral principles, but, nevertheless, business in the strictest sense of the term.

Long-term Credit. Another defect is that the rural societies lent money, not on short term credit for seasonal needs, but long-term loans—but not sufficiently long—to discharge previous debts. They borrowed from the Central and Apex Banks which got their funds as short term deposits. Large sums were borrowed by members for unproductive purposes; the period allowed for repayment was not sufficiently long. The consequence was that overdues began to accumulate and for the last four years, on account of the economic depression and the fall in prices of agricultural produce, they have reached the high figure of 71 per cent of the demand. This evil was recognised sometime back and as a consequence the Central Land Mortgage Bank was established, to tackle this problem of rural indebtedness which is roughly estimated at twenty crores of rupees for the whole State. The operations of the Land Mortgage Bank are being extended gradually to various taluks. I would urge on the attention of the authorities of the Central Land Mortgage Bank, the raising of the maximum period of the loans from twenty-five years to forty so as to lighten the burden of the annual instalments. If this is not done early, not only will the number of eligible borrowers grow smaller, but the same story of mounting up of overdues may repeat itself. For we find from the figures for 1934-35 that overdues to the extent of Rs. 20,522 as against a demand of Rs. 38,784 including a decretal amount of Rs. 7,043 have already accumulated in the short time that these Land Mortgage Societies have been in operation.

Short-Term Credit. If therefore these measures are adopted and the rural societies are rehabilitated, most of them can function properly and attend to the needs of their members by strictly confining themselves to their legitimate and proper sphere of supplying short term and seasonal credit for carrying on agricultural operations, payment of assessment to Government and for other legitimate expenses. The extension of the Agriculturists Relief Regulation to the whole State has practically dried up all sources of credit for the agriculturist who is finding it extremely difficult to raise money for meeting his agricultural and other necessary expenses. The co-operative societies in rural areas are not able to come to his aid because they themselves have no money to spare and they cannot hope to get further advances from the Apex Bank on account of their default in respect of loans due from them. While the Apex Bank has large funds for which it is not finding any investments among the primary societies and is refusing to take further deposits, agriculturist who is in need of them is not able to get the benefit of these funds.

Debt Conciliation. The unprecedented depression during the last five years has hit the people hard especially the villagers. Price of all kinds of staple agricultural produce have fallen so low that it has become a problem to the villager to meet his ordinary and necessary expenses, not to speak of his utter inability to find money for the payment of interest on his debts which grow heavier and heavier with the advance of time. The price of land has fallen so low that in many cases even if all their lands are sold the villagers are not able to free themselves from the burden of debt. Almost all creditors realise this and especially after the extension of the Agriculturists Relief Regulation to the whole State they have given up all hopes of recovering even the principal amount advanced. In a situation of this kind it is necessary that some measures must be adopted towards debt conciliation. The debts due should be moderated and the amount so moderated should be advanced on proper and adequate security by the Land Mortgage Societies and recovered in instalments extending over a sufficiently long period.

Co-operative Marketing. There exist a few societies for the marketing of cotton, cardamom and arecanuts. Though some of these have been doing good work, they cannot on the whole be said to be in a flourishing state; and the volume of their business is insignificant in comparison to their possibilities. Until such societies are established the agriculturist who is now at the mercy of the middleman cannot hope to get for his produce the price that he has a right to get.

Cottage Industries Societies. Societies were started for weavers, sericulturists, sandalwood carvers, metal workers and the like. Though they may have shown some promise of development in the initial stages they have sadly failed to fulfil the expectations formed of them. The sericultural societies are, at present, not more than 20 in number with a membership of less than 500. Their main function is now confined to the supply of disease-free eggs. By proper organisation and expansion of these societies, Co-operators can control the entire trade in Mysore silk which, till recently, was of the value of about a crore of rupees per annum.

Nor is the position of the weavers' societies any better. There are 64 of them with a membership of 5,200 and working capital of Rs. 1,39,000. Originally they were intended to supply raw materials to their members, and market their finished products. Many of them have now degenerated to mere credit institutions advancing small loans to their members. Their total transactions in the year 1934-35 amounted only to Rs. 3,39,000 of which the greater part was mere advance and recovery of loans.

The failure of societies relating to these and other cottage industries is, I believe, mainly due to the absence of qualified workers, and lack of proper preliminary education and subsequent guidance. It is necessary that organisations similar to the recently started Madras Handloom Weavers' Provincial Co-operative Society—one for the handloom weaving industry and the other for sericulture—should be started in Mysore in the immediate future with adequate financial help from the Government till they are able to stand on their own legs.

Financing Banks. The rural societies are now financed for the most part by the Provincial Apex Bank. District Central Banks have not inspired among the investors the same amount of confidence as the Apex Bank. In this State, which is compact and homogeneous, the farthest village is not very distant from Bangalore, the head-quarters of the Apex Bank; and the absence of the District Central Bank, far from proving a handicap, may, by eliminating the expenses of an intermediary organisation, result in providing finance to the rural societies at a cheaper rate. But the Apex Bank though it has gained the confidence of the investing public, has not been able to attract to itself, on a large scale, the surplus funds of the co-operative institutions and other investors of the moffusil due to the fact that the investors have no facilities close at hand for transacting business with the Apex Bank. Until such facilities are provided the surplus funds of many societies and individuals will continue to be invested in Government Treasuries and Joint Stock Banks of the place. I would therefore suggest for the consideration of the authorities of the Apex Bank the immediate opening of branches in suitable places with Local Advisory Committees. This will not only bring in more money to the movement but will also enable the Apex Bank to exercise, through the local committees, better supervision over the working of the societies to which it has advanced funds.

Urban Co-operation. Though the number of these societies for the whole State is only 445 while the rural societies number 1,629 (1933-34), yet in respect of membership, working capital, reserve funds and management, they are very much better and occupy a very important place in the whole movement. They have a total membership of 71,793 and a total working capital of Rs. 95,55,284 (1933-34). Most of them provide their own finance in the shape of share capital and deposits

and only very few have borrowed from the Apex Bank or the Government, and even in these cases the amount borrowed is not large. Of these urban societies 277 are credit institutions: 88 consumers' societies, 28 house building societies and the rest are engaged in industrial co-operation.

Urban Credit Institutions. Some of these institutions have hundreds of members drawn from many classes, occupying different stations in life and differing widely in culture and outlook. The turmoil of keenly contested elections to the directorate of these institutions which has now become a regular feature and some of the practices which are unfortunately becoming current at most of these elections tend to exclude from the committee many experienced and ardent co-operators and men with sufficient stake in the business. The result, in many cases, has been that the standard set and maintained by early workers of these institutions shows signs of being perceptibly lowered. This is sure to undermine gradually but unfailingly, the faith of the depositors who provide the bulk of the finances of these institutions. With the safeguards now existing in the Regulation and the Rules framed by the Government prescribing only one vote to a member irrespective of the number of his shares, the absence of proxy voting, the obligation to elect members of the Managing Committee every year, the restriction as regards the highest rate of dividend that can be declared, I do not think that we shall be departing in any way from the true democratic co-operative principles if we should insist upon the management being entrusted to persons who have some appreciable stake in the institutions, these persons being assisted by expert advice, if necessary. The directors in charge of the administration of these institutions should be given, as regards the internal management, definite powers untramelled by the undefined control of the general body. This would greatly minimise the tendency growing at the general meetings of these institutions where most of the members do not possess sufficient knowledge of details of working, to pass resolutions overriding the decisions of the directorate even on matters expressly assigned to them by rules, thus causing great confusion and shaking the confidence of the investors in these institutions.

Another evil has crept into these institutions. The same person becomes a member of more than one co-operative institution engaged in the same kind of business in the same place. Many members are perpetually and heavily indebted to more than one society and are constantly transferring their obligation from one society to another. The Government, I am afraid, should issue under the Regulation the necessary rule to check this practice. Another question is whether it is desirable to have a number of institutions engaged in the same kind of business in the same place. These institutions confined to a narrow locality or to a particular class of people and with small membership have not been able to gain stability and establish a reputation so as to attract local capital on a large scale and on easy terms. The energies of many men are frittered away in maintaining and managing institutions which from their very nature are incapable of expansion. Would it not be better and more economical to have, for each object, one central institution with branches all over the place to meet the needs of the people living in the different wards of the city or town.

To inculcate in their minds the idea of thrift which is one of the cardinal principle of Co-operation and to enforce it in practice, would it not be better to make the holding of a Provident Fund Bond an indispensable condition of membership like the holding of a share? Some of our urban banks have successfully introduced this system of compulsory Provident Fund, and I hope it will not be long before it becomes a regular feature of every urban bank in the State.

Consumers' Co-operation. The Consumers' Co-operative Movement has been practically a failure in most of the Provinces of India. South India is, however, an exception. Next to the Madras Presidency, Mysore can claim the credit for successfully working societies of this type. There are 88 co-operative stores societies in the State with a membership of 16,357 and a total working capital of Rs. 17,99,896 (1933-34). Of them, three societies in Mysore City with a membership of 5,000 and seven in Bangalore City with a membership of about 6,000 do a large amount of business. The need for such societies is keenly felt especially in the cities and certain industrial areas of the State. Expert management and loyalty of the members are the two indispensable conditions for their success. Unless we have a powerful wholesale organisation with large funds, we cannot think of spreading the movement in all the small towns and villages of the State. In almost all these isolated stores working in the towns, the complaint prevails that the selling rate of certain articles is higher than in the market. If all these stores societies are federated into one wholesale organisation the advantages derived will be immense.

House Building Societies. There are at present 22 societies exclusively concerned with the granting of loans for the purchase, construction and repairing of house. The problem of housing has become acute in the cities of Mysore and Bangalore as well as some of the districts and taluk head-quarters. The Government of Mysore have been liberally granting advances to their officials for this purpose, and have also allotted three lakhs of rupees for advances to house building societies. With all this, only the fringe of the problem has been touched. The house building societies should extend the scope of their activities and instead of contenting themselves with granting loans for buying or building houses, they should think of themselves constructing houses and selling them to the members on terms suited to the members' needs. For lack of these facilities many members who have borrowed from these societies have started building houses on a scale which is beyond their means and which has ultimately landed them in difficulties. A Central Housing Society with a capital raised by the issue of debentures should tackle this problem in the same way as the Land Mortgage Bank is attempting to solve the problem of rural indebtedness.

Education and Propaganda. The chief obstacle to the rapid progress of the movement appears to me to be, in the first place, the insufficiency of trained men to organise and work the institutions on business lines; and secondly, the ignorance of the mass of the people about the true aims and functions of co-operation. It is absolutely essential to start a Co-operative Training Institute in order to create a class of workers specially qualified to manage the institutions efficiently.

Some work in this line has, no doubt, been done by holding conferences and publishing a Journal. But the journal has not been of much avail since most of the rural inhabitants are illiterate. The holding of conferences has its own uses. What we need is a permanent organisation which will be able to send out, to the villages, qualified men who would work in the true missionary spirit and spread the gospel of Co-operation. There is already the Mysore Co-operative Institute with propaganda and education as two of its chief aims; but it is handicapped for want of enough men and sufficient funds. In these days of unemployment it would not be difficult to find a number of educated young men imbued with a spirit of social service who would willingly undertake this work if proper training and encouragement are given to them. If at least the prosperous co-operative institutions should all realise the importance of this work and make it their duty to set apart, as in the case of Reserve Fund, a certain percentage of

their profits for this purpose, a large amount of money can be collected without any hardship to the members. This contribution, supplemented by a generous grant from the Government, will help the launching of this necessary and laudable scheme of co-operative education and propaganda.

There have been, of late, coming to light some lapses and short-comings on the part of workers in the societies. No condemnation of these can be too strong. The discovery of these defects has influenced the Government to tighten the departmental control over the co-operative institutions as can be seen from the amendments to the Regulation and the recent rules issued thereunder by the Government. This step is considered by some as depriving the whole movement of its non-official character. Since the Government and the Department started the societies before doing the necessary preliminary work of educating the people in the principles of Co-operation, I do not think that the Government can feel that it has discharged its duty by the mere promulgating of Rules and Regulations and taking drastic steps to suppress the societies working inefficiently. The winding up of societies on a large scale, instead of increasing efficiency, has a strong tendency to scare people away and retard the progress of the movement. It is necessary that at this juncture, both the officials and non-officials should work together and pull it out of the unsatisfactory condition to which it has at present fallen, so that Co-operation in the State might make steady progress along right lines and unfold its immense latent possibilities for the good of the people.

RESOLUTIONS PASSED AT THE CONFERENCE.

The Conference passed, among other resolutions, the following:—

The Conference urged that Co-operative Stores should purchase and sell articles, as far as possible, made in India, that the present system of allowing goods to be purchased on credit should be restricted and that a co-operative central organisation should be started.

The Government was requested to advance loans at cheap rates of interest to House-Building Co-operative Societies. A system of provident fund should be brought into practice, co-terminus with the membership of the shareholders, to promote thrift among members.

The Government was requested to institute a course of studies in Co-operation, in all middle and normal schools. It was resolved also to establish a co-operative insurance organisation.

The Conference requested the Government to establish a Central Weavers' Society to promote the interest of weaving community.

SCHEME FOR THE DEVELOPMENT OF THE HANDLOOM INDUSTRY IN BIHAR AND ORISSA

This scheme is drawn up on the assumption that the annual grant for a period of five years will be made available to this department by the Government of India for the development of the handloom industry and that the amount of the grant for the remainder of the current financial year will be Rs. 23,000 while for the year 1935-36 it will be Rs. 52,500. The estimate of cost for the remainder of the five year period is also based on the assumption that the annual grant will be Rs. 52,500 till the end.

2. The main difficulty of the handloom weaver has been marketing, which has rightly been referred to as the crux of the whole problem of the handloom industry. But successful marketing pre-supposes efficient and organised production. The handloom weaver not only requires assistance in the marketing of his products, but also guidance in the efficient and economic production of goods which are marketable. While, therefore, emphasis is rightly laid on marketing, the necessity for linking marketing with organised and efficient production is obvious. In this province an outstanding success of the Department of Industries in the development of the handloom industry is the organisation of the Purdah Section of the Cottage Industries Institute. This Section not only finds markets for Bihar handwoven textiles of special designs but also supervises the efficient production of these goods by cottage weavers. The object of the scheme now submitted is to extend the work of the Purdah Section by promoting the manufacture and sale of standard goods, *e.g.*, saris, dhoties, towels, shirtings, etc., as a flourishing cottage industry. In doing so regard will be had to the nature of the competition from mill-made goods and to the importance of designing and of ascertaining the special peculiarities of local taste which cannot be catered for by the mills.

3. As the organisation which it is now proposed to set up will function on exactly the same lines as the Purdah Section of the Cottage Industrial Institute, it is proposed that it should take over in its entirety the work of this Section and develop it with the aid of the Government of India grant. The organization will thus have from the beginning, the ready-made flourishing business in Bihar Purdahs. On similar lines it will endeavour to develop the sale of other handwoven goods. It will also have the advantage of the regular supply on credit of hand-woven goods manufactured in the three important textile institutes of the Department, *viz.*, the Cottage Industries Institute at Gulzarbagh, the Silk Institute at Bhagalpur and the Wool Weaving Institute at Gaya. The goods supplied by these institutes will form part of the stock of finished goods of the marketing organization and should be of great assistance in exploring the possibilities of the market. The essence of the scheme is therefore that the Purdah Section should be absorbed in the new organization which will also work in co-operation with the Government textile institutes within the province.

4. The marketing organization for handwoven fabrics will consist of three separate departments with a technical assistant in charge of each. The departments will be (*a*) Manufacturing; (*b*) Finishing and (*c*) Marketing. A Business Manager will be in charge of the entire organization and will supervise the work of all the three departments. Much of the success of the scheme will

depend on the initiative and ability of this officer. It is proposed to recruit a man on a suitable scale of pay subject to a maximum of Rs. 350 a month plus one half per cent. commission on sales in excess of Rs. 1,20,000 which are the average annual sales of the Purdah Section for the last three years. This officer will work under the direct supervision of the Textile Expert and the Director of Industries. Apart from weekly reports on the working of the organization, he will be required to refer several matters for sanction before undertaking any expansion of the business or any expenditure on exhibitions and publicity. The work of the new organization will thus entail a heavy increase of clerical and correspondence work in the office of the Director of Industries. To cope with this it is proposed to employ one temporary typist on Rs. 40 per mensem at the head office and to give an allowance of Rs. 25 a month to an assistant already in this office who will work as a steno-typist to the Textile Expert in addition to his ordinary duties. The functions of the three separate departments of the marketing organization may now be considered before dealing with the expenditure which these proposals involve.

5. MANUFACTURING DEPARTMENT :—

The importance of organised production has already been stressed. The main function of this department would be to prepare specifications of the different varieties of textiles which will be required for marketing and to secure standardization as far as practicable. It will also supervise actual production which will be undertaken through co-operative societies or failing such societies through qualified master weavers who should preferably be men trained in the various institutes. The aim will be to organise production as far as practicable through co-operative societies. Master weavers, if employed, will act as agents of the marketing organization. The Business Manager, after a careful study of the markets for cotton fabrics, will select a few samples of staple goods for manufacture. The samples with detailed instructions and specifications will be passed on to weavers' societies or master weavers for the manufacture and supply of goods at rates previously agreed upon. With a view to standardise the quality of woven goods, the societies or master weavers will be required to buy their yarn either from the marketing organization or from approved cotton mills. The manufacturing departments will, therefore, be required to maintain a yarn store at its headquarters at Patna and to stock both grey and dyed yarn. The technical assistant in charge of this store will assist co-operative societies and master weavers with technical advice in regard to manufacture. He will also receive and inspect the goods woven by them for the marketing organization. Finished goods will be paid for at prices which will allow reasonable wages to the weavers and profits to co-operative societies or master weavers. The agreement with master weavers, if employed, will provide for payment to weavers at definite rates to be fixed by the Business Manager. It will be the duty of the Weaving Supervisors of the demonstration parties and of the Textile Expert to see that the rates of wages fixed by the Business Manager are actually paid to the weavers. In special cases with the sanction of the Director of Industries yarn and raw materials may be supplied on credit to the extent of one-third of the value of the goods ordered. All dues on account of such advances, will, however, be deducted from the subsequent bills of the parties for goods supplied. In order that co-operative socities may be sufficiently developed to handle the business of the marketing organization it is proposed to appoint a temporary organiser and three weaving supervisors to assist in the formation of these societies and to supervise their proper working. The pay of the organiser will be

Rs. 150 per mensem and of a weaving supervisor at Rs. 60 plus Rs. 10 as fixed travelling allowance per mensem. The appointment of the organiser and the weaving supervisors will be made from the 1st March 1935 and expenditure on this account is estimated to be Rs. 6,000 per annum, as per details given in paragraph 12 below. The estimates of expenditure for the year 1936-37 and subsequent years further provide for the appointment of three additional demonstration parties at a total cost of Rs. 12,000 per annum. These parties will consist of three weaving supervisors, three dyeing mistries and three peons. They will assist the weavers in producing new designs of cloth which may be required for the marketing organization after the first year's working.

6. FINISHING DEPARTMENT:—

One of the greatest handicaps in the marketing of handwoven fabrics is the lack of proper finish and attractive "get up" which mill production has made familiar. For this reason, the scheme provides for a small central finishing plant of the type employed by modern cotton mills. The plant consisting of bleaching, finishing and calendering machinery will be fitted in the workshop building of the Cottage Industries Institute which will require certain additions and alterations for the accommodation of a boiler and an engine. The finishing plant will consist of (1) sewing machine, (2) half ton boiling kier, (3) Roller Washing machine, (4) Chemicking and souring machine, (5) Scutcher with Plaiter, (6) Finishing range with drying cylinders, (7) Three-bowl calender and (8) a folding machine. The entire plant with boiler and engine is estimated to cost a sum of Rs. 30,000 approximately which will be met from the Government of India's grant in 1935-36. The figure is higher than the one given in the memorandum submitted for the Industries Conference, but the latter figure was only tentative as there was no time to obtain quotations from firms.

The staff of the Finishing Department will consist of a Finishing Master, two mistries (one for bleaching and the other for finishing and calendering) an engine-driver and a boiler attendant. The wages of labour to be employed in this Department as well as the cost of coal, stores, etc., will be met from a lump provision for contingent expenditure for the Finishing Department. After finishing, the goods will be folded, labelled and printed with a suitable trade mark before being sent to the warehouse of the marketing department.

7. MARKETING DEPARTMENT:—

The Marketing of finished goods of the handloom industry will be done by the following agencies:—

(a) The Central Depot at Gulzarbagh,

(b) Branch Sale Depots at Bankipore and other important centres within the province, *e.g.*, Bhagalpur, Ranchi, Cuttack, Jamshedpur and Muzaffarpur,

(c) Selling agents in other parts of India and abroad; and

(d) A Commercial Traveller touring within and outside the province under the instructions of the Business Manager.

Supplies of all goods will be made from the central warehouse which is proposed to be located in a building adjacent to the Cottage Industries Institute at Gulzarbagh. The Business Manager will also have his office and the yarn store in this building. The retail selling prices of goods manufactured for the

marketing organization will be fixed by the Business Manager with the approval of the Director of Industries. The Sale Depots, selling agents and the Commercial Traveller will be required to sell the goods of the marketing organization at these prices but will be paid a commission on all sales at rates previously agreed upon. In addition, it is proposed to grant a subsidy to each sales depot which will cover roughly the cost of shop rent. The Commercial Traveller who will be required to canvass orders for the marketing organization will be paid Rs. 80 a month plus travelling allowance at the usual rates. He will also be allowed a commission of five per cent. only on such sales as will be effected by him.

8. EXPENDITURE ON BUILDING:—

The central warehouse and the office of the Business Manager will be located in the building adjacent to the Cottage Industries Institute, which, it is hoped, will be made available by the Public Health Department. No additions or alterations to this building will be necessary. The finishing plant will be located in the workshop building of the Cottage Industries Institute. The bleaching and finishing machines will be fitted up in the lecture hall of the workshop building and in the room to the south of it. The boiler, engine and the pumps will be placed outside this hall in a shed to be constructed for the purpose. An estimate of cost for necessary additions and alterations is being prepared by the Public Works Department. This expenditure will be met from provincial revenues.

9. WORKING CAPITAL:—

It is proposed that the working capital should be provided by the local Government. The Purdah manufacturing section already receives an annual grant of Rs. 1 lakh under contingencies—non-contract. This amount is utilized for the manufacture and purchase of purdahs, etc., and the sale proceeds are credited to the Industries Department budget as revenue receipts. It is now proposed that the local Government should provide a grant of Rs. 1 lakh as stock advance to the marketing organization with effect from the 1st April 1935 on the same terms as the advances to the Department of Agriculture for organising the supply of seeds, manure, agricultural implements and well-boring materials (*vide* Government Order No. 549-D. R., dated the 15th September, 1928). This advance will be in the nature of a permanent advance and will be kept in a personal ledger account in the local treasury at Patna. This amount of Rs. 1 lakh will form the working capital of the organization in addition to the value of the stock in trade of the Purdah Section that may be available on the 31st March 1935. It may be noted in this connection that the stock in trade was estimated at Rs. 89,180 on the 31st March, 1934. The annual profits that may be declared after audit will be credited to the local Government as revenue receipts. The accounts will be subject to audit annually by the Examiner of Local Accounts.

10. DETAILS OF EXPENDITURE OF THE GOVERNMENT OF INDIA GRANT:—

The grant from the Government of India will be utilized to meet the cost of the organization detailed in the preceding paragraphs and also for exhibitions and advertisement. Estimates of cost for years 1934-35 and 1935-36 for which the Government of India have allotted Rs. 23,000 and Rs. 52,500 respectively to this province are given in the following paragraphs along with the estimates for the subsequent years, based on the assumption that the grant after 1935-36 will be Rs. 52,500 per annum. For the current year (1934-35) expenditure is estimated to amount to Rs. 4,000 only owing to the fact that the organization cannot be properly started before the 1st February 1935 as some time will elapse before the several posts are advertised and the important posts are filled up.

11. ESTABLISHMENT :—

	Rupees.
One Business Manager on Rs. 350 per mensem plus ½% commission on sales above Rs. 1,20,000 per year	350
One Technical Assistant in charge of warehouse	150
One Commercial Traveller (plus 5% commission on sales)	80
One Accountant	125
One Storekeeper (for finished goods)	75
One Typist	40
One Despatcher	35
Two Attenders for warehouse, (one on Rs. 20 and one on Rs. 15) ..	35
One Peon on Rs. 10 for office	10
One Packer on Rs. 15	15
One Watchman on Rs. 10	10
One Sweeper on Rs. 10	10
One Typist for work in the office of the Director of Industries ..	40
Allowance to an Assistant in D. I.'s office for shorthand work ..	25
Total ..	1,000

Existing staff of Purdah Section will be utilized for marketing organization. The cost of this staff as detailed below will continue to be met from Provincial revenues.

	Rupees.
One Technical Assistant in charge of manufacturing section and yarn store	110
One Junior Technical Assistant	65
One Assistant Store-keeper (raw materials)	45
One Cashier	50
One Correspondence Clerk	65
One Ledger Clerk	48
Two Peons on Rs. 10 each (one for the Business Manager and one for Commercial Traveller)	20
Total ..	403

12. (*a*) ESTIMATES OF COST FOR 1934-35 :—

(1) Establishment (New Staff)—Business Manager and his staff @ Rs. 1,000 per mensem as detailed above for one month only	1,000
(2) Travelling allowance of Business Manager and Technical Assistant in charge of the Manufacturing Department	200
(3) Advertisement and publications for propaganda	200
(4) Cost of participation in exhibitions and fairs	300
(5) Subsidies to Branch Stores	300
(6) Furniture and equipment for warehouse and office	1,000
(7) Contingencies	1,000
Total ..	4,000

12. (*b*) ESTIMATES OF COST FOR THE YEAR 1935-36 :—

		Rupees
(1) Establishment (New Staff) :—		
(*i*) Business Manager and his staff as detailed in paragraph 11 (1,000 × 12)		12,000
(*ii*) Finishing Department		4,500
One Finishing Master at	200	
Two mistries at Rs. 50 each	100	
One Engine-Driver	40	
One Boiler Attendant	25	
One Watchman	10	
	375 × 12	
(2) Labour charges, coal, stores, contingencies, etc., of the Finishing Department		3,000
Total carried over		Rs. 19,500
(3) Grant to Co-operative Department for organising weavers' Co-operative Societies as per details below :—		
One Organiser ..	150	
Three Weaving Supervisors each @ Rs. 60 plus Rs. 10 as fixed Travelling Allowance ..	210	
One peon ..	10	
Travelling allowance for Organiser, etc. ..	50	
Contingencies ..	80	
	500 × 12	
	=	6,000
(4) Travelling allowance		2,500
(5) Advertisement and publication for propaganda		2,000
(6) Cost of participation in exhibitions and fairs		2,500
(7) Subsidies to Branch Stores		5,000
(8) Contingencies which includes packing charges, telephone, municipal taxes, hot weather charges, etc.		3,000
Total ..		40,500 (Recurring).
		Rupees
(9) Purchase of a finishing plant		30,000
(10) Cost of furniture and equipment		1,000 (Non-recurring).
Total ..		71,500

(*c*) ESTIMATES OF COST FOR THE YEAR 1936-37 :—

(1) Establishment, grant to Co-operative Department, subsidies to Branch Stores, etc., as detailed in (*b*) above	40,500
(2) Cost of three additional demonstration parties (*vide* concluding portion of paragraph 5 above)	12,000

3 Weaving Supervisors on Rs. 70 p.m.	..	210
21 Weaving Mistries on Rs. 20 p.m.	..	420
3 Dyeing Mistries on Rs. 25 p.m.	..	75
3 Peons on Rs. 10 p.m.	..	30
Fixed Travelling Allowance for 3 Weaving Supervisors at Rs. 40 each	..	120
Fixed for 24 Mistries at Rs. 5	..	120
Fixed for 3 peons @ Rs. 3	..	9
		984 × 12
		= Rs. 11,808
Contingent expenses of 3 parties @ Rs. 64 each	..	192
		Rs. 12,000

(d) Estimates of cost for 1937-38 (same as for 1936-37)	Rs. 52,500
(e) Estimates of cost for 1938-39 (same as for 1936-37)	Rs. 52,500
(f) Estimates of cost for 1939-40 (till November 1940)	Rs. 32,000

(1) Business Manager and his staff for 8 months at Rs. 1,000 per mensem	..	8,000
(2) Staff of the Finishing Department for 8 months at (375 × 8) =	..	3,000
(3) Staff of three demonstration parties for 8 months at Rs. 12,000 for the year	..	8,000
(4) Labour charges, coal, stores, contingencies, etc of the Finishing Department for 7 months	.	1,750
(5) Grant to Co-operative department for organising and working of weavers' co-operative societies for 7 months	..	3,500
(6) Travelling Allowance	..	1,500
(7) Advertisement and propaganda	..	1,000
(8) Cost of participation in exhibitions and fairs	..	1,000
(9) Subsidies to Branch Stores	..	3,000
(10) Contingencies	..	1,250
		Rs. 32,000

(g) Abstract of expenditure :—

	Rupees.
For 1934-35	4,000
For 1935-36	71,500
For 1936-37	52,500
For 1937-38	52,500
For 1938-39	52,500
For 1939-40	32,000
	Rs. 2,65,000

13. The above estimates make no provision for payment of commission to the Business Manager, agents and branch depots, etc., as the same is proposed to be paid out of the profits earned by sales. The selling price of goods sold by the marketing organization will be fixed so as to allow a margin for the payment of all commissions, trade discounts and to cover losses on account of shop-soiled goods, damage to goods in transit, etc.

14. In submitting details of the five year scheme for the development of the handloom industry it is necessary to emphasise the importance of flexibility in actual working. Variations in the scheme and the expenditure on various item should be possible in the light of actual experience.

GOVERNMENT OF INDIA RURAL DEVELOPMENT GRANT.

Sir James Grigg, Finance Member of the Government of India, laid on the table of the Legislative Assembly on 6th Sept. 1935, in reply to a question by a member, a statement showing how the Government of India grant for rural development in 1935-36 was to be spent.

The statement recalls that the money was to be spent on schemes approved by the Government of India which would improve the economic position and was meant to cover measures designed to improve the actual monetary income of the people as well as those designed to improve their health and education. The schemes were of course to be over and above the ordinary activities of the Provincial Governments.

A demand was placed before the Assembly for transferring Rs. 1 crore to the special fund and at a later stage it was proposed to transfer to this fund, the unallocated balance of the surplus estimated at Rs. 13 lakhs in order to provide scope for varying allotments payable on the rural population basis where it seemed desirable to do so, particularly in case of some of the economically backward provinces.

As regards the decision to set aside Rs. 15 lakhs for developing the co-operative movement, the Government of India agreed with Mr. Darling's view that the proposed contribution should be devoted to giving effect to educational schemes worked out in consultation with the Provincial Registrars of Co-operative Societies. The Local Governments had been informed of this and the Government of India now awaited their final views on Mr. Darling's proposals. On receipt of these the sum of Rs. 15 lakhs would be distributed.

Rs. 92½ lakhs has been allotted as follows mainly on the basis of population of the provinces and Rs. 5½ lakhs has been kept in reserve :—

Madras Rs. 14 lakhs; Bombay Rs. 7 lakhs; Bengal Rs. 16 lakhs; the United Provinces Rs. 15 lakhs; the Punjab Rs. 8.5 lakhs; Burma Rs. 5 lakhs; Bihar and Orissa Rs. 12.5 lakhs; the Central Provinces Rs. 5 lakhs; the North-West Frontier Province Rs. 3 lakhs; Assam Rs. 5 lakhs; and Delhi, Ajmer, Merwara and Coorg Rs. ½ lakh each.

Immediately the demand was passed by the Legislative Assembly, the Local Governments were asked to submit schemes.

The scope for initiative and experiment in rural reconstruction was, of course, vast but the Government of India had decided to give the lead to the Local Governments by indicating certain categories which, in their view, covered most of the pressing needs of village life and offered the most practical benefit. These categories are as follows :—

1. Sanitary measures, e.g. (a) anti-malarial schemes, (b) village water supply, including well boring and (c) village sanitation, including drainage; 2. Consolidation of holdings; 3. Village roads; 4. Discretionary grants to District Officers in order to enable them to promote or assist minor local works of improvement.

The Local Governments were told that the Government of India would accept without question schemes falling under these heads.

Following are the projects actually approved by the Government of India :—

MADRAS.

Rural water supply Rs. 5.5 lakhs; village communications Rs. 4.5 lakhs; village sanitation Rs. 3 lakhs; anti-malarial measures Rs. 50,000; and District Officers' discretionary grants, Rs. 50,000.

BOMBAY.

Village improvement scheme Rs. 6 lakhs; improvement of buffaloes and disposal of milk Rs. 42,000; improvement of poultry Rs. 15,000; co-operative egg collecting and marketing Rs. 2,000; improved pressing and tanning of hides Rs. 25,000 and inland fisheries Rs. 10,000. The greater part of the grant for village improvement would be utilised for furthering the scheme laid down by the late Governor, Sir Frederick Sykes, which has now been in actual operation for nearly two years.

BENGAL.

Details for the spending of the Rs. 16 lakhs grant to Bengal are as follows :—

The establishment of seed, paddy and crop demonstration centres Rs. 1,09,000; for improvement of cattle and fodder crops Rs. 1,75,000; for the improvement of poultry Rs. 500; for propaganda in districts through loud speakers and gramophones Rs. 29,000; for wireless transmission in Midnapore district Rs. 82,000; improved marketing of jute and paddy Rs. 5,000; coir spinning and weaving Rs. 40,700; Union Board dispensaries and improvement of water supply Rs. 3,50,000; attachment of agricultural farms, etc., to secondary schools and the provision of playgrounds and village halls Rs. 1,800; Boy Scouts, Girl Guides and *bratachari* Rs. 20,000; minor drainage and flushing schemes Rs. 3,30,000; Chittagong Hill Tracts Rs. 25,000; discretionary grants to Commissioners and District Officers Rs. 2,17,000;—Total Rs. 16 lakhs.

UNITED PROVINCES.

Main scheme Rs. 7,00,000; agricultural schemes Rs. 3,28,000; public health and medical relief schemes Rs. 3,16,000; industrial schemes Rs. 70,000; publicity and propaganda schemes Rs. 36,000; Kumaon District Rs. 50,000.—Total Rs. 15,00,000.

The object of the 'main scheme' is to promote the spirit of self-help in the villages for which a special staff will be employed for two years, consisting at least of six Organisers in each one of the 45 districts, (the three hill districts of Kumaon being excluded) and one Inspector in each district to guide and supervise the work of the Organisers. Each Organiser will work on the lines on which the "village guides" work in connection with the co-operative movement. The Organisers as well as the Inspectors will before their appointment undergo special training and will all be under the control of the District Officer.

There will be district rural development associations with consultative functions and for the execution of minor local works. At least Rs. 5,000 on an average will be placed at the disposal of each of the 45 District Officers. The Local Government would spend two lakhs on the main scheme in addition to seven lakhs from the central grant. It is proposed to spend Rs. 1,20,000 in making the grants-in-aid up to one-third in each case towards the cost of sinking tubes in the existing wells. Three thousand such borings will be carried out in areas not served by canals or tube wells. The Local Government propose to establish nine health units, each covering an exclusively rural area of about 50 villages with a population of about 30,000.

The Local Government consider that the development of marketing is one of the most promising lines for giving help to village industries. In order to ensure abiding results from rural uplift work, 3,240 villages to which the main scheme applies will receive gratis newspapers, monthlies and reprints featuring rural uplift articles and news at least once a week at the cost of Rs. 30,000 for the initial two years. Rs. 50,000 will be spent on the Kumaon Division for which suitable schemes are under preparation.

THE PUNJAB.

Consolidation of holdings Rs. 1,04,000; sanitary improvement in 31 villages in Gujarat district Rs. 9,000; borehole latrines in Shakargarh Tahsil of Gurgaon district Rs. 10,000; water supply schemes Rs. 2,25,000; serum cellars Rs. 20,000; reconstruction of veterinary hospitals in Rohtak district Rs. 12,000; construction of ten veterinary hospitals Rs. 60,000; broadcasting scheme Rs. 48,000; tanning scheme Rs. 76,000; fruit-growing Rs. 62,000; well-boring Rs. 50,000; cinema films and loud speakers Rs. 59,000; sheep development Rs. 15,000; District Officers discretionary grants Rs. 1,00,000,—Total Rs. 8,50,000.

There will be a consolidation officer, eight inspectors and 88 sub-inspectors to expedite the progress of work. Any sums collected from the zamindars will be used to employ additional staff. The broadcasting programme will apply to Rohtak, Karnal and Gurgaon, and it is proposed to instal 40 receiving sets and maintain them for two years. The Punjab being one of the principal centres for export of goat skins and having practically the monopoly of export of lamb skins, it is proposed to create a central Tanning Institute for research and demonstration with two travelling demonstration parties.

BURMA.

Rural development centres Rs. 3,35,000; Deputy Commissioners discretionary grants Rs. 50,000 and anti-malarial measures Rs. 1,15,000.—Total Rs. 5 lakhs.

The object of the scheme for rural development centres is partly the formation of model village groups to enable ideas to spread and partly to furnish means of experiment to help intensive development.

BIHAR AND ORISSA.

Village communications Rs. 6,00,000; rural water supply Rs. 5,00,000; schemes for drainage chaurs and desilting tanks in North Bihar Rs. 1,00,000; village welfare Rs. 50,000.—Total Rs. 12,50,000.

As village communication is the most urgent need of the province, it is proposed to make or improve the cart tracts which will connect the villages with the main roads and so with markets and railways. The need for improved rural water supply is universally recognised. More wells and more village irrigation dams are required. Fifty thousand rupees will be spent for experimental village welfare schemes by setting up village organisations capable of self-development.

THE CENTRAL PROVINCES.

Rural water supply Rs. 1,20,000; District Officers' discretionary grants Rs. 1,00,000; welfare of aboriginal tribes in scheduled districts Rs. 40,000; dispensary buildings in villages Rs. 15,000; experiments in poultry farming Rs. 10,000; better bulls for District Councils Rs. 30,000; farm in Mandla district Rs. 30,000; five additional debt conciliation boards Rs. 1,00,000; cinemas on lorries for demonstration work Rs. 20,000; two tractors for use in Saugor district Rs. 15,000; storage accommodation for cultivators' produce Rs. 20,000.—Total Rs. 5,00,000.

Six Debt Conciliation Boards are already working and have reduced the total debt of Rs. 63.57 lakhs to Rs. 36.38 lakhs. 27 to 55 per cent of the original debt has been remitted.

It is proposed to construct godowns in market towns where cultivators can store their produce temporarily, when they are faced with the necessity of disposing of it at disadvantageous rates. One or two experimental godowns will be constructed in the first place.

ASSAM.

Rural water supply Rs. 3,00,000; village roads Rs. 1,00,000; discretionary grants to Divisional Commissioners Rs. 40,000; village sanitation Rs. 40,000; purchase of pumps for irrigating boro paddy lands Rs. 20,000.—Total Rs. 5 lakhs.

The improvement of water supply in Assam is a crying need. It is proposed to sink wells or where absolutely necessary to dig tanks.

NORTH-WEST FRONTIER PROVINCE.

Drinking water supply Rs. 1,20,000; discretionary grants to Deputy Commissioners Rs. 90,000; village roads Rs. 10,000; anti-malarial measures, including purchase of quinine, Rs. 15,000; school farms Rs. 10,000; marketing facilities for local industries Rs. 3,000; damming of torrents in Dera-Ismail Khan district Rs. 10,000; headworks on the Bara river in Peshawar district Rs. 5,000; industrial shop Rs. 7,000; other miscellaneous schemes Rs. 30,000.—Total Rs. 3 lakhs.

In certain parts of the province water in summer is fetched from so far as 12 miles. The District Officers discretionary grants will be partly earmarked for expenditure on schools and the balance on minor schemes for which the villagers themselves are prepared to provide labour. The village road grant will be spent on improving the existing roads and constructing short tracks to connect villages with the main roads. The money will be spent on material only and labour would be obtained from the villages concerned.

For the improvement of marketing it is proposed to construct small *mandies* at selected places

COORG.

Water supply Rs. 32,500; cattle breeding Rs. 2,500; discretionary grant Rs. 15,000.

DELHI.

Wells repair Rs. 34,000; new wells Rs. 8,000; remodelling a village Rs. 3,000; road and communications Rs. 10,000; Deputy Commissioners' reserve Rs. 5,000.

AJMER-MERWARA.

Improvement of village roads and construction of small bridges and culverts Rs. 23,000; propaganda for improvement of agriculture Rs. 23,000; improvement of livestock Rs. 1,000; discretionary grant at the disposal of the Commissioner Rs. 3,000.

EXTRACTS.

CO-OPERATIVE EDUCATION AND SUMMER SCHOOLS.

SUMMER SCHOOLS OF 1935.

As the co-operative journals of the various countries bear witness, 1935 has yielded a considerable quota of summer schools and courses. The number is probably much greater than would appear, for in some countries summer schools form now so well-established and regular a part of the year's educational activity that they have ceased to figure in the news. That is not necessarily a disadvantage, provided that they continue to supply the stimulus which is their proper function. It can, therefore, be noted with satisfaction that they are not only increasing in number but becoming more and more diversified in aim and purpose. Summer schools which all co-operators, irrespective of their functions in the Movement, are eligible to attend appear to be most effective as pioneer efforts, but lose a certain amount of their vigour and value with repetition. Specialisation, which can be extended as the number of interested students grows, is the means whereby the operation of this tendency to "diminishing returns" in the field of education can be counteracted.

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SUMMER SCHOOLS AND LOCAL EDUCATIONAL WORK.

One or two countries report a slight decline in the number of students, or courses abandoned because of insufficient applications. There is, however, no lack of other evidence that the summer school is still a live form of co-operative education and meets a real need. At the same time, its growth and development bring into clearer relief other educational needs which are no less urgent, and of which the chief is that of permanent educational institutions in which the subjects discussed at summer schools can be pursued and thoroughly mastered. It is only as a component of an educational system of which long-period intensive courses form the basis that the summer school can play its proper part. The intellectual stimulus and the good fellowship which are its great advantages are to a large extent lost if the student's participation in systematic co-operative education ends with the close of the school and he is thereafter left mainly to his own initiative and resources. This danger, of course, is not so great in the case of the co-operative employee in those countries where the provision already made for his training is fairly complete, but it is an important consideration in the case of the unofficial member who is likely to be called on to serve as an elected officer.

Without the support of continuous study courses organised locally a series of annual summer schools can, very soon exhaust the number of suitable students, and may only be able to keep up its attendance figures by lowering the quality of its work. These schools can, therefore, never be regarded as the mainstay of a co-operative educational system. They can flourish only if they are rooted in a widespread net work of local centres of co-operative studies. Those co-operators in the United States who are organising summer schools for students who give a definite undertaking that they will initiate co-operative educational work in their own localities, are moving in the right direction. The ultimate aim must be a great increase in the number of members who, besides being influenced by the

Movement's propaganda work, take part as students in its educational institutions. They must be able to find in their own towns and villages groups of neighbours with whom they can discuss co-operative theory and practice week in, week out, in order that they may acquire the grounding to enable them to take part effectively in a summer school. And, having attended a summer school, they should be able to follow up new lines of thought and digest novel ideas in a class or study circle easy of access from their own homes and work places. Without permanent local centres of co-operative studies the great mass of the memberhip are unable to attain a high level of co-operative education.

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CO-OPERATIVE EDUCATION IN INDIA.

In another part of this issue we publish the very interesting scheme of co-operative education in India, which is outlined in an article by Mr. V. Ramadas Pantulu in the July issue of the *Indian Co-operative Review*.

Mr. Pantulu, who is also President of the All-India Co-operative Institutes' Association, was a delegate to the I. C. A. Congress in London last year and travelled from India specially to take part in its deliberations. His observation upon Indian Co-operation, no less than what he rightly calls a "Comprehensive Scheme" are full of interest for world co-operators and manifest the qualities of leadership which Mr. Pantulu brings to bear upon his great and responsible task. He draws some inspiration from the work he has seen in operation in Great Britain and the other countries he visited last year. European co-operators will also be able to discover some new angles from which to view their own problems. We shall await with interest the reception of Mr. Pantulu's proposals in the hope that they will be readily adopted and applied to the special circumstances of Indian life and economy.—*Review of International Co-operation,* September 1935.

JAPANESE CO-OPERATIVE SOCIETIES FOR THE SALE OF PRODUCE

Co-operative societies for the sale of produce are formed with the object of selling articles produced by their members either manufactured or not in the society usually consigned to them by members.

About 71 per cent of the whole number of co-operative societies in Japan are societies carrying on this kind of transaction.

At the end of 1932 the yearly sum of sales amounted to about 202,838,620 yen, that is an average of 23,928 yen per co-operative society and 64 yen per member. The products handled by the co-operative societies are very varied, but are principally rice, wheat, barley, soya beans, fresh vegetables, fruits, tea, colza oil, cocoons, raw silk, matting straw and articles made of straw, live stock, textile fabrics, drapery goods, marine produce, sugar, paper, etc.

THE NATIONAL FEDERATION OF CO-OPERATIVE RICE-GRAIN MARKETING SOCIETIES LTD., JAPAN.

This federation was founded in Tokyo on 25th June, 1931 with the purpose of promoting the interest of farmers by marketing their rice crop co-operatively, which is the most important agricultural produce in Japan.

The federation, until now, has established two branch offices in Osaka and Moji, and fourteen stores throughout the country. At present, it sells not only rice grain but also other kinds of agricultural produce as wheats, barleys, beans, rapseeds, eggs, and charcoals.

Following table might be available to understand the rapid growth of this national organization.

Year.	Number of members		Share capital paid up	Turnover		Reserve	Net surplus.
	Societies.	Local federations.		Quantities of grains sold.	Amount of money sold.		
			Yen.	Pickles	Yen.	Yen.	
1931	10	33	42,900	95,584	670,413	—	(—)13,937
1932	6	44	100,400	3,694,479	28,584,579	—	6,411
1933	3	46	287,500	5,784,825	47,387,820	2008	8,022

JAPAN—DEVELOPMENT OF CO-OPERATIVE HEALTH SOCIETIES.

The movement in Japan for the co-operative utilisation of means of medical treatment under the Co-operative Societies Act, though started only recently, has made considerable progress.

Medical facilities are not so abundant in the farming districts as in urban centres. While the average number of doctors practising per 1,000 population was 1.12 in respect of cities, it was only 0.56 in respect of towns and villages. Moreover, the cost of medical treatment is usually beyond the means of poor people. The fees for such treatment are fixed by doctors' associations and their lowering is not permitted.

In view of this situation, a movement for the co-operative utilisation of medical treatment has been started, with a view to putting medical services within the reach of even the poorest. Naturally the movement has made particular progress in Tohoku and North districts, where medical facilities are most inadequate.

A National league of co-operative health societies was constituted in 1933, grouping 23 primary societies with an aggregate membership of 79,399. These societies ran 43 hospitals and secured the medical assistance of 138 doctors. The paid-up capital of the societies affiliated to the league at the end of 1933 amounted to 513,587 yen. The number of householders in the areas in which such societies are permitted to operate was 366,802, the aggregate number of cases of medical treatment during 1933 was 1,026,925, and the amount charged for treatment 859,284 yen—*Co-operative Information.*

CHINA STATISTICAL SURVEY OF THE CO-OPERATIVE MOVEMENT.

According to a recent survey published by the National Agricultural Research Bureau of the Ministry of Industry, Nanking, the Co-operative Movement made great progress in 1934. Before that year the total number of Societies in 19 Provinces was 5,335, and during the year 9,314 new Societies were established, an increase of about 175 per cent, which brought their total number to 14,649. As is usual in Eastern countries, the most important role is played by Credit Societies, of which there are 9,841, representing 67.2 per cent of the total. Next in importance are the General Societies which undertake more than one type of co-operative business, 1,365 (9.3 per cent of the total); Producers Societies, 1,260 (8.6 per cent); Marketing Societies, 1,059 (7.2 per cent); Consumers' Societies, 547 (3.7 per cent); Utility Societies 466 (3.2 per cent); and Miscellaneous Societies 111 (0.8 per cent). The Movement shows the greatest development in the Provinces of Kiangsu (2,937 Societies), Shantung (2,472), Hopei (1,935) and Chekiang (1,793).

Membership shows an even more remarkable development. The total previous to 1934 was 184,587, which increased during that year by 372,934 to 557,521, or by over 200 per cent. The participation of the various types of Societies in the total membership is as follows:—Credit Societies, 304,226 (54.6 per cent); Producers Societies, 61,517 (11.0 per cent); Consumers Societies, 58,648 (10.5 per cent); General Societies, 55,428 (10.0 per cent); Marketing Societies, 48,930 (8.8 per cent); Utility Societies, 25,766 (4.6 per cent). The membership figures show that the Consumers Societies occupy a more important position in the Movement than would appear from their number.

The Societies are small, the average size for all groups being 38 members per Society, and the average membership shows considerable differences between the various groups, the largest being that of the Consumers Societies, with an average of 107 members per Society. The average membership of all other types is much below this, the figures being; Utility Societies 55, Producers Societies 49, Marketing Societies 48, General Societies 41, Credit Societies 31, Miscellaneous Societies 27. —*Co-operative News Service.*

Supplement to Vol. 1, No. 4, 'Indian Co-operative Review'.

Proceedings of

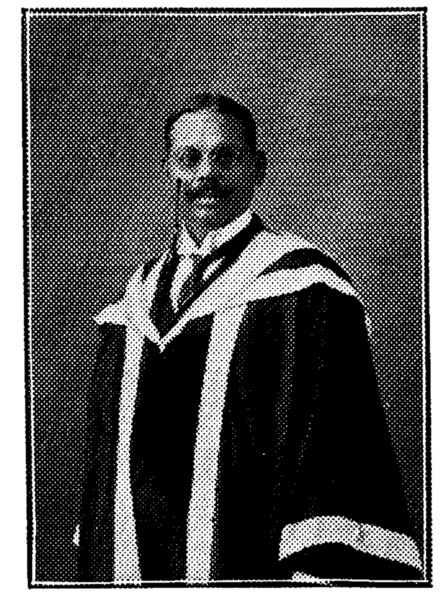
The Joint Session of the Standing Committees of

The Indian Provincial Co-operative Banks' Association and

The All-India Co-operative Institutes' Association

held at Patna

31st August and 1st September, 1935



Dr. Sir Syed Sultan Ahmed, Kt., D.L., Barrister-at-Law, Chairman, B. & O. Provincial Co-operative Bank Limited, Patna.

RAI BAHADUR DURGA PRASAD,

Managing Director, B. & O. Provincial Co-operative Bank.

MR. V. RAMADAS PANTULU,

President, Indian Provincial Co-operative Banks' and All-India Co-operative Institutes' Associations.

MR. Y. A. GODBOLE, I.C.S.,
Registrar of Co-operative Societies, Bihar & Orissa.

AGENDA OF THE MEETING OF THE STANDING COMMITTEE OF THE INDIAN PROVINCIAL CO-OPERATIVE BANKS' ASSOCIATION HELD AT PATNA THE 31st AUGUST AND 1st SEPTEMBER 1935

1. The relations that should subsist between the Provincial Banks, Central Banks and Primary Societies *interse* (Resolutions Nos. 4 and 12 of the Second Conference of Provincial Banks.)

2. The difficulties experienced in the realisation of overdue principal and interest and steps taken to meet them by the Provincial and Central Banks in different provinces (Vide Resolution No. 10 of the Third Conference of the Provincial Banks).

3. Separation of long-term credit from short-term credit in the existing Co-operative Banks.

4. Exemption of income derived from investments of Co-operative Banks in Government Securities from both income and super-tax.

5. The method and extent of financing Co-operative Marketing Societies through Co-operative Banks.

6. How far the organisation of hand-loom weaving industry on co-operative basis and the formation of Provincial Co-operative Weaving Societies in connection with the impetus given by the Government of India and the Provincial Governments by grants for this purpose, is possible.

7. To consider whether the Reserve Bank authorities be moved to extend the benefit of Rule No. 9 of its regulations regarding the relations of the Scheduled Banks with the Reserve Bank of India. The rule referred to reads as follows:—

(1) A scheduled bank shall, with effect from the date applicable to it under regulation 6, be entitled to remit money by mail or telegraphic transfers between the accounts kept by its offices, branches, sub-offices, and pay-offices at an office, branch or agency of the Reserve Bank in British India as follows:—

(a) An amount of Rs. 10,000 or a multiple thereof between its accounts at the *offices* and branches of the Reserve Bank *free of charge;*

(b) Once a week an amount of Rs. 5,000 or a multiple thereof, to the account which it maintains with the principal office of the Reserve Bank from any place at which it has an office, branch, sub-office, or pay office, and at which there is an agency of the Reserve Bank, free of charge;

(c) Other remittances to its account at the principal office of the Reserve Bank, subject to a charge of 1|64 per cent and also subject to a minimum charge of Re. 1.

(2) If remittances under sub-regulation (1) are made by telegram a further amount shall be paid to the Reserve Bank to cover the cost of the telegram and its acknowledgment.

8. To consider the advisability or otherwise of the Provincial Banks' undertaking to finance Primary Land Mortgage Banks by sale of Debentures.

9. To consider the advisability or otherwise of starting a Mortgage Bank for the whole of the province to finance agriculturists with long-term loans.

10. To consider the advisability or otherwise of selling Debentures of Land Mortgage Banks by tender system.

AGENDA OF THE MEETING OF THE STANDING COMMITTEE OF THE ALL-INDIA CO-OPERATIVE INSTITUTES' ASSOCIATION, HELD AT PATNA ON THE 31ST AUGUST AND 1ST SEPTEMBER 1935

1. What help can the Co-operative Societies give in conciliation of debts under the Relief of Indebtedness Acts passed or under consideration in various Provinces and States in India?

2. Proposal that in order to bring about a balanced national economy in India it is desirable to organise co-operative societies for the production and distribution of commodities of general consumption.

3. What steps should be taken to further the development of the Consumers' Movement in India?

4. Need for spreading the Co-operative Movement among Women.

5. What steps should be taken to improve the Co-operative Education of the Staff and Members of Co-operative Societies in the various Provinces and States in India?

6. To consider how best the grant that will be received from the Government for improving the condition of rural population can best be spent.

7. Proposal that the Governments of the Provinces and States be requested to institute inquiries into Agricultural Indebtedness with a view to take effective steps for relief of such indebtedness.

8. Proposal that the Law relating to Co-operative Societies be amended so as to empower them to distrain the crops of their members for realizing overdue instalments standing against them.

9. Proposal to continue the publication of "The Indian Co-operative Review."

10. Publication of "Co-operation in the Punjab." The book is ready in a manuscript form. It has been written by Sheikh Ata Ullah, M.A., Lecturer in Economics, Muslim University, Aligarh.

11. Proposal to prepare two text-books—one for the Secretaries of Primary Societies and the other for the Office-holders and Members of Co-operative Societies—provided the Government of India gives a grant for this purpose.

12. Consideration of the draft scheme for the Second Volume of "Co-operation in India."

13 (a) Proposal to request the Government of India and the Provincial Governments that at least one Director on the Central Board and also on the Local Boards of the Reserve Bank of India should be a representative of the Co-operative Movement. He should be appointed with the consultation of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association.

(b) Proposal that concerted action should be taken by the Provincial Organisations with the co-operation of Central and other Banks within the area

of each register of the Reserve Bank to have experienced Co-operators elected to the Boards of Directors of the Reserve Bank.

(c) Proposal to request the authorities concerned that for the posts in the Rural Credit Department of the Reserve Bank, official and non-official Co-operators should be appointed.

14. (a) Proposal to request the Government of India that Co-operators should be appointed on its Marketing Staff.

(b) Proposal to request the Provincial Governments and the Governments of Indian States that Co-operators should be appointed on their Marketing Staff and also on their Marketing Boards.

15. Proposal to request the Provincial Governments and the Government of Indian States to spend more money on the Co-operative Movement.

16. Proposal to request the Government of India to exempt Co-operative Societies from the payment of postal and money order charges.

17. Proposal to request the Railway authorities and the Government of India to grant concessions in fares for Co-operative delegates to their tours to Co-operative Meetings and Conferences and back.

18. Proposal that the Association be registered either under the Co-operative Societies' Act, or under the Societies' Registration Act with the permission of the Government.

19. Proposal to request the Government of India to expedite the passage of the Bill to supplement the law relating to Co-operative Societies providing for the registration as Co-operative Societies of societies whose sphere of operation extends to more than one province.

20. The annual reports on the working of co-operative societies in the various Provinces and States in India are published very late and therefore lose much of their value. Proposal to request the Governments of the Provinces and States to publish these reports in time.

21. Dates for the next Conference to be held at Bangalore in Mysore State.

22. Proposal that Co-operative Institutions registered and working in Indian States should be exempted from income-tax on earnings realised by them in British India.

PROCEEDINGS OF THE MEETING OF THE JOINT SESSION OF THE STANDING COMMITTEES OF THE INDIAN PROVINCIAL CO-OPERATIVE BANKS' ASSOCIATION AND THE ALL-INDIA CO-OPERATIVE INSTITUTES' ASSOCIATION

A Joint Session of the Standing Committees of the Indian Provincial Banks' Association and the All-India Co-operative Institutes' Association met on the 31st August, 1935, at 9 a.m. at the office of the Bihar and Orissa Provincial Co-operative Bank, Limited, Post Office, Bankipore, Patna, under the presidency of Mr. V. Ramadas Pantulu, President of both the Associations. The session was attended by members from many of the Provinces and some of the Indian States. Members of the Board of Directors of the Bihar and Orissa Provincial Co-operative Bank, Ltd., as well as some prominent co-operators of the Province of Bihar and Orissa were also present. The Members of the Standing Committees present at the meeting held on the 31st August, 1935, and 1st September, 1935, were the following:—

MEMBERS OF THE STANDING COMMITTEE OF THE INDIAN PROVINCIAL CO-OPERATIVE BANKS' ASSOCIATION.

*1. Mr. V. Ramadas Pantulu, *President* (Madras),
2. Dewan Bahadur S. Aravamudu Aiyangar, (Hyderabad-Deccan),
3. Rai Bahadur Durga Prasad (Bihar and Orissa),
4. Rao Bahadur M. G. Deshpande (Central Provinces and Berar),
5. Mr. A. G. Sherleker (Indore).
6. Mr. Sanat Kumar Chatterjee (Bengal),
7. Khan Saheb Khan Hasham Khan (Punjab),
8. Mr. V. M. Thakore, *Secretary*.

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

1.	Khan Bahadur Malik Noor Mohd. Khan	(Punjab)
2.	Khan Saheb Khan Ghulam Hassan Khan	(Punjab)
3.	Mr. Shamsur Rahman	(Bengal)
4.	Prof. K. H. Kamdar	(Baroda)
5.	Rao Saheb Dr. K. S. Chasker	(Indore)
6.	Mr. K. M. Ansari	(Hyderabad—Deccan)
7.	Mr. Kashi Prasad Pande	(Jabbalpore—C.P.)
8.	Babu Shyamsunder Lal	(Behar)
9.	Mr. Tara Prasanna Ghosh	(Behar)
10.	Khan Md. Bashir Ahmed Khan, *Secretary*	(Punjab)
11.	Mr. S. K. Lahiri, *Joint Secretary*	(Bengal)
12.	Mr. N. Satyanarayana	(Madras)

* *Also Member of the Standing Committee of the Institutes' Association.*

VISITORS

1. Dr. Sir Syed Sultan Ahmed, Kt., D.L., Bar-at-Law,
2. Mr. Y. A. Godbole, Registrar of Co-operative Societies, Bihar & Orissa.
3. Rai Bahadur Lekh Narayan Singh.
4. Rai Bahadur Mihirnath Roy,
5. Mr. A. B. N. Sinha,
6. Rai Saheb Raj Prakash Narayan,
7. Khan Saheb Kamar Ali Khan,
8. Mr. Sawalia Behari Lal Verma,
9. Mr. Jagannath Rath,
10. Mr. Padma Charan Patnaik,

} Directors of the B. & O. Provincial Co-operative Bank.

11. Khan Bahadur Saghirul Haq, Dy. Governor, Bihar and Orissa Co-operative Federation.
12. Rai Bahadur Akhauri Gopi Kishore Lal, Additional District Magistrate, Patna.
13. Rai Saheb Mathura Prasad, Assistant Registrar of Co-operative Societies, Patna.
14. Mr. D. D. Sondhi, Secretary, B & O Co-operative Federation, Patna.
15. Mr. K. Sanjiva Rao, Textile Expert, Bihar and Orissa, Patna.
16. Mr. K. P. Misra, Superintendent, Royal Mail Service, Bihar and Orissa, Patna.
17. Mr. P. Sen Gupta, Chief Auditor, Co-operative Societies, Bihar and Orissa.
18. Mr. L. B. Seal, Personal Assistant to the Registrar of Co-operative Societies, Bihar and Orissa.
19. Prof. B. B. Mukherjee, Assistant Professor of Economics, Patna College.
20. Mr. Sital Prasad, Assistant Registrar of Co-operative Societies, Patna.
21. Mr. Mahmood Ali Khan, Assistant Secretary, Bihar and Orissa Co-operative Federation, Patna.
22. Mr. Jhunuk Prasad, Propaganda Officer, Bihar and Orissa Co-operative Federation, Patna.
23. Mr. Ram Prasad Lal Verma, Junior Auditor, Bihar and Orissa Co-operative Federation, Patna.
24. Mr. Khalilur Rahman, Propaganda Officer, Bihar and Orissa Co-operative Federation, Patna.
25. Mr. J. P. Misra, Editor, B & O Co-operative Journal, Patna.
26. Rai Beni Prasad, Manager, B & O Co-operative Press, Patna.
27. Mr. Kuldip Sahay, Junior Auditor, Bihar and Orissa Co-operative Federation, Patna.
28. Mr. Lakshman Prasad, Junior Auditor, Bihar and Orissa Co-operative Federation, Patna.
29. Mr. M. Abdul Wassey, Director, Traders' Co-operative Bank, Limited, Patna.
30. Mr. Shambu Prasad.

Welcome Address

Rai Bahadur Durga Prasad, Managing Director of the Bihar and Orissa Provincial Co-operative Bank, in welcoming the delegates said:—

"Mr. Ramadas Pantulu and Gentlemen,

In the unavoidable absence of our Chairman, Dr. Sir Syed Sultan Ahmed, it is my privilege as the Managing Director of the B & O Provincial Co-operative Bank to extend to you a hearty welcome on this the first occasion of your visit to Patna as the representatives of the All-India Provincial Co-operative Banks' and the All-India Co-operative Institutes' Associations. It is not only on behalf of the B. & O. Provincial Co-operative Bank, but also on behalf of the entire body of co-operators of the province that I offer you welcome and greetings. For some time past we have been expecting your visit but for some reason or other it had to be deferred. I understand that the last conference which was held at Amraoti was proposed to be held at Patna under the Presidency of the late lamented Sir Syed Ali Imam. Due, however, to causes over which we had no control culminating in his sad demise and the Behar earthquake your visit had to be postponed till to-day. We are therefore all the more gratified that in spite of obstacles you have at last been able to visit Patna. Patna, as the Capital of Bihar and Orissa, dates only from 1912 but, as you all know, it has a very ancient history dating back to the times of Chandragupta and Asoka when, as Pataliputra, it was the centre of a world renowned empire. Traces of its past glory can still be seen by a visit to Rajgrihi, the seat of the kingdom of the pre-historic Jarasandh and to Bargaon, the seat of the world famous Nalanda University. These interesting places are all connected by rail and are well worth a visit. The modern town of Patna does not boast of the amenities, which other large towns like Calcutta, Bombay, Madras, and Hyderabad are fortunate in possessing but we have the will and desire to entertain you to the best of our powers and should there be any shortcomings in our arrangements, they will not be due to any want of enthusiasm or hospitality on our part and we would therefore beg you to overlook them as generous minded co-operators.

Before I proceed further I have to express the deep regrets of our Minister the Hon'ble Mr. Syed Abdul Aziz who is in charge of co-operation at his inability to be present to-day to meet you all and to welcome you personally. It is unfortunate that your visit which was arranged to come off in April had to be postponed till the end of August at a time when the Government is away at Ranchi. Not only that the Government is at Ranchi but just at this moment a session of the Council is being held there which has caused the absence of many of our co-operators, who would have been only too happy to be here to meet you all. The Minister has commissioned us to convey to you his best greetings and wishes for a long and useful life to the Associations.

The death of Sir Ali Imam has not only deprived us of a distinguished Indian but has removed from the field a notable co-operator whom Bihar was proud to own in India. He was for many years at the helm of affairs of our Provincial Bank as its Chairman and the part he played up to his dying day in shaping and moulding the Bank is writ large on the walls of this Hall. How I wish he were alive to welcome you to-day!

The crisis through which the movement is passing is too well-known to you and it would be superfluous on my part to dilate upon it. We in Bihar and

Orissa have been hit harder by the fact of the crisis being coupled with the visitation of one of the severest earthquakes known to history which occurred in January, 1934. Added to the severe economic depression which is convulsing not only India but the entire world, the calamity has greatly augmented the miseries of the agriculturists. The most pressing problem of the day for the co-operative movement is how to rehabilitate the banks and societies which have failed to recover their dues. This problem has to be faced at once without a moment's delay if the movement has to be saved. Something has to be done at once; otherwise the movement is more or less doomed. Speaking of my own province I find that there are no less than a dozen central banks which are seriously involved. Their business is almost at a standstill and unless steps are taken to revive them at once, it will mean a terrific hue and cry in the country. Speaking to you who are the All-India elders of the co-operative movement, I need not expatiate on the urgent necessity of evolving a bold and comprehensive scheme for the rehabilitation of weak banks and societies. The scheme, whatever it may be, will depend for its success on the co-operation of the Government, the Provincial Bank and the Co-operative Federation. Unless all three unite and put their hands together and make a common cause to extricate the weak banks out of the morass in which they have fallen, there is no hope at all for these weaklings. Government will, I am afraid, have to take the largest share in this task. We are very grateful to our Local Government for having given the Provincial Bank a loan of Rs. 16 lacs to strengthen our resources. But this does not carry us very far. The important thing is to have a proper scheme, a 5, 7 or 10 year plan as the case may be for each bank and to work up to it with the co-ordination and co-operation of the Government, the Provincial Bank and the Co-operative Federation. Mere grant of a loan does not help us much. What is wanted is an annual subsidy to the weak banks for the period taken to put them on their own legs. If the subsidy is forthcoming I am pretty sure that the banks will be able to tide over the present difficult times.

Another equally pressing problem is the organisation of a separate agency for giving long term loans. Attempts are being made in some of the provinces like Madras, Bombay, the Punjab, C.P. and Bengal to effect this by the creation of separate Land Mortgage Banks but the organisation of Land Mortgage Banks is not the work of a day while separation is urgently called for in the interest of the future of the societies. Shall we wait for this till Land Mortgage Banks are evolved and hasten the ruination of the societies or do something at once to effect separation? I am glad to notice that this is one of the most important questions on your agenda and I sincerely hope that you will arrive at some practical solution of this question on which depends the future prosperity of thousands and thousands of societies.

Another equally important problem is how to improve the repaying capacity of agriculturists who are steeped in debt. This problem opens up a large question the solution of which lies in higher hands than those of the co-operative movement and involves the all-embracing problem of Rural Recovery. What co-operation can do to help in the task of rural recovery is to advance the growth of Purchase and Sale Societies, of Producers' Societies, prevent fragmentation and encourage consolidation of holdings, encourage sanitation and village welfare and so forth. But I regret to say that in all these matters the co-operative movement is still very weak although it has been in existence now for over 30 years. This province is particularly backward in these lines—there being very few societies of these kinds. How can co-operation succeed unless it is aided by these auxiliaries? The thing is that co-operation is still being practised in a half-hearted way. I think it is time now that we remove the stigma on us that we have not made the best use of the co-operative movement. Government is ever ready to throw the blame for the failure of the movement on the non-official workers. Let us not mind the stigma; on the other hand let it urge us to still greater and greater efforts as on the success of the co-operative movement depends the emancipation of agricultural India.

I am glad that such an All-India Association, as yours is, has not only been organised but is working in right earnest. You have already held meetings and conferences in various centres such as Bombay, Calcutta, Hyderabad (Deccan), Amraoti, Simla and lastly Patna. Your expert guidance and advice ought to be of immense value and help to the co-operative movement in different provinces and States. May its influence and weight grow step by step and conduce to the welfare and success of the movement throughout the length and breadth of India.

Gentlemen, I need not detain you any longer. I see that you have a very long and useful agenda before you and I would not be justified in keeping you longer from that. Let me conclude by thanking you once more for the trouble you have taken in coming to Patna covering long distances and ask you once more to overlook the shortcomings of our arrangements.

Before I sit down I have to refer to the very sad news of the death of Rai Bahadur Jamini Mohan Mitra which has just been flashed to us. His loss is a great blow to us as he was an old and tried friend of the co-operative movement. His death will be deeply mourned in Bihar where he was well-known as one of the early builders of the co-operative movement. To me his death is a great personal loss as he was one of my best friends and coadjutors. May his soul rest in Peace!"

MESSAGE FROM THE HON. MINISTER OF EDUCATION IN CHARGE OF CO-OPERATION, BIHAR AND ORISSA

Mr. Y. A. Godbole, I.C.S., Registrar of Co-operative Societies, Bihar and Orissa, then read the following message from the Hon. Mr. Aziz, Minister of Education, in charge of Co-operation in Bihar and Orissa:—

"Please convey to the joint meeting of the Standing Committees of the Provincial Banks' and Institutes' Associations my regret and disappointment at my inability to attend the Conference owing to my engagements here. I offer my most cordial welcome to the distinguished delegates and visitors who are meeting at Patna. I hope and pray that the result of their deliberation will be conducive to the prosperity of the people concerned. The Co-operative Movement, on the success of which the prosperity of Provincial Banks depends, can be an effective means of improving the material conditions of the people, particularly those of rural areas, provided of course sufficient number of public-spirited people, conversant with and trained in the principles of co-operation, are forthcoming to serve and continued assistance is also given by Government who, in Bihar, are doing a lot at present to counteract the effects of trade depression and evil of some other defects in the movement which can be expected to be rehabilitated soon."

PRESIDENTIAL ADDRESS

Replying to the welcome address *Mr. V. Ramadas Pantulu*, President of the Indian Provincial Co-operative Banks' and Institutes' Associations said:—

"Rai Bahadur Durga Prasad,

I thank you on behalf of the representatives of the All-India Provincial Co-operative Banks' and All-India Co-operative Institutes' Associations for the hearty welcome extended to us on behalf of the Bihar and Orissa Provincial Co-operative Bank as well as of the co-operators of the province. It has been our desire to meet at Patna, which in a way is the headquarters of the Provincial Banks' Association, for your Provincial Bank has supplied the Association with a Secretary, whose zeal, enthusiasm and energy have contributed very largely to the success of our Association. It was a matter of great regret to us that the united Conference of the two Associations could not meet at Patna under the presidency of the late lamented Sir Syed Ali Imam, the then distinguished Chairman of your Bank. It has however been a matter of consolation to us that it was your province again which gave the Amraoti Conference of the Provincial Banks' Association its President, Rai Bahadur Mihir Nath Roy. I have no doubt that we will benefit by a visit to Patna, by the opportunities we get to study the movement in your province at close quarters and also by visiting institutions and places of interest in the province.

I quite realise the fact that in addition to the difficulties co-operators all over India are labouring under, owing to the economic depression and other ills with which the co-operative movement is afflicted, the conditions in your province have been made much worse by the results of the severe earthquake which occurred in January last year.

You, Sir, have alluded to some of the pressing problems with which you are faced in this province. It is not possible for me to give any solutions to them without a thorough investigation into them. We in Madras woke up to the situation perhaps a little earlier than you have done and carried out a programme of examination of individual loans in most of the primary societies with a view to put such loans on a safer basis either by taking new sureties or by taking other additional securities. I do not say that we have succeeded in putting all our loans on a financially sound basis, but we know where we are. Again, we have not been slow in liquidating our bad societies. In Madras, during the first quinquennium of the Diarchy, the Development Ministers organised new societies at the rate of 1,000 a year and in the last quinquennium, they have been liquidating them at the rate of 500 a year. This requires a certain amount of courage. Similarly with regard to our supervisory organisations, we are winding up the weak and inefficient ones and amalgamating smaller ones into larger ones and vesting the entire control over the supervisory staff in our central banks. I do not know how far this solution will suit the conditions of your province. I realise that the deposit rates in your province are higher than in ours and that your central banks discharge many more functions than they do elsewhere, thus leading to an increase in the cost of your management. But there must be some solution in spite of these disturbing features. It seems to me inevitable that the weakest of your central banks and the worst of your societies must be wound up. Speaking for myself, I have always been of opinion that small central banks, notwithstanding certain advantages which they possess, specially in the matter of being in touch with the societies and their members, are not conducive to the strength of the co-operative credit system and that larger central banks will be able to withstand financial crisis better. So, you may consider the question of reducing the number of your central banks by liquidating some and amalgamating some others with the neighbouring banks so as to make them larger units. Simultaneously with this reform I would advise you to launch an effective programme of rectification and consolidation by a thorough examination of the individual loans in all your societies to find out what proportion of your assets are sound, before you adopt remedial measures. I hope your Local Government and your Provincial Co-operative Bank will render such financial assistance as they can to your central banks, which are in a sad plight, to pull them through the present crisis.

Another very important question that calls for immediate solution in this and some other provinces is the question of supply of long-term funds to the agriculturists, especially for reclamation and improvement of land and for effecting costly repairs and the like. At one time, I was of opinion that till land mortgage banks are started, nothing could be done in this direction. But having regard to the numerous difficulties in the way of starting land mortgage banks and finding adequate funds to dispense long term credits through them, some other scheme must be now devised. If long term funds can be raised partly by your Provincial Bank and supplied partly by your Local Government, agriculturists may be enabled to get long term loans through the existing agencies of central banks and primary societies, keeping particular care to segregate the two forms of credit, both in regard to raising working capital and in regard to disbursing the loans, with due regard to the purpose and the repaying capacity of the borrowers. This is a matter into which the Conference will go in some detail, and I hope the resolutions to be passed at the Conference will give some useful lead to the Provincial Credit Organisations.

Time has now come for co-operators to realise that the co-operative credit movement cannot stand on its own legs without an effective handling of the financial position of the villager as a whole. The economic recovery of our rural areas and the rehabilitation of the agriculturists must go hand in hand with co-operative credit. So, the co-operative movement will largely drift into what we may comprehensively term as "Rural Reconstruction." There is no conceivable reason why co-operation should not enter the field of village industries of domestic type and organise peasants, whose hereditary occupation does not provide full time work, artisans and other classes of the population. Exclusive devotion to the supply of credit needs will lead us no where. In fact, it may sound even positively paradoxical for us to say that we intend to promote thrift and improve the economic position of our members by creating facilities for them merely to borrow and opening to them avenues to obtain cheap and facile credit. We must make their occupation remunerative and credit fructify in their pockets. Till then, co-operative credit will be only one more source for the ever-needy agriculturists to borrow. The charge is generally levelled against our movement that the Indian peasant is proverbially improvident and wasteful in his habits and that indebtedness was mainly due to that cause, and that co-operation had failed to improve his condition. I most emphatically deny the truth of this statement. The Indian agriculturist generally borrows, not because he can, but because he must. His resources are so slender that to preach thrift and saving to him will be practically insulting his intelligence. What we have neglected all along is a programme which will

increase his earning, improve his purchasing power and thereby enabling him to save and not to borrow. The fault lies with the organisers and leaders of the movement and not with the masses, who are being led, in my opinion, somewhat blindly. I therefore attach the greatest importance in the future reform and development of the co-operative credit movement to this aspect of the question, namely, the handling of the economic problems of the villager as a whole and taking steps to bring about rural recovery.

There is one more topic to which I wish to allude before I conclude. That is the question of Co-operative Education. The Government of India have made some grants for Rural Reconstruction and for the promotion of co-operative education to almost all the provinces. It is not yet clearly stated how these funds are going to be utilised. The All-India Institutions will examine the schemes of the Provincial Governments when they are made available and will make their suggestions. The greatest need of the movement is a widespread dissemination of the ideals and methods of co-operation and the training of men and women in India to carry the knowledge of co-operation to every home. We must produce co-operators whose daily activities are pervaded by the idealism and ideology associated with co-operation and behind whose work, there is not merely the stimulus of the coin but an exalted sense of duty, which ought to animate and inspire a genuine co-operator. There is business in co-operation it is true, but it is a business in which one who is first a co-operator must be trained. Co-operation is a part of a larger movement of national reconstruction based on the ideas of economic freedom achieved through associated effort of the most equitable kind. It is my earnest hope and desire that in the achievement of these aims and objects, the two All-India Associations will take their legitimate part and will become the accredited agencies for the expression of non-official co-operative opinion in India.

Of late, there has been a regrettable tendency on the part of many Provincial Governments to ignore non-official opinion and believe that the one supreme remedy for the ills of co-operative movement is the strengthening of official control. I may at once say it is very negatious of the co-operative spirit and ideal. No where, any Provincial Government has succeeded in setting right the Movement by increasing its control. Many of the Provincial Institutes are now weak and are not in a position to assert themselves as against their Provincial Governments. The All-India Associations should try to strengthen the Provincial Organisations so as to make their voice prevail with their Local Governments. I feel that co-operative education, if it is to be successful and fruitful, must be entirely in the hands of non-official organisations and that the Government's part therein must be one of subsidising and general supervision. If the funds given by the Central Government are to be spent through the Departments of Co-operation, and co-operative education is to be imparted through official agency, I think the aim of the Government of India in making these grants will not be fulfilled and that it will not bring in any improvement in the co-operative movement. The movement is essentially a democratic one and all initiative and enterprise must be in the hands of the people, for whom the movement is intended. The longer the movement is held in the leading strings of the Government, the more distant will be the day when co-operation will prove a subject of this country."

Concluding, Mr. Ramadas Pantulu paid tribute to the memory of the late lamented Rai Bahadur Jamini Mohan Mitra and said: "I wish to associate myself with you in expressing my grief at the demise of Rai Bahadur Jamini Mohan Mitra. I had the privilege of working with him and knowing him intimately at the last but one Registrars' Conference, over which he presided as the senior most Registrar in India. He then said that the policy that should be pursued is not one of officialising or deofficialising the movement but of democratising the movement. This principle ought to guide co-operators for all time to come. He was appointed member of the Indian Central Banking Enquiry Committee to represent the official side of the Movement; but unfortunately owing to a variety of causes, which it is needless to mention here, he was not permitted to work on the committee, and the committee thus lost the benefit of his valuable experience on the official side of the Movement. The loss sustained by the Movement by his death is very great; and I request you to pass the following resolution of condolence, all standing:—

RESOLUTION I.—" This Conference places on record their deep appreciation of the services rendered by Rai Bahadur Jamini Mohan Mitra, late Registrar of Co-operative Societies, Bengal, to the Co-operative Movement in the country and tender their condolences to the bereaved family."

The resolution was passed, all standing.

DISCUSSION OF ITEMS ON THE AGENDA OF THE BANKS' STANDING COMMITTEE

The Conference then proceeded to discuss the items on the agenda. Item No. 2 was first taken up.

ITEM II. The difficulties experienced in the realisation of overdue principal and interest and steps taken to meet them by the Provincial and Central Banks in different provinces (*Vide* Resolution No. 10 of the Third Conference of Provincial Banks).

Mr. V. Ramadas Pantulu, President, said that before the Conference recorded a resolution on the subject it would be useful if the representatives present gave an account of the difficulties experienced in their respective provinces in the matter of realisation of overdue principal and interest and what steps were being taken to overcome those difficulties. Speaking for his province of Madras, he said that a good deal of bad debt had been written off and the rates of interest on past and future loans reduced, and the term of repayment of the loans extended. In this matter, he was glad to say, they had the very hearty co-operation of the Registrar of Co-operative Societies in that province, who had given a free hand to the Banks and societies to fix their own rate of interest, and to write off bad debts, wherever necessary. Government also had come to their rescue. They were launching a scheme of long term loans to agriculturists at a rate of interest, not exceeding 5 or 5½ per cent and for long periods for liquidating old debts. The Government's proposal was to make these loans repayable in 20 years while the non-officials ask for 30 years. The operations of the Land Mortgage Banks and ordinary credit societies would not be affected by these loans. This scheme would be linked up with the work of the debt conciliation board which would soon be set up as soon as the bill to deal with the evils which is now pending was passed into law.

Rai Bahadur Mihirnath Roy interjecting observed that in Bihar and Orissa they had got their Agricultural Loans Act but so far as the agriculturists were concerned, it was, more or less, a dead Act.

Rao Bahadur M. G. Deshpande, (C. P.) explained the position in C.P. and said that it had now become a settled policy of the banks of the province that. wherever possible, outstanding loans, should be secured by means of mortgage of lands. To encourage a society member to repay the loans, they had reduced the rate of interest, increased the number of instalments and had devised other measures to reduce the growing overdues and bad and doubtful debts. The owners of the mortgaged lands paid their own rent. The Provincial Bank took sufficient precaution to prevent these lands from passing into the hands of Government in default of payment of kist. Still he was sorry to say, the position with regard to the dues of Provincial Bank from the Central Banks had not improved in any appreciable measure. The Provincial Bank had, therefore, now launched on a new scheme of appointing committees consisting of five members to take charge of the management of such Central Banks as were in heavy arrears. This had been done with the approval of the Registrar. The Provincial Bank deputed its own men to take charge of the management of such banks. He was sorry to say that on account of the mixing up of politics with co-operation the authorities of some of the Central Banks had become slack in repayment of their debts to the Provincial Bank. The officer deputed by the Provincial Bank was expected to be free from internal politics and do the work independently. On this Committee of the Provincial Bank, there were a number of representatives of the Central Bank as well and so far they had taken over the management of three big Central Banks. It was too premature for him to give an idea as to how the scheme would work. It was still in an experimental stage.

Mr. A. B. N. Sinha, a Director of the B & O Provincial Co-operative Bank wanted information on two points:—(1) as to who paid for the managers so appointed and (2) what was the rate of interest in C.P.

In reply Rao Bahadur Deshpande said that the Provincial Bank paid the managers but the amount paid to them was debited to the accounts of the Central Banks concerned and as regards the rate of interest, the Provincial Bank charged 5% to the Central Banks, the Central Banks charged 6½% to the Societies and Societies charged 8% to their members.

Mr. Sanat Kumar Chatterjee (Bengal) explained what was being done in Bengal to meet the situation. He said that the rate of interest, charged by the Provincial Bank, to Central Banks was 6½%, while the rate charged by the Centra Banks to Societies varied in different parts; but ordinarily it was 9 per cent. Now, as regards societies, Mr. Chatterjee said they were drawing upon their Reserve Funds, either to remit a portion of bad debts or entirely write off such debts. As regards Central Banks, they also had reduced the rate of interest on deposits, which now varied from 4 to 5 per cent on fixed deposits. In cases where the Central Banks were in difficulty and were not able to meet the demands of depositors, what they did was to take the depositors into confidence, explain to them the position of the Bank, and place before them some scheme either for lowering the interest or for deferring payment of their money, which the latter often readily accepted. As regards the Provincial Bank, Mr. Chatterjee said that they had to incur a heavy loss on account of the falling prices of Jute which they were trying to make up. He also referred to a new model set of bye-laws which had been drawn up for new model societies to dispense short term loans on lower rate of interest. They had also got the government order for floating debentures and the Government Solicitor was drafting the necessary forms, etc. So far as the question of a loan for 30 lacs sanctioned by the Government was concerned, the Provincial Bank had not yet availed itself of the loan. This was kept in reserve.

Rai Bahadur Durga Prasad (B. & O.) explaining the situation in Bihar and Orissa, said that they were the greatest sinners in the matter of imposition of high rates of interest. The Societies, in the province, generally charged, even now, 12½ to 18¾ per cent interest from their members. They were now trying to reduce the rate of interest. So far as the Provincial Bank's rate of interest on loans to Central Banks was concerned, it used to be from 6 to 7%—6% for 2 years and 7% for long term of 4 years or so. But these had now been reduced to 5 and 6 per cent. The Provincial Bank also allowed a rebate of ½ per cent. to Central Banks on punctual payment of interest in time. But in spite of it, the position had not improved. Had the Central Banks encouraged the Provincial Bank by regular and punctual payments the latter might have increased the rebate to 1 per cent. The Rai Bahadur thought that the greatest difficulty in the case of Central Banks in repaying their debts to the Provincial Bank was that they had been saddled with large areas of land, which they had to purchase from the Societies and which they found it difficult to sell. Another difficulty, he pointed out, was that liquidation work in this province had been a dismal failure. About 25 to 30 lacs of rupees were involved in liquidation proceedings which were still pending against no less than 1000 societies while it had already been completed in respect of another 1000 societies. Realisation through liquidation proceedings, he thought, had a very bad effect on the movement due to the delay. The Registrar had now adopted a policy of liquidating as few societies as possible. The Rai Bahadur, in this connection, referred to the liquidation of the Gaya Central Bank, which, he said, had caused havoc in the province by ruining the credit of many Central Banks.

In answer to a question he informed the house that the rate of interest paid by Central Banks to depositors used to be as high as 8 p.c. Now it was being reduced to 4 and 5 p. c.

Mr. Tara Prasanna Ghose said that unless steps were taken to increase the repaying capacity of the agriculturists by improving their economic condition, not much could be expected in the direction of repayment of loans. He thought that the period of repayment should be prolonged and the rate of interest reduced. He found fault with the Government for not doing anything substantial to improve the economic condition of the agriculturists.

Mr. Y. A. Godbole, Registrar of Co-operative Societies, Bihar and Orissa, said that he had been most anxious to find some suitable method of helping the societies, and he was proposing to issue a circular on the lines of Bengal and U. P. Circulars. The problem was a very complicated one, for it would be found that if all the parties concerned did not share the loss, the ultimate burden would fall on the Provincial Bank. He pointed out that it was not right to say that Government were unmindful of their responsibility. They had come to the assistance of the Provincial Bank by granting a loan of 4 lacs to increase its liquid assets and a further loan of 16 lacs to be lent out to the Central Banks. And although the Provincial Bank had got the money it was not able to make full use of it. The Provincial Bank, in order to encourage recoveries, had reduced the rate of interest and promised rebate, but even then the recovery was not satisfactory. He thought there was something very rotten in the Land Tenure System of his province which killed agricultural credit societies. He also referred to the recent amendment of the Co-operative Societies Act, and thought this would prove to be very helpful in rehabilitating some weak Central Banks.

At this stage, the Conference adjourned and reassembled again at 2-30 p.m. when *Mr. N. Satyanarayana* (Madras) moved the following resolution:—

(a) This Conference recommends that the following among other steps may be taken to reduce overdues in Societies :—

(1) Improving the machinery for collection by persuasion as far as possible.

(2) Writing off the whole of the penal interest charged to the members on overdue loans and, wherever possible, to reduce even the normal rate of interest on overdue loans outstanding so as not to exceed 6 per cent. or, in any case, the rate of interest charged by the central bank to the societies.

(3) Giving extension in all deserving cases after an examination of individual loans and, where adequate security is forthcoming, the period of extension being fixed with reference to the repaying capacity of the members in each case.

(4) Bringing down the general rate of interest on new and renewed loans.

(5) Making provision for the advance of fresh finance to societies which show good management, though their loans may be overdue to the central bank to some extent.

(6) Where these steps result in the Central Banks giving extensions to societies and the Provincial Bank giving extension to the central banks in regard to overdue loans in the societies which are placed on a new footing, the Provincial and Central Banks should give such extensions.

(b) Where a scheme of extension outlined as above requires long term funds and the extensions are for more than five years the Provincial Banks may float uncovered debentures on the security of the general assets to attract the requisite amount of long-term money and to finance central banks whenever a need arises, so as to enable them to return their short-term deposits which may be involved in long-term extensions to societies, the depositors being offered the option of taking the debentures in lieu of the fixed deposit receipts.

(c) In Provinces like Bihar and Orissa, where the conditions require special treatment, this conference is of opinion that the Provincial Government should render financial assistance to the Provin-

cial Bank either by way of granting a loan of long-term capital necessary for the purpose, or by guaranteeing the principal of and interest on the debentures to be issued by the Provincial Bank for the purpose.

Mr. Satyanarain pointed out that a special staff had been provided for his province and described their duties with regard to the writing off of interest or giving of fresh loans or realising the dues by selling the properties. But whatever this staff did, it was done in consultation with the central banks.

Mr. Y. A. Godbole, Registrar of Co-operative Societies, Bihar and Orissa, explained the procedure that was followed in his province. He said that under the new Provincial Co-operative Societies Act when a central bank took out an award against any society, it could execute it either against the society concerned, or, if the society had no assets or property, then against any individual member of that society. That provision, he pointed out, had necessarily to be incorporated in the Act, because of a certain full bench ruling of the Patna High Court to the contrary effect.

After Maulvi Shamsur Rahman and Dewan Bahadur Aravamudu Aiyengar had made some observations, Mr. Tara Prasanna Ghose said that it was no use considering methods as to how to realise the overdue loans from the ryots without devising some way for improving their repaying capacity.

The President (Mr. Ramadas Pantulu) observed that to him the ruling of the Patna High Court seemed to be essentially sound, that a central bank could not proceed against any individual member of a society. In Madras, therefore, they had been following the Patna ruling and the Madras Co-operative Societies' Act of 1932 embodies the effect of that ruling.

Mr. S. K. Chatterjee of Bengal proposed an amendment to clause 2 of the resolution that after the words "writing off", the words "if possible" be substituted.

The President said that the amendment would take away the force of the resolution. It might be said that the reduction of interest might not be possible in every case. The real consideration was whether the rate could not be brought down to the rate charged by central banks to societies. It should not exceed 6%. If this sacrifice could not be made, there was very little justification to ask outside creditors to scale down their claims.

Rao Bahadur Deshpande (C.P.) observed that if penal interest was charged any where, he would strongly support the clause for writing off the same.

Khan Saheb Ghulam Hassan Khan suggested that penal interest be done away with throughout India so far as the co-operative movement was concerned. In the Punjab there was no provision for penal interest except on mortgage loans which also had now been done away with.

Mr. S. K. Chatterjee's amendment was rejected and clause 2 was adopted.

Referring to clause 3 Mr. Deshpande observed that it was a good suggestion and the clause was adopted.

Clause 5 was also agreed to, Khan Saheb Ghulam Hassan Khan observing that to totally stop loans to old members who might temporarily be in difficulty would not be desirable.

Referring to part B. of the resolution, Rao Bahadur Deshpande enquired if the Provincial Banks would agree to issue debentures, to lend for long term when the condition of the central banks and the societies had been going from bad to worse.

Mr. N. Satyanarain replying said that the proposal was for giving accommodation only to such Central Banks as might temporarily be in difficulty on account of any extraordinary situation. Government guarantee was, therefore, not necessary, he thought, for this purpose.

This part was also adopted.

Coming to Part C of the resolution, Khan Sahib Ghulam Hassan Khan observed that a more comprehensive resolution on the subject was necessary for he thought that the state of affairs in Bihar required more drastic measures. If steps were not taken in time in this province to save the co-operative movement from going to rack and ruin, it would have a very bad repercussion on the movement in other provinces as well. Therefore it was their duty to suggest such measures as might help to rehabilitate the movement in Bihar. The present was one of the suggestions which might be recommended to be adopted. But the resolution did not contain all the suggestions that could be and should be made. He suggested that a comprehensive resolution might be framed on the subject by a small committee of this house. The speaker thought that the whole system required to be examined either by the Government or by the Registrar.

Rai Bahadur Durga Prasad supported the suggestion made by Khan Saheb Ghulam Hassan Khan.

The resolution after further discussion was ultimately adopted in a slightly amended form as follows:—

RESOLUTION II (a).—"This Conference recommends that the following among other steps may be taken to reduce overdues in societies :—

(1) Improving the machinery for collection by persuasion as far as possible and creating special machinery for the execution of awards and orders of liquidators.

(2) Writing off the whole of the penal interest charged to the members on overdue loans and where possible to reduce even the normal rate of interest on overdue loans so as not to exceed six per cent. or in any case the rate of interest charged by the central bank to the societies. Charging of penal interest should be done away with in all the provinces.

(3) Giving extensions in all deserving cases after an examination of individual loans and where adequate security is forthcoming, the period of extension being fixed with reference to the repaying capacity of the members in each case.

(4) Bringing down the general rate of interest on new and renewed loans.

(5) Making provision for the advance of fresh finance to societies which show good management, though their loans may be overdue to the central banks to some extent.

(6) Where these steps result in the central banks giving extension to societies and the Provincial Bank giving extension to the central bank in regard to overdue loans in the societies which are placed on a new footing, the Provincial and Central Banks should give such extensions.

(b) Where a scheme of extensions outlined above requires long-term funds and the extensions are for more than five years, the Provincial Banks may float uncovered debentures, the debenture-holders ranking 'pari passu' *with other creditors, to attract the requisite amount of long term money and to finance central banks whenever need arises so as to enable them to return their short term deposits which may be involved in long term extensions to societies, the depositors being offered the option of taking the debentures in lieu of the fixed deposit receipts or taking the money.*

(c) In Provinces like Bihar and Orissa, where the conditions require special treatment, this conference is of opinion that the Provincial Government should render financial assistance to the Provincial Bank either by way of granting a loan of the long term capital necessary for the purpose or by guaranteeing the principal and interest on the debentures to be issued by the Provincial Bank for the purpose.

ITEM IV. Exemption of income derived from investments of Co-operative Banks in Government Securities from both income and super-tax.

Mr. Sanat Kumar Chatterjee (Bengal) moved the following resolution on the subject:—

"The Association requests the Government of India to exempt incomes derived from investments of co-operative banks' funds in Government Securities from both income and super-taxes."

Khan Saheb Khan Hasham Khan said that Income-tax and super-tax were levied from the Punjab Provincial Co-operative Bank treating it as an "association of individuals". Unlike the Central Banks, the gross amount of interest from Government Securities exceeded the annual net profits of the Bank. Income-tax and super-tax were therefore charged not on the gross or net amount of interest from securities, but on the total net profits of the bank. For instance, for the year ending August, 1933, total interest on Government Securities in the Punjab Provincial Bank was Rs. 5½ lakhs and the total net profits about 2½ lakhs

No effort had been made by the Provincial Bank to obtain exemption from tax on interest from Government Securities.

The Punjab Co-operative Union had recently approached the Income-tax authorities for exemption but without any success.

Dewan Bahadur Aravamudu Aiyengar suggested that the purpose could be achieved only by adding the words "Co-operative Banks" after the words "Provident Funds" in clause 4 of sub-section 3 of Section 3 of the Indian Income-tax Act.

Mr. Ramadas Pantulu observed that he had discussions on the subject with the late lamented Sir Basil Blackett and Sir George Schuster and the view taken by them was that so long as the Co-operative Banks confined themselves to the business of helping the agriculturists with loans they might well claim to be exempted from the levy of all Income and Super taxes. But there could be no reason or justification for exempting them when they dealt in profitable investments in Government Securities or when they engaged themselves in discounting Hundies or other kinds of exchange business which brought them considerable profit. The present Finance Member would certainly not take a different view. There was, therefore, no chance of getting any exemption in that respect.

Rao Bahadur Deshpande observed that it was unwise to demand more concessions.

The matter was dropped.

ITEM V. The method and extent of financing Co-operative Marketing Societies through Co-operative Banks.

Mr. Satyanarain moved the consideration of this question and said:—

"In order to help the agriculturists to market their agricultural products profitably this question is of great importance and though isolated efforts are being made in various provinces and the problem tackled according to local conditions, no definite lead is given in this matter in order to push the scheme vigorously. Ordinary credit to members through rural societies has contracted considerably owing to default and depression. It is, therefore, desirable to take stock of the position and to formulate some scheme for consideration of the various Provincial Banks in order that assistance to marketing societies could be given by them. In this connection and as a subsidiary question, resolution No. 8 passed at the first conference of Provincial Banks in 1926 in regard to the introduction of a system of real documentary trade bills, backed by tangible security, and bank bills, supported by crop loans for discount between Trading Societies, Central Banks and Urban Banks or the Provincial Banks with a view to enable the movement to possess an easily negotiable security and thus to ensure greater fluidity in resources may also be taken up for consideration."

He added that both the Central Banks and the Societies had surplus funds at their disposal which could well be utilised in that direction. But their only difficulty was their inability to find a suitable staff for this purpose.

Mr. T. P. Ghose enquired if Government was prepared to find necessary funds for the staff.

Mr. S. K. Chatterjee suggested that the Government of India's grant, supplemented by the Provincial Banks' and Central Banks' grants should be utilised for this purpose.

Prof. B. B. Mukherjee suggested that a recommendatory resolution might be passed drawing the attention of the provincial organisations to devise some methods for the purpose. He also suggested that a committee might also be appointed to examine the question from all points of view and to bring up a definite scheme before the Association next year.

Khan Md. Bashir Ahmed Khan admitted that the co-operative method was the best method of marketing the produce of the agriculturists but the whole difficulty was that suitable trained talent was not available. He said that in the Punjab some of the sale societies sold the produce of their members on commission basis but supposing at a time when a member brought his produce, the market was not favourable and the price was low, he was advanced 75% of the value immediately. In such commission societies some success had been achieved but co-operative shops were experiencing many difficulties. The first difficulty with these shops was that they were boycotted by the other market dealers. The persons in-charge of co-operative shops were not as experienced as the other merchants running the show who were also selling the produce of agriculture. These co-operative shops were usually started at places called markets where there was a group of other dealers also dealing in the same article. Now the co-operative shop was there, the produce was also there but the other merchants did not allow these shops to sell the produce. To remedy this, it was suggested that these shops should sell their produce near about the central market but they had no agency to sell at Karachi and there was no co-operative agency to take the goods to Karachi. For this reason they had to dispose of the produce locally. A further suggestion also made but never adopted was that some co-operative officers should be appointed at places where there are big markets for effecting the sales but the money required for the purpose was not forthcoming. Another difficulty was the lack of knowledge of the persons or managers who were in charge of these co-operative shops. Besides, many persons in charge of such shops took advantage of these shops to sell their own produce but when there was a loss, they said that they were selling on behalf of the shops and the loss must be met by the shops. When by experience it was proved that this system did not work successfully we tried other systems. We have tried experienced persons as managers also.

The Conference of Registrars had also passed a similar resolution that the existence of co-operative sale societies was essential and desirable as profits from agriculture were dwindling. Government should also provide trained staff for guiding these societies in initial stages. This was the recommendation of official and non-official co-operators at the Registrars' conference. The formation of these societies and their organisation was very necessary. But what the Standing Committee had to do was to consider how the formation and expansion of sale societies could be done.

Mr. A. B. N. Sinha pointed out that there were two aspects to the question— one financial and the other organisation. The question of organisation was in the domain of the provinces because local circumstances differed in different places. Possibly the commission system of co-operative marketing may succeed. The financial aspect of the question was the one in which the Provincial or Central Bank should intervene. He pointed out that the need of ware-houses for the success of such societies would be very great.

Mr. A. G. Sherlekar was of the view that there must be a strong central organisation linked with important markets at Bombay, Karachi and Calcutta. He suggested that a sub-committee should be appointed to frame a detailed scheme.

The President observed that they should not be too ambitious about the scheme. They could accept the general principle and leave the provincial organisations to formulate schemes of their own.

The following resolution was ultimately adopted:—

RESOLUTION III.—1. "Resolved that in order to improve the financial position of the agriculturists, attempts should be made to organise proper co-operative marketing societies and worked with the aid of co-operative banks.

(2) That out of the Government of India's grant for improvement of marketing or from its own funds an adequate sum be set apart by every Provincial Government for improvement of co-operative marketing and be placed in the hands of central or provincial co-operative institutions in suitable areas where there are facilities for the introduction of co-operative marketing.

(3) That Provincial Organisations be requested to frame their own schemes regarding the co-operative marketing of agricultural products.

(4) In areas where there is scope for successfully organising co-operative maketing of particular crops either existing societies for the purpose or sale societies to be newly started should be helped by financial grants from the Provincial and Central Banks in whose area the society is situated to enable the society to employ trained and expert staff, to secure storage accommodation and like purposes. If such assistance is rendered, many of the sale societies which are now languishing for want of proper staff and finance can maintain a well-equipped establishment and work better.

(5) Where proper storage accommodation is secured and the sale society can obtain effective custody of the produce and can insure it against fire, theft and other risks, documents of title to such goods which are backed up by tangible security will become available on the strength of which credit can be easily obtained from co-operative banks. The recommendations of the Indian Central Banking Enquiry Committee in this respect may be adopted by the co-operative institutions."

ITEM VI. How far the organisation of hand-loom weaving industry on co-operative basis and the formation of Provincial Co-operative Weaving Societies in connection with the impetus given by the Government of India and the Provincial Governments by grants for this purpose, is possible.

Mr. Y. *A. Godbole* said that in his province they had a number of failures of handloom industries' organisations in the past. He, therefore, declined to take up the marketing of handloom products by Co-operative Societies, when the Government of India grant was made for this purpose. He suggested to the Local Government that the Department of Industries might be put in charge of the marketing of handloom industries, while the organisation of Weavers' Societies might be done by the Co-operative Department. Accordingly the Department of Industries were managing the marketing part of it, while the organisation of societies was in his hands, and the arrangement was working quite well at present. He hoped in course of time marketing also would come to the Co-operative Department.

No resolution was adopted.

ITEM VII. To consider whether the Reserve Bank authorities be moved to extend the benefit of Rule No. 9 of its regulations regarding the relations of the Scheduled Banks with the Reserve Bank of India. The rule referred to reads as follows :—

(1) A scheduled bank shall, with effect from the date applicable to it under regulation 6, be entitled to remit money by mail or telegraphic transfers between the accounts kept by its offices, branches, sub-offices, and pay offices at an office, branch or agency of the Reserve Bank in British India as follows :—

(a) An amount of Rs. 10,000 or a multiple thereof between its accounts at the *offices* and branches of the Reserve Bank *free of charge;*

(b) Once a week an amount of Rs. 5,000 or a multiple thereof, to the account which it maintains with the principal office of the Reserve Bank from any place at which it has an office, branch, sub-office, or pay office, and at which there is an agency of the Reserve Bank, free of charge ;

(c) Other remittances to its account at the principal office of the Reserve Bank subject to a charge of 1/64 per cent. and also subject to a minimum charge of Re. 1.

(2) If remittances under sub-regulation (1) are made by telegram a further amount shall be paid to the Reserve Bank to cover the cost of the telegram and its acknowledgment.

The following resolution was adopted :—

RESOLUTION IV.—Resolved to request the authorities of the Reserve Bank of India to extend to the Provincial Co-operative Banks the benefits of rule 9 of its regulations, regarding the relations of the scheduled banks with the Reserve Bank of India.

The meeting here adjourned for the day.

The Conference of representatives of All-India Provincial Banks' Association and All-India Co-operative Institutes' Association met on 1st Sept. 1935 in the morning in the hall of the Provincial Co-operative Bank. Among the new arrivals were Khan Bahadur Malik Noor Mohammad Khan (Punjab), Mr. Kashi Prasad Pandey, M.A., L.L.B., M.L.C. (Jabbalpore), and Khan Bahadur Saghirul Haque, Dy. Governor, B. & O. Co-operative Federation, Ltd., Patna. The Conference proceeded with the items on the agenda left over the previous day.

ITEM I. The relations that should subsist between the Provincial Banks, Central Banks and Primary Societies *inter se* (Resolutions Nos. 4 and 12 of the Second Conference of Provincial Banks).

In this connection the following note prepared by the President, Mr. Ramadas Pantulu, was circulated:—

The relation that should subsist between the Central Banks and their apex banks are not now regulated, except in regard to certain matters, by Statute or even by binding conventions. Generally speaking, the former and the latter are not so knit together as to function as parts of a single financial machinery. The time has now come for co-ordinating their activities in order to put the whole credit structure on a more sound and satisfactory basis. If in the matter of fixing the rates of interest on their borrowings and lendings, of regulating the volume and the nature of their deposits, of finding investments for their surplus and generally in matters relating to the conduct of their banking business, each Central Bank wishes to follow its own inclinations and does not accept the lead of the Provincial Bank, the movement cannot but seriously suffer. There is urgent need for improvement and standardization on the working of Central Banks through the Provincial Banks. Now, the Provincial Banks as financing centres are given the power in the provinces which have got their own separate Acts to inspect the Central Banks financed by them; but it does not carry us very far. It does not give any control or any power to regulate the business of Central Banks. If in an inspection the Provincial Bank finds the financial condition of a particular Central Bank far from satisfactory, the utmost that it can do is to cut off further financial accommodation or report the matter to the Registrar asking him to take such action as he may be advised or thinks practicable under the powers vested in him by the Act. This will not result in a satisfactory working of the Central Banks and the Provincial Bank as units of a single credit organisation. Whether by Statute, rule or convention, the Provincial Banks must be allowed to exercise certain definite powers in regard to the regulation of the business of the Central Banks. If necessary, these powers may be defined in the bye-laws of the Provincial Banks and their affiliated Central Banks. When registering such bye-laws, the Registrar has always the power to see that they are properly framed and do not unduly trench on the autonomy of the Central Banks. In fact, I find in the bye-laws of the Bengal Provincial Co-operative Bank that a bye-law to that effect does exist. The Provincial Co-operative Banks in all provinces play the role of a financing agency and a balancing centre. There is no Central Bank in a province which does not enjoy some cash credit from a Provincial Bank and which does not look to the Provincial Bank as the ultimate repository for its surplus funds, when other investments are not available. In these circumstances, the Provincial Banks must, in my opinion, have powers to regulate the business of the Central Banks.

As regards the relations between the Central Banks and the Primary Societies, they vary very widely in each province. As financing banks, they have a right to inspect the societies financed by them, but they too do not enjoy any powers of control. In some provinces, I understand, Central Banks organise societies without due regard to the future possibilities of financing them. This is certainly undesirable. But the relations that should generally subsist between the Central Banks and the Societies should be on the lines I have indicated above in regard to the Provincial Banks and the Central Banks. There must be a well-established convention that without consulting the Central Banks, the societies should not be permitted to take any steps calculated to jeopardise the financial interests of the Central Banks. In the matter of the writing off the dues of our societies or in the execution of the awards and orders of liquidators, it is the Central Banks that should have a controlling voice for otherwise their financial interests will be affected and the depositors who naturally rely upon the ability of the Central Banks to safeguard their interests will lose confidence. There must be suitable amendments to the bye-laws of the Central Banks and the Societies to clarify these relations.

Mr. S. K. Chatterjee pointed out that in Bengal there were some Central Banks which had no credit connection with the Provincial Bank at all. Should they also, he enquired, be placed under the Provincial Bank, and should the latter exercise control over them. He wanted to know if the control proposed to be vested in the Provincial Bank would be purely financial or both financial and administrative. He agreed with the President in regard to the necessity of having a central control and a settled policy. In Bengal they had no preference or individual shareholders in the Provincial Bank. The question of autonomy for Central Banks may be considered when prosperous conditions come but in the present time of depression there must be some sort of solid working. Each central bank must be regulated by a policy dictated by the Provincial Bank.

Khan Sahib Ghulam Hassan Khan. What kind of control do you want and what sort of autonomy you want for Central Banks?

The President said that he did not want any administrative control to be vested in the Provincial Bank, but the absence of a centralised financial policy was very keenly felt.

Mr. Shamsur Rahman (Bengal), said that it was not possible to have one uniform rate of interest fixed for all the central banks of a province by the Provincial Bank.

Khan Bahadur Malik Noor Mohammad Khan said if administrative control over the Central Banks was wanted by the Provincial Banks, he was strongly opposed to it.

The President, intervening, once again made it clear that no administrative control was contemplated to be vested in the Provincial Bank. What was proposed was that the Provincial Banks should exercise financial control—control over the rates of borrowing and lending by the Central Banks,—inasmuch as it was the Provincial Bank which, in most cases, financed the Central Banks.

Mr. Y. A. Godbole speaking as Registrar of Co-operative Societies of Bihar and Orissa, fully agreed with the suggestion made in the note. In the absence of an uniform policy he said he had to consult each time the Provincial Bank and issue circulars to the Central Banks borrowing from the Provincial Banks, that they should refrain from doing certain things, or act in a certain manner without the permission of the Registrar or the Provincial Bank.

Mr. Shamsur Rahman observed that the Provincial Bank might have to frame different set of rules for different Central Banks.

The President said that there was nothing here to prevent a Provincial Bank from fixing different rates of interest for different Central Banks according to local conditions and altering the rules according to general money market condition from time to time.

Prof. B. B. Mukherjee uttered a note of warning that they should not over-emphasise centralisation of power in the hands of Provincial Banks. He would allow a Provincial Bank to interfere in the affairs of a Central Bank only so far as the security of the former's money was concerned. But to control the entire borrowing and lending policy of the Central Banks, and to keep them in a chronic state of dependence on the Provincial Bank was not desirable. If a Central Bank could be independent of the Provincial Bank, it was a great asset to the movement. He suggested that only the powers of negative control, which the Provincial Banks had got at present should be utilised to the fullest extent.

Babu Munshi Shyamsunder Lal observed that if the Central Banks were tied to the Provincial Bank in the manner proposed, the former would not be able to improve at all.

Mr. Tara Prasanna Ghosh said that if the Provincial Banks followed a settled policy and gave assurance that all the needs of the Central Banks would be met by them, he might agree to the proposal. He complained that it had often been found that the Provincial Banks were not able to accommodate the Central Banks when the latter needed relief most.

Rao Bahadur M. G. Deshpande agreed that Provincial Banks should have some control over the borrowing and the lending rate of the Central Banks.

At this stage Mr. Bashir Ahmed Khan put the above proposal before the house in the form of a resolution.

Khan Sahib Ghulam Hassan Khan said that the resolution was absolutely one-sided. If it was proposed to give power of control to the Provincial Banks, it was but fair that the latter should also share some of the liabilities of the Central Banks. He wanted a more comprehensive resolution to be adopted on the subject after thorough discussion.

Mr. V. Ramadas Pantulu (President) said that unless the Provincial Banks and the Central Banks felt that they were parts of one single organisation, it was no use discussing that resolution, and it might be dropped. He felt that the movement could not progress unless the different parts of it realised their identity of interest in the matter of regulation of finances. He was not angling for power for the Provincial Bank. He considered that it was essentially necessary that Provincial Banks should have an effective say in the financial policy of the Central Banks.

Mr. Kashi Prasad Pande was doubtful about the utility of the proposal. He said that if they wanted the movement to be centralised they should say so openly. He wanted to know what the definite scheme was.

Dr. Chaskar, thought this was a matter for the conference of the Provincial Bank and Central Banks in a province to decide.

Mr. V. Ramadas Pantulu said that there was no lack of definiteness in the scheme, although it did not give too many details. If they all felt that there was

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a necessity of having a policy of centralised financial control, they might give a definite lead. He felt that there was a necessity at present in some of the provinces of taking such a step in the interests of the Central and Provincial Banks and of the movement as a whole.

Mr. A. B. N. Sinha spoke strongly supporting the resolution. He said that in Behar it was absolutely necessary to regulate the rate of interest of the Central Banks, for cases there had been in which the Central Banks had taken deposits from outside at no less than 8 p.c. while the lending rate of the Provincial Bank was much lower than that. If the Central Banks could secure deposits at a lower rate of interest than the lending rate of the Provincial Bank, they might accept them by all means, but they should on no account, accept deposits at a higher rate than the lending rate of the Provincial Bank. To put a stop to such a thing it was necessary to pass that resolution.

Mr. Kashi Prasad Pande said that if they gave that power to Provincial Banks, let the latter also share some of the responsibilities of Central Banks.

Khan Sahib Hassan Khan said that there must be some third person to mediate between the affairs of the Central Banks and the Provincial Banks. He suggested that the Registrar of Co-operative Societies would be the best person to act as a liaison officer in this matter.

Dewan Bahadur Aravamudu Aiyangar said that in the Hyderabad State the Directorate of the Provincial Bank consisted mostly of the Central Banks. He was in agreement with Mr. Ramadas Pantulu in saying that unless all the units felt to be like units of one organisation nothing could be achieved.

Mr. Ansari (Hyderabad) wanted that some control should be exercised by the higher authorities.

The President said that interference from the Registrar came only when they could not settle the question otherwise. If instances of mismanagement do not occur the interference of the Registrar would be very negligible.

The following resolution was then adopted:—

RESOLUTION V.—"This Conference is of opinion that the regulation of financial policies such as fixation of borrowing and lending rates, investment of surplus funds and allied matters should be centralised in the Provincial Co-operative Banks and that the regulation of the financial working of the primary societies should be similarly centralised in the central banks; provided, that nothing in this resolution shall be deemed to vest the Provincial or Central Banks with any administrative control over or interference with the internal management of their affiliated societies."

ITEM III. Separation of long-term credit from short-term credit in the existing Co-operative Banks.

In this connection the following note prepared by Mr. Ramadas Pantulu was circulated to the members:—

The question of finding long term credit in provinces where there are no land mortgage banks or where they exist and do not serve the needs of the agriculturists generally, is undoubtedly one of great complexity. The only alternative that I can think of is dispensing such credit through the existing credit institutions on the following lines:—

There must be complete segregation of the short and long term finance from the primary society right up to the provincial bank. There must be separate accounts for the two varieties of loans and they should in no case be mixed up. The primary societies will have to take mortgage securities for all such loans and the mortgage bonds should be so framed as to make the security perfectly sound and also to enable the society to transfer them to the central banks. When such mortgages are transferred to the central banks, they on the basis of these mortgages will advance funds to the societies. But where do the central banks get their funds from? They must naturally depend upon some other source which can provide the necessary long term money. The central banks themselves are not in a position to float debentures or take 20 year deposits for the purpose. Therefore, the only organisation which can undertake the task is the Provincial Bank, if it is willing to do so. The mortgages that are transferred to the central banks by the Societies should be transferred to the Provincial Bank. On the backing of these mortgage securities, the Provincial Bank will have to float debentures and find the necessary long term money. All technical difficulties in regard to drafting will have to be solved by expert legal advice, and the form of mortgage bonds and transfer bonds will have to be settled with the aid of competent lawyers. The scheme requires a Trustee just as in the case of pucca land mortgage banks. There must be some impartial agency to safeguard the interests of the debenture-holders and who will act as such agency between the Provincial Bank and debenture-holders. This is really a scheme of land mortgage banks in a sense; but only the long term funds are raised and distributed through the ordinary co-operative credit agency. There is no inherent defect in the scheme or anything radically objectionable in it either from a financial or co-operative standpoint. The only difficulty may be in keeping the two funds absolutely separate in judging the purposes for which the loans are given and in determining the creditworthiness and the repaying capacity of the borrowers, when the same agency disburses loans to the same set of borrowers. I admit that in practice it presents great difficulties. But by a determination to work it and keep the two forms of credit absolutely separate, the difficulties will not be insuperable. I think the proportion of long term capital thus raised should in no case exceed a reasonable proportion of the total working capital. Speaking for myself, I would not advise going above 25 per cent of the working capital. Care must be taken by the Provincial Banks not to give any charge to the debentureholders on its general assets. They must be given fixed or floating charge only over the mortgages transferred to the Provincial Bank and the right nature and extent of each series of debentureholders over each series of mortgages by which they are backed is a question of technical detail, which can be easily settled in consulation with lawyers.

Then there is the question of land tenure. So far as my present information goes, under the terms of the B & O Tenancy Act, which is largely modelled on the basis of the Bengal Tenancy Act, the landlord has no right of preemption in the case of mortgages and the right of preemption arises only in case of sale of the mortgage property either in execution of a decree or by private negotiation. As regards his right for salami, it arises also on the discharge of mortgage by the sale of properties and not till then. The ryots of Bihar and Orissa and Bengal now enjoy the right of transfer in their holdings under the recent amendments to the Tenancy Acts. So, the difficulties arising from the tenancy system do not also seem to be insuperable. Then there is the question of landlord's rent, which is a first charge upon the lands. That is so everywhere. Even in ryotwari tracts, the Government revenue is a first charge on the land. Co-operative banks when they advance loans on the mortgages must take due precaution to see to the discharge of the obligation to the landlord.

The following resolution was adopted in this connection.

RESOLUTION VI.—" Resolved to adopt the proposals contained in the note circulated by the President.

RESOLUTION VII.—" Resolved to make a grant of Rs. 1,000 to the All-India Co-operative Institutes' Association to meet the expenses of the conduct of the Indian Co-operative Review for the year 1936."

DISCUSSION OF ITEMS ON THE AGENDA OF THE INSTITUTES' STANDING COMMITTEE

The joint session of the Standing Committees of the Indian Provincial Co-operative Banks' Association and All-India Co-operative Institutes' Association then took up for consideration the items on the agenda of the Institutes' Standing Committee.

ITEM I. What help can Co-operative Societies give in the conciliation of debts under the Relief of Indebtedness Acts passed or under consideration in various provinces and States in India ?

K. B. Malik Noor Mohammad Khan (Punjab). The increase of debt among the peasants, its causes, effects and remedies have long been a subject of inquiry both by the officials and non-officials. Definite information was not, however available till recent years about the amount of the total debt and the proportions it assumed on account of the accumulation of interest and compound interest. The Central Banking Inquiry Committee estimated the total rural indebtedness of British India at Rs. 900 crores. The indebtedness of each Province is as follows :—

Province	Total Indebtedness in crores of rupees
1. Madras	.. 150
2. Bombay	.. 81
3. Bengal	.. 100
4. United Provinces	.. 124
5. Central Provinces	.. 36
6. Punjab	.. 135
7. Bihar & Orissa	.. 155
8. Assam	.. 22
9. Burma	.. 50 to 60
10. Central Areas	.. 18

The heavy increase in indebtedness has attracted very naturally the serious notice of the Provincial Governments all over the country and several legislative

measures have been enacted to bring within the reach of the agriculturist the greatly needed relief.

An important measure for the liquidation of the indebtedness of the Indian peasantry is the establishment of Debt Conciliation Boards. The Central Provinces and Berar were the first to introduce the experiment of Debt Conciliation Boards with success. This experiment has been followed by some other Provinces, one of which is the Punjab. The Punjab Relief of Indebtedness Act, 1934 has introduced the system of Debt Conciliation Boards.

FUNCTIONS OF DEBT CONCILIATION BOARDS IN THE PUNJAB

A brief description of the functions of the Debt Conciliation Boards may be of interest.

According to the Punjab Relief of Indebtedness Act the Local Government may for the purpose of amicable settlement between the debtors and their creditors establish Debt Conciliation Boards.

The pecuniary limits of the jurisdication of the Board is determined by the Government; but no Board has jurisdiction to make a settlement between a debtor and his creditors if the total debts of the debtor exceed Rs. 10,000.

The board consists of a chairman and two or more members appointed by the Government. (S. 8).

A debtor or any of his creditors may apply to the Board appointed for the area in which a debtor resides or holds any land to effect a settlement between the debtor and his creditors (S. 9).

The Board will call upon every creditor of the debtor to submit a statement of debts owed to such creditors by the debtor within two months. Every debt, of which a statement is not submitted to the Board, shall be deemed for all purposes and all occasions to have been duly discharged (S. 13).

The Board shall use its best endeavour to induce the creditors and the debtor to arrive at an amicable settlement. (S. 15).

If the debtor and all or any of his creditors come to an amicable settlement, the board shall reduce the settlement to writing. An agreement thus made shall have the effect of a decree of a Civil Court (S. 17).

If any creditor refuses to agree to an amicable settlement, the Board may, if it is of opinion that the debtor has made such creditor a fair offer which the latter ought reasonably to accept, grant the debtor a certificate in respect of the debt owed by him to such creditor.

Provided that the Board shall not grant a certificate unless the Board is satisfied that creditors to whom not less than forty per cent. of the debtor's debts are owing have come to an amicable settlement with the debtor (S. 20). The effect of the certificate is that if the creditor sues in a Civil Court for the recovery of this debt, the Court shall not allow the plaintiff any costs in such suit or any interest on the debt after the date of certification in excess of simple interest at 6 per cent. (S. 20).

The decisions of the Board shall be final and it shall not be open to any party to reopen the matter in a Civil Court (S. 21).

No appeal or application for revision shall lie against any order passed by the Board (S. 22).

The Board may review its orders (S. 23).

The rule of *Damdupat* has also been introduced according to which no Court shall grant a decree for principal and interest for a larger sum than twice the amount due (S. 30).

The question of debt conciliation was considered by the Registrars' Conference of 1934 which passed the following resolution:—

"The Conference is of opinion that in view of favourable circumstances for debt conciliation, co-operative organisations should render all assistance for this purpose and that, where necessary, the long term capital for this purpose should be obtained on such guarantee by Government as would facilitate raising of the requisite amount of money at cheap rates."

The Bengal Relief of Indebtedness Bill, which proposes the establishment of Debt Conciliation Boards, is before the Council. It has been referred to the Select Committee for consideration. Khawaja Sir Nizam-ud-Din, the Minister in charge of the Bill said :—

"In regard to the plan for settlement of debts, the Government had the support of leaders of trade and commerce and others who had made a careful study of the question. Moreover when the House considered the result of the activities of Chandpur Arbitration Boards they would realise that their apprehensions regarding the Bill were groundless. In Chandpur both creditors and debtors had not only come to agreed settlements but what was more surprising, in many cases the debtors either paid cash or transferred to the creditors portions of their property in lieu of cash. This proved that, given a fair chance, the Bengal ryot was prepared to shoulder his responsibilities and honour his bond."

ASSISTANCE BY CO-OPERATORS AND CO-OPERATIVE SOCIETIES

1. The Co-operative Staff knows the economic condition of the people, particularly the members of co-operative societies in particular areas. When the Government wants to select suitable areas for introducing the experiment of Conciliation Boards, the Co-operative Staff can help the Government in this task by its knowledge.

2. The Co-operative Staff will be useful if nominated to serve on Conciliation Boards.

3. The Co-operative Staff can help the Conciliation Boards by advice and assistance. Where they are trusted in the villages they can give valuable assistance to the Board in arriving at a reasonable amount and method of composition in inducing parties to agree upon it.

4. The Co-operative Staff can guide societies in possible methods of debt conciliation with their own member debtors, in order to set an example to private creditors.

5. The Co-operative Staff may encourage debtors who are not plainly insolvent to join societies; it can also help in the formation of societies where none exist and where these societies can usefully extend credit to debtors.

6. It is possible that Managing Committees of good credit societies may be employed in bringing together debtors and creditors, whose case is before a Conciliation Board, and in inducing the creditors to compound their debt for a reasonable figure.

7. If members of co-operative societies bring their debts for conciliation before the Boards and if they have not exhausted the limit of their credit, societies will of course be able to advance them money upto the maximum credit limit.

8. If Debt Conciliation Boards are to be successful they must work in close conjunction with Co-operative Land Mortgage Banks. This system has been tried in Central Provinces and has achieved considerable success. It has been found by experience that the Debt Conciliation Boards, without the adjunct of the Land Mortgage Banks, are not a very effective means of providing the necessary relief either to the agriculturist or to the creditor who is prepared to compromise his claim. Therefore the Co-operative Movement can help the Debt Conciliation Boards by the formation of Land Mortgage Banks.

A general discussion then took place on the suggestions put forward by K. B. Malik Noor Mohammad Khan. Among others Mr. M. G. Deshpande and Pandit Kashi Prasad Pande of Central Provinces took prominent part in the discussion. Mr. M. G. Deshpande related the working of Debt Conciliation Boards in the Central Provinces. Pandit Kashi Prasad Pande explained the difficulties experienced by the Debt Conciliation Boards in the Central Provinces, and said that co-operators had no time to help the Conciliation Boards. At the end of the general discussion the following resolution was proposed by Khan Mohd. Bashir Ahmad Khan.

RESOLUTION I.—" This Conference suggests the following methods by which Co-operators and Co-operative Societies can help the Debt Conciliation Boards :—

(1) Co-operators know the economic conditions of the people, particularly the members of the co-operative societies in particular areas. When the Government want to select suitable areas for introducing the experiment of Conciliation Boards, co-operators can help the Government in this task by their knowledge.

(2) Co-operators can help the Conciliation Boards by advice and assistance. Where they are trusted in the villages they can give valuable assistance to the Board in arriving at a reasonable amount and method of composition in inducing parties to agree upon it.

(3) Co-operators can guide societies in possible methods of debt conciliation with their own member-debtors, in order to set an example to private creditors.

(4) Co-operators may encourage debtors, who are not plainly insolvent, to join societies. They can also help in the formation of societies where none exist and where these societies can usefully extend credit to debtors.

(5) It is possible that managing committees of good credit societies may be employed in bringing together debtors and creditors, whose case is before a Conciliation Board, and in inducing the creditors to compound their debt for a reasonable figure.

(6) If members of co-operative societies bring their debts for conciliation before the Boards and if they have not exhausted the limit of their credit, societies will of course be able to advance them money up to the maximum credit limit.

(7) If Debt Conciliation Boards are to be successful, they must work in close conjunction with Co-operative Land Mortgage Banks. This system has been tried in Central Provinces. It has been found by experience that the Debt Conciliation Boards without the adjunct of the Land Mortgage Banks, are not a very effective means of providing the necessary relief either to the agriculturist or to the creditor who is prepared to compromise his claim. Therefore the co-operative movement can help the Debt Conciliation Boards by the formation of Land Mortgage Banks."

President. Co-operative societies can help in the conciliation of debts in two ways. One is by the formation of land mortgage banks and offering assistance to debtors who are heavily indebted, and the other is by the issue of deposit receipts to creditors for somewhat a reasonable period in the case of small debts.

Mr. S. K. Lahiri (Bengal). I am opposed to the idea of co-operative societies participating in debt conciliation schemes and desire the withdrawal of the resolution.

The President put the resolution to vote and it was carried.

ITEM II. Proposal that in order to bring about a balanced national economy in India it is desirable to organise co-operative societies for the production and distribution of commodities of general consumption.

The following resolution was adopted without discussion:—

RESOLUTION II.—" Resolved that in order to bring about a balanced national economy in India it is desirable to organise co-operative societies for the production and distribution of commodities of general consumption."

ITEM III. What steps should be taken to further the development of the Consumers' Movement in India?

This item was dropped.

ITEM IV. Need for spreading the co-operative movement among women.

Khan Mohd. Bashir Ahmad Khan (Punjab). The one great drawback of the Co-operative Movement in this country is that it has confined its activities to men alone and has so far practically ignored the fair sex. But no movement for the uplift of the masses can be successful unless women take an active part in it.

Man cannot work alone and be successful. Perfection requires co-operation both of men and women. Co-operation aims at the economic, social and moral emancipation of the people and the general well-being of the whole community and therefore women cannot be ignored by it. If Co-operation in India is to be successful, it must bring the women in its fold. It cannot win a final victory without the women.

Attempts have recently been made in some Provinces and States to preach the gospel of Co-operation among women. The Punjab was the first to introduce this experiment. The first co-operative society among women was started in 1926. There are now 218 women's societies in the Punjab. with a membership of 3955 and a working capital of Rs. 2,33,000. In the United Provinces there are 21 societies, having 275 women as members. There are 8 women's societies in Bengal, of which the Tala Nahila Samity and Nari Sambaya Mandir are doing useful work. One of the most successful society in Bombay among women is the Gujrat Stree Shahakari Mandal—a Women's Co-operative Store—supplying its members with articles of daily use and confining its sale to Indian made goods. It has a membership of over 300 women. In Travancore there are 5 women's societies, and there are 29000 women members in co-operative societies out of a total membership of 230,000 or 13 women to every 100 men. In Cochin out of a total membership of 25,053, 1,411 are women. In Mysore there are 15 societies exclusively organised for women for encouraging thrift and affording banking facilities to their members. Their membership consists of 806 women, with a paid up share capital of Rs. 11,373 and a total turnover of Rs. 40,821.

This brief statement shows the possibilities of introducing Co-operation among women. Thus it is apparent that by the opening up of new vistas of development of Co-operation by actively associating women with the movement, a bright future is in store first for the economic emancipation of women and generally of the poorer section of the masses.

Mr. Misra (Patna). The question of spreading the Co-operative Movement among Women was discussed at Conferences of Co-operators and others in the Punjab. H. E. the Governor of the Punjab was the President of that Conference. It was not in favour of this proposal.

President. Are you in favour of the proposal or not?

Mr. Misra. I am in favour of it.

Mr. B. B. Mukherjee (Patna). There is a great and urgent necessity of extending the co-operative movement to women. Therefore Provincial Governments be requested to appoint lady organisers for taking up this work and to start training classes for lady workers.

As all the members present were unanimous about the necessity of bringing women under the co-operative fold, further discussion was not considered advisable and the following resolution was adopted.

RESOLUTION III.—" This Conference is of opinion that there is a great need of spreading the co-operative movement among women. Therefore, it is resolved that the Governments of various Provinces and States in India be requested to appoint lady organisers for taking up this work and also open classes for training women workers."

ITEM V. What steps should be taken to improve the co-operative education of the staff and members of co-operative societies in the various provinces and States in India.

Mr. B. B. Mukherjee (Patna). Co-operation is not given its proper place in the University curricula of studies. In many of our Universities Co-operation is taught as a part of Economics and the agricultural aspect of it is completely ignored. It is necessary that Co-operation should be given its proper place. There should be Provincial Colleges of Co-operation affiliated to their respective Universities for special and higher studies in Co-operation. In course of time students will come out of these Colleges and then we shall have in societies a large percentage of men co-operatively minded. This will be of a great advantage to the co-operative movement because from these men we will appoint co-operative workers. We shall not have to face the problem of unemployment of our own students. We have been tackling the problem of training of co-operators more or less perfunctorily in various provinces.

We should try another scheme. We have in each central bank nearly 240 societies. There should be an Educational Committee in each Central Bank. This Committee will have one instructor who will go to a village centre and start a class. The class will be attended by the Secretary, Village Guru and other Punches. This class will be held in the evening and all details of book-keeping will be taught to them during this period. Education of members must be on a broad basis.

A Guru or Secretary will be made the village leader. We have tried this system of leadership in villages. Where you cannot reach by written words, you can reach by spoken words. Instruction will have to be according to the ability of the people to be taught. The function of the Educational Committee of the bank will be to supply literature to the village instructors and their function will be to see that the work is done.

Mr. S. K. Lahiri (Bengal). With reference to the policy of co-operative education, it has been held so far that this work should be entrusted to the Provincial Union or Provincial Federation. But the Government of India has come forward with a grant; now the Provincial Government have adequate funds at their disposal. In the wake of the Government of India grant for the purpose of co-operative education, there is a tendency on the part of the Provincial Governments to officialise the agency for co-operative education. The result is that this work is departmentalised. So far as the Provincial Unions are concerned, they will be deprived of the work they have so far done. I think we should express ourselves very strongly against the new policy advocated in the movement.

After a brief discussion the following resolution was proposed and carried unanimously:—

RESOLUTION IV.—(a) "This Conference resolves that steps be taken by co-operators to put co-operative education in India on a sound and satisfactory basis and in order to do so, the following scheme is circulated to the several provincial institutes and provincial banks for their opinion and the subject will be brought up at their next meeting.

(1) A Central Institution for research and higher studies in Co-operation for the whole of India somewhat on the lines of the Horace Plunkett Foundation be established in a suitable University centre in India.

(2) A fully equipped Provincial College of Co-operation be established in each province with a 2 or 3 years' course.

(3) Training institutes with two sections, one for the training of higher staff of Provincial and Central Institutions and the other for the training of lower staff of societies be established in each province, the number of such institutions and other details of their constitution depending upon the requirements of each province.

(4) Organisation of centres for the education of the members of socities.

(5) Starting of special institutions for the education and training of women co-operators.

(6) The syllabuses for the studies in each of these institutions and the estimated expenditure thereon be prepared by the President and the Secretaries and circulated along with the scheme in inviting the opinions of the Provincial Organisations.

(b) This Conference regrets to notice a tendency on the part of the Provincial Governments to officialise the agencies for the imparting of co-operative education and is emphatically of opinion that such a step will prove highly detrimental to the movement. The Conference, therefore, urges on the Government of India and the Provincial Governments the need to arrange for co-operative education being imparted through non-official co-operative organisations and for making financial grants to these institutions for carrying out the programme of co-operative education.

ITEM VI. To consider how best the grant that will be received from the Government for improving the condition of rural population can best be spent.

Mr. A. B. N. Sinha (Patna). I think a discussion on this matter would be useless as the Bihar Government had already submitted its scheme to the Government of India which had been approved by the latter and passed by the Local Legislative Council.

Mr. Kashi Prasad Pande (Central Provinces). It is likely that this grant may be made a recurring grant. We should, therefore, urge upon the Provincial Governments to consult this body of Co-operative Experts before framing any scheme of expenditure. Simply because the Bihar Council had failed in its duty, there was no reason for us not to discuss the matter.

President. We can ask Provincial Governments to make certain grants out of sums proposed to be spent by them through co-operative organisations which fall within the purview of the grant. Though the scheme is there, there is nothing to prevent the Local Governments from spending that amount through the Co-operative Organisations where necessary. As a matter of fact in our province (Madras) a very large portion (3 lakhs) of the grant has been given to the Department of Co-operation. If any grant is not made in any other province there is no harm in asking for it.

Babu Tara Prasanna Ghose (Bihar and Orissa). The Local Government ought to have consulted Provincial Institutes and other Co-operative Organisations in the matter of this grant. Provincial Governments have not consulted the Provincial Organisations in each Province with regard to the allocation of funds for rural uplift. Therefore we should request the Government to consult Co-operative Institutions in future and to spend as much money as possible through Co-operative Institutions.

K. B. Saghir-ul-Haq (Patna). R. B. Shyannardhan Sahay moved in the Bihar & Orissa Council that a Committee of officials and non-officials should be formed to formulate development schemes for spending the rural uplift grant made by the Government of India. There was a good deal of discussion, in which the majority of the non-official members of the Council were in favour of the resolution, but at last we lost it by 10 votes. It is probably known to Babu T. P. Ghose that our Local Government formulated this scheme and sent it to the Government of India for sanction. Well, it will now be of no use to pass any resolution on this subject.

Mr. A. B. N. Sinha (Patna). The scheme was put up before the Legislative Council where the elected representatives of the people discussed it. Now it is useless to pass any resolution on this subject.

Babu Tara Prasanna Ghose (Bihar & Orissa). We are fortunate in having a sympathetic Minister the Hon'ble Mr. Syed Abdul Aziz. He is visiting co-operative societies every week. If we pass some resolution, the co-operators of Bihar & Orissa can approach the Government through the Hon'ble Minister and persuade them to make some changes in their scheme.

K. S. Khan Hasham Khan (Punjab). Out of the Government of India grant of Rs. one crore for the rural development of the country, the share of the Punjab is Rs. 8½ lakhs. According to the schemes framed by the Government, it is proposed to spend 7½ lakhs of this grant on the following purposes:—

1. Consolidation of Holdings—Rs. 2 lakhs.
2. Co-operative Better Living Societies.
3. Female Education.
4. Improvement of Veterinary Services.
5. Development of Sheep Breeding.
6. Development of Tanning Industry.
7. Fruit Growing.
8. Well-Boring.
9. Provision of Cinema Films and Loud Speakers.
10. Broadcasting Experiments.

The remaining Rs. one lakh will be distributed to the Deputy Commissioners, who have been given full discretion to spend their share in any way they consider best for the development of their districts. Every district, except Simla, has received as its share of this grant Rs. 3,500, while the Simla District has received Rs. 2,000.

The following resolution was proposed by the Persident, and the same was carried.

RESOLUTION V.—"*This meeting regrets that the Provincial Governments have not consulted the provincial co-operative institutions in their respective provinces with regard to the allocation of funds for rural uplift and requests the Governments in future to consult them in the matter of allocation of such funds and to ensure that as much money as possible is spent through co-operative organisations.*"

ITEM VII. Proposal that Governments of the provinces and States be requested to institute inquiries into agricultural indebtedness with a view to take effective steps for relief of such indebtedness.

The proposal was not pressed.

ITEM VIII. Proposal that the law relating to co-operative societies be amended so as to empower them to distrain the crops of their members for realizing overdue instalments standing against them.

It was dropped.

ITEM IX. Proposal to continue the publication of "*The Indian Co-operative Review.*"

K. B. Malik Noor Mohammad Khan (Punjab). The publication of the Indian Co-operative Review has fulfilled a long standing want. I believe all of you have seen the three issues of the Review so far published. The standard of articles is very high. Its printing and paper are quite good. The Review has been received very favourably every where in India and abroad. It is becoming popular. Therefore it should be continued to be published at least for two years more at Madras.

Mr. B. B. Mukherjee (Patna). I agree with what has been said by my friend from the Punjab. The Review is very useful and its publication should be continued.

The following resolution on the subject was proposed from the Chair and carried unanimously:—

RESOLUTION VI.—(1) "*Resolved to continue the publication of "The Indian Co-operative Review" for a further period of two years at Madras under the Editorship of Mr. V. Ramadas Pantulu.*

(2) The following budget of expenditure for the year 1936 is sanctioned :—

1. Printing, paper, wrapper, etc., at Rs. 400 per issue	Rs.	1,600-0-0
2. Postage for four issues at Rs. 75 per issue	Rs.	300-0-0
3. Peon and Contingent Office-Expenses	Rs..	250-0-0
4 Honorarium for contributors, Proof Readers and Helpers	Rs.	500-0-0
Total ..	Rs.	2,650-0-0

3. The Indian Provincial Co-operative Banks' Association is requested to make a grant of Rs. 1.000 to meet the expenses of the conduct of 'The Review' for the year 1936.

The statement of receipts and payments from 1st January 1935 to 22nd August 1935 was also approved and recorded.

ITEM X. Publication of 'Co-operation in the Punjab.' [The book is ready in a manuscript form. It has been written by Sheikh Ata Ullah, M.A., Lecturer in Economics, Muslim University, Aligarh.]

Khan Mohd. Bashir Ahmad Khan (Punjab). The book is ready and may be published under the auspices of the Association.

Some of the members present expressed the view that if the book were to be published under the auspices of the Association, some responsible person, say the President of the Association, should go through the manuscript in the first instance to see whether the views expressed and conclusions drawn by the author are not in conflict with those of the Association, and the book conforms to a particular standard, since it is to be published under the auspices of an All-India Institution.

President. I think the book might be published by the Association with a foreword that the Association did not take any responsibility for the views expressed therein, as is done by the Horace Plunkett Foundation, London.

The proposition was agreed to and the following resolution was adopted.:—

RESOLUTION VII.—" Resolved that 'Co-operation in the Punjab' by Sheikh Ata Ullah, M.A., be published under the auspices of the All-India Co-operative Institutes' Association. A Foreword may be added to the book to the effect that the Association does not hold itself responsible for the views expressed by the author."

ITEM XI. Proposal to prepare two Text-books—one for the Secretaries of Primary Societies and the other for Office-holders and Members of Co-operative Societies, provided, the Government of India gives a grant for this purpose.

Khan Mohd. Bashir Ahmad Khan (Punjab). As a result of the efforts of Mr. Darling, the Government of India has sanctioned Rs. 15 lakhs for the purpose of the training and education of the members of Co-operative Societies. One great obstacle in the way of proper training of the members of co-operative societies is the lack of suitable elementary text books in the vernaculars of the Country. We have some very good books in English on the Co-operative Movement in India. As an example, I may mention *Co-operation in India* by Wolff, *Co-operation in India* by Kaji, *The Co-operative Movement in India* by Hough and *Co-operation in* India by Kaji, The Co-operative Movement in India by Hough and Co-operation dents of Co-operation. These are not of much use to the Secretaries and members of primary societies. Therefore it is proposed to prepare in the beginning two text books one for the secretaries of primary societies and the other for the office-holders and members of co-operative societies. The All-India Co-operative Institutes' Association is the proper body to prepare these text books. The Government of India has been requested to give a grant to the Assocition for this purpose.

President. The question of preparing text-books is a very vital matter. To put a bad text book in the market is a very bad thing. The Association should not make itself responsible for any book unless a Committee of the Association has examined the book. The books should be written and placed before the members for approval. Without examining the books, it would not be right to give consent. I am not in favour of a grant for a purpose like this, for in that case the Government would like the books to be published with their approval, and this we are not prepared to do.

Khan Mohd. Bashir Ahmad Khan (Punjab). I agree with the views expressed by the President that the text books should be published after these have been approved by the Association.

Mr. N. Satyanarayana Garu (Madras). Every Province must prescribe its own text books for the Secretaries and Members of Co-operative Societies. This matter should be left to the Provincial Institutes for consideration. It will be of no use if the books are published in English. The Provincial Institutes are the best agencies for the purpose as they alone know the local requirements.

Khan Mohd. Bashir Ahmad Khan (Punjab). I never meant to say that these books should be published in English. In fact I want these books to be written in the local languages of the various Provinces and States in India.

Mr. B. B. Mukherjee (Patna). Different books for different provinces and in the local languages of that Province should be prescribed. These text books should be written by experts and if there are many languages in a Province, in all the languages possible. Let the Association draw the attention of the different Provincial Organisations to the need of publishing them.

Mr. Misra (Patna). The Grant of the Government of India should be distributed to the various Provincial Institutes for the publication of books.

Mr. A. G. Sherlekar (Indore). I think there should be no objection to publication of books for Secretaries of village societies, provided the principles were agreed to.

K. B. Malik Noor Mohammad Khan (Punjab). The Government of India has sanctioned Rs. 15 lakhs for the development of the co-operative movement in India. If our Association gets a certain amount out of it from the Government and spend it in writing text books, I do not see any harm in it. It is not against our principle to request the Government for a grant.

President. The Association should not approach the Government for grants for such small matters. Moreover it should not entangle itself with financial responsibilities, as it was a body purely for propagating high principles of co-operation. I am certain that the Government will not sanction any grant unless the text books are submitted to them for scrutiny and approval. This I will be the last man to agree to. At this stage the discussion on this subject was adjourned till the reply of the Government of India about the grant is received.

ITEM XII. Consideration of the draft scheme for the Second Volume of "Co-operation in India."

The following resolution was adopted in this connection:—

RESOLUTION VIII.—"Resolved that a scheme for the Second Volume of "Co-operation in India" be prepared and circulated among the Members of the Standing Committee for opinion and brought up before the next meeting."

ITEM XIII. (a) Proposal to request the Government of India and the Provincial Governments that at least one Director on the Central Board and also on the local boards of the Reserve Bank of India should be a representative of the co-operative movement. He should be appointed with the consultation of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association.

(b) Proposal that concerted action should be taken by the Provincial Organisations with the co-operation of central and other banks within the area of each register of the Reserve Bank to have experienced co-operators elected to the boards of directors of the Reserve Bank.

(c) Proposal to request the authorities concerned that for the posts in the rural credit department of the Reserve Bank, official and non-official co-operators should be appointed.

The members suggested that part (c) of the proposal should be omitted. This was agreed to.

The following resolution was passed without further discussion:—

RESOLUTION IX. (a) "Resolved that the Government of India and the Provincial Governments be requested that at least one Director on the Central Board and also on the Local Boards of the Reserve Bank of India should be a representative of the co-operative movement. He should be appointed with the consultation of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association.

(b) Resolved that concerted action should be taken by the Provincial Organisations with the co-operation of central and other banks within the area of each register of the Reserve Bank to have experienced co-operators elected to the Boards of Directors of the Reserve Bank.

ITEM XIV. (a) Proposal to request the Government of India that co-operators should be appointed on its marketing staff.

(b) Proposal to request the Provincial Governments and the Governments of Indian States that co-operators should be appointed on their marketing staff and also on their marketing boards.

After a brief discussion the following resolution was proposed by K. S. Khan Ghulam Hassan Khan (Punjab) and unanimously adopted:—

RESOLUTION X.—" Resolved that the Government of India, the Provincial Governments and the Governments of Indian States be requested to appoint co-operators on their marketing boards.

ITEM XV. Proposal to request the Provincial Governments and the Governments of Indian States to spend more money on the co-operative movement.

Khan Mohd. Bashir Ahmad Khan (Punjab). I have been trying to collect the figures of the money spent by the Governments in various Provinces and States on the Co-operative Movement in India. The following statement shows the Government expenditure on the Co-operative Movement in 1933-34.

GOVERNMENT EXPENDITURE ON CO-OPERATIVE MOVEMENT IN INDIA IN 1933-34

Province or State.	Population in Millions.	No. of Societies.	No. of Members.	Amount spent by the State	Amount spent per Society	Amount spent per Member.	Remarks.
				Lakhs.	Rs. A. P.	Rs. A. P.	
Madras	46·7	13634	8,83558	10·85	79 9 5	1 3 8	
U. P.	50·	6070	1,59882	4·12	68 0 0	2 8 0	
Punjab	23·5	21440	7,51221	10·64	49 1 9	1 6 9	
C. P. & Berar	15·5	3794	1,14389	2·06	54 5 7	1 12 10	
Bihar & Orissa	37·7	8783	2,62298	3·28	37 4 9	1 3 2	
Assam	8·	1400	66308	1·07	76 10 0	1 9 10	
N. W. F. P.	2·4	451	15695	·86	191 1 7	5 8 0	
Delhi	·6	289	10672	·13	44 1 7	1 3 0	
Ajmer Marwar	·6	709	20,486	·33	47 2 0	1 10 1	
Coorg	·2	235	15340	·06	28 0 0	0 6 0	
Bengal*							
Bombay*							*Figures not available
Burma*							
Cochin State	1·2	256	25183	·20	80 0 0	0 12 10	
Gwalior	3·5	4167	73585	1·25	30 1 7	1 11 2	
Bhopal	0·7	958	17664	·15	15 0 0	0 13 0	
Pudukota	·4	128	11889	·10	74 11 2	0 12 11	
Baroda	2·4	1146	45760	·59	50 8 0	1 4 8	
Hyderabad*							
Travancore*							*Figures not available
Mysore*							

The hope of the agriculturists of the country lies in the co-operative movement. And, as remarked by the Agricultural Commission, if Co-operation fails, there will fail the best hope of Rural India. Therefore any money spent by the Government on this beneficent movement will help the rural and even urban population of the country. Government is spending a lot of money on other beneficent departments, such as Education, Agriculture and Health. The Government expenditure on the Co-operative Movement is very meagre as compared with its expenditure on Education, Agriculture, Health etc. The time has not arrived for the Government to provide funds liberally for the consolidation and expansion of the Co-operative Movement in India.

Mr. Y. A. Godbole, Registrar of Co-operative Societies (Bihar & Orissa). You will probably go away with the impression that the co-operative movement in Bihar & Orissa is what it is at present because the Government is treating the movement in a niggardly fashion. I certainly share the feeling that more money should be spent on the co-operative movement. But as for Bihar & Orissa, what I want to say here has been said by the Secretary in the Council also. The statement is that the expenditure in Bihar & Orissa on the Co-operative Movement as compared with the revenue of the Province is second to the Punjab only. As a result of Mr. Darling's advice, pressure of successive Registrars and the non-officials, the Local Government has at last agreed to spend Rs. 50,000 more every year on the movement from the next financial year.

The following resolution was passed:—

RESOLUTION XI.—" Resolved that the Provincial Governments and the Governments of Indian States be requested to spend more money on the co-operative movement."

ITEM XVI. Proposal to request the Government of India to exempt co-operative societies from the payment of postal and money order charges.

The proposal was dropped.

ITEM XVII. Proposal to request the railway authorities and the Government of India to grant concessions in fare for co-operative delegates to their tours to co-operative meetings and conferences and back.

This was dropped.

Items Nos. 18 & 19 were taken together.

ITEM XVIII. Proposal that the Association be registered either under the Co-operative Societies Act or under the Societies' Registration Act with the permission of the Government.

ITEM XIX. Proposal to request the Government of India to expedite the passage of the bill to supplement the law relating to co-operative societies whose sphere of operation extends to more than one province.

Khan Mohd. Bashir Ahmad Khan (Punjab). This bill was considered by the Registrars' Conference in 1934 which recommended that it should be passed into law. When this bill becomes an Act, the Association will be registered under the Co-operative Societies' Act. It is necessary in the interest of our Association and other Co-operative Organisations having their area of operation over more than one Province that the bill should be passed into Law as soon as possible.

Khan Sahib Khan Ghulam Hassan Khan (Punjab). The proposal is very clear and hardly requires any discussion, I therefore move the following resolution on the subject:—

RESOLUTION XII.—"Resolved that the Government of India be requested to expedite the passage of the bill to supplement the law relating to co-operative societies providing for the registration as co-operative societies of societies whose area of operation extends to more than one province."

The resolution was carried unanimously.

ITEM XX. The Annual Reports on the working of Co-operative Societies in the various Provinces and States in India are published very late and therefore lose much of their value. Proposal to request the governments of the Provinces and States to publish these reports in time.

Mr. Y. A. Godbole, Registrar, Co-operative Societies (Bihar & Orissa). In this Province the co-operative year coincides with the calendar year. Take the case of my report for 1934. It was at the end of March when all the societies, central banks and institutions sent up their figures to the Assistant Registrars and it goes to about April or May when figures are fully examined in my office. It is not before May when I have to draft my report. So I have to send up my report in June. My report is published in September & October. I think it compares very favourably with reports of other provinces.

All were unanimous that reports are published very late. Therefore the following resolution was adopted:—

RESOLUTION XIII.—"The Annual Reports on the working of Co-operative Societies in the various Provinces and States in India are published very late and therefore lose much of their value. Resolved that the Governments of the Provinces and States be requested to publish these reports within a reasonable time."

ITEM XXI. Dates for the next conference to be held at Bangalore in Mysore State.

RESOLUTION XIV.—(a) "Resolved that the next All-India Co-operative Conference be held at Bangalore in Easter, 1936."

(b) "Resolved that the next meeting of the Standing Committees be held at Hyderabad (Deccan) in 'Xmas, 1935."

ITEM XXII. Proposal that co-operative institutions registered and working in Indian States should be exempted from Income-tax on earnings realized by them in British India.

Mr. K. M. Ansari (Hyderabad-Deccan). The proposal is very simple and just and does not require any discussion. Therefore I move the following resolution:—

RESOLUTION XV.—"Resolved that co-operative institutions registered and working in Indian States should be exempted from income-tax on earnings realized by them in British India."

Professor K. H. Kamdar (Baroda). I second this proposal.

The resolution was unanimously adopted.

The President in concluding the proceedings said that the discussions had been as interesting as they had been instructive. He was glad that co-operators from all over the country had joined in the deliberations.

He thanked Sir Sultan Ahmed and Rai Bahadur Durga Prasad for the very cordial welcome they had accorded to him and the other delegates. He also thanked the Minister of Education for his kind message and the Registrar for co-operating with the conference and giving it the benefit of his advice.

VOTE OF THANKS

Dr. Sir Syed Sultan Ahmed, Kt., D. L. Bar-at-law, Chairman of the B & O Provincial Co-operative Bank in proposing a vote of thanks to the chair said that there was one matter of personal explanation which he proposed to offer and that was his absence from the proceedings of the previous day's meeting for which he was extremely sorry. His absence, he said, had been really a great gain in one way as the place which he could have occupied yesterday was occupied by Rai Bahadur Durga Prasad whose knowledge and experience in co-operation was larger. He said that he had read the speech which Rai Bahadur had delivered, in the papers, and had felt a great relief. He bitterly felt his absence because some of the delegates had come from long distances and had not received that attention from him as Chairman which they undoubtedly deserved. He was there, he said, to perform the most pleasant duty of offering his most sincere thanks to the chairman, Mr. Ramadas Pantulu, whose name as a co-operator was a household word in the world of co-operators. It would be impertenent on his part, he proceeded, to say much in the presence of the delegates who had the advantage of long association with the Chairman but he could say with confidence that if there was anything which Mr. Pantulu did not know about the movement, he was sure it was not worth knowing. Mr. Pantulu's occupation of the chair on this occasion, as in other places also, was of tremendous advantage to the delegates. His temperament was of a masterly genius and his knowledge of the movement vast. He had guided the deliberations in that masterly manner which had made him famous throughout India. Sir Sultan said that as Chairman of the Provincial Bank in Patna he was jealous of Mr. Pantulu as under Mr. Pantulu's able guidance and care the Madras Provincial Bank was in a flourishing condition and could promise to advance a loan of several lacs to the Provincial Bank at Patna at a moment's notice. Sir Sultan's association with Mr. Pantulu was only of one day but he felt

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that he had come face to face with a genuine and ardent co-operator—a man who was also a practical co-operator. Sir Sultan said that it had been a source of tremendous pleasure to him to welcome the virile Punjab, intellectual Madras, prosperous Hyderabad and the Central Provinces which was always in difficulties. The Bihar and Orissa was also to a certain extent in difficulties but he hoped that with the delegates' co-operation, Bihar would be able to get over all its troubles. He said that a resolution had been passed at the day's meeting pressing the claims of Bihar on the Government for further help but pointed out that the Government were fully alive to the situation and Bihar was grateful to the Registrar who was taking such a great interest in the matter and bringing the province's misfortune to the notice of the Government. He said that we should indeed be happy that we had got a friend in Mr. Godbole. He further said that inspite of the assurance given by the Chairman that the delegates had a pleasant time during their short visit to Patna, he felt that his Bank was not able to do half as much as it could have. However, the delegates' generosity would excuse the Provincial Bank, Patna, for its short-comings. Patna was not a very pleasant place at this time of the year and if the delegates had come in the colder time of the year, their stay would have been more comfortable.

THE INDIAN CO-OPERATIVE REVIEW

Contents of Vol. I. No. 1. January, 1935 (140 Pages)

Contents of Vol. I. No. 2. April, 1935 (146 Pages)

PRINTED BY G. S. PRESS, AND PUBLISHED BY V. RAMADAS PANTULU, MADRAS.