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EDITORIAL NOTES

THE ROLE OF CO-OPERATION IN RURAL RECONSTRUCTION

Our invitation for contributions to this issue on the Role of Co-operation in Rural Reconstruction has had a satisfactory response, as readers will see from the number and quality of articles published. Our regret is that we had to wait for long for some of them and in one or two cases disappointment came at the end, and the gap that is conspicuous could not be filled. For the unconscionable delay in the publication of this issue we beg the subscribers' pardon. A little more active and prompt co-operation is what we seek of the kind contributors, almost all honorary. *The Indian Co-operative Review,* far from being a profit-making concern, is not paying its way in spite of honorary contributions and honorary editing. Subscribers will be good enough to realise the limitations of such a position and continue to support an organ which endeavours to serve the nation-wide Movement.

Rural Reconstruction has become a hackneyed term and though to most of us it still stands for a variety of activities, there are rural reformers, including co-operators, who would call a speck of activity or mere propaganda in any one field as a big scheme of rural uplift. There are co-operative enthusiasts—India seems to have almost a monopoly of them—who would insist on co-operation taking up every service, leaving nothing to the Government or to the civic bodies, whose peculiar province it is conceived to be to deal with a number of services demanding universality of membership and compulsory levy of taxation. It is difficult to demarcate the spheres of Co-operation, the State and the local self-governing bodies, not to speak of missionary and philanthropic organisations which have promoted schemes of economic uplift and social reform. But it would be wrong to ignore the limitations of co-operative enterprise.

We are afraid that the last Registrars' Conference did not give a correct or definite lead on this important question, as readers may see from the discussions published elsewhere. Doctrinaire views have no doubt to be brushed aside as done by Mr. Brayne, the famous Rural Reconstruction Commissioner of the Punjab. But co-operation must not be saddled with the burden of schemes like compulsory education, social reform or sanitation. That success will be short-lived there is no doubt and there are already signs of breakdown and the demand for other organisations and other methods to tackle the civic problems. This has been brought out by more than one writer and we have no hesitation to hold on to what we had occasion to repeat at the last Registrars' Conference. "It is an undue strain on the Co-operative Movement, and it is unreasonable to expect co-operators to undertake these functions. However much we may expect them to do it, they really cannot succeed, because nothing but well organised State aid can achieve these objects. We are wasting our time and energy in trying to accomplish things which are absolutely beyond our capacity, and wherever we (in Madras) had anything to do with such things, we have been telling them to eschew such activities."

Dissipation of efforts on the part of co-operators must cease and give place to concentration on a few issues, well understood and well planned. It is for this reason that we admire the working of the settlement at Gosaba established by Sir Daniel Hamilton and the efforts made at Santiniketan by Dr. Rabindranath Tagore to revive and improve the ancient culture of India and propagate it effectively among the villagers. All honour to the philanthropic businessman and the great poet! We regret our attempt to secure an account of the working of either of their schemes did not succeed. Though their programme is by no means narrow, each has developed a few lines of action that are worthy of adoption elsewhere.

While we recognise the need for a variety of agencies to deal with different phases of reconstruction, we do not ignore the supreme need for co-ordination of efforts. The old Taluka Development Associations of Bombay and the recent District Economic Councils of Madras may well serve the purpose, provided there is a genuine effort at getting proper representatives of every organisation into them, and the control by officials is minimised, if not eliminated. But the policy of the erstwhile Governments in some Provinces was in the opposite direction—of vesting too much powers and the disposal of 'discretionary grants' in the hands of District Officials. It was frankly and widely denounced as a piece of electioneering propaganda, which we all know has not succeeded. We trust the new Provincial Governments will give a new orientation to such councils and constitute them on a popular basis and place at their disposal funds for organisation in the initial stages. We do not believe in subsidies and grants for all time; the Madras Provincial Co-operative Union has now stopped most of its grants. The essential method of co-operation should be to help Rural Reconstruction Centres pay their way after a few years.

THE 12TH REGISTRARS' CONFERENCE

The Twelfth Conference of the Registrars of Co-operative Societies met on the 8th and 9th December 1936 at Delhi. Extracts from the proceedings are published elsewhere in this issue.

Up to 1928, these Conferences of Registrars used to be held fairly frequently at intervals of about two years. Since 1928, when the tenth session of the Conference met at Simla, there has been a break. The 11th session met in January 1934 and the 12th session in December 1936, both at Delhi. Though they were called the Registrars' Conferences, the Provincial Governments and the Governments of Indian States were invited to send each one or more non-official representatives of the Co-operative Movement to the Conference. On former occasions after the opening session, the Conference used to split up into three or four sub-committees to frame resolutions on different groups of subjects on the agenda. The reports of the sub-committees, together with the draft resolutions framed by them came up for discussion and final decision before the concluding session of the Conference. In this way, the officials and non-official representatives had ample opportunities for joint deliberation and the conclusions of the Conference generally represented the outcome of collaboration between the Registrars and the non-official delegates. At the 12th session held in 1936, this procedure was radically altered. The Registrars met in their own separate Conference, a couple of days before the final session commenced, and discussed many matters pertaining to the Movement and brought up before the Conference, in which the non-officials also participated, only such items as they considered fit to be discussed by them. The final agenda was made available to the non-official delegates only after the open session commenced, and they could not devote sufficient time and attention to the items on the agenda. The sub-committee procedure was abandoned. This was naturally considered as treating non-official representatives with scant courtesy. It is to be hoped that they will be given better facilities to participate in the deliberations of the Conference in future.

We wish to make one more suggestion for the consideration of the Government of India. Hitherto, the selection of the non-official representatives from the Provinces and States was left to the Governments concerned. Now there are well-established provincial organisations in the Provinces and States and a better way of selecting representatives will be to ask those organisations to send the prescribed number of delegates to the Conference. The Indian Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association were, however, represented by their own nominees, namely, the Hon'ble Mr. V. Ramadas Pantulu and Khan Mohd. Bashir Ahmed Khan, respectively.

The opening address delivered by Sir Jagadish Prasad, Member for Education, Health and Lands, of the Government of India, was outspoken in regard to the many defects from which the Co-operative Movement was suffering. But at the same time the address struck an optimistic note and Sir Jagadish showed himself to be a constructive critic who had faith in the recuperative power and potentialities of the Movement for the economic uplift of the people. The net output of the deliberations of the Conference, judged from the solutions offered to revitalise the Movement, was however little. There was a paucity of constructive thought. For instance, in regard to the utilisation of surpluses, the Conference had a very simple solution to offer, *viz.*, "Do not take more money than you can find an outlet for." What the co-operators wanted to know from the Conference was whether it had any solution to offer in regard to utilisation, for the economic benefit of the agriculturists, of the money which was easily flowing into co-operative banks even at rates at which Government itself was prepared to borrow. There was no answer to this question. The one dominant note struck was the need to revise co-operative law and procedure so as to vest larger and larger powers of control over the Movement in the hands of the Registrars. The preliminary deliberations of the Registrars, which preceded the open session of the Conference, judging from the draft resolutions which emerged from those deliberations, seem to have been largely devoted to the task of finding measures for the rectification of existing societies through departmental action, helped by fresh drastic and summary powers to be vested in the Registrars. The resolutions drawn up by the Registrars disclosed their pathetic faith in departmental spoon-feeding and the efficacy of subjecting non-official co-operators to stricter official vigilance and control. The outlook and sympathy of Sir Jagadish, however, came to the rescue of the Movement and prevented the passing of several resolutions which were framed by the Registrars in that spirit. The resolutions passed by the Conference on such important subjects as provision for long term credit and improved facilities for marketing of agricultural produce were couched in conventional language and gave no practical guidance.

RESERVE BANK'S BULLETIN ON THE KODINAR BANKING UNION

The first of the series of pamphlets issued by the Agricultural Credit Department of the Reserve Bank of India deals with the working of the Banking Union at Kodinar. Kodinar is the headquarters of a taluka in Baroda State in the south of Kathiawar. The taluk consists of 64 villages which are served by 55 societies. These 55 societies are affiliated to the Kodinar Banking Union, Ltd. This Banking Union had its origin in the old Kodinar Seed Depot, which was opened by the Agricultural Department of the Baroda State for the supply of pure seeds. The State advanced loans to such seed depots, a number of which were opened in the State about the year 1900. After the Co-operative Societies Act of 1904 was made applicable to the State, several co-operative societies were organised and the Kodinar Seed Depot was converted into a Central Bank, or to be more correct into a Banking Union. This Banking Union has for its objects, some of which are not usually found in a financing institution. These objects cover functions which in most Provinces in India are discharged by three different institutions, *viz.*, the Bank, the Sale Society and the Supervising Institution. This combination of various activities, we are told in the Bulletin, was not so much due to the undeveloped state of the Banking Union as to make decentralisation of functions not possible; nor was it the result of the isolation of Kodinar Taluk from the rest of the State or the primitive habits of the people inhabiting the area. This concentration, it is said, is the result of a deliberate policy evolved after practical experience and experiments. This example of a multiple purposes society and the model of a banking union of a pure type composed entirely of primary societies, operating over a small area are commended for adoption by other parts of India. The Fourth All-India Co-operative Conference, which met recently at Bangalore, discussed this report and in regard to these specific recommendations expressed the following opinion:—

"This Conference recognises that multiple purpose societies have proved beneficial in certain areas and possess some advantages where they can be successfully set up and, while it is not prepared to recommend them for general adoption, is in favour of such societies wherever conditions permit."

"This Conference is unable to agree with the view that Central Banks operating over small areas are preferable to larger banks or that large district banks must be split up into small banks."

"This Conference, while it recognises that a pure type of central banking union composed entirely of primary societies and with no individual shareholders has much to commend in it, from a co-operative point of view, is of opinion that such unions are not capable of being developed and efficiently worked in many areas. They were tried and abandoned in some areas. The matter must be left to local co-operative enterprise according to local conditions."

We are in full agreement with the views thus expressed by the Conference. In a country like India, where conditions differ not only from Province to Province, but in different parts of a Province itself, any attempt at uniformity is clearly not possible.

The scope of the Bulletin extends beyond the exposition of the working of the Kodinar Banking Union and the lessons drawn from its success. The Bulletin deals with topics of considerable general interest to co-operators, such as causes of rural indebtedness and measures for removing them. The causes are enumerated as under:—" (a) small scattered holdings; (b) inefficient cultivation and lack of knowledge of better methods; (c) lack of facilities for irrigation and frequent failures of crop due to overdependence on rainfall; (d) growing of poor varieties of crop and raising poor type of cattle which easily fall prey to diseases and variations in climate; (e) lack of protection from ravages of wild beasts; (f) absence of side pursuits; (g) inadequate price for produce due to inadequate marketing facilities; and (h) lack of facilities for depositing savings in good years; (i) extortionate rates of interest on loans; and (j) high litigation expenses; other general factors which may be mentioned as responsible for the inability of the farmer both to make sufficient income or to keep his expenditure within his income are; (k) wasteful expenditure on ceremonial occasions; (l) ignorance, illiteracy or lack of education; (m) insanitary conditions; and (n) addiction to bad habits like drink, drugs, etc."

After enumerating the above causes, the Bulletin rightly observes that when debt becomes a chronic feature in the farmer's life, it can only mean a permanent disequilibrium with his income and expenditure. A study of the causes enumerated in the Bulletin will disclose that it is beyond the power of the Co-operative Movement to remove some of them and that they can be removed only by State action. It may be added that the Bulletin omitted to mention such important factors like the burden of heavy land revenue, oppressive system of land tenures and the unsound currency and exchange policy of the Government which undoubtedly react adversely on the margin of profit from agriculture and force the peasant to borrow. We, therefore, feel that the Agricultural Credit Department of the Reserve Bank of India has indulged in far too sweeping a statement that "if Co-operation has failed to achieve its object of redeeming its members from debt, it is because it addressed itself to the solution of the problem of credit only and did not simultaneously take up a *campaign against all the causes which give rise to debt.*" We have no hesitation in saying that the charge must be laid more justly at the doors of the State—the Central and Provincial Governments in India—than at the doors of the Co-operative Movement.

The Bulletin contains valuable suggestions for the reorganisation of the Co-operative Movement in several parts of India; and we agree, it is necessary, that the Registrars, Provincial Co-operative Banks and the Provincial Co-operative Institutes should devote more time and energy to this task.

Sir James Taylor, in his Foreword to the Bulletin, attributes the success of the Kodinar experiment to three important factors; firstly, careful choice of suitable personnel; secondly, the problems of agriculturists being dealt with comprehensively; and thirdly, the insistence on self-help and the co-operative spirit throughout. Given these factors, any co-operative organisation is bound to be a success. We heartily commend the Bulletin for a careful study to all co-operative societies in general, and to Central Banks in particular. We await with interest the future bulletins which are promised by the Reserve Bank of India.

THE CONGRESS MINISTRIES.

We offer our hearty felicitations to the Congress Ministries in the six major Provinces of India, in which the Congress secured decisive majorities at the last elections to the Provincial Legislatures. The Indian National Congress is a democratic organisation. The Co-operative Movement which is essentially a democratic movement has therefore reason to rejoice at the success of the Congress at the polls as a vindication of the claims of democracy in this country. Again, service to the masses without consideration of caste, creed, community or social status is the principle of the Co-operative Movement and it is equally the principle of the Congress. Indeed, the principle of sound modern democracy is "that the creation of good to be shared requires deliberate social co-operation, and that freedom—so far from keeping men apart—is the increase of the ways in which each can help the other." Co-operation like genuine democracy is animated by ideals of mutual service and public welfare. In carrying out the constructive programme of the Congress, the Congress Ministers may therefore count on the hearty co-operation of all co-operators.

This attitude of ours, we claim, is in no way inconsistent with the principles of political neutrality which is associated with co-operation. We understand by political neutrality that members of co-operative organisations are free to have their own political convictions; whatever the complexion of a person's politics may be, he is entitled to be admitted as a member, if he is otherwise qualified. Again, co-operators rightly hold that in transacting their business—in issuing loans or buying and selling their goods for instance—political or party considerations should have no play. But co-operative policy and direction of the Movement cannot remain unaffected by the political theories and practices of the Government for the time being. In many countries, the State does direct and control the Co-operative Movement though the degree of direction and control varies. Co-operation is an economic policy and as such it is bound to be as much affected by politics as other economic policies like free trade, protection, capitalism and socialism.

Co-operators in India look to Congress Ministers not for small changes or improvements in the administration of the departments of Co-operation. They look to the new Provincial Governments for a radical change in the entire outlook and policy of the State in India in regard to Co-operation. Two original sins of co-operation in India still stick to the Movement to-day. Co-operation as introduced by the Government in India was conceived not as an instrument for a radical economic reorganisation of all section of the people, so to improve their efficiency and standard of living, but as a solution of the problem of indebtedness, particularly of the agriculturists. Having been introduced by the Government not in response to a popular demand, but as the solution which the Government itself wished to offer to people afflicted by usurious debts, the Movement has remained the concern of the Government who virtually control it. The administration of the Co-operative Movement by the Department is broad-based on these two fundamental conceptions. So long as these conceptions remain unaltered, there is no scope for co-operation subserving the true socio-economic interests of the masses of this country. These conceptions have impeded the creation of joint thought and joint action and growth of mass consciousness among co-operators, and dwarfed their intellectual and moral faculties and fostered a spirit of dependence on an external agency to look after the Movement. It is the earnest hope of co-operators that the Congress Ministers-in-charge of Co-operation, who breathe in the free and fresh air of "self-help and reliance," which is the motto of the great popular organisation they represent, will give the Movement a new orientation, discontinue the practice of spoon-feeding and extricate it from the smothering grip of official control and convert it into a Movement of the people for the people and by the people.

THE BETTER VILLAGE MOVEMENT IN THE PUNJAB *

BY

F. L. BRAYNE, C.I.E., M.C., I.C.S.,

Commissioner, Rural Reconstruction, Punjab

Rural reconstruction is the learning, the practising and the teaching of the art of living in a village. It includes every thing relating to the welfare of villagers, and is concerned with every activity of village life or that affects village life. Its objective is the increase of happiness and of course the health, wealth, comfort and amenities of the village are its main concern. The principal obstacles are usually described as poverty and debt, ignorance and disunity. Thanks to the organisation and the researches of Government the possibilities of immediate improvement are so great that these obstacles could undoubtedly be overcome; but only by the strictest practice of thrift, continued hard work, intelligent work and co-operative work. Unfortunately, however, the will to work is too often absent, or is not strong enough to overcome the age-old habits of inactivity and fatalism. If thrift and hard work are the keys of progress, debt, hunger or extravagance are certainly no incentives to the exercise of these virtues. It is only the ambition to raise the standard of living that will induce the will to work, to thrift and to sacrifice. In reality, therefore, these obstacles are only the symptoms of something deeper. The real enemy is apathy—the absence of the ambition for a better pattern of life, for a desire to rise in the scale of human existence.

How can this ambition be implanted in the breasts of the people? There are five well-known methods.

1. Religion: This has been and still is the mainspring of a very great deal of work in many countries.
2. Direct official effort, that is persuasion, publicity and propaganda of all sorts. This unless accompanied by some or all of the others is the least effective method.
3. Education.
4. Co-operation and village organization.

* Fuller details are given in a book entitled *Better Villages* which the Oxford University Press have just published for the author.

5. The example and leadership of the privileged classes.
6. The enlistment of the housewife in the campaign by means of female education, women's organisation and welfare work of all kinds.

We will now take the various points one by one :

A vast and daily increasing amount of work is going on in the Punjab villages but although the resistance to progress is rapidly disappearing, there is still a conspicuous lack of initiative among the villagers. The inspiration and drive still have to be provided by Government and although there is an increasing willingness to co-operate with Government and to provide the labour and money for improvements, yet, if the official pressure slacks off, even the best village soon begins to slip back.

1. The possibilities of improvement.—Health is easy and cheap. Light, air, cleanliness, vaccination, pure water and good food. Light and air are secured by ventilation and the standard Punjab ventilator is rapidly becoming very common. The difficulty is of course to prevent it being blocked up, until the housewife is sufficiently educated to realise the necessity for light and air.

Cleanliness of person and clothes is generally good, but children and eyes require more attention. The interiors of the homes are usually excellent and besides being clean are tidy and often tastefully decorated. That part of the compound in charge of the housewife is usually clean but the rest of it and the street and open spaces are neglected. The remedy is pits, a weekly clean-up day, and the organisation of the village so that the work may be properly arranged. The use of latrines is only just beginning. Drains and street paving, however, are being steadily put down by the people entirely at their own expense, and well-tops are being improved to secure clean water and the absence of mud and puddles. The drains often lead to sumps, gardens or trees. Primary vaccination is nearly universal and re-vaccination is steadily spreading. Food in the Punjab is usually excellent both in quality and quantity.

2. The possibilities of increasing wealth by increased production and by decreased expenditure are enormous. Better seed, better bulls, better implements, better methods and new crops, are to be had by those who want them and will lead to very greatly increased crops. Weeding, embanking and terracing, sowing cotton in lines, conservation and preparation of manure (pits and compost) all will help to increase the outturn of the fields. In many cases the yield can be doubled or trebled and it will never probably be increased by less than 50 per cent. by the wholehearted following of Government's advice in the matter of farming. Fruit and vegetables offer both a better diet and a cash return. Meanwhile for the many idle days, particularly of the farmers of unirrigated land, are various cottage industries, such as, wool-processing and the improvement of sheep, bees (for hill-people) and poultry, lac and silk, and various handicrafts.

As for thrift, the habit of saving has yet to be learnt. Even those who are comparatively well off are content to live with little or no reserve against emergencies. Even before prices fell, practically the only form of saving practised was the collection of precious metals, either solid or in the shape of ornaments. The fall in prices put a stop to most of this but ornaments are still being made and still worn. The use of Savings Banks is practically unknown in the villages, and deposits in village co-operative societies are not yet extensive. Meanwhile the cost of social ceremonies have been greatly reduced, but after Government dues have been settled, they are still an important item of the domestic budget. Many little luxuries of modern fashion are still common.

Litigation, quarrelling, faction, and crime of all sorts are still a very serious drain upon the people's resources. A fair amount of saving would not be unreasonable in the expenditure in some areas, on alcohol, drugs, tobacco, etc. There is enough money to be saved, without interfering with the reasonable pleasures and amenities of the people, to finance the whole of rural reconstruction and still have money over. Where the principal problem is to instil a desire for raising the standard of living, the stressing of the amenities of village life are very important. Chimneys for all fireplaces, the hay-box instead of the dung-cake fire, nice cooking places, washing places, paved and drained streets, properly equipped well-tops, latrine arrangements, pits, quinine and mosquito nets, water disposal arrangements, village games and sports are all of the greatest importance.

The key of the village problem is hard work. Hard work is not only the cure of poverty and debt but it is also the cure of disunity and quarrelling, crime, vice, etc. Busy people have no time to quarrel and those who mind their own business do not interfere with other people's. Where the villagers are busy, there Satan is idle, but where the villager is idle, there Satan works overtime, and demands a very heavy wage. The load of debt can only be eased when the people themselves wish to ease it. Until then all efforts and legislation are of little use. People will only wish to get rid of debt when they desire to raise their standard of living and find that debt is an obstacle to this.

People will never make a habit of saving until they desire desperately to maintain their standard of living in spite of the stings and arrows of fortune—the vagaries of climate, disease and accident.

The cure for ignorance is knowledge, but no one can give knowledge to those who don't want it and at present the desire is too often absent. Knowledge is there to be picked up, but the people are ready to go much further to join in a wedding party or to engage in litigation than to see a new plough or learn how to make their homes comfortable. One can visit thousands of homes without finding either books or newspapers although these are steadily becoming more and more easily available, well written, and in the languages of the villagers themselves.

As for ambition, the villager has ambition of a kind, but it is not the kind which will make him get up early and work overtime and give up his besetting sins of faction and quarrelling. Perhaps the only ambition of the kind we want is the ambition for a good house and that I am glad to say is almost universal. Except when the absence of space in an overcrowded village site makes it impossible to build a good house, housing in the rural Punjab is often excellent. The main defects are in, so to speak, the plumbing department—ventilation, washing, cooking, waste-water and latrine arrangements, etc. Another ambition is to have the house well furnished, and there again the Punjab is excellent. There is unfortunately a strong ambition for an easy life, to wear white clothes and see other people doing one's work and that is the root of much of the aversion from hard work. There is also a desire for display which shows itself in ornaments and expensive social ceremonies. There is also a combative spirit which appears not in competitions to have the best home and the best cattle and the best crops but in factions and litigation. Village games, however, are spreading very rapidly now as an item of the uplift programme and a very popular item too.

The housewife, in rather marked contrast to her menfolk, often keeps her home spotlessly clean and is hard-working, methodical and tasteful. She is house-proud and up to her light ambitious for the betterment of her home. This is of course instinctive and all she requires is knowledge and the position which knowledge will bring her, to enable her to be the inspiration of a Better Homes Movement.

The apathy of which we complain is probably rooted in the history and the climate of this country. In the old days, the villager was the sport of climate and disease. Farmed he never so well, if the rains failed he starved, and farmed he never so badly good rain would give him a bumper crop. At all times he was liable to be wiped out by epidemic diseases of which neither the cause nor the cure was known. Science and an organised Government have changed all this and apathy is now out of date, but the mentality still remains, the eat-drink-and-be-merry-for-tomorrow-we-die mentality which shows itself in carelessness of health, in social ceremonies, display and litigation for which the villager has to pay by long periods of leanness and scarcity. When the big canals in the Punjab brought new wealth to the villager they did not bring to him the knowledge of a new and better manner of living, or of how to spend his new money in order to attain it. Consequently he merely multiplied the expenditure on his old methods of living and when prices fell he had little to show for an unparalleled era of prosperity except a well-built but badly finished house, a store of the precious metals, gigantic debts which his enhanced credit had enabled him to incur and habits of luxury, extravagance, faction, litigation and sometimes vice, which he now finds extremely hard to break. The big lesson to be learnt from the recent economic history of the Punjab is that it is even more important to teach people how to spend new money than to give them new money to spend. In other countries religious and other philanthropic agencies have seen to it that people were instilled with the desire to use any increases of wealth in raising and maintaining their standard of living, but in the Punjab it was nobody's task and it was, therefore, not done. Our task now is, in an era of low prices to instil such a desire for a better pattern of living that the people will be ready to abandon their old habits and ambitions and to accept our new ideals as sufficiently desirable to be worth working and saving for.

METHODS

1. Coming to the methods by which this desire can be instilled and exploited, in a country of mixed faiths and sects it is difficult for a Government to enlist the potent aid of religion.

2. Publicity and propaganda to the extent possible with the money available have been vigorously carried on. Besides the universally known methods of publicity such as the cinema, wireless, press, posters, etc., several indigenous forms have been developed in the Punjab. School children take out processions carrying banners and singing songs as they go. Glee parties in certain seasons of the year and in certain parts of the Punjab tour from village to village. Big fairs are still common all over the Province and are greatly used for propaganda purposes. Many special fairs, with games and cattle shows, etc., are organised annually either in certain fixed places or in villages selected one after the other for a big "uplift" show, speeches, and sports meeting,

etc. Great use has been made of song and drama, which are extremely popular in village and town alike. Miniature villages in three-ply-wood depicting the same village "before" and "after" regeneration have been found very useful and popular.

3. As for official persuasion this varies from a pious expression of hope almost to compulsion according to the energy and enthusiasm of the official. Many of the people themselves, particularly the village officials, would welcome the doing of all this work by Government executive order and this would undoubtedly be the easiest and cheapest way of doing it. It is however the deliberate policy of Government not to establish a rural dictatorship but to do the work with the willing concurrence and co-operation of the people themselves and finally to establish village self-governing and co-operative institutions which, with the help of Government experts and supervisors, will carry out themselves the whole of the rural programme and provide all the necessities and amenities of village life. This is, of course, a very high ideal and if achieved will be more permanent and will produce a very self-reliant and progressive peasantry.

4. Co-operation is being developed both as a means of instilling the desire for better things and for enabling the villager to attain his newly acquired ambition. The societies which are of the most general utility for rural reconstruction are those founded for consolidation of holdings, thrift, better living, cattle breeding, better farming and arbitration.

The village council or *Panchayat* has not made much headway yet in the Punjab but an attempt is now being made to use it as the administrative authority of the village to carry out the programme of rural reconstruction.

5. The example and leadership of the privileged classes is obviously the most important method of spreading a movement of self-improvement. Few people have the vision to accept from books or lectures the ideals of a better home and village, but most people if they see better homes in their own village would be keen enough to copy them. The rank and file of every nation copy those whom they believe to be their betters and just as they now copy the foibles and extravagances of the well-to-do and those who are considered to be socially superior, so will they copy an example of thrift, hard work and better living, if it is put before them by those to whom they have always looked up for leadership. A very special burden of responsibility is, therefore, put upon those whom Providence, Government or their fellow-men have given any privileges in the nature of land, wealth, education, position or status.

Hitherto very little initiative has been shown in this direction and this is one of the main causes of our present stagnation.

The official example too is extremely important. In a country where Government is looked to for most of the initiative and leadership the Government servant is in a particularly responsible position. Whether as official or citizen, he must obviously set the example of the better life which he is paid to preach, otherwise his preaching will be in vain. It is here that the scarcity of female education is particularly felt.

6. The final means of spreading the light is to educate and train the housewife. It is she who is responsible for the home and, therefore, for the standard of living of the nation. No country can go ahead of its homes or its women. The women folk of all countries are responsible for the customs and traditions of their race. Many customs and traditions will have to be changed if the country is to rise in the scale of human existence. But the women will oppose all change until they are educated to realize the necessity for it. The Punjab villager lives on credit, which, of course, means that he will always be in debt. He can only acquire the cash habit when his good wife can keep the accounts and hold the purse. The bringing up of children in their most impressionable years is the sole task of the mother. Until she can teach clean habits, regular habits and truth-speaking, self-control and self-respect will be rare and it is the absence of these two virtues which is the cause of most of the evils which keep the country from happiness and prosperity. I refer to dirt, waste and extravagance, quarrelling, litigation, bribery, vice and crime. Train the mothers to bring up their children as self-controlled, self-respecting, God-fearing citizens; train the housewife to make home worth living in and the Punjab countryside will soon be healthy, happy, peaceful and prosperous.

To attract the attention and gain the confidence of the housewife paricular attention should be paid to popularizing the amenities of the village home. For instance, if we can show the housewife how to keep the smoke out of her eyes by getting her good man to make a chimney for her, she is much more likely to trust us when we bring along something less pleasant but even more important like quinine or vaccination.

The good housewife has already many of the virtues upon which a better village movement depends for success and upon this foundation we must build. The most important item, therefore, in the rural programme, the one which will lead to the eager and automatic adoption of all the rest, is the education and training of the housewife so that she may attain the knowledge and the position which will enable her to make her home comfortable and bring up her children as good citizens.

Once the ambition to rise is there, the whole of the economic and hygienic campaign is easy, but until then, we are forcing health and wealth upon people who are apathetic to the one and will waste the other.

Rural reconstruction is, therefore, less an economic than a social campaign—the instilling of the ambition for better homes and a better pattern of life and for the achievement of that ambition the inculcation of the old-fashioned virtues of hard work, thrift, self-help, self-respect, self-control and mutual trust and confidence.

BETTER LIVING SOCIETIES IN THE PUNJAB

BY

KHAN MOHAMMAD BASHIR AHMAD KHAN, M.A., LL.B.,

Honorary Secretary, All-India Co-operative Institutes' Association

The Co-operative Movement in India is carrying out the rural reconstruction of the country by the formation of different forms of societies. The most important of these are the Better Living Societies in the Punjab. If, as Sir Horace Plunkett says, better business is the foundation alike of better farming and better living, better living is the object of both. The better living societies have therefore a special importance.

The Best Agency for Rural Reconstruction. Rural reconstruction has to depend upon persuasion and propaganda. Much can be done for the movement by enthusiasm, but for continuity something more is required. In each village an institution devoted to this work is needed and that institution must be adequately supervised from outside the village. Otherwise, there can never be real continuity and without continuity much of the effort is bound to be wasted. There can be no better institution to secure continuity by means of a local organisation with adequate supervision than the Better Living Society. Once the work of rural reconstruction has begun in a village the co-operative better living society must step in to bind the people together in a permanent institution to continue and develop the work, so that it need not fade away as soon as the original enthusiast has turned his back on the village.

Professor V. G. Kale in his presidential address delivered at the Bihar and Orissa Co-operative Federation Congress in February, 1937 said that "Rural organisation for improvement will assuredly succeed better if it is placed on a co-operative basis. The spirit of co-operation is vital to organised reconstruction and progress in rural areas."

The Punjab Registrar, writing about the working of these societies in 1934, remarked that "I am myself convinced (and in this I have the support of the Commissioner for Rural Reconstruction, Punjab) that these societies are the best, if not the only existing agency, for the expansion and enforcement of permanent measures for rural reconstruction."

The Twelfth Conference of Registrars of Co-operative Societies held at New Delhi in December, 1936 resolved that "the Co-operative Movement should be used to the fullest possible extent, compatible with its principles, for extending the rural reconstruction movement having regard to the fact that it is the best and in many areas the only means of providing the organisation without which the rural reconstruction movement cannot expect to be permanent."

The Agricultural Credit Department of the Reserve Bank of India in its Bulletin No. 1 remarking about rural reconstruction scheme, stated that "to achieve permanent results a local organisation is necessary in which there is free and whole-hearted participation of those for whose benefit it is intended. Co-operation is the best agency available for carrying out such a vigorous and persistent campaign through the medium of the peasants themselves."

Therefore the importance of co-operative better living societies in the sphere of rural reconstruction cannot be over-emphasised.

Objects of Better Living Societies. The objects of these societies are to promote the economic interests of their members and more particularly :—

1. to reform bad customs prevalent amongst the members ;
2. to improve the physical, moral and spiritual condition of the members ;
3. to prevent the waste of money and inculcate habits of thrift ;
4. to teach and practice the rules of hygiene and combat epidemic diseases ;
5. to cultivate the sense of self-respect and resist corruption ;
6. to assist in arrangements for the education of members and their children and for the organisation of games and all useful occupations which render the life of the community more pleasant and liberal ;
7. to promote other measures, designed to encourage in the members the spirit and practice of thrift, mutual help and self-help.

Capital. 1. The capital of the society is composed of (1) entrance fees, (2) contributions, (3) donations and (4) fines.

The Society is not allowed to receive any loans or deposits.

Rules. A set of rules, practices and customs have been prepared for the consideration of a general meeting of the society. These have been drafted in consultation with the Commissioner, Rural Reconstruction, and

are in line with his general programme of village uplift. It is emphasised that these rules are not intended as a set of 'model rules', in the sense that efforts should be made to induce societies to adopt all of them. They are merely a collection of rules concerned with various aspects of rural reconstruction, any of which may be adopted if the general meeting of the society so decides. As it is extremely dangerous to induce or allow any society to adopt all these rules at once and without the most careful construction, care should always be taken to see that only those rules are adopted in the beginning which a society may be in a position to carry out in practice.

It is important that no advance should be attempted which is too rapid and members should not be induced to accept in a moment of enthusiasm any rule which they will not afterwards enforce. For this reason the model by-laws do not contain any specific rule or limit with regards to customs or expenditure and it is advisable that even when a society is formed, such rules and limits should only be accepted after considering the opinion of the most unstable members of the society. It is therefore suggested that the first general meeting should draft the proposed rules and should give the members time to think over them until a second general meeting and should then finally adopt them if the opinion is unanimous. The rules imposed should be such as will be supported by public opinion.

Area of Operation. It is also important that the area of operation of the society should generally be small in order to ensure mutual supervision which is necessary in matters of this intimate and personal nature. If, however, a caste society is found desirable it may work over a larger area than one village. Societies should first be formed among persons who are constantly meeting and can influence each other's daily actions.

Reduction of Waste. " The reduction of waste ", writes Mr. Brayne in Rural Reconstruction, " whether on ceremonies, litigation, ornaments or drink is a pressing social problem. In spite of protestations to the contrary a lot of waste is still going on. The Punjab supports, with apparent pleasure, the most elaborate and fully developed system of litigation in the world, and this alone must cost many crores annually with its judges, jails, punitive police posts, magistrates, munsiffs, assessors, barristers, advocates, petition-writers, copyists, libraries, printers, publishers, witnesses, false and true, and all the other paraphernalia. If even a quarter of the money and effort spent on litigation could be devoted to rural reconstruction we should have far more money than we wanted."

"Ornaments are still a drain. Nearly every village supports a goldsmith. If only they could be replaced by school mistresses? If only every ounce of the precious metals, except the reasonable quantity, that no one will deny the ladies, could be put into well-sinking or bund-building or could be replaced by Cash Certificates and Savings Bank Accounts? Innumerable holes are still bored in the little girls' ears in most villages, and ear-rings still adorn many boys and men. If the people could be persuaded to agree to put no ornaments whatever on children and to stop boring their ears a great step forward towards thrift and child welfare would have been made. Ceremonies still account for much expenditure and the trade in liquor, licit and illicit, still thrives among people who clamour about the load of their land-revenue and abiana."

Better living societies are trying to do away with the causes of litigation, are teaching thrift on the occasion of social and other ceremonies and are thus performing useful functions in these spheres also.

Better Living before Credit Society. At first as a general rule better living societies were started only in villages where there was a successful credit or thrift society, because it was realized that it was imprudent to attempt the moral reformation of persons who have not been trained for several years previously in the simple processes of lending, borrowing and saving, which do so much to strengthen human character. But of late a change has been made in this policy on account of past experience. And now it has been decided that better living societies need not be linked with credit or thrift. They may be started independently of credit or thrift societies, where there is enough staff to supervise them and other conditions are favourable.

Mr. Darling, in his Presidential Address delivered at the U.P. Co-operative Conference held in January 1937, referring to the question whether reconstruction should not come first and credit second, said, "When Co-operation is brought to a village, whether we should not first of all form a Better Living Society to improve farming and reform social customs, and give education to both young and old and only if this succeeds, start a credit society. In the Punjab credit has always preceded reconstruction and I remember that, when the question of reversing the process came up for discussion nine or ten years ago, I felt that no change should be made, because a credit society touched the whole of a man's economic life and was more likely., therefore, than a Better Living Society to draw people together for their common purposes. But the intelligent villager is now prepared to consider many more changes than he was two years ago, and consequently Better

Living Societies have a much wider scope and offer a much better means of testing a village's capacity for co-operative credit. Moreover, our experience since the fall in prices shows that the need for credit is much less than used to be supposed. In the Punjab, therefore, opinion is veering round to the view that reconstruction should be taken up first, or at least hand in hand with credit."

Agreements. The principle of Better Living Society is that members bind themselves by a voluntary agreement to submit to the compulsion of their elected committee and general meeting. When a member is admitted to a Better Living Society, he has to sign an agreement to the effect that in consequence of being a member of the Co-operative Better Living Society, he will observe such special rules and practices as the general meeting may approve; and in the event of his breach of this undertaking he will pay to the society such fine not exceeding Rs. 100 as the committee may impose. Such fine becomes due for payment immediately after imposition, but the member may appeal to the general meeting.

The following statement shows the progress made by Better Living Societies since 1927:—

Year.	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936
Societies.	136	231	289	312	359	430	487	520	590	736
Members.	5,350	8,665	10,943	11,610	13,002	15,327	15,338	18,361	20,909	28,928
Average Membership per Society.	39	38	37	37	36	36	31	35	35·5	39·3

This substantial progress is the result of the efforts of a special staff of Inspectors and Sub-Inspectors, who were employed with money placed by the Commissioner, Rural Reconstruction, at the disposal of the Co-operative Department. Muzaffargarth, which is the most backward district in the province, made the best progress by adding 21 societies and over 1000 members. This is a hopeful sign. The addition in other districts has not been less spectacular; Ferozepur had 18 new societies, Lyallpur 17, Ludhiana 16, Ambala 14 and Hoshiarpur 11.

The table given below shows the number of Societies and their membership in each district.

District.	No. of Societies.	No. of Members.	District.	No. of Societies.	No. of Members.
Ambala.	75	2,080	Lahore.	22	1,274
Lyallpur.	67	2,704	Dera Ghazi Khan	21	1,296
Rawalpindi.	48	1,373	Jullundhur.	15	670
Gurdaspur.	47	1,212	Sargodha.	15	558
Kangra.	46	2,074	Campbellpur.	10	605
Jhelum.	46	1,755	Hissar.	9	831
Muzaffargarh	42	1,666	Jhang	9	252
Hoshiarpur.	38	1,219	Multan	5	312
Ferozepur	36	2,258	Mianwali.	5	226
Gujrat.	33	947	Gurgaon.	5	167
Gujranwala.	30	1,155	Sheikhupura.	4	101
Montgomery.	30	1,055	Karnal.	1	267
Ludhiana.	29	1,330	Rohtak.	—	—
Amritsar.	25	944	Simla.	—	—
Sialkot.	23	804			

The Handal Co-operative Better Living Union. The working of the Better Living Societies in certain compact areas independently has shown certain weaknesses and has necessitated their federation into a Union. This necessity was felt as long ago as 1929 and the first Co-operative Better Living Union in the Punjab and in India was formed at Handal in Lahore District. This Union was registered on 9th May, 1929 with its headquarters at Handal and with Chunian Tehsil as its area of operation.

The main object of the Union is to co-ordinate the activities of the better living societies, which are its members, and make propaganda for rural reconstruction. It also helps in deciding disputes which the societies find difficult to handle.

Membership. Its membership is confined to registered co-operative Better Living Societies in Chunian Tehsil. There are only 10 Better Living Societies which are affiliated to it. Some other societies which are situated in the area of the operation of the Union, are not yet its members. The admission fee is 8 annas. The liability of each member for the debts of the Union is limited to Rs. 20 only.

General Meeting. The General Meeting of the Union, among other things, decides about the adoption of customs to be observed and fixing of the maximum expenditure to be incurred on each ceremonial occasion and also the assessment of contributions to be paid to the funds of the Union by each member society. This contribution, however, cannot exceed one-tenth of its (member society's) annual income.

Member societies are entitled to be represented at a general meeting as follows :—

1. Societies with 25 members or less—1 representative.
2. Societies with members 26 to 50—2 representatives.
3. Societies with over 50 members—3 representatives.

Rule 7 (b) of the Rules approved by the Punjab Government has been amended in the case of this Union to the extent that for the purpose of this rule the representation of each member society shall be determined according to the by-laws of the Union.

No proxies are allowed, but a member is entitled to send his opinion in writing on any question affecting him under discussion. But this opinion is not counted as a vote. No member is entitled to vote from whom any fine is due to the Union. The General Meeting of the Union is held at the headquarter of the member societies in turn. Last year four general meetings and 12 committee meetings were held.

The Managing Committee is authorised to hear appeals preferred within two months by a party to the dispute decided by a member society. The Union maintains a register of approved customs and approved expenditure on ceremonies.

Communal Society. The one serious defect in the organisation and working of the 10 better-living member societies and this Union was that they were confined to one community only. Of late attempts have been made to induce the societies to admit members of other communities also. As a result one society admitted a person of another community as a member. It is an open secret that if the Better Living Societies and also the Union are to perform any useful uplift work on a general or whole-sale scale it is essential that all the inhabitants of the village, without any distinction of caste or creed, should be encouraged to come in. The Union and its affiliated societies cannot do any work touching the whole village, so long as they do not cover all the communities of the areas.

Effects. As already stated, the main original object of these societies was to induce their members to curtail the ruinous expenditure, imposed by customs on occasions of births, marriages, and deaths, and other domestic ceremonials. In places where these societies exist, they have beyond all doubt saved their members many thousands of rupees each year. For example the members of 14 societies in Jullundur are said to have spent only Rs. 14,000 where they would normally have spent Rs. 40,000. In another instance the saving on previous standards on ceremonies celebrated by members of these societies was estimated at Rs. 23,000. The members of 7 societies in Montgomery saved Rs. 16,000 on 32 marriages. These Societies exert their influence on non-members also. For example in Gujranwala District, a non-member was induced to celebrate a marriage in his family according to the rules of the societies by the refusal of all the members of the society to attend unless the wedding was celebrated as their society demanded. The danger of these societies is that they may push reform beyond the limits of human nature. There has been a case in which a big landlord prided himself upon having celebrated the marriage of his son for Rs. 11 as against Rs. 10,000 spent on the marriage of his brother before he joined his society. Some of the societies prohibit all expenditure on jewellery, on the ground not only of economy, but still more of personal security, for in some villages the wearing of jewellery is apt to lead to dacoity and murder. The daughter of a member on being told by her father that she would get no jewellery on her marriage insisted upon a quid pro quo and was given a deposit of Rs. 1,000 in a central bank. In Jullundur many ladies have sold jewellery and deposited the proceeds in co-operative societies.

Indian Marriages. Pandit Jawahar Lal Nehru in his Autobiography says, " Indian marriages, both among the rich and the poor, have had their full share of condemnation as wasteful and extravagant display. They deserve all this. Even apart from waste, it is most painful to see the vulgar display which has no artistic or aesthetic value of any kind. (Needless to say there are exceptions). For all this the really guilty people are the middle classes. The poor are also extravagant, even at the cost of burdensome debts, but it is the height of absurdity to say, as some people do, that their poverty is due to social customs. It is often forgotten that the life of the poor is terribly dull and monotonous and an occasional marriage celebration, bringing with it some feasting and singing, comes to them as an oasis in a desert of soulless toil, a refuge from domesticity and the prosaic business of life. Who would be cruel enough to deny this consolation to them who have such few occasions for laughter? Stop waste by all means, lessen the extravagance (big and foolish words to use for the little show that the poor put up in their poverty), but do not make their life more drab and cheerless than it is." Better Living Societies are trying to stop waste on marriages and at the same time make life more happy and cheerful.

Ceremonies and Depression. As far as pure economy goes, it may almost be said that the whole province is now a school of compulsory education in better living. Therefore there has been a large increase in the number of societies in the past 3 years. This is chiefly due to the economic depression which has taught the people to be thrifty.

So far as the propaganda of better living is concerned the economic depression during the past few years has done more practical good than any amount of persuasion and preaching could have done. Circumstances difficult and unrelenting have demonstrated with singular force to the people that the key to felicity and prosperity lies in discarding extravagant expenditure and increasing their own earning capacity. The future of such societies now seems to be hopeful. Hence the present is a very good time for pushing on these societies. Let us hope that these plants that flourish in the dry wilderness of scarcity, will not be drowned by the rain of prosperity, should it ever again fall on us.

In 1930 a special enquiry was made in forty-eight villages, mostly in the canal colonies, to ascertain the amount spent at marriage upon jewellery during the last three years. In forty villages the average came to Rs. 416 per marriage, and in the remaining eight, where all had Better Living Societies, to only Rs. 103. In Montgomery, several societies have imposed a limit of Rs. 300 for a marriage where Rs. 2,000 used to be spent. Near Lahore, the Sikhs of Chunian have persuaded their womenfolk to reduce their marriage expenditure on jewellery from Rs. 2,000 to Rs. 500; but before the women would agree, they made their bibulous husbands take the pledge. In general, these societies reduce marriage expenditure by from 50 to 75 per cent and as this kind of expenditure is one of the main causes of debt, their advantage is obvious.

The Registrar in his report for 1933 makes very interesting and instructive remarks about these societies. He says "The energies of these societies are concentrated mainly on the reduction of expenditure on ceremonies, that such expenditure has in the last year or two been drastically curtailed is an undoubted fact, but how much of the reduction is due to the preaching and practice of these societies and how much to the shortage of hard cash is a debatable point. The villager had some reason on his side when he met the better living propagandist with the question: 'Where were you when our pockets were full? What is the use of this sermon when we are broken?" Nevertheless the preaching itself is of value for the future.

Village Uplift: Diverse Activities. In addition to the curtailment of useless expenditure on social ceremonies and reformation of bad customs, these societies are devoting their attention to matters of sanitation, compulsory vaccination and inoculation, ventilation of houses, prohibition of opium, illicit distillation, cleanliness of clothes and person—some have levelled and paved and swept the village lanes; a few have employed sweepers to clean the streets every day; some have repaired and roofed the village drinking well; some have caused the villages to improve the ventilation of their houses by making windows and ventilators; pitting of manure is now a common provision in almost all the societies; and in a village a public-spirited man has given land near the village site for the pitting of manure to those whose land was far away. But it is no easy matter to get people to deposit their manure in pits of their own accord and it is after much teaching and persuasion that people agree to this.

The activities of these societies are most diverse. One insists upon inoculation against plague; another has filled up three malodorous ponds and set up hand pumps to facilitate the supply of good drinking water; others distribute quinine and soap and disinfect wells; and two for criminal tribes prohibit the eating of dead animals. Perhaps the most curious is a society of Chamars in Gurgaon District which has two rules one, that members should wash their clothes once a week and for this soap is purchased by the society and distributed to the members; the other, that they should brush their teeth once a day. Seven societies in Toba Tek Singh bind their members not to keep cattle in their houses and others in Lyallpur are taking measures for killing rats and stray dogs, disinfecting houses, walling in tanks and wells, and helping vaccination. In some societies the members have pledged themselves to have themselves and their families inoculated against epidemics. Some societies take practical measures to protect crops from stray cattle and pilfering humans; Gurdaspur organised a successful campaign against the damage done by cattle straying into crops by engaging a guard and the saving on one crop was estimated at Rs. 500; there are others which promote physical strength by wrestling matches.

Several villages in which societies have been formed have won prizes in district sanitation competitions and other instances of their activities are the running of a small library in a Ludhiana society, the construction of a foot path for cattle in a Ferozepur village as a preventive of foot and mouth disease, the organisation of two private schools for girls in Amritsar societies and sports club in several districts.

Help by Central Banks. All central banks and unions also are impressed to realise the great importances of spreading by all means possible knowledge of the effective ways of preventing and curing epidemics, particularly malaria, a disease which costs the province many lakhs of rupees and many lives every year. Apart from joint action to fill up holes, ponds, etc., which contain stagnant water and are the breeding places of mosquitoes, by far the most effective prevention of malaria is the mosquito net. In order to popularise this the Industrial Co-operative Societies in the Punjab have produced a cheap and a durable mosquito net costing Rs. 1-8-0 per net. All Central Banks and Unions are induced to obtain samples and do their best to popularise these nets in the villages and towns. They help by collecting indents from their affiliated societies. In addition to this, credit societies in malarial districts are encouraged to purchase quinine and supply it by a debit to loan accounts if necessary to their members in the malaria season.

Better Living Staff. Recognising the importance of these societies in the sphere of Rural Reconstruction, the Government has sanctioned a separate special staff of 4 Inspectors and 16 Sub-Inspectors last year for Better Living Societies. The number of Sub-Inspectors was subsequently increased to 23. The result of this additional staff is already apparent in the rapid increase in the number of societies started during the course of the last year. These societies now lay particular emphasis on the various aspects of the programme of Rural Reconstruction. The policy is to encourage each society to adopt only such parts of that programme as it is willing by its own efforts to enforce; the societies as they grow older and stronger gradually extend the scope of their work.

Credit Societies: Common Good Fund. A good many credit societies have an extra by-law laying down certain rules akin to those of a Better Living Society. Moreover the accumulated common good funds in credit societies are being used for the uplift of the villagers on a variety of objects, i.e., the engaging of a sweeper for village lanes, paving of streets, repairing of wells, fitting of pumps, construction of tanks and a small bridge, improvement of roads, drainage, guest houses and free medicines. Stipends have been paid to poor students, both boys and girls, and books purchased for them. Contributions have been made for the building of schools and hospitals. In a horse-breeding area money was given for the expenses of a village horse show. Two societies have purchased sets of standard weights which have begun to be used by the members to weigh their produce before taking it to the market. Two Unions in Hoshiarpur have engaged a qualified nurse each out of their common good fund.

The Ramdewali Union in Amritsar District resolved to engage a lady Health-visitor to train local dais in up-to-date midwifery methods. This Union had to give up the important task of social reform and rural uplift for lack of a suitable woman worker which it could not find despite offer of a handsome salary. The Union has purchased a radio and installed it at Mothewal. A sum of Rs. 15,000 was contributed by co-operative societies in 1930 to help the members of flood stricken areas. The societies rose to the occasion and contributed their quota towards the relief of sufferers in Bihar and Quetta.

Fines. Every breach of rule is punishable by fine. Fines have actually been imposed and recovered in a good many cases. But in some societies the rules are said to be infringed with impunity and no fines imposed, which is a reminder that societies find it easier to adopt a rule than to enforce it, and in others the fines that are imposed are often not paid; and here again speech is silver, for apologies have often been accepted in place of money and the offender has been let off. There is plenty of room for doubt as to the efficacy of fines in a matter of this kind, and for preferring the effect of continuous teaching and the social pressure of the society and its more enlightened members. But when all lapses have been fully discounted there remains a solidity of achievement which is full of promise for the future and striking evidence of the growing desire in the village for the better kind of life than has been possible in the past.

Conclusion. Eventually it is to be hoped that such organizations will create so strong a public opinion that they will be able themselves to carry on this campaign; but in initial stages it cannot be doubted that there must be an adequate local staff to organise them, advise them and supervise their detailed working. If only more money and staff could be made available much more might be done along these varied lines for the rural reconstruction of India, because public opinion in the country-side is getting strongly in favour of reform and this is the most precious time to take advantage of this golden opportunity.

RURAL RECONSTRUCTION IN BENARES

BY

IRSHAD HUSAIN MUSAVI, M.A., LL.B.,

Asst. Registrar, Co-operative Societies, Benares.

Mr. Brayne's was the first attempt to initiate a scheme of rural reconstruction on an extensive scale. There was a ring of sincerety in his impassioned appeals and efforts, and yet there were more scoffers than believers. Even now there are many who go about the work with their tongue in the cheek. The cry was, however, taken up by others, and the value of the work done and its possibilities have gained growing recognition. The matter was discussed in the Conferences of Registrars and by Economic Inquiry Committees; and the Government of India at long last recognised the usefulness of the work by making a provision in their budget and initiating programmes in every province.

Benares made a beginning in 1927. Mr. V. N. Mehta, I.C.S., the then Collector of the district, was the driving power. But the method was to be co-operative, and the work to be done was through better living societies organised in villages. A few centres were selected. It was presumed that these would radiate influence round about them, and the movement would expand in widening circles.

Central Co-operative Rural Reconstruction Association. With the establishment of primary better living societies in villages, a Central Co-operative Rural Reconstruction Association was organised and registered for the district in the same year. This was the first central society of its kind in the United Provinces. The primary better living societies were affiliated to the Association, which undertook both their organisation and supervision. The history of rural reconstruction in Benares is thus essentially co-operative in character. Though it was the Collector who pushed up the scheme, he did not place himself in the forefront. The office of the President of the Association was held by Raja Sir Moti Chand of Benares and Mr. Mehta was the Vice-Chairman. After the death of Sir Moti Chand, the Collector is now elected annually the President.

Membership of the Association is drawn both from better living societies and persons interested in the movement both in the city and villages. Sub-divisional officers and the local representatives of the Development Departments, viz., the Assistant Registrar of Co-operative

Societies, the Divisional Superintendent of Agriculture, the District Medical Officer of Health, the Deputy Inspector of Schools, and the Chairman of the District Board are ex-officio members. Besides societies there are 38 individual members. A land-lord is the Secretary and the Assistant Registrar the Joint Secretary of the Association. The Inspector of Co-operative Societies is the Assistant Secretary and is in charge of the Office which consists of a solitary clerk.

Sources of Income. At the outset the Association received donations of Rs. 2,000 which it placed in fixed deposit. It also received annual subscriptions of Re. 1 each from members. But it relied mainly on annual grants from the Co-operative Department, which were sufficient for the supervision and requirements of the few primary societies. But the number of societies increased and with it the number of workers. Members ceased to pay their subscriptions. Grants from the Co-operative Department decreased, as the work having developed in some other districts also the same amount of Government grant had to be distributed more widely. Now, the sources of income are :

(1) Annual grant of Rs. 1,500 received from Government through the Registrar.

(2) Annual subscription received from all the 200 primary rural societies in the district at the rate of one tenth of interest realised during the previous year, as permitted by the Registrar.

(3) Grants sanctioned by the Registrar for specified objects from the District Rural Improvement Fund, as necessity arises. Rural Improvement Fund is the fund to which is credited all the surplus of liquidated societies which they do not utilise and is at the disposal of the Registrar.

It will thus be seen that for funds the Association now relies exclusively on the Co-operative Department. Two years back Mr. W. C. Dible, I.C.S., Collector, visited several better living societies in course of his winter camping, and was so impressed with the work done that he placed at the disposal of the Association a sum of Rs. 4,000 from some funds at his disposal on condition that the work should be expanded on the same lines to all the villages having credit societies. This sum was spent in a year as intended by the donor. He had hoped to get the same grant every year for the Association from some source. But he was transferred and in spite of the best efforts of his successors no further grant could be obtained for the Association from the Government or any other source, and the work had again to be contracted within the limited means of the Association.

Selection of Centres of work. As stated before work was first started in six distant villages which were intended to serve as models for neighbouring villages. One of the factors that determined selection was that the people had progressive ideas and they could be counted upon to produce at least one local leader from amongst themselves. Either he had qualifications to serve as an adult school teacher or evinced interest in ideas thrown out to him and wielded some influence in the village. Villages torn with faction were scrupulously avoided. Those easy of access were given preference so that work might not suffer for lack of constant guidance and effective supervision.

It was soon discovered that it was a mistake to select isolated villages scattered over the whole of the district. A compact group of villages was then selected for intensive work. A propagandist was appointed. No effort was made to force the pace or registration of societies. No mention was made of credit. The propagandist received guidance from the Co-operative Inspector. About 30 villages in the group carried on the work for about a year before better living societies were registered there. At the same time efforts were also made to introduce measures of better living in some credit societies. There were persons who were eager or willing to join forces with the movement for uplift but fought shy of credit. Separate societies were, therefore, organised for the two kinds of work. None need be the member of both. More people joined the better living than the credit society. Usually all the members of the credit society joined the better living society.

Intensive work in a compact area met with a great measure of success. About 30 better living societies were organised in the group. A number of such societies were also registered in other villages. Now there are 56 registered better living societies. Besides work on the same lines has been extended to most of the credit societies. Thus there are 150 villages in all where the work is being carried on.

Training of Workers. A Supervisor who is an employee of the Provincial Co-operative Union is in charge of about 30 villages. He receives directions from and is under the immediate control of the Co-operative Inspector. Village Guides (or propagandists for better living) work under him in a selected portion of his circle. Village Guides have received training in various subjects (viz., Agriculture—theory and practice—Rural Economics, Co-operation, Village Administration, Hygiene and Public Health, and Rural Education) for a period extending from 3 to 6 months. They are employees of the Association. A Village Guide is in charge of 15 to 20 villages. There are 8 Village Guides, 7 of whom are doing field work while the 8th is working as the Salesman of the Village Industries Stores of which an account will appear later. The village is the unit of organisation. And success there depends upon the local leader or the adult school teacher.

The Panchayat. As in a co-operative society, the panchayat is mainly responsible for carrying on the work. It is elected annually and consists of 5 or 7 members. Once a Collector (Mr. W. C. Dible) thought of investing *panchayats* of successful better living societies with powers under the Village Panchayat Act. This was done in a number of villages and on the whole they did not abuse the power and discharged their duties with due sense of responsibility. Where all the population of the village had not joined the society its panchayat was represented on the Village Panchayat. This was, however, given up later on Mr. Dible's transfer.

Method of Work. It has been seen that the work is mainly done by and through panchayats of societies. These societies are in compact groups. Barring a few all of them have credit societies also. At places credit and better living societies are working side by side; elsewhere credit societies have taken up in earnest the work of better living as well.

Inspite of clear instructions to the contrary a tendency is noticed on the part of Supervisors to use the Village Guides as Group Secretaries, i.e., to do the clerical work in credit societies and to work as agents for collection of the dues of societies. A brake has to be employed every now and then so that Village Guides may not lose the confidence which they win after a great deal of hard work. Once this confidence is lost the movement is bound to receive a serious set-back and it is well-nigh impossible to regain it.

Politics is eschewed in these societies. Frequently we used to receive pamphlets from the Publicity Officer for distribution in these villages. We made a point to study them before passing them on. To allow professedly political literature to reach the society was the surest way to arouse active hostility towards the movement. Political and economic problems, specially in India, often tend to merge. Even so a co-operative worker as such has nothing to do with politics. The movement is economic and is not used as a means for political propaganda of either kind.

Though the panchayat is the chief agency for work, supreme authority rests with the general body. In large villages this body or the panchayat appoints small committees to look after the different branches of its work, e.g., agriculture, sanitation and public health, adult

education, group singing, drama, etc. It has to be seen that so far as possible every community in the village finds a place on the panchayat or a committee.

Work has been done in the following directions in 150 societies:—

(1) Adult education, (2) Agriculture, (3) Sanitation, (4) Public Health, (5) Child and Maternity Welfare, (6) Physical culture, (7) Social recreation and reform, (8) Village Industries, (9) Scouting, (10) First Aid, (11) Propaganda.

Adult Education. Boys and girls are induced to join schools. But the adults who form the present generation really guide the destinies of their villages. If they are left with their old ways of thinking all efforts in any direction will prove vain.

Adult Schools were organised and held after sunset when the cultivator had done his day's work. Adults, i.e., persons of the age of 14 or above, are intended to join them. But no exception is taken to boys and girls of more tender age attending them. An adult school is generally run for three years. But to save people from relapsing into illiteracy a reading club is established as soon as the school closes. Since the inception of the movement such schools have worked in 56 villages. Reading clubs are established in 30. There are 800 books in these clubs which also subscribe to (1) *Kisan-opkarak* (a monthly on agriculture) and (2) *Dehat* (a weekly on Co-operation, Agriculture and general topics).

It is found that multiplicity of propaganda tends to confuse the villager. Every expert lays emphasis on his own ideas and has a different prescription for all the ills from which the villager suffers. The adult school teacher or the Village Guide is, therefore, made the sole agency through which ideas are conveyed to village people. The teacher is poorly paid. But his is not a whole-time job. The school is held for 2 hours in the night. Therefore, usually it should not be difficult to get someone in the village who would agree to take up the work on the small remuneration offered—Rs. 5 and an Oil allowance Re. 1—4—0 a month. But the qualifications required are difficult to obtain. The school begins with prayers and group songs. This attracts villagers. The teacher should now be able to initiate discussions on interesting subjects. He should guide the discussions but not monopolise the time nor harangue from the pulpit. Subjects discussed should include world news, topics on agriculture, sanitation, indebtedness, co-operation, ways of pick-pockets on railway stations, post offices, etc. Usually a man who has passed the 'Vernacular Middle' is engaged, if available in the village. The teacher is local and seldom comes from another village.

An outsider is not likely to be punctual or to command the confidence of the village.

Agriculture. Efforts are directed to arrange for supply of pure improved seed to cultivators. It is obtained from the seed stores of the Department of Agriculture and also from cultivators themselves for others. Vegetable seeds were obtained from Messrs. Poocha of Poona and potatoes from Darjeeling. Every year there is an increase of area under improved varieties of seed. A few comparative figures will illustrate it.

	Area under improved seeds in acres in	
	1936	1937
Sugarcane	1,154	1,550
Wheat	849	984
Other cash crops	604	673

Improved implements were also obtained from firms direct and supplied to societies or their members as may be seen below :—

	1936	1937
Meston ploughs	192	208
Chaff-cutters	112	135
Akala hoes	103	140
Olpad thresher	..	1
Rahats fixed to irrigation wells	..	16

Boring was done in 50 wells during the year and chemical manure was used in 435 acres through societies. In some societies sugarcane is sown in lines.

Chiraigon made a special effort in horticulture. Excepting a few acres of cane all its cultivable area is covered with beds of roses, and gardens of lemons, *falsas* and oranges. This village has carved a name for itself in Benares and a passing reference to its work in other directions may not be out of place. None comes to Benares interested in rural welfare who does not find time to visit it. Sir Edward Blunt visited it when he was officiating as the Governor, and the villagers dug up a tank which they had christened 'Blunt Tank' after him. But the choice of the site was unfortunate. The level is high and it does not receive water.

Chiraigon has paved its lanes, constructed the building of its primary school, started a girls' school, runs a credit society which raises deposits in the village instead of borrowing from the Bank, and has a better living society which is an example to others. It may pride itself on having done this with little outside help. The only unsatisfactory feature, as observed by Mr. M. L. Darling, in this society is that the rates of borrowing and lending are higher. The reason is that the former money-lenders of the village have stopped their business, joined the society, deposited their money in the society, refused to lend again to members and ask for a rate on deposits slightly less than charged by the Central Bank. It is the headquarters of a trained midwife who has given training to the local *dais* in hygienic methods of attending to patients. The high water mark of agricultural development to which it has raised itself is evidenced by the fact that its peas won the first prize in the Agricultural Exhibition organised by the All-India Industrial Exhibition recently held in Lucknow.

Four other adjacent villages are trying to follow Chiraigaon in horticulture. Two other society villages in a different area are doing the same.

Groups of societies have organised two seed stores. One of them advances improved seeds to societies and receives payment in kind from the produce of those seeds. The other has not begun working yet.

No satisfactory solution has been found for improving the livestock of villages. Some improved bulls have been obtained. But there is a strong feeling against castration. It has not yet been overcome though sporadic efforts are made to win over the influential opinion of the village.

Concentrated effort is being made in a group of 30 society villages to introduce improved methods of agriculture under the supervision of the Divisional Superintendent of Agriculture who has deputed a field-man to look after the field work. The cost is being met from a grant sanctioned by the Registrar. The work has been done for a year. It will be continued for a year more and it will then be seen if it is worthwhile continuing it longer.

Sanitation. Mr. Brayne's observation about the Punjab villages is true of other provinces too. Bad smell denotes the existence of a village and greets the visitor. This emanates from heaps of rubbish lying almost at the doorsteps of households. This has now been removed to pits outside the *abadi* in the 150 villages. Flies have decreased. Lanes are cleaner. But lapses are not infrequent, and heaps may still be seen here and there. Latrines have not yet met with any appreciable measure of success. They may be found in some villages. But they are seldom used. People still prefer to go to fields to ease themselves.

Urinals have also been constructed in a few villages. They are used occasionally, but are properly made up for show when a visitor is expected. Temporary enclosures are created near wells in some villages to serve as bathing rooms.

Public Health. Small medicine chests are in use in 120 villages. Some literate person of the village is in charge of it. He keeps a register of patients but frequently forgets to make any entry in it. A printed booklet is provided explaining the use of medicines supplied. Medicine is distributed free to members and non-members. The stock when exhausted is replenished by the Association. Nearly 12,500 patients made use of these chests during the year. 69 wells have now parapet walls. 400 wells were 'permanganated' during the year. 1,777 children of members or their dependants were vaccinated and 2,385 inoculated. Songs on public health have been composed and are sung in groups.

Child and Maternity Welfare. Trained midwives appointed by the U.P. Branch of the Red Cross are working in 2 centres of co-operative societies. Each has to go round 10 villages. She has to attend to patients but her main work is to train local *dais* in her method of work. The one stationed in Chiraigon has trained 129 *dais*. The other has been appointed only recently.

They get their pay from the Red Cross, and fixed travelling and house allowances, the services of an attendant each, and the medicines required, from the Association. The Association meets this expenditure from a grant from the Registrar. Their work is supervised by the District Medical Officer of Health.

Physical Culture. Physical culture clubs or *Akharas* are established in 169 villages. The *akhara* is the favourite resort of the village youth. Indian exercises are in vogue. Nominally these clubs are branches of a Central Physical Culture Association registered as a co-operative society. The Association has no life but the branches are vigorous.

Social Recreation and Reforms. The School or the meeting begins with prayers which are sung in groups. Songs composed on public health and some useful subjects are popular. Occasionally we meet with village bards who have composed songs on better living or village banks and recite them with evident relish. Ramayan singing is a speciality of Benares. One of the group sings verses from the Ramayan usually open before him and at intervals the strain is taken up by others and sung with great gusto.

Expenses on ornaments, fire-works, marriages and other ceremonials are curtailed. A long period of low prices of agricultural produce had its own effect. Those who could not afford heavy expenses, which they felt bound to incur to keep their *izzat*, found a ready excuse to spend less.

Nautch girls are the favourite in Benares on occasions of marriage. People were reluctant to do without them. A marriage party without a *nautch* girl was almost impossible. Discussions there were many. But when all was said music was still found necessary. Would not a gramophone serve the purpose ? So a gramophone and records, some of them religious, were purchased to take the place of *nautch* girls !

Dharamghat is popular in a number of societies. When the meal is to be cooked, a handful or less of flour is put in a jar. This is collected from every household at intervals by the society which keeps the proceeds and spends it on work of common utilty.

Village Industries. Under one of the schemes drawn up by the Local Government under the programme of Rural Development it placed a sum at the disposal of the Industries Department to organise on co-operative lines marketing of rural industrial products. A store was organised in Benares. It was intended to be an agency to supply raw material to small industrialists chiefly in co-operative society villages and in villages under the scheme of rural development, and to serve as an emporium for their finished product. The several stores in the province were to interchange stock as their clients dealt in specialised goods. Arrangements were also being made by the Department of Industries to link up these stores with the U. P. Arts and Crafts Emporium, Lucknow, run by the Department. Expenses incurred were met from the Government grant. But before the scheme could be fully worked out, the Government decided to drop the scheme and distribute the money thus saved to District Officers (Collectors) as a discretionary grant, i.e., grant to be spent in Rural Development Villages at the discretion of the Collector.

Thus the store was directed to be closed on 31-10-'36 within a few months of its start. The Rural Development villages made no use of it. But a few co-operative societies tried to utilise its services: the two societies of durrie weavers in Saidraja, one better living society of German Silver utensil manufacturers in Adityanager, and a society of wooden toy makers of Sion.

The weavers of Saidraja used to weave floor striped durries only which are fast becoming out of date. Plain durries with borders are now in demand. This was explained to them. Expert advice was procured to train them in this and also in giving fast colouring to the yarn. The societies are mainly credit. They ran a small store of their own four years back and made a mess of it because of the dishonesty of the local Secretary and the Supervisor. This Store was a convenient agency for them. But the demand in the market is for bed durries, especially when the Hindu University re-opens after the summer vacation and there is an influx of students. The weavers, however, cannot be induced to weave bed durries. The reason is that students want cheap durries and the margin of profit is small. The margin is much greater in floor durries. It was represented to the Collector that if the weavers are given more orders from Government Departments they would be the better able to withstand the economic depression. He has issued orders accordingly, and the present year may see a respectable order for durries laid with these societies. Similar efforts in the past resulted in orders being received from various departments in the district and from individuals.

The German Silver utensil manufacturers of Adityanagar also manufactured *lotas* of a type that is disappearing. They were shown samples of Moradabadi utensils which have now captured the market. Their products now conform more to the demand. Still they are heavier and, therefore, dearer than the articles that find a ready sale in the market.

The wooden toys find little difficulty in sale.

It was considered advisable to keep the Store going as an experiment even after the withdrawal of patronage of the Department of Industries, as it had not had a fair trial. The Registrar sanctioned a grant to meet the rent of the shop. The Association placed a village guide in its charge as the Salesman. If it is found at the end of the year that it cannot maintain itself it will be closed. It is yet unregistered.

The adult schools impart some training in the making of newar, rope and soap. The Girls' School in Chiraigaon trains the girls in sewing and knitting. A sewing machine has been provided for the school.

Scouting. Scouting troops have been organised in 7 villages. Help of trainers is gratefully accepted without any consideration of whether the help comes from the Baden Powell or the Sewa Samiti Association. So far it has been found convenient to give training on Sewa Samiti lines.

First Aid. Effort is being made to train about half a dozen first-aiders in every society. So far 730 aiders have received training.

Propaganda. To me the word propaganda has an unsavoury sound. It smacks of doubtful methods to win public opinion in support of a cause, which may or may not be just. The word education would appear to be the correct word to denote the methods employed to diffuse co-operative ideas and ideals. But the former is so commonly used by co-operators in place of the latter that there is not much danger of misunderstanding.

Various methods of propaganda have been employed here to arouse the interest of the village people. That which interests them most is group singing. Songs on public health, sanitation, village bank and agriculture, on religious subjects and prayers are a common feature, specially in those villages where adult schools exist or have existed. By frequent repetition these songs come to be learnt by rote by those who sing and make progressive ideas popular amongst those who hear. Besides they attract not only the males but also the female population of the village if they are not engaged in household duties.

Group Conferences are held once a year in several Supervisors' circles. They are shows put up by groups of societies at convenient centres usually in the midst of them. Society villages compete in village sports and games, wrestling and group singing. Sometimes there are cattle shows. Specimens of agricultural produce are brought together and prizes given on the best. The women-folk of members send samples of sewing, knitting and manufactures of spare hours, e.g. hand fans, baskets and what not. They would not be looked at in towns but they are the pride of our village people. The best carry awards. Departments of Public Health and Agriculture are invited to avail of the opportunity to put up their own shows and place on view charts and model houses of clay and wood and improved agricultural implements, and explain their use to curious visitors. Occasionally there is a baby show. It stands no comparison with shows organised in towns. But the mothers who assemble are no less proud of the babies carried in their arms. In the afternoon representatives of societies in the group hold a conference when matters of common interest are discussed and useful resolutions passed. These resolutions, it must be admitted, sometimes remain expressions of pious wishes. But their utility consists in the attention they invite not only of the members of societies but of others who are drawn by mere curiosity to subjects that are of interest to country people. Magic lantern slides are shown after sunset and sometimes members of societies and Village Guides, helped by others, stage a drama adapted from some story dealing with co-operation. On occasions the programme takes two days to be gone through. Care is taken to see that interest does not flag and proceedings do not become dull.

The Association possesses a magic lantern and three sets of slides obtained from the Provincial Co-operative Union, Madras. They deal with temperance, thrift and rural reconstruction. They are also shown on occasions other than group conferences.

A Cattle Fair was organised two years back and is held in Chandauli every year. Dealers returning from another fair were induced to stay for a few days in Chandauli where the Collector managed to obtain permission for the use of the military camping ground—not used now for military purposes. It was intended to save the members of societies from long journeys to purchase or sell cattle. But the fair has not been a success, as sales have been few.

Some Shortcomings. Such in brief is the work being done in Benares. The attempt has been made only to indicate the methods of approach to the villager. Difficulties are faced, and overcome where possible. Benares is a stronghold of conservative ideas. Failures have not been few. The most singular is the failure to improve the live stock. Castration of weak bulls, specially those let loose by pious people to secure salvation of the souls of the dead would not be agreed to. A dairy has recently been registered. It has started working. The scheme envisaged is to make it a source of supply of stud bulls of improved breed. But it is still in embryo and so there is little use dilating upon it. Another failure has been in the attempt to improve water supply by boring. For some years the water level has steadily been going down on account of the scarcity of rainfall. The percentage of success from boring has been definitely discouraging.

The work suffers from lack of funds. The Collector, Mr. Vernede, as Chairman, in his review of the last annual report says: "Both I and my predecessors had approached the Government for a grant of Rs. 4,000 for the District Co-operative Rural Reconstruction Association, but without success. This society has continued to do good work during the year under review. It is unfortunate that the Government does not see its way to recognise this work by a permanently annual grant. The rules regarding expenditure of the District Officers' discretionary grant under the Rural Development scheme are very strict and do not allow him to spend this money outside the Rural Development villages. I am looking into the possibility, however, of spending some of the tube-well boring grant placed at my disposal through the Agricultural Department in better living societies and villages of the Rural Reconstruction Association. I am also making a strong representation which is being backed by the Provincial Rural Development Officer for sanction of a seed store at Sakaldiha, which has been turned down by the Director of Agriculture, inspite of the fact that the co-operative societies there have collected nearly Rs. 800 which entitles them under the scheme to obtain a seed store."

The Government Scheme of Rural Development. This brings us to the scheme of Rural Development initiated by the Government on receipt of a grant of Rs. 15 lakhs from the Government of India, to which it added Rs. 2 lakhs from its own budget. The work in Benares is on the lines drawn for all the districts of the province excepting the hilly tracts where conditions are different. A reference to the provincial scheme is therefore necessary.

The work is done through the District Officer who is to co-ordinate the activities of the different Development Departments in selected areas of compact groups of villages. No department should have prepondering voice so that there may be no "departmental jealousy". But as some work was being done under the aegis of the Co-operative Department the local Co-operative Officer is given as little say in the matter as possible so that officers of other departments may not suffer from any feeling of being neglected but on the other hand feel encouraged to do as well. All these departments are represented on the District Rural Development Association which is composed, besides them, of all the Deputy Collectors, and influential landlords. This is an advisory body which gives its opinion on subjects referred to it by the Collector and is kept informed of the line of work pursued. The Collector appoints one of the Joint Magistrates or Deputy Collectors to look after the details of the work and to serve as the Secretary of the Association. The Provincial Rural Development Officer is the liaison officer between the Collectors and the Government. It is his business to see that work is done on lines approved by the Government and the Government is kept informed of it. He also controls the budget sanctioned for the purpose. A sum of Rs. 5,000 is placed at the disposal of the Collector to be spent at his discretion in rural development villages.

In the district there is a Rural Development Inspector who has six Organisers under him. The Inspector and Organisers were all trained by the Co-operative Department in their work. Two such classes of Organisers were held in Benares. Each Organiser carries on intensive work on lines more or less of rural reconstruction indicated in the foregoing pages. He does it in a compact group of 12 villages. Thus the field staff consisting of six Organisers work in six groups of villages. Their work in these 72 villages is supervised and guided by the Inspector.

The method of approach is the same, i.e., through the Panchayat. But the Panchayat is nominated instead of being elected by the members themselves. A Government resolution published in the Gazette of 22-8-1936 lays down that "in all the villages taken up for development work, there should be either village panchayats or better living or better farming co-operative societies." In Benares, however, inspite of requests by the local officers of the Co-operative Department the Provincial Rural Development Officer decided to exclude altogether better living society villages. The requests were made because it was felt that even the meagre grant at present received from Government will be decreased if not altogether withdrawn when they have a separate department of their own to do the work. To one who has not been taken into confidence as to the reasons of keeping the scheme of rural development away from the villages where some work on the desired lines had already been done, it would appear a mistake to avoid areas where field for further advance had been prepared. Efforts there would have been more fruitful than elsewhere. It takes time to prepare fresh ground. Perhaps co-operative society villages are too democratic in character to accept *in toto* suggestions received from others. Be the reasons what they may, the decision is fortunate in one respect, viz., that 72 more villages are receiving attention. The scheme came into operation in October 1935.

Subsidiary Schemes. This is what is called the main scheme of rural development. There were several subsidiary schemes which may also be mentioned.

1. The scheme of Village Industries Stores to be carried out on co-operative lines through the Department of Industries has already been described. It was given up and the stores wound up on October 31, 1936. The store in Benares is still continuing, without Government aid, as an experimental measure.

2. Health units were established in some districts through the Department of Public Health under the immediate charge of the District Medical Officer of Health. A special grant was placed at the disposal of the Department. A group of villages of the total population of near about 30,000 was taken. Small medicine chests were maintained in all the villages. Maternity and Child welfare centres were established with a trained midwife at each centre. A special staff of Sanitary Inspectors was engaged to tone up the villages in sanitation and removal of rubbish outside the *abadi*. These health units were also closed on October 31, 1936, and the money thus saved went to augment the discretionary grant of Collectors. The Benares unit was closed at the same time.

3. The grant placed at the disposal of the Registrar for organisations for marketing of Ghee in Etawah and Agra was, however, not withdrawn and work is proceeding in the two districts on satisfactory lines. There is no such organisation in Benares.

4. Through the Agricultural Engineering Department a scheme for boring of agricultural wells in rural development villages has been launched. Boring is done by the department provided the owner or the village pays two-thirds of the cost—the balance being met by Government from a grant set apart for the purpose. Collectors of several districts have extended this concession to co-operative societies and their members. But the Collector of Benares has yet found himself unable to relax the rules in favour of co-operative societies. He has, however, made a strong representation to the Government to allow him the discretion which he has not at present. The discretionary grant of Rs. 5,000 is also to be spent by the Collector on a contributory basis.

Though the two schemes worked side by side in villages the District Association remained the same for some time in Benares. But its position was anomalous. So far as the old scheme of rural reconstruction is concerned the decision of the Association was binding on the workers. But in regard to the new scheme of 'rural development' it had no more than an advisory capacity. After all it was the Collector who was responsible for the satisfactory working of the scheme, and he could not bind himself always to accept the advice tendered to him. He, therefore, decided to have a District Rural Development Association separate from the District Co-operative Rural Reconstruction Association. The word Reconstruction, in the opinion of the Provincial Rural Development Officer, as he said in a speech in a divisional conference held in 1936 in Benares, conveys an incorrect impression of the work. It appears as if some structure had fallen down and people were trying to construct it again. But really the attempt is to develop the potentialities in the social and economic structure of the village. The word 'development' has also been adopted to keep a distinction between the present schemes of uplift carried out with co-operative effort.

The Distinction of Benares. Benares has made rapid strides in rural development. It has been announced by the Director of Publicity only recently that the divisional shield for village improvement has been won by a Benares village in this division. The shields are the personal gifts of H. E. Sir Harry Haig. The object in inaugurating them was to stimulate competition among the villages in which rural development work is being carried on intensively. The shield is given annually to the village in each Commissioner's division which has done best in improvement during the year. Continuity of effort and the spirit of self-help in carrying out schemes of improvement counted more than spectacular shows put up on special occasions. The award is to be a substantial prize which will generally take a form, benefit from which will be shared by the entire village. The village Barain is close to Chiraigaon which provided the stimulus. It vied with the latter and did a great deal in cleaning itself. It was visited by H. E. the Governor shortly after the scheme was launched there. The announcement describes the work done there.

"Striking results have been achieved in this village owing to the very keen interest taken by the resident zamindar who has been able to accomplish much with the help and co-operation of the village *panchayat*. 120 acres are sown with improved seed and there are 6 Meston ploughs, 2 Akola hoes, 1 Olpad thresher, 4 chaff cutters, 10 three roller cane crushers. 48 kharif demonstration plots and 35 rabi demonstration plots were laid out during the year. An area of 45 acres is under fruits and vegetables. The tenants have planted fruit gardens in 4 acres. Compost making has been introduced. Striking irrigation facilities have been provided for. One earth embankment was constructed as well as 15 new wells. 3 main channels with subsidiaries have been constructed from an open stream. 7 drinking water wells have been repaired. 3 *kuchcha* roads measuring in all 1 mile in length have been constructed and several foot paths widened and improved. Village scouts have been trained. There is an adult school, a library and a Ramayan singing party. There has been no litigation. The panchayat has settled all disputes amicably."

Conclusion. It was represented that co-operative villages may also be allowed to compete for the divisional awards. But permission was not accorded, perhaps again to avoid 'departmental jealousies'! In the interest of village people themselves it is desirable that there may be many agencies for rural uplift. The more the better. There is enough room for every worker. The field is vast and workers are few. The only point is that multiplicity of agency results in wastage of effort and money, which the nation can ill afford. Maximum results with minimum effort and expenditure can be ensured only through unification and by employment of methods which experiment has so far shown to be the best. There can be no finality about the methods employed in rural uplift. But if one comes to think of them calmly, forgetting for a moment the 'departmental jealousies' of which much is sometimes made of, the method best suited to villagers would appear to be the co-operative. It is perhaps for this reason that the Department of Rural Development, though keeping itself usually aloof from co-operative rural reconstruction societies, specially in Benares, has adopted its methods of work. 'Imitation is the best form of flattery'.

CO-OPERATION AND RURAL RECONSTRUCTION IN BOMBAY

BY

R. M. TALPADE, B.A.,

Superintendent, Provincial Co-operative Institute, Bombay.

Rural Reconstruction is a very wide term but roughly we may interpret it as an attempt at restoring the balance between town and country, so rudely disturbed by the Industrial Revolution of the early nineteenth century. While that Revolution was taking place in Europe, India was undergoing a vital transformation of no less consequence, namely the passing of the country under the sovereignty of Great Britain. The alien rulers were naturally not qualified to understand the native institutions of the land, and, though it would be idle speculation to figure out how a self-governing India would have reacted to the introduction of machinery and the new economy it introduced, one may be pardoned for saying that had we a national Government in the nineteenth century, the adjustment to the new order of things would have been gradual and ordered and we might not have had before us the problem of reconstructing our villages.

Poets in all ages and in all countries have invested the country with charms all its own. Goldsmith's Deserted Village is almost classical and has supplied many a handy couplet to propagandists of rural reconstruction. Even if we agree with Macaulay that Sweet Auburn never existed and the desolation, due then to emigration and not to the Industrial Revolution, was not so complete, the difference between a self-sufficient old-world village and its modern counterpart in India is obvious and while we cannot make an abstraction of well-nigh a century and half of mechanical progress, we have to try to restore to the dilapidated village something of the splendour, prosperity and happiness that it enjoyed in the past. Let us see what part the co-operative movement has played and can play in this work.

To begin with, one may safely assert that the introduction of the co-operative movement was in itself an important step in the work of rehabilitating the villagers. The problem of the indebtedness of the peasantry held the stage then and it was thought that the machinery of co-operative credit societies would enable the farmer not only to secure the money he needed for his requirements at a low rate of interest but would also redeem his prior indebtedness. Wise men like the late Mr. G. K. Gokhale warned Government against this optimism. In his speech on the Co-operative Credit Societies Bill, Mr. Gokhale said: "The first thing that strikes me on a consideration of the whole question is that there is no provision in the proposed scheme for the preliminary liquidation of the existing debts of those, who wish to avail themselves of the opportunity now offered, to improve their position. In making this observation and those which follow, I have in view the condition of the agricultural population only, and I look upon the Bill, though its provisions may be availed of by non-agriculturists, as one intended specially for the benefit of the agricultural community. It is true that the Bill aims merely at organising on a co-operative basis the credit of these classes, but such organisation, if it is to benefit any considerable proportion of the agriculturists, must be preceded by a liquidation of existing usurious debts." To what extent have the co-operative credit societies served the villages? As Horace Plunkett says, the figures of membership and working capital are calculated to bring a glow of warmth, though he adds "It is hard to see how a range of activities which were the subject of several legislative enactments and formed the function of an administrative branch of Government came to be called a Movement". It is no criticism of the credit society to say that it has not achieved result which in the nature of things could not be expected of it. The credit societies had to work in an atmosphere of depression and illiteracy. Government did not, as suggested by the late Mr. Gokhale, attempt debt redemption prior to the launching of co-operative societies. They also did not, as urged by the same patriot, make primary education free and compulsory. Those who lay much store by welfare activities would do well to note that for a beneficent measure to succeed there must be a suitable background and that background can be prepared only by the State. However, where the State failed in its obligations to the people, public-spirited gentlemen came forward to do their bit. The late Sir Vithaldas Thackersey, himself a friend and colleague of the late Mr. Gokhale in many of his public activities, early realised that a prerequisite of the success of co-operation was the education of members of the co-operative societies in at least the 3 R's. He chalked out a scheme of education for the members of co-operative societies. Under the scheme a number of schools, not exceeding 40 at a time, were to be started in the Central and Southern Divisions of the Bombay Presidency, each school being run for 2 years. Education was naturally free but in order to induce attendance and to ensure lasting results students who passed the examinations were given cash prizes of Rs. 5 for the first year's course and Rs. 15 for the second year's course. The teachers, besides their pay, got bonus of Re. 1 and Rs. 4 respectively per student passing the first and second year's course. The schools were conducted for the first two years by the Co-operative Department and subsequently for four years

by the Institute, the entire cost being defrayed by the late Sir Vithaldas Thackersey. From June 1918, when the scheme came into operation, to March 1922, 84 schools were opened and 442 students were examined for the first year's course, of whom 312 passed the test, and 257 were examined for the second year's course, of whom 191 passed the test. The total cost during the period, including the pay and travelling allowance of two Educational Inspectors, came to Rs. 32,251. From April 1922, Government bore the cost of the Inspectors but the other expenses were met out of funds provided by Sir Vithaldas Thackersey. Village libraries were also opened at some centres and arrangements made for visual instruction to the students attending the schools. Unfortunately this glorious chapter ended in September 1924 as the executors of Sir Vithaldas Thackersey's will could not see their way to provide finances any longer and the Institute also could not find the necessary funds. We do not know whether any other province records an instance of such personal munificence for the education of members of co-operative societies.

The Co-operative Movement, particularly the credit society, has fallen on evil days. The economic depression has led to a debacle which brings prominently before the public eye its shortcomings. It would be well to emphasise that there is another side of the picture too. In many villages the society is the only organisation which brings people together for common endeavour and is the centre that radiates light. In the Kanara District of the Bombay Presidency, a number of village societies, due to the systematic propaganda carried on in that behalf by the Kanara District Branch of the Institute, have organised small libraries. The need for such libraries to prevent the few literates of the country-side from relapsing into illiteracy has been frequently emphasised by educationists in this country. Some rural societies have got their own buildings which serve as centres of social activity in the villages. In Madras, we have it on the authority of the then Registrar, Mr. Strathie, who subjected the movement to a searching analysis in an address delivered by him four years back, that there are some credit societies, about 400, which are doing nation building work. "These societies are working on their own capital, catering in a quiet way for the credit needs of their members, enabling them to buy new bulls, setting up little shops, running night schools, settling disputes, digging wells and helping to keep the village clean."

That the village credit society has been gradually interweaving itself in the fabric of the village life will be apparent even from a cursory glance at the list of applications received for donations from societies which under the Bombay Co-operative Societies Act require the sanction of the Institute. Women's education, medical and other relief, elementary education, village sanitation, better roads, agricultural improvements, scouting, libraries, school buildings, these are some of the channels into which the charitable instincts of co-operators make the profits of their societies flow.

The Reserve Bank of India has recently published a bulletin (No. 1) describing the successful working of the Kodinar Banking Union. The author of the Bulletin attributes the success of Kodinar to the fact that the Union and the Credit societies affiliated to it did not confine themselves to credit but tried to meet all the requirements of the agriculturists. But co-operators, generally speaking throughout India, are enamoured of the single-purpose society and so though the credit society, as shown above, has in many places tried successfully to tackle the problem of rural reconstruction, special societies for that purpose are advocated and under the name of rural reconstruction societies and better living societies are registered in different provinces. These societies, Mr. Strickland proudly says, on the authority of the late Sir Horace Plunkett, lie at the centre and not on the circumference of co-operation. The Puṅjab gave the lead in this matter, and as it is the fashion now-a-days to follow the Punjab, the Co-operative Department in Bombay is actively encouraging the formation of Better Living Societies. The Village Uplift Scheme of Sir Frederick Sykes also mentions the Co-operative Better Living Society and the Village Panchayat as two important agencies for village improvement work.

The Bombay Provincial Co-operative Institute has almost since its inception interested itself in rural reconstruction work. The night schools conducted by it out of the finances provided by the late Sir Vithaldas Thackersey have been referred to above. Rao Bahdur S. S. Talmaki, who was its Honorary Secretary for a number of years, devoted himself whole-heartedly to the cause and in order to push forward the work vigorously organised a Rural Reconstruction Association with Sir Chunilal V. Mehta as Chairman and Mr. V. L. Mehta and himself as Secretaries. Dr. H. H. Mann and Mr. A. V. Thakkar were members of the Committee of Managment. The Association opened two centres, one at Palasa in the Panch Mahals District and another at Waki, near Pandharpur, in Sholapur District and at each centre appointed a paid worker. The Association received a grant of Rs. 1,500 per annum for 3 years from the Sir David Sassoon Trust and the Director of Agriculture; and the Registrar of Co-operative Societies also gave for one year grants of Rs. 500 and Rs. 200 respectively. Some funds were also contributed by the office-bearers. At Palasa the Association worked on approved lines, promoting primary education and adult education, weaning the people from bad customs like after-death dinners, inculcating habits of thrift, temperance, etc. At Waki it seems the economic aspect was given more prominence. A novel departure was made by starting a communal shop on non-profit making lines, apparently a bolder venture than starting a co-operative store. The worker was confident that the communal shop would effect as great a revolution in his taluka as the co-operative store had done in England and suggested setting up a chain of such shops in villages round about. However, there was immediately the major catastrophe of the abnormal fall in agricultural prices and the shop was closed after having incurred some loss. The Association also sent the worker to the Punjab where he studied the working of co-operative societies for consolidation of holdings, but nothing came of it, probably because of the agricultural depression. The Association worked for about 3 years from 1928 to 1931, when it closed its activities for want of funds. At Palasa the worker organised a young men's association which is carrying on work on lines laid down by him, but at Waki no such attempt seems to have been made.

The Kanara District Branch of the Institute has been doing intensive work for years past at Kallabbe, a village in North Kanara District. An article describing the work was published in the issue of the *Bombay Co-operative Quarterly* for June 1934 (Vol. XVIII, No. 1). A few extracts are given below:—

"The first work that was undertaken by the villagers was the development of communications to the villages. A new road 10 ft. in breadth passing through the heart of the village and connecting it with the river and District Local Board road was constructed by village labour and money contributions. The road measures 2 miles in extent and the cost is estimated at not less than Rs. 2,000. The lands required were given free of charge by the owners who did not mind the inconvenience of its passing through cultivated area and house compounds. Besides personal labour and money contributions, the owners had to protect their areas with new walls. Carts have now begun to ply. The road has been transferred to the Taluka Local Board for maintenance. New roads and byways are still under construction in different hamlets. The transport charges have come down from 2 to 3 annas per head load to 6 pies. The saving is estimated to amount to Rs. 500 per annum. These communications have changed the gloomy aspect of the village.

"The repairing of compound walls was the next item. Before undertaking it, disputes about boundaries and lands were settled. About 5 miles of the walls have been completed. Further work is in progress. The planting of subsidiary crops is in progress. These will, in course of time, contribute materially towards economic betterment.

"The repairing of tanks for irrigation is in progress. The repairs and improvements to the Nala referred to above are in the course of completion. Consolidation of holdings is being attempted. But it is a hard nut to crack. This has, however, been achieved in the direction of redistribution of lands among different tenants, in blocks. The tenants cultivated fragmented plots in different places. Now each of the tenants get all the land he used to cultivate in one block, irrespective of different ownerships.

"A village Shikari to shoot pigs, monkeys and porcupines has been appointed. The villagers have taxed themselves at the rate of 1 anna per rupee of assessment. Empty bunches of plantains were common features. Now this is disappearing. This will mean a saving of crop valued at not less than a thousand rupees. The Shikari is paid Rs. 6 per month and a scale of rewards is fixed for different animals.

"Each of the hamlets has now engaged a herdsman for the cattle and they are taken out to grazing areas.

"A programme of agricultural improvements has been drawn up. Each one of the families is induced to cultivate on their lands such crops as can be grown and are required for daily use. The plan is to see that each family gets self-sufficient. A good many have taken it up. The villagers organised a spraying campaign against Koleroga of betel-nuts, a fungus disease causing an immense loss annually.

"Each of the families has been insisted upon to maintain family accounts. Note books have been supplied and a clerk goes round and checks them and writes out for the illiterates once in a week. Forty families have taken to it. Shyness to disclose family accounts still prevails. Attention is also being paid towards reduction of expenses on ceremonials.

"A Committee to go into the accounts of the temple was appointed and it has completed its labours. The matters have now been settled. New trustees have been appointed and a programme of improvements drawn up.

"The villagers, as a rule, take all their garden produce for sale to the Sale Society at Kumta. In order to save expenses and waste of time of small producers, agents have been appointed for each hamlet to collect small quantities of produce and take them to the market. The charges for such services have been fixed.

"A village fund is being built up by weekly contributions of "Musti-fund" from each of the land-owning families. It comes to an anna per week per family. Contributions on the occasions of ceremonials are also being collected. The scales of contributions have been fixed. Minor disputes and misunderstandings are settled by the village committee.

"The construction of pakka wells for drinking water and maintenance of cleanliness round habitations and other causes of insanitation are being attended to. Owing to the economic depression and the fall in price of lands, the work of debt redemption has been held in abeyance.

"The foregoing are some of the important features of the work in progress. It cannot be said that the goal has been reached. Much remains to be done still. In the beginning, obstacles used to crop up at every step and it required a good deal of patience and tact to settle matters. It is satisfactory to note that these initial difficulties are now in the course of disappearing and the villagers are found to be responsive to all the suggestions which are carried into effect with much enthusiasm. The various new works have cost to the villagers not less than Rs. 5,000. Most of it has been in the form of labour. A Society called Kallabbe Rural Reconstruction Co-operative Society, Ltd. was registered in 1934 and it is now carrying on the work under the supervision of the Institute."

Co-operators are in the habit of bewailing the apathy of national leaders towards their nation building activity. They might more appropriately address that criticism to the Provincial Governments which have been in charge of the Co-operative Department since the Montford Reforms. Not only in the matter of making funds available for the development of the co-operative movement have the Provincial Governments been guilty of ignoring its just claims. In the scheme prepared by the Government of Bombay for the utilisation of the rural uplift subsidy of Rs. 7 lakhs, the following items figure appropriately enough.

To the Director of Agriculture and the Director of Industries for undertaking the following schemes in the Presidency:

(a) A scheme for the improvement of the buffalo and its milk Rs. 41,700.

(b) A scheme for the improvement of poultry in the villages—Rs. 12,100.

(c) A scheme for the encouragement of pedigree poultry keeping in villages by the grant of premia to poultry farmers for maintaining poultry farms—Rs. 3,000.

(d) A scheme for co-operative egg collection, grading and marketing—Rs. 2,200.

(e) A scheme for flaying and pressing hides, tanning, leather work—Rs. 25,000.

(f) Inland fisheries—Rs. 10,000.

In carrying out schemes (a), (b), (c), and (d) one would have thought the existing machinery of the co-operative movement would be utilised but that was not done and the marketing of eggs, the improvement of milch buffaloes and improvement of poultry were not attempted on co-operative lines. Co-operation, one may safely say, hardly figures in the official scheme of rural uplift in the Bombay Presidency.

To sum up, the limits of co-operation, in its rural aspect, are co-extensive with all that is popularly understood by the term rural reconstruction. The aim of co-operation, to quote Mr. Strikland, is not "more cotton or higher prices but the organisation of citizens, rural and urban alike, who seek through co-operation a life better worth living and in which they themselves will be finer men." Moreover the movement is now more or less firmly established all over the country and our rural reconstructionists, unless they are faddists and fanciers who want a few cases just to throw into relief the wilderness outside, must need utilise the agency of the co-operative movement. Co-operators, on the other hand, should not attempt tasks which legitimately fall within the purview of the State or the local authority. To give one instance, it is not for a co-operative society to run a primary school. It is the duty of the State to make primary education free and compulsory. The role of the rural co-operative society, vis-a-vis the nation building activities of the State, is just that of a useful channel for the educational influence of the Government on the agriculturist and if co-operation fulfils that role conscientiously and efficiently, it will have contributed sufficiently to the regeneration of the countryside. For the rest, let the State bear the responsibility.

A SCHEME FOR RURAL RECONSTRUCTION IN BENGAL ON CO-OPERATIVE BASIS

BY

KHAN BAHADUR A. M. ARSHAD ALI,

Registrar of Co-operative Societies, Bengal.

Bengal is a land of villages and it may be aptly said that real Bengal is rural Bengal. But the conditions of the villages are distressingly deplorable; their prosperity is definitely on decadence. With an income that hardly permits him to have square meals a day and with a crushing burden of debt, the only legacy that his ancestors might have left him, the average villager is the shadow of a man who sees before him an unfathomable darkness and finds no way out of the labyrinth of disease, distress and penury. A sense of uttter helplessness overpowers him and robs him of initiative, enterprise and energy; he has made himself an automaton in the hands of something unseen whose dispensations, he imagines, he has been ordained not to question but calmly obey.

And yet Nature is more bountiful in Bengal than possibly anywhere else and a little labour brings in a comparatively large return in crops. The cultivator of Bengal has hardly the courage to depend on himself, without looking for assistance from outside. Such a state of affairs cannot continue for long. Help or no help, he must move ahead, else he is doomed for ever. Why on earth should he not be able to assert himself and lead a better and fuller life? Admittedly the difficulties are great, but certainly they are not insurmountable. Where there is a will there is a way,—and however formidable the obstacles may be, they must give way before an iron will and an inflexible determination.

Increase in individual income accompanied by all reasonable economy in expenditure is the only means of improving the general economic conditions of the cultivator. Economic self-sufficiency should be made the principle of every-day life and it will be the endeavour of every villager to produce for himself what he ordinarily consumes. It is a fundamental principle of international trade that the less a country imports manufactured products, the better off it is. This principle has its application in a narrower sense in individual cases as well. For the less you buy from others, the more money you keep to yourself; and the more you sell to others, the more money comes to your coffer. The progress of Japan, which is at once the marvel and envy of all the world, is broadbased on the conception of this small economic truth. Human beings are essentially the same all over the earth and what has been possible in Japan or elsewhere is certainly not impossible of attainment in Bengal. Of very great importance though it is, inadequacy of money or smallness of the average income of the villager is not the only problem of rural life. There are numerous other problems, indeed, all of which must needs be effectively solved as an essential preliminary to any co-ordinated endeavour towards village reconstruction. Health, sanitation, education, joyful surroundings and a better and fuller life—that is what the villager needs to-day. The lost glory of the village and the happy life that was once hers should be restored. The grim spectacle that almost every village of Bengal now presents, with pools of stagnant water, full of filth and formidable jungles which teach light to counterfeit gloom, should not be allowed to continue any more. The village has got to be transformed into an ideal abode, in health and wealth, in beauty and bounty, so that life in it may possess an irresistible charm even for those who are enamoured of the pleasures and amenities of city life.

Although it is not possible to draw out a programme in general for rural reconstruction, it is always advisable to lay out the plan having regard to local conditions. First of all, the needs of the village should be studied and then it is to be examined how best these could be met without involving the villagers in any such expenditure as they cannot possibly afford to bear. Each problem will have to be solved in its own manner as each disease will require individual treatment. But, however widely the details of the work may vary according to local conditions, there are certain fundamental principles which should be observed as the basis of all schemes.

Firstly, although the operations involved in the work of rural reconstruction may be executed with the help and assistance imported from outside the village, it is certainly not desirable. For the change or improvement that an extraneous agency would be able to bring about, will not and cannot be permanent. Supposing, the jungles of the village are cleared by outsiders whose services are requisitioned specially for the purpose, does it afford any protection against their future growth or assure that these would then be cleared ? The villagers may be compelled to look after the improvement of the village but such a measure will not lead us far ; for as soon as the element of compulsion is withdrawn or relaxed there will be quick return to former conditions. But once the villagers take to the idea that cleanliness is next to godliness and see that their home and its surroundings are kept neat and clean, they will have then taken a step forward from where they will not go back. The progress then will be something not ephemeral but permanent. The uplift of the villagers must precede the uplift of the village. It is necessary above anything else to make them feel that though poor, they are by no means lowly, and that they possess the right and capacity to live like human beings. Along with this realisation of the self, the power of action that is dormant in them should be awakened. And to this end it is necessary (1) to make them fully conscious of their condition, (2) to inspire them with an ardent desire to improve that condition and (3) to train them to work together.

Should the villagers be given education and afforded opportunities for reading newspapers and coming in contact with a wider world, it will not be long before they develop a consciousness about themselves and their economic surroundings. Once they realise that they are the architects of their own future, they will very naturally employ all their power and resources to shape it well. To persuade them, however, to work co-operatively, the inspiration should be forthcoming from such persons as have the respect and confidence of the people whom they would guide. This can best be achieved by organising a network of rural reconstruction societies with the village leaders at the helm, who possess the personality to inspire the rural masses with the vision of a new life and "electrify" them with an inflexible determination to strive, to fight and not to yield.

But our resources are small and the ideal great, and we have in the circumstances no alternative but to fall upon the principles of co-operation. In fact the most practicable and the most efficient way of rural uplift is the co-operative way. A concrete village reconstruction scheme is outlined below :—

A co-operative rural reconstruction society is to be formed with one or more villages according as circumstances would demand, the number of members being in no case smaller than fifty. Every house-holder of the village should be enlisted as a member, whatever may be his caste or creed.

Capital.—The capital of a rural reconstruction society should be raised as easily and simply as possible so that it may not in any way impose a taxation on the slender income of the members. A very feasible and practical means to this end consists in enjoining upon each village member to contribute during harvest time crops to the value of at least one rupee towards share capital of the society. In this manner not less than fifty rupees will be realised every year towards share capital.

If, again, arrangements are made for the daily collection of "handfuls of rice" four seers of rice will be collected monthly from each member so that fifty members will contribute five maunds ; that is to say, twenty rupees as subscription every month.

In addition to these, advantages will be taken of marriages, religious festivals and other festive occasions in persuading members to make contributions at a fixed rate, to swell the working capital as far as possible.

Programme of work.—The activities of the society will resolve into three broad divisions—(*i*) economic, (*ii*) sanitary, and (*iii*) educational.

(*i*) *Economic.*—Each member should adopt the following subsidiary means for increasing his income:—(*a*) Kitchen gardening. (*b*) Poultry. (c) Weaving. (*d*) Crop planning. (e) Cattle rearing.

(*a*) *Kitchen gardening.*—To begin with, vegetable seeds will have to be distributed amongst members free of cost, and a list maintained of the members who have received them. But in the succeeding year, twice the quantity of seeds will be realised from such members and distributed amongst the other members. By this process various kinds of vegetables will cover up the countryside in no time, and when the local requirements will have been met, the surplus, if any, will be sent away to the neighbouring town for sale. This will provide the villagers with improved diet on one hand and enhance his income on the other.

(*b*) *Poultry.*—Members will be supplied, free of cost, eggs of such superior breeds as Rhodes Island, Leghorn, Chittagong, etc., and also a few cocks of superior breed for cross-breeding purposes. These eggs will be hatched with the help of hens of indigenous breed and the chickens reared according to instructions by experts. When these chickens grow up into full-sized birds and lay eggs, each member will be required to make over to the society twice the number of eggs he received, for distribution among other members. In this way, if poultry farming is introduced into every house of the village, not only will there be provision for better diet for the cultivator but it will also ensure a steady increase in his income, as the eggs and birds are sure to find a ready market both locally and abroad.

(c) *Weaving.*—The agriculturists of the village, both men and women, will have to learn weaving with the object of meeting their own needs for cloth. At the initial stage when it would not be possible to instal looms at every house of the village, work should be started with a few looms at the houses of prominent and well-to-do members only, and these looms should be accessible to other members for use in their spare time. Regular daily practice even for a short while will enable the members to weave napkins and cloths for their personal use in a few months' time. It is expected that once the art of weaving is mastered every member will try to set up a loom at his own house.

So long as the society is not in a position to pay for the services of a weaving teacher out of its own funds, any of the following arrangements may be adopted:—

(1) Students of Serampore Weaving Institute may be made available for imparting instruction during vacations.

(2) Persons trained in Government or Government aided weaving schools who are unemployed may be engaged on a very small remuneration.

(3) The services of the co-operative handloom staff may be utilised whenever possible.

(4) The peripatetic staff of the Government Industries Department may also help in the matter.

It may also be expected that weavers who are at present without any employment would volunteer free services in view of the fact that the development of handloom industry will provide work for them.

Another profitable subsidiary occupation is the spinning of jute yarn and making it into gunny bags, durries, etc. This industry should better be organised among the women folk of the agriculturists whose labour, if not utilised, means waste of at least half the man-power of the countryside. A properly trained village woman may be employed to train up others in this work.

(*d*) *Crop planning.*—In order that cultivators may produce all their necessaries themselves, it is essential to restrict the production of certain crops, with a view to both raising its price and making room for cultivation of more economic crops necessary for both food and other purposes. Jute is an instance in point. Its uneconomic production has not only led to a fall in its price but has made it necessary to import linseed, mustard seed, onions, chillies, turmeric, sugarcane and other necessary crops from abroad at a high cost. Every cultivator should therefore cultivate his land according to a definite plan and produce as many different crops as is posible and economic. The planning of crops should of course be carried out according to the instructions of the Agricultural Department of the Government; but it should at the same time aim at supplying all the necessaries of a rural household as far as possible.

(*e*) *Cattle rearing.*—Every member should take up cattle rearing as far as his circumstances permit. To improve the breed of the cattle, stud-bulls will have to be maintained by the society. The Government Department of Agriculture and the local zamindars or well-to-do persons may be induced to make gift of stud-bulls to the society.

(ii) *Sanitary.*—The first thing to do in this connection is to form an Advisory Board consisting of a few influential members and village leaders of the locality. Under the direction of this Board the sanitary condition of the village will have to be improved and provision for pure drinking water will have to be made. None of the villagers now thinks that it is one of his obligations as a villager to lend a hand at clearing jungles, mending roads, removing water hyacinth and such other work. And yet every one of the rural folks has got to suffer for the insanitary condition of the village. If all the villagers organise themselves into a co-operative body and if each and all take up in right earnest the task of improving the village sanitation at least once a week, it will transform the gloomy outlook of the village into a charming countryside.

The main thing to bear in mind for promoting health and sanitation is that "prevention is better than cure." The bacilli of diseases pervade everywhere and there is hardly any spot which is free from them. In order to be immune from the attack of disease germs it is as much necessary to build up a strong body as it is to improve the insanitary places of the village.

Sports and exercise provide the best incentive for the building up of the body. Competitive games not only infuse energy into the mind but also add strength to the body. The villagers will take greater interest in this matter if prizes in the shape of medals, trophies, etc., are announced for competitive games.

In order to avoid chances of epidemics, arrangement should be made for compulsory vaccination of every householder in the village.

Not less important is nutritious food. Most people do not know how some of the neglected and simple foods in Bengal are among the most nutritious. The villagers should therefore be instructed about cheap but nutritious diet. The society should arrange for supply of nutritious food chart to every member.

(iii) *Educational.*—A night school for every village should be the programme of the society. The Advisory Board should prescribe such a curriculum that each pupil may learn the three R's at least in one year.

The subject matter to be taught in these schools should mainly be such as to be attractive enough to engage the attention of the cultivators, to be useful enough to prepare them for their future life and to have a direct bearing on the every-day life of the village.

Finance.—The programme outlined above has got to be worked out by means of self-help, determination and thrift. And for this reason the expenditure of the society should be economised having regard to what

the cultivator can spare without difficulty out of his small savings. The guidance will of course be provided by the village leader and the fittest among them may be given special training for this purpose and engaged as salaried worker under the society. The society would do well to select the best available youngman of the village with talent and education, who is expected to fill this role efficiently after a period of intensive training.

On the basis of an annual income of Rs. 50 on account of shares and a monthly income of Rs. 20 on account of collection of rice, the following budget may be laid down provisionally for the first year of the society's working :—

Annual income	Rs.	Annual expenditure.	Rs.
(1) Shares	50	(1) Handlooms for distribution among members.	40
(2) Collection of rice	240	(2) Seeds	10
(3) Donation, subscription, etc.	10	(3) Eggs	20
		(4) Office building	100
		(5) Salary of staff	120
		(6) Miscellaneous	10
Total	300	Total	300

In succeeding years the capital expenditure will be far less and the surplus thus available will be utilised in various other constructive works.

To-day, the villages of Bengal hover between existence and extinction; those who dwell there are dangerously near the borderline of deterioration and decay. Somehow the villagers have managed to keep body and soul together until now with the small favours and little charities of those who are a bit better placed in life. Continuous dependence on others has developed in them a morbid mentality. They have never cared to summon up their strength, collect their own resources and realise to the fullest extent the yields of their native soil. It is enough, they imagine, if they can eke out a life of penury and misery. Not for a moment can they contemplate that in essential they are human beings, endowed with sufficient capabilities for doing good to themselves as also to others, that they can make joyful and happy their own lives as also of those amongst whom they live. But that way the purpose of life is not fulfilled. They must learn to live like men, they must learn to work together, they must learn to stand on their legs and to get out of life the best that it can offer. Nothing can resist, or stand in the way of a strong will, and however formidable the difficulties may be, the villagers can surely conquer them if they once fall in line and determine to fight and not to yield.

To indulge in a metaphor, the tree of rural reconstruction will have as its root the self-help and self-reliance of the villagers, its trunk will be the co-operative societies organised for the purpose and its fruit will be the all-round betterment of village life. The mind of the villagers has withered long before decay set in in the countryside; the stagnant cess-pools and rivers are but the outward emblem of the stagnant and decadent mind of the rural people. It is therefore primarily necessary to rejuvenate their mind, to make the men and prevent the enormous waste of man-power in the country.

PROGRESS OF THE RURAL RECONSTRUCTION SCHEME

The scheme was introduced in August 1936 with instruction to departmental officers to organise rural reconstruction societies in villages within their charge. The progress up to 31st March, 1937 is indicated below:

I.	1. No. of societies registered		474
	2. Number of members		14577
	3. Amount of share capital realised	Rs.	3158/-
	4. Amount of subscription realised from members	Rs.	1716/-
	5. Amount of donation received	Rs.	7066/5/6
II.	*Economic Progress*		
	1. Number of members taking up vegetable growing		4084
	2. Number of members taking up handloom weaving		439
	3. Number of members taking up poultry breeding		2312
III.	*Progress of Public Health and Sanitation.*		
	1. Area of jungles cleared		982 bighas
	2. Number of insanitary *dobas* and tanks filled up or cleared		467
	3. Number of tube wells sunk		32
	4. Number of tanks reserved for drinking water		96
IV.	*Education.*		
	1. Number of night schools started		148
	2. Number of pupils attending the course		3139

CO-OPERATIVE COLONISATION IN CHITTAGONG, BENGAL

BY

ASHRAF ALI,

INSPECTOR, CO-OPERATIVE SOCIETIES,

In charge of Badarkhali Co-operative Colonisation.

In the Cox's Bazar Subdivision and the southern part of the Sadar Subdivision of the Chittagong District there is a large landless agricultural population who eke out a very miserable existence by working as tenants-at-will or eksana bargadars to tenure holders (Peayara Talukdars) and by migrating to Arracan during the crop cutting season. To give relief to such landless agricultural labourers and to ameliorate their miserable condition by providing them with lands the Co-operative Land Colonisation Scheme was launched and sanctioned by the Government in the letter No. 5175 L.R. dated the 27th March 1928.

The Chakaria Sundarban Forest Range comprises over 30 square miles. Badarkhali ghona lies in this Forest Range. Block " A " of Badarkhali comprising an area of about 3,910·40 acres was deforested in Government Notification No. 15208 dated the 6th August 1928 and this area was given to the Co-operative Department as an experimental measure for reclamation and colonisation with the help of landless agricultural labourers.

The area granted was divided into three blocks comprising 492, 1418 and 1600 acres approximately to facilitate the execution of the Scheme. The work was actually taken up in the last part of the month of December 1929, after settling the preliminaries. A brief account of the progress so far made of the Scheme is given below:—

The Block No. 1 which comprises an area of 492 acres of land was embanked in 1929-30 at a cost of Rs. 26,786 and was reclaimed by members and their dependants in 1930-31. It was registered as a Co-operative Colonisation Soociety on 25-10-30.

The Block No. 11 which comprises an area of 1418 acres of land was embanked in 1930-31 at a cost of Rs. 42, 752-8-0 and reclaimed by members and their dependants in 1931-32. It was registered as a Co-operative Colonisation Society on 22-2-35.

These two societies (Blocks 1 and 11) were affiliated to the Chittagong Zilla Samabay Krishi Samity Ltd., which financed them by borrowing money from the Bengal Provincial Co-operative Bank Ltd. This Zilla Samity served no other purpose than to act as a middle man in securing funds and earn a profit of 3½ per cent on its investment to the colonisation societies at Badarkhali at their cost. So it was decided in the first part of the last year to put the Zilla Samity into liquidation, to arrange for direct finance from the Provincial Bank for the Badarkhali societies and to take up the work of reclamation of the third block by them jointly. Accordingly these two societies were combined into one after amending their by-laws on 6-5-36.

The actual collection and repayment made by blocks I and II up to the date of their amalgamation are given below :—

Year.	Block I. Collection.	Block I. Repayment. Prin.	Block I. Repayment. Int.	Block II. Collection.	Block II. Repayment. Prin.	Block II. Repayment. Int.
1931-32	2,292 4 6		5,739 3 9	nil.	nil.	nil.
1932-33	3,800 8 9	0 10 9	2,420 15 3	10,310 12 9	2,397 8 0	7,623 0 0
1933-34	3,989 11 3	104 0 0	2,976 15 9	10,279 12 9	5,845 14 6	2,114 11 3
1934-35	3,391 0 0	8,450 11 9	2,504 4 3	9,752 0 0	5,227 11 9	2,950 9 6
1935-36	4,864 4 3	2,197 4 3	1,694 7 3	8,275 12 3	3,000 0 0	2,823 10 0
Total.	18,337 12 9	10,752 10 9	15,335 14 3	38,618 5 9	16,471 2 3	15,511 14 9

Besides collection from paddy the Block No. 1 society received Rs. 4486-5-9 as sale proceeds of fish and fuels and Rs. 9752 and Rs. 1500 as contributions from Blocks 11 and 111 respectively for the benefit they acquired from the embankment of Block 1. Block No. 11 society also got Rs. 6812 as sale proceeds of fish and fuels.

After adjustment of all these sums the financial position of the two blocks stood as follows on 31-5-36 after which date the accounts of them were combined :—

Liabilities.	Block I.	Block II.
	Rs.	Rs.
1. Loans from Zilla Samity.	13,800 0 0	25,000 0 0
2. Interest.	483 0 0	877 8 0
3. Advance.	51 9 9	198 0 0
4. Members' deposits.	Nil	8 14 6
5. Non-members' deposits.	Nil	119 0 0
Total.	14,334 9 9	26,203 6 6

Besides the above outside liabilities the Blocks 1 and 11 had inner liabilities of Rs. 805-13-3 and Rs. 2170-4-6 respectively.

To meet these liabilities the two blocks had the following assets :—

Assets.	Block I.	Block II.
1. Land.	492 acres.	1,418 acres.
	Rs.	Rs.
2. Deposit in Zilla Samity.	174 4 6	290 0 0
3. Deposit in C. B.	14 0 0	Nil
4. Advance recoverable	Nil	474 12 6
5. Cash in hand.	Nil	129 1 3
6. Shares with Zilla Samity.	1,600 0 0	2,700 0 0
7. Office, godown.	300 0 0	700 0 0

The two societies (Blocks 1 and 11) were combined into one society known as Badarkhali Samabay Krishi O' Upanibesh Samity and the amalgamation registered on 6-5-36. Actual work of the combined society was started on 1-6-36 and one set of accounts is being maintained from that date.

Due to the bumper crop and fair market, collection has improved considerably this year and total collection from the two blocks have gone up to Rs. 19790 (Rs. 4940 in Block 1 and Rs. 14850 in Block 11).

As the Chittagong Zilla Samabay Samity Ltd. was put under liquidation on 24-9-36 and the combined Badarkhali society took up the work of raising the embankment around Block 111 with the money collected from Blocks I and II pending the loan from the Provincial Bank no principal was repaid this year. Only interest amounting to Rs. 1951 up to the date of liquidation of the Zilla Samity was paid out of collection.

On 26-1-37 the Provincial Bank issued a loan of Rs. 74,500 (fresh loan Rs. 40,000 plus old loan due to the defunct Zilla Samity Rs. 34,500 after adjustment of shares of Rs. 4,300) to the Badarkhali Samabay Krishi O' Upanibesh Samity. The Provincial Bank deducted Rs. 7450 as share money and Rs. 20 as affiliation fee from the fresh loan of Rs. 40,000 and the Badarkhali Samity received Rs. 32,530 only in cash.

The embankment of Block 111 has almost been completed. Only dressing and filling up of some small gaps are yet to be done. Till the completion of dressing etc., the contractors cannot submit their final bills in the absence of which the actual cost of the embankment of Block 111 cannot be ascertained. It is estimated roughly that the total cost will amount to about Rs. 30,000 and there will be a surplus money of about Rs. 10,000 out of the fresh loan of Rs. 40,000 and collection of Rs. 19,790 after meeting the cost of the embankment of Block 111 and other development works of Blocks 1 and 11. However it is expected that the contractors' accounts will be squared up within a month and the surplus money, if there be actually any, will be remitted to the Provincial Bank for credit of the loan account of the Badarkhali Samity. The details of cash as on 3-3-37 are given below:—

1. Chittagong Bank . . . Rs. 5,299-5-9 (Rs. 7,299-5-9 minus Rs. 2,000 security deposit of contract).
2. Chittagong Urban Bank .... Rs. 22,351.
3. Cox's Bazar Central Bank .... Rs. 1,280-12-0.
4. Cox's Bazar Post Office .... Rs. 4805.
5. Cash in hand .... Rs. 153-1-3.

Total .... Rs. 33,889-3-0.

Upto 31-3-37 Rs. 10,837-13-9 has been given as advance to the contractor for making payment to their coolies. The balance of Rs. 7,792-15-3 has been utilised in meeting the cost of construction of quarters for the staff, mosques, girl schools, weaving school, dispensary, establishment and other charges and purchase of paddy for helping the members by paddy loans during the cultivation season.

The progress of development made in the different blocks is given below:—

BLOCK NO. I.

This block comprises an area of 492 acres. 39 families with their heads as members were provided for in this block. Each member was given 10 acres of land for cultivation. Two members have not settled in the colony with their families and their lands have been convert into khals of the Samity. The members have built their houses in rows mostly in the sides of the inner khals. Total population of the block is over 500.

Repair of embankment. The outer and inner embankments have been repaired and some new inner katies specially by khal sides have been built for improvement of lands and to serve the purpose of road communication. According to the suggestion of the Agricultural Chemist to the Government of Bengal two inner khals viz, Burajhora and Chikanjhora have been joined by a drain which again has been connected with the outside channel by placing a sluice box in the embankment to drain out the stagnant water of these two khals to improve the lands on their sides.

Crops. Paddy is the staple crop of the colonisation. Owing to timely rain and close supervision by the departmental officers at the

time of both cultivation and harvest the members have got a bumper crop this year. The paddy market also was fair. Consequently the members could reduce their quota of the cost of reclamation considerably after paying heavy outstanding interest of previous years and the average outstanding debt per share has come down to Rs. 304 as against Rs. 362 of the previous year. The members grow also rabi crops such as sunhemp, chillies, tobacco, raddish, tomato, potato, brinjal, etc., and English vegetables such as cabbage, cauliflower, turnip, knolkhol, etc. For want of rain rabi crops had not grown well this year.

Poultry farming. More or less all the members do poultry farming. There is ample scope for duck and goose rearing as there are numerous khals inside the block.

Drinking water. There are three tanks in the block for the use of members. In addition to them, the excavation of one big tank in the middle of the block has been taken up in right earnest for providing water for the colonists which will be completed in a very short time. This tank will cost about Rs. 400.

Education. Education has been made compulsory both for boys and girls. There is a free Upper Primary school in the colony for the education of the boys and a separate free Primary girls' school for the education of the girls of this block has been started this year. The girls' school house has been constructed at a cost of about Rs. 100. There is also provision for the education of the adult who work in the field at day time. The class for the adults is at night in the girls' school.

Mosque. A mosque roofed with corrugated iron sheets has been erected in the block. In it the members and their dependants say their daily prayers specially Jumma prayer on Fridays in congregation.

Settlement. The term of settlement is for thirty years with remission of rent for first four years. Full rent was due from April 1936, amounting to Rs. 1,307-4-0 but on a representation to the Collector of the fact that owing to the abnormal low price of paddy, prevailing for the last few years the members could not reduce their burden of the cost of improvement of land to any appreciable extent and as such they would not be able to pay rent at full rate he very kindly recommended for payment quarter rent for the first four years, half rent for the next four years and thereafter full rent. According to this recommendation quarter rent of Rs. 337-13-0 for 1936-37 including cess was paid in last April.

BLOCK NO. 11.

This block comprises an area of 1418 acres. Hundred members were provided for in this block and each was given ten acres of land as in the case of Block No. I. Three of them have not settled in the colony with families and the land allotted to them has been converted into khals of the Samity. The members of this block also have built their houses in rows mostly in the sides of the inner khals and some have excavated small tanks for their private use. The total population of this block is over 1000.

Repair of embankment. The outer and inner embankments have been repaired and some new inner katies specially on the khal sides, as in the case of Block No. 1 have been built for the improvement of lands and to serve the purpose of road communication.

Crops. The members of this block also have got a bumper crop this year and the market being fair many of them could reduce the quota of their respective costs of reclamation to a considerable extent and eleven of them have become free from liabilities in respect of reclamation cost. The average reclamation cost per member has come down to Rs. 135 as against Rs. 222 of the previous year. Rabi crops such as sunhemp, chillies, tobacco, tomato, potato, radish, brinjals, etc., and English vegetables such as cabbage, cauliflower, turnip, knolkhol, etc., have been grown by members, but owing to the want of timely rain rabi crops have not been satisfactory this year.

Poultry farming. More or less all the members have taken to poultry farming though not in improved method. As there are numerous khals inside the block there is plenty of scope for duck and goose rearing. Some of the members reared them though on a small scale.

Drinking water. There are five tanks in this block excavated at the Samity's cost. It will take a year or two more for their water to be fit for use for drinking purpose.

Education. The boys receive education in the free Upper Primary school. Two girls' schools for the education of the girls of this block have been started this year. Two houses for the girls' schools have been constructed at a cost of about Rs. 200. The night schools for the education of the adults who work in fields at day time sit at night in the girls' schools.

Mosque. Besides the Jumma Mosque near the office there are two other mosques in this block. The mosque near the grave-yard has been

rebuilt with corrugated iron sheet this year at a cost of about Rs. 400. All the members with their dependants say their daily prayers specially Jumma prayer on Fridays in congregation. The Imams of the mosques preach piety, unity, righteousness, universal brotherhood, self-help, thrift, etc., in the mosques.

Settlement. No settlement has yet been obtained of this block. Last year the Collector assessed rent of Rs. 3,282-12-0 on this block and recommended for payment quarter rent for the first two years from April 1937 and half rent for the next two years and thereafter full rent; but no orders on the subject have yet been received from the Board of Revenue, Bengal.

BLOCK NO. 111.

This block comprises an area of about 1600 acres of which about 1200 acres will be culturable. The alignment for embankment around it was partly made year before last by clearing jungles. The remaining alignment was completed last year.

The construction of the embankment of the block was due last year but for want of funds it coud not be done, only a quarter of a mile was constructed by the prospective members. This year too a considerable time was lost before it was decided in the middle of January last to take up the work in right earnest for completing it in this dry season. Two contractors have been appointed for the execution of the work. At first they could not attract sufficient number of labourers. It was only in the first part of March last, that an adequate number of coolies joined the work and the whole embankment of about six miles with 12 dams has just been completed. The dressing and the filling up of small gaps that are yet to be done will take about a fortnight more and work will be finished.

This area is expected to be brought under cultivation in the year 1938-39, and in the meantime it will be made fit for culivation by flushing it with rain water during the coming rains and clearing jungles in the next dry season and making other necessary arrangements.

About 130 persons have been enrolled as prospective members of this block. They have been all working for the last two years. They will each give gratis labour for 200 days. Total population will be another 1500 in this block.

Settlement. No settlement of this block also has been finished. The Collector assessed Rs. 3,600 as rent on this block and recommended it to be paid at quarter rate for the first two years from April 1942 and at half rate for the next two years and thereafter at full rate.

General. The society not only has to arrange for the erection of embankment but also to cater to all the needs and requirements of the penniless agricultural labourers who have been established as colonists. It provides funds for building houses, purchase of cattle, and also for maintenance of the members' families when their food stuff runs short and to make arrangement for all other amenities of life in the colony. For moral and educational uplift of the colonists and their children and dependants, free primary day schools for boys and girls and night schools for the adults who work in the field at day time have been started and mosques have been constructed in four centres where members live in groups of families. Members and staff meet in the mosque for prayer, specially on Fridays and discuss their needs and difficulties, receive sermons on righteousness, piety, unity, thrift, self-help, punctuality, etc. The school boys numbering about 90 are also compelled to say their prayers with their teachers in the mosque and also with their parents on Fridays. This helps greatly to mould the character of the colonists and their children.

Weaving school. A weaving school has been started this year with two fly shuttle looms and other accessories for teaching the colonists and their children the art of weaving, so that they may make their own clothes in non-cultivation season. A teacher has been appointed for the school at Rs. 15 per month and ten students attend the school.

Medical aid. A homeopathic charitable dispensary has been started in the colony this year and a doctor has been appointed at an allowance of rupees ten per month. He treats the colonists and their children free. Colonists as well as the inhabitants of the neighbouring villages viz., Moheskhali island, Muttarbari, Ujantia, Dhamusia, Durbeshkata, Ilisia, etc., are greatly benefitted by this dispensary, this being the only dispensary within a radius of about eight miles. The District Board Veterinary Surgeon and Sanitary Inspector also attend when requisitioned. All the colonists and their children have been recently vaccinated. There has been no case of cholera or small pox during the year.

Bazaar. For marketing facilities, a bazaar has been started which is held twice a week on Tuesdays and Fridays. Three permanent shops have been opened in the bazaar for supplying daily necessaries. A blacksmith has been accommodated here on condition that he would coach the school boys in blacksmithy.

Communication. The Chittagong Cox Bazaar-steamer runs through Badarkhali throughout the year and there is no difficulty in communication to Chittagong and Cox Bazaar from Badarkhali. The Badarkhali—Chakoria momen road was constructed about six miles last year under the supervision of the Samity. The rest of the work has been taken up by a contractor this year and it is expected to be completed in the next winter. This road when completed will facilitate communication to and from Chakoria and will be a great boon to the whole locality.

Drinking water. A number of tanks have already been excavated in the colony and a big one in the middle of Block I is nearing completion. The water in the tanks and khals is still brackish. It will take 2 to 3 years more before the water becomes free from saltish taint. When the new tanks are full with rain water, the difficulty of drinking water is removed.

Amusements. The school boys play foot-ball and hadoodoo. The introduction of Bali khela this year is under contemplation.

Grave-yard and Gopat. There are two raised grave yards in the two blocks. Lands have also been set apart for gopats.

Post Office. A post office is the most urgent necessity which demands immediate attention. Last year the postal department sanctioned a branch post office at Badarkhali on condition of payment of a non-returnable deposit of rupees one hundred and thirty-eight by the colony. Owing to shortage of fund the colony failed to deposit the amount then and the post office could not be started. Now the colony is ready to deposit the amount and the post office is expected to be started within a few months.

The colony as at present established offers an object lesson in rural re-construction as far as Chittagong is concerned. The credit of the success so far of the scheme is due to Khan Sahib Moulvi Abdul Jabber, Co-operative Inspector, in charge of the colony (now on leave). The colony has also received substantial help from the successive Registrars, Assistant Registrars, Khas Tahashildars, S.D.O., Collectors, Additional Collectors, Commissioners, District School Board and District Board. This year too the present District Commissioner, Mr. Hodge sanctioned Rs. 150 for building of the girls' schools from his discretionary fund and the Chairman of the District Board granted Rs. 80 for the weaving school and Rs. 150 for the Homeopathic charitable dispensary.

To give relief to the colonists and to ensure the success of the scheme the Collector, Mr. Whittaker, kindly recommended the reduction of rate of interest on the borrowing for colonisation and concession of rent by way of progressive rates. Accordingly Khan Bahadur A. M. Arshadali, the Registrar of Co-operative Societies, Bengal has very kindly prevailed upon the Provincial Bank to reduce the rate of interest to 6½ per cent on the old loans and to grant a fresh loan of Rs. 40,000 at the same rate for the embankment of Block No. III. As regards the concession in rent, no orders on the subject of the Board of Revenue has yet been obtained.

The Co-operative Department has placed one whole time Inspector, one Auditor, and two Supervisors in the Colony and has to spend about Rs. 5,000 annually as their pay and allowance. Prior to colonisation, this Badarkhali Ghona was a desolate forest abounding in wild beasts and reptiles, and yielding little or no income to the Government. Now that it has been reclaimed and colonised by the Co-operative Department, about 1500 souls have already been provided with means of livelihood with all other possible amenities of life. Another 1500 souls are shortly going to be provided in the third block, and the Government is expected to get over Rs. 8,000 a year as revenue which must be far in excess of what they used to get in the past. This is no doubt a great achievement of the Co-operative Department for the provision of land to landless agriculturists.

THE SERVINDIA RURAL CENTRE, MAYANUR, TAMILNAD

BY

K. G. SIVASWAMI, B.A.,

Member, Servants of India Society.

The Servindia Rural Centre, Mayanur, arose out of three causes. As Secretary of the Madras Provincial Co-operative Union from 1923 to July 1928, I often visited Centres of Supervising Unions for co-operative education and propaganda. During these tours there were repeated requests from friends in the Tamil districts urging me to devote my time for the intensive development of co-operative societies. The Kulitalai Co-operative Union in Trichinopoly District requested the Servants of India Society to lend my services for a year. Secondly the disaster of the Cauvery floods in the same district in 1924 brought me closer to the public of Trichinopoly and the 'untouchable' classes in the villages. The work of relief spread over 3 to 4 years for providing huts for the poor and reclaiming the silted lands showed the need for a permanent centre for rural development in flood areas. Thirdly the Servants of India Society which included in its programme from 1930 the organisation of centres of rural development wanted me to continue the activities under its own auspices.

Intensive propaganda was done in the area of the Kulitalai Co-operative Union during 1928-29. The provision of a smaller amount of share capital to facilitate the admission of the poorer classes of agriculturists, the increase in share capital and its collection by instalments with a view to develop the owned capital of the society, the restriction of individual loans to Rs. 150 and Rs. 250 as the maximum, the exclusion of mortgage loans, the encouragement of surety loans, the introduction of the various by-laws facilitating the financing of crops and loans on the pledge of produce, the encouragement of short term loans in instalments to members, and the assessment of normal credit were the methods adopted during the first year to give a new orientation to the societies. It was also found that societies had a larger jurisdiction which could not be covered by honorary service. So smaller societies were formed for the ryots of the dry areas and they were separated from those in the wet areas. Membership increased during the year by 500 and short term loans by Rs. 50,000. The Kulitalai Co-operative Union owes its success to its honorary workers who have shown, in addition to a shrewd sense of business, a breadth of outlook and a sympathy towards the smaller ryots. Its ex-secretary Mr. Annadurai Aiyar has shown the possibilities of increasing the income of tenants and peasants by supplying on credit milk-cows and buffaloes and marketing the milk to the city of Trichinopoly. He has familiarised loans on pledge of produce and shown the possibilities of running a village store. Its ex-president Mr. Raghunathaswamy Aiyar has shown that by continuous admission of credit worthy members one can raise the sense of regular payment among the masses of people who, whatever their business relationships may be outside, always exert themselves to gain the good-will of the Society. The village leaders are also successfully running a land mortgage bank to whose organisation I did my little bit and which was opened by the late Mr. R. Ramachandra Rau.

The co-operative leadership described above relates to the irrigated villages but the starting of small societies in the dry tracts has aroused a new leadership among the peasants. A society was started for them in 1929 at Vadugapatti and till 1930 has helped its 70 members with Rs. 4,000 and shown no overdues during the first two years. The depression had its effect and the ryots found it better to borrow from private banks at a lower rate of interest than at the co-operative rate which amounted to 12½% on overdues. With the fixing of the co-operative rate of interest at 6¼%, the society has been revived last year with 27 members and a sum of Rs. 1,600 has been issued to them. Another small society was started at Sankaramalaipatti, has 30 members and issues an average loan of Rs. 50. A third society at Palayajayamkondan which was lending only to small traders in weekly markets widened its membership also to agriculturists. It was revived in 1929, again became dormant between 1933 and 1935 and has been since revived. It has 82 members and issued during the last year Rs. 6,000 to the members. A fourth society at Alagapuri had to pass through a crisis in the year of starting (1929) as there was a theft of its cash balance of Rs. 1,000 odd. The members came forward and contributed half the loss and the other half was borne by the President. It has a share capital of Rs. 917, a reserve fund of Rs. 340, and owes the central bank Rs. 3,500. It also lends on the pledge of produce to members. Its present membership is 85. These societies give mostly surety loans for cattle breeders, sheep-rearers, for clearing wells of silt, for cotton seeds, leather buckets, for purchase of plough bullocks and levelling of lands.

The societies in the dry areas have no doubt shown their possibilities in helping the peasants, tenants, and labourers. Those in the canal areas have shown what they could do for paying crops like plantains and sugarcane. The former require not only clerical assistance but also expert guidance and facilities for marketing. The latter have proper leaders but they require efficient whole time secretaries and also marketing facilities. In addition, their usefulness depends on proper supervisors, an energetic union secretary to exact work, and a financing bank which encourages in all ways.

The future of rural co-operation rests on many factors. (1) Are the economic conditions of the ryots satisfactory or do they require first to be lifted by radical legislation from their indebtedness, the high incidence of land revenue, the insecurity of land tenure and rack renting ? (2) Will the State enforce a form of compulsory co-operation which alone will tend to combined marketing ? (3) Will it promote small industries by supply of machinery, and aid in the marketing of their manufactured goods and thereby provide employment for the unemployed ? Will it promote cattle, sheep and poultry rearing aided by legislation for improving the breed ? (4) Will the State pass sufficient legislation regulating private moneylending ? If necessary measures were forthcoming in these respects, the Co-operative Movement will prove a useful instrument for economic uplift. But it should reorganise itself. There is no developed citizenship in India to take an intelligent interest in the co-operative society. Its place should be taken by a central control which regulates and exacts work from its staff, and by a trained and efficient staff. The more centralised co-operative finance is with an apex bank at the top and branches all over, the more cheap and effective will be its service to the ryots. The co-operative service should not only be trained but provide also security of service. Its terms and conditions should attract the best men and it must pervade up to the village. It should be made independent of the changing fortunes of elections. With these two reforms of central control and an efficient co-operative service, the movement will be equipped for organising agriculture in rural areas. Wherever a good co-operative society exists, it might be given a larger jurisdiction and its paid staff put under the financing bank. In other areas the branches of the financing bank might step in directly helping the ryots in the business of agriculture and supplementary industries. These branches should take the place of the sowcars or traders. The latter advance small amounts for purchases, sell them necessary requirements, and take charge of the produce. The branches should undertake all these services by maintaining a store and a godown. The services of the officers of State should be available for these branches in the promotion of cottage industries and live-stock breeding.

What is now given to rural centres is to explain to members the defects mentioned in the audit certificates and to persuade the agencies that recommend and sanction loans to distribute 'controlled credit' to the credit worthy. Periodical conferences of representatives of Societies are one of the methods of educating Panchayats. Large general body meetings in villages are again another method.

Such meetings were conducted in 1929 by the Secretary of the Centre and these caught on. The Karur Co-operative Union also began to arrange for them. Until 1932 the Secretary visited societies for co-operative propaganda. In 1933 a Co-operative Conference was arranged presided over by Mr. T. A. Ramalingam Chettiar. In 1934 Mr. V. Ramadas Pantulu, the President of the Madras Provincial Co-operative Bank, visited some of the good societies in the area. The Secretary visited last year on behalf of the Madras Provincial Co-operative Union 40 village centres for co-operative propaganda.

In order to help the ryots in purchases and in sale of produce the Secretary interested himself in the formation of a Co-operative Loan and Sale Society at Karur. Mr. Vadamalai Konar, its secretary, exerted his best for its success. First he attempted the store side of supplying cotton seeds and leather buckets. This was no doubt successful. The society had little business during the preliminary years. The Central Bank has of late given it the aid of a Supervisor and slowly the ryots are pledging paddy, cotton and tobacco during the last two years. The rural centre of Mayanur has always helped the secretary of the Karur Union for propaganda for marketing. In the earlier years 1930-1932 one of its workers, Mr. N. S. Sivasubramanyam, M.A., did co-operative propaganda as one of the governing body members of the Karur Union both to make societies useful for all classes of members and for marketing propaganda. The Loan and Sale Society, Karur, also helped the Field Labour Co-operative Societies at Nerur and Vangal with food grains for about 120 members.

This is a new phase of the Co-operative Movement in which the centre interested itself. In the years 1929 and 1930 savings boxes were introduced in 6 societies in order to gather enough share capital for starting co-operative societies among them to issue small loans to twice the extent of share capital. The Secretary of the Centre was not anxious to develop credit societies among labourers as his experience of their organisation and working for purchase of sites and putting up huts, as a form of relief work for the villages affected by the Cauvery floods of 1924 had not been very happy. Agricultural labour has neither the capacity nor the democratic sense to manage a co-operative society. It should be served by an outside agency. Its credit needs are little. What it requires is employment. It may be helped with articles of consumption. In the case of tenants, they may require help for marketing produce. All of them have small debts but which at no time get repaid. A store and a marketing side, small industries suited to the area, settlement on

cultivable land are the various methods for their economic uplift. The late Mr. K. T. Paul, as President of the Christian Central Co-operative Bank, and his manager put forth a scheme of helping in all these ways the field labourers in our centre. Such a scheme would be successful to the extent to which they would give work to the labourers and save them the high rates of interest they were paying for domestic articles. But it would work only under the limitations of the present economy namely an unredeemable prior debt, insecurity of land tenure, unfair rents, and low wages. With the death of Mr. K. T. Paul the scheme fell through though the Registrar of Co-operative Societies was kind enough to depute an inspector for three years to concentrate in developing 5 societies of field labourers. During this period mat-weaving was introduced, small loans within Rs. 50 were issued to them, and grains were distributed in seasons of scarcity. In two societies cultivable lands were obtained for them on lease from the Revenue Department. But there were the difficulties of getting finance from the Christian Central Bank at Madras. The delay was enormously heightened by the fact that new Inspectors did neither know the economic conditions of this class of people, nor the procedure to prepare correct loan applications. No definite work too is exacted from them by Deputy Registrars who have multifarious work to do. The one ray of hope in the situation was the deposit of Rs. 500 made by one of our enthusiastic workers in the Nerur Labour Society.

Assistance to labourers can only come through branches of a financing bank which should undertake cultivation of lands, supply, marketing and production by cottage industries. Government would be well-advised to restrict themselves to advice through their experts and hand over as a subsidy to such banks what they are now spending on an administrative staff. The overhead charges for running a branch should be determined, the amount that can be recovered from this class of people should be estimated, and the balance should be given as subsidy by the Government.

The working of the co-operative societies in the dry areas has created confidence in them and induced them to approach us for a marketing society for dhall which is largely exported from the centre. Such enterprises will be more successful if undertaken by branches of financing banks rather than by independent Loan and Sale Societies.

Another direction in which the centre interested itself was the formation of statutory panchayat boards for providing the villages with civic amenities. It concentrated its attention in the dry areas where backward communities lived in inaccessible villages without any communications and depending on a scanty rainfall for their occupation of agriculture. They required schools. They required protected water-supply. Between 1930 and 1933 the Secretary formed more than forty panchayats in the area. Grants-in-aid were given to these boards from provincial funds amounting to 50 per cent of the expenditure. The villagers' contribution is raised mostly in kind, by way of free labour, and in the form of economic management. The peasants pay at the rate of Rs. 2 per plough. In this manner they have jointly contributed not less than Rs 8,000 for 38 wells. 20 schools were started and 12 school buildings have been put up by them for which they have contributed Rs. 1,500. Lighting is provided for in a dozen villages. Many of the villagers have learnt to represent their grievances to local bodies and concerned authorities.

In order to educate the voters a Civic League was formed in 1932, pledges were taken from candidates standing for Local Bodies, and with the hearty co-operation of the Hon'ble Dr. T. S. S. Rajan and Dr. T. V. S. Sastri and a large number of co-workers the whole district was educated on the responsibilities of franchise. The first conference was held under the presidency of Dr. B. Shiva Rao in May 1933 when the ryots' grievances were tabulated. Since then conferences have been held under other distinguished presidents, Mr. T. R. Venkatarama Sastri, Mr. T. M. Narayanaswami Pillai, Mr. T. Adinarayana Chettiar, Mr. V. Ramadas Pantulu and Mr. K. Santanam.

Periodical panchayat conferences were also held till 1933 to represent their requirements. The villagers have shown enough joint effort to take advantage of provincial grants by contributing themselves one-half of the expenditure. But they do not know English in which the correspondence is conducted by the authorities, they cannot prepare their annual reports and budgets, and they cannot submit the various returns required by modern administration. Every group of 25 panchayats should be provided with clerical assistance. The Health Inspectors should be given the work of developing the panchayat activities which mainly comprise public health and sanitation.

The third phase of activity of the Centre was the promotion of better living through the aid of the village youths. There were formed mainly among the "untouchable" classes. Four such leagues were also formed among the Reddi youths in the dry rainfed villages. 12 Youth Leagues were supplied in 1930 with books and lights and small grants-in-aid were given for the purchase of musical instruments for Bhajana for three leagues. Night schools among them are generally centres where they train themselves to sing and to act rural plays. Enthusiasm first spread among them to stop the drink habit. The provision of a grant of Rs. 125 per month by the Government and a motor van for propaganda facilitated temperance propaganda. A new spirit spread in the whole area. With the growth of self-respect, better living spread amongst them. Personal cleanliness, better sanitation in their streets, a desire for equal treatment, avoidance of vulgar ceremonies during marriages, growth of schools and girls' education, representation of civic needs like schools, foot-paths and water supply, the aspiration to be members of panchayat boards, all these came in the wake of the new spirit. The youth movement is spontaneously spreading among the "untouchable" classes. Workers of their own community are preaching social reform among them. Economic solidarity is growing among them to obtain lands at fair rents. The workers of our centre are often asked to initiate in a simplified form of marriage ceremony which they do. These young men assist our workers in the provision of civic needs for their community.

The movement of better living, of a greater self-assertion of their rights and of an insistent representation of their needs among the Reddis and Naiks of the dry area began with a Reddi Conference organised in October 1929 under the presidency of Mr. K. C. M. Venkatachala Reddiar. The Panchayat movement created new hopes of better living among them. The new Act showed to them that they could organise their own markets. Six of these were started by the centre. Up till then they were dependent on a Muslim market at Chintamanipatti where it appears the Hindu women were molested. This grew into a revolt of the Hindus and the Secretary in 1932 did his best with the aid of the Collector, Mr. S. Ranganatham, I.C.S., to amicably settle the differences. This trial of strength evoked Hindu leadership to organise, to raise funds and to start village stores and markets of their own. The temperance movement too spread with added strength after the Gandhi-Irwin Pact.

The area is a Zamin area. Progressive ideas as the better status of women, education of girls, equality of all classes, better living in the place of social conventions, and individual freedom in the place of the domination of caste leaders are fast growing among the youths. Elections to Local Bodies and legislatures are teaching the Zamin tenants to claim their rights.

The social reform movement among the young men of the 'depressed classes' is distinctly visible in many of the riverine villages of Karur, Kulitalai, Namakkal and Musiri Taluks. Among the backward caste communities it is visible in a dozen villages round Mayanur. The tenants understand their rights in these areas and have begun to combine to defend them.

Closely connected with the movement of Youth Leagues is the work for untouchables undertaken by the centre. A conference of this class of people was specially arranged at Somur in April 1930 which was opened by Mr. S. Muthia Mudaliar, then Excise Minister. More than Rs. 300 was collected by them to meet the boarding and other charges of the conference. It was this conference that created an enthusiasm in 32 villages to stop the evil of drink and many toddy shops could not be opened for months together in 1930 and 1931.

The conference surveyed the needs of the area in respect of schools, and water supply. It appealed to young men to organise themselves into Youth Leagues. The Labour Commissioner, the late Mr. J. Gray, I.C.S. requested the Labour Officer to help us in all ways. The procedure in getting a labour school was that the 'untouchables' should find a teacher, get 20 boys together, and provide a building for six months. This preliminary work was undertaken by us at 12 centres and we requested the Education Department to recognise them. At present the schools are working at all these places. They are the centres of propaganda for better living. By constant representation more than 12 special wells for depressed classes have been constructed in the area. During the floods of 1930 the centre supplied them necessary hutting materials costing more than Rs. 3,000. A site was purchased in one village for 32 chukler families when the centre began its work in 1930. The Secretary was looked down upon for entering the quarters of the 'depressed' classes. Motor bus owners would not allow them to travel in public buses. The 'untouchable' classes set much importance to caste exclusiveness among themselves. Thanks to the forward policy of the Government, the Harijan movement since 1933, and the series of elections which compelled the caste people to ask for the votes of 'untouchables' the situation has entirely changed. Little difficulty is raised in the admission of untouchable boys. At our own central school, even the 'highest' class are sending their boys and girls to mix with the caste boys. There is no distinction to the free use of public roads. An untouchable boy assisted by us till the 8th standard is now a postman carrying tapals in the heart of Brahmin villages. Another young boy is a stamp vendor from whom all purchase stamps. At our boarding house the different classes of untouchables mess together. A few caste parents too are sending the boys for our mixed hostel. The reform movement against ceremonies and superstitions to which elders were first hostile and later tolerant is spreading among them too. A whole village attended a marriage ceremony conducted in our school. In every Panchayat board the representatives of 'untouchables' are taken as members. Their women attend in large numbers the periodical conferences arranged by us. Even agricultural communities who are generally backward are admitting 'untouchable' boys in caste schools. A greater sanitary and educational sense is visible too in their quarters. In

two places owing to inaccessibility of public schools they conduct at their cost their own schools.

The Centre undertook work among women since 1929. The services of Mrs. Bhagiratiammal were obtained for 5 months in 1929 and for 8 months in 1934-35. She was an enthusiastic propagandist of better living ideas among the depressed classes and the agricultural communities. She was assisted in her work by the wives of workers of the centre. In 1935 Mrs. Sivaswamy underwent training in needle work and cutting out and undertook last year to teach six women of the surrounding villages for 2½ hours every day in the subject.

The centre is conducting a Rural Workers' Training School since July 1934. The future of village institutions rests on an informed and public spirited leadership. With a view to train such leaders an agricultural school has been started by the centre with a three years' course. It admits only those who have passed the V standard and who are not desirous of undergoing a high school education. Rural civics, economic geography, Indian history and agricultural economics are taught for 18 periods (of 45 minutes each) a week during the last 2 years of the course in addition to agriculture, animal husbandry, poultry and bee-keeping which are taught for an hour every day. Practical work in the fields is also provided for 2 hours every day and training is given in cottage industry, mat weaving or textile weaving for 1½ hours every day. For the benefit of boys who are weak in literary equipment a literary school from standards V to VIII is also conducted where these boys learn Tamil and Mathematics. The literary school is also attended by 60 day scholars. There are 45 boys in the agricultural school for whom a boarding house is conducted by the Servants of India Society. Government have been pleased to sanction boarding grants for 20 boarders at the rate of Rs. 6 per month for 10 months and half the expenditure of the School. The day scholars are also given free vocational training in horticulture and mat weaving for one hour every day. They are also trained in Seva Samiti Scouting.

The agricultural school boys are taken on camps for 30 days in the year for doing village work and learning practical agriculture. The staff co-operate in the village work and during the last year assisted Dr. Aykroyd in his dietetic survey at Mayanur. During the last three years the schools and the hostel have been supported by public collections to the extent of Rs. 13,000 from individuals and by an equal sum from co-operative societies, and the grants-in-aid of Government amounted to Rs. 10,000. The deficit to be covered is Rs. 4,000. The late Mr. G. K. Devadhar issued an appeal in 1933 for funds for the training centre which was commended as a laudable object by Mr. D. N. Strathie, the then Registrar of Co-operative Societies. The Secretary visited and addressed meetings of Urban and Central Banks, and village societies for support during the last 3 years and co-operators have enthusiastically responded. The local areas of Kulitalai and Karur Taluks have contributed Rs. 1,800 of which a sum of about Rs. 700 has been paid by co-operative societies in the area. The Madras Provincial Co-operative Bank has been generously helping the school with a recurring donation of Rs. 1,000 while the Madras Provincial Co-operative Union contributed Rs. 500 for the maintenance of a worker for the purpose of visiting co-operative societies, panchayats and Youth Leagues and doing adult educational propaganda. Mr. A. L. Subramanyam, B.A., B.L., is in charge of the latter work as an honorary worker on a nominal allowance of Rs. 15 a month. The training centre owes wha little success it has achieved to the confidence reposed and the encouragement given by Mr. D. N. Strathie, Mr. T. G. Rutherford and Mr. V. Ramadas Pantulu, who always evokes the best in young men by his hearty co-operation.

The young men trained in the school will no doubt prove better leaders in the villages spreading ideas of better living and making useful the village institutions. But they will require to be stimulated by wholetime workers who should be given a defined plan of work, of educating the masses in loyalty to their co-operatives, in making representations of their needs to the Local Bodies and the Legislatures and promoting better living in villages. The Centre is anxious to train and maintain such workers on a subsistence allowance of Rs. 15 a month. It is hoped that the kindness that have been extended by the public will also be continued for the future.

THE HEALTH CO-OPERATIVES OF YUGOSLAVIA

BY

MISS MARGARET DIGBY,

Secretary, Horace Plunkett Foundation, London.

Yugoslavia is a typical peasant state. Out of a population of some fourteen millions, more than three-quarters are small peasant proprietors and their families. Many of these live on very small, fragmented holdings which even a considerable breaking up of large estates has failed to make self-supporting; hence much migrant labour and great poverty. The greater part of the country is either mountainous or at least hilly and broken, with a stock-breeding and pastoral economy interspersed with agriculture in the fertile valleys and hillsides, often of a specialised character, such as the tobacco, silk and opium of Macedonia or the vines and olives of Dalmatia. There is, however, also a great sketch of arable plain in the north where the hills sink to the level Danube basin. Here all the land is under cultivation, mostly with grain, field vegetables and forage crops, but also with areas of market gardening, fruit and the valuable industrial crops. Between a quarter and a third of the exports are foodstuffs.

Yugoslavia, though it is peopled, as its name implies, predominantly by Southern Slavs, is composed of politically diverse elements only brought together in one State at the close of the Great War. As the official handbook says, " immediately after the unification of the country, there were in Yugoslavia five judiciary territories, each having its own civil, penal and administrative legislation, with laws which differed considerably". The first official title of the country " the Kingdom of the Serbs, Croats and Slovenes " indicates the three leading partners in the confederacy, distinguished from one another not so much by race or language as by political and cultural heritage. The Serbs in the course of the nineteenth century had recaptured a small kingdom from the failing Turkish Empire ; until the end of the War, Croatia was a Hungarian and Slovenia an Austrian province. In addition to these there was the Banat, the broad strip of territory north of the Danube, with its considerable German and Hungarian population, maritime Dalmatia, fresh from Austrian rule, Bosnia and Herzogovina, Austrian for a period and before that Turkish, Montenegro, once an independent Kingdom, and Macedonia, once Turkish but incorporated in Serbia at the close of the Balkan war of 1912-13. These divisions are still traceable, with some modification, in the modern administrative Banovinas or provinces, and they represent real variations in standard of living, culture, religion, tenure, inheritance and other factors.

Many circumstances—agricultural preponderance, peasant proprietorship, production for export—would seem to make Yugoslavia the ideal seed-bed of a co-operative movement. Moreover, much peasant proprietorship is a new thing, dating only from the land reform which finally abolished serfdom and cut down the great feudal estates in the first years of Yugoslav national unity. Hence the need to equip and maintain a mass of new and economically feeble agricultural units. Finally, in the period before national unification, national feeling among the subject minorities of the Austro-Hungarian Empire had found here, as elsewhere, one of its healthiest and most constructive outlets in co-operative organisation.

The result has been, however, not one co-operative movement, but many movements. In each of the political divisions described above, a co-operative movement either already existed when national unification took place, or has since been introduced. The existing movements were all fully articulated with their own central unions, banks, wholesales, schools and newspapers. Often the agricultural and consumers' movements were separately organised. In several provinces religious or political differences have been so strong that functions, to all intents and purposes identical, are still carried on by two sets of co-operative organisations. Finally, there are the co-operative movements of the racial minorities.

It is a tribute to the vitality of the movement that neither this dispersion of effort nor a government co-operative policy which has sometimes been of doubtful wisdom has seriously retarded its development. The General Federation of Co-operative Unions in Belgrade is little more than a scaffolding, but in spite of fragmentation and competition, in spite of a government now recklessly generous, now laying the heavy hand of a moratorium alike on public spirited co-operative societies and the skin-flint usurer, in spite of a chaotic legal system and the lingering blight of the depression, the co-operative movement has made the credit society well known and well nigh universal, and since the depression and the moratorium between them froze the credit society into immobility, has turned with renewed vigour to the processing and marketing of crops and livestock.

Of these movements, as of the rural consumers' societies, much might be said statistically and descriptively, but in method they do not differ essentially from those of other countries. There is, however, one movement which is characteristic of, if not peculiar to Yugoslavia. It has only arisen since national unity was established and, originating

in Serbia, is spreading gradually to other provinces, so that it is free of the political and sectarian divisions of the older branches of co-operation. This new movement is that of the *Health Co-operatives* which, after some 15 years of quiet and unobtrusive work, is beginning to attract the attention and imitation of the outside world.

The movement grew out of a realisation of the extremely primitive conditions of Serbian villages and the inevitably slow development of public health administration. Not only were there no doctors or qualified nurses in many villages (one doctor for 12,000 people in the country is a figure given for as late as 1933) and no provision for sanitation or water supply, but many houses even lacked beds or the means of preparing food with cleanliness and efficiency. The standard of nutrition was nearly everywhere below the level required for health. Even in the northern provinces, where people are literate and in many ways advanced in civilisation, bread, onions, maize-porridge and thick grain soups are the principal diet, and few women know how to prepare even these things so that they are either digestible or palatable. In the south, bread and onions form the staple diet. Infant mortality, due to lack of knowledge and under-nourishment, is very high. During the years of fair prosperity, between the devastation of the world war and the recent economic crisis, standards rose a little and the knowledge of better things filtered through to the peasant. Since the depression, ready money has almost vanished. In many villages only home-grown food is eaten; foodstuffs are bartered for second-hand clothes; families go to bed as soon as it is dark, for lack of kerosine and matches; herbs are smoked in place of tobacco and the village inn is abandoned in favour of crude and dangerous home-distilled spirits.

When the reconstruction of Serbian village was first attempted after the war, it was realised further that public health measures which had proved suitable to the towns could not be applied unmodified to the counrty, that country districts differed from one another and required individual treatment and, finally, that the collaboration of the people themselves was much more important than in urban surroundings and much more difficult to secure. It was this last consideration that turned the attention of the late Dr. Gavrilo Kojic and other pioneers to the co-operative movement.

The anti-malarial societies of India were of course contemporary with or even earlier than this movement, but it is unlikely that they were known to the Serbian pioneers. They observed independently that here was a form of organisation which had already won the confidence of the peasant, which had done much for his material prosperity and technical education and which had not proved beyond his own powers of successful management. It was further felt that this would be to link health measures with the economic advantage of the peasant, the side on which he was most open to new ideas or proposals for increased effort. Finally, the paradoxical situation that it was in the poorest districts that health organisation promised to be the most costly, could only be corrected by strong and effective local support.

The first health co-operative society was founded at the end of 1921. In the following year the Union of Health Co-operatives was established in Belgrade, affiliated to the Central Union of Serbian Agricultural Co-operative Societies. Later, regional unions were established in the Banat and in Dalmatia. In 1936 the Belgrade Union had a membership of 108 societies with 56,000 member families, representing about 270,000 persons, of whom 64,000 underwent treatment during the year. Work, moreover, was by no means limited to members. In its early stages the movement had considerable moral, and to a more limited extent financial, help from the Serbian Child Welfare Association of America. It has also been helped by the State, though apart from a small annual grant to the Union (amounting to about £2,000) ; this help has rarely taken the form of direct subsidies, and as in other co-operative societies, the members bear a genuine financial and moral responsibility for the undertaking. Further, the initiative for the formation of a society is nearly always local.

Societies generally have a family membership of from 300 to 1,000, and cover a radius of perhaps 7 to 10 miles, including several villages, sometimes as many as seven. Members pay shares in the usual way, which may be from 10 to 100 dinars[1] and carry a liability ten times greater than the share. The primary object of the society is to provide a resident doctor and dispensary. More rarely a nurse or midwife is added. In the larger societies there are two doctors, sometimes husband and wife. The salary of the doctor consists of a fixed payment plus a variable allowance, based either on the membership of the society or the number of patients treated. Both payments, however, are made out of the general resources of the society and not paid directly by the patients. In some societies members pay a small fee to the society for consultation and treatment, and also pay for drugs. This is in all cases the practice of non-members. In many societies, however, a "health fund" has been instituted into which members pay at the rate of 5 to 10 dinars a month, payments being received principally at harvest time and sometimes in kind. This subscription covers free consultation for the member and his family, free use of the society's educational and similar services, and reduced payments for drugs, confinements, visits to the patient's house, etc. In addition, part of such payments (usually one-fifth) is set aside as a relief fund and used for short term loans to members in cases of sickness or death, or to facilitate private building for health purposes. In the Banat, where the system has been applied to a more prosperous and advanced peasantry, a full scheme of insurance has been evolved.

1. 220 dinars = £ 1.

In this way, the minimum program of work can be carried through on revenue, but many societies go further and construct a "Health House", which is in practice consulting rooms and dispensary, with doctors' living quarters, small men's and women's wards, lecture room and, as a rule, public baths. In one case at least, a small swimming pool was constructed by draining a malarial marsh. For this purpose voluntary labour is supplied by the members, who come forward to dig, cart, and build. They also make special money contributions, while loans (often without interest)—and in some cases subsidies—are obtained from the provincial or national government and from the National Union of Health Co-operatives for the purchase of material and equipment. To these Health Houses sick people are brought, adults in ox-carts, propped on straw and bright-coloured home-woven rugs, the children in their parents' arms. Often they come too late, for the people are not used to consulting a doctor till the case is almost desperate, and even when they come they may be too poor or ignorant to carry out the treatment recommended. Here education, unhastening and unresting, is the main need, and this, too, is the task of the Health Co-operatives.

The scope of the movement is much greater than that of mere curative medicine. It is intended to work simultaneously along the lines of public health, preventive medicine, sanitation and education. Compulsory vaccination against various diseases (notably small-pox and diphtheria) is carried out on behalf of the State. Several societies have taken up campaigns against social diseases such as malaria ,tuberculosis and syphilis. Nearly all societies have infant welfare departments, the activities of which may range from ante-natal-clinics to day nurseries and the periodical examination of school children. Village sanitation concentrates on the two frequently allied problems of the disposal of sewage and the provision of pure water. All structural work thereby involved is carried out by volunteers, and it is instructive to see how the action of a small group of members in a single village, who alone in 1929 set out to introduce the elements of sanitation, was copied first by others in the same village and in the next two years by as many as sixteen surrounding villages. Finally, much educational work is carried on by means of winter and Sunday courses of lectures, illustrated by diagrams and cautionary drawings, or in some cases by moving pictures. All instruction is made as concrete and practical as possible, leading in most cases to some immediate action. It is further subdivided by the creation of women's and juvenile sections. The members of the latter are boys and girls between the ages of 12 and 18, who work separately, the boys practically as young farmers' clubs concerned with pig or calf-rearing, poultry and bee-keeping (the stock supplied being always of a superior type) or with the growing of new kinds of vegetables. The girls, in addition to certain types of agricultural work, are taught the elements of domestic economy and child management. In some of the larger health houses, girls are accommodated for residential courses of some weeks, a grant from the provincial government being obtained to meet expenses, since no fees are charged to the pupils. Women's sections study much the same subjects as those for girls, but being composed of adults, they are able to take a more active part in the life of the community, in seeing that hygienic instruction is applied and that members fulfil their obligations to the society, and also in organising amusements and creating a much-needed social life in the village. In 19 villages a veterinary section has been added to the work of the society, thus appealing once again to the economic interests of the peasant, who is often quicker to realise the cash value of his livestock's health than his own.

All this calls for unusual qualities on the part of the doctor and loyal support on the part of committees and members. The doctor's relations with the people, it has been said[2] "must be based on mutual co-operation, confidence and complete understanding of its requirements". He must work "for the population and with it", remembering that hygienic regulations "have no durable success if they are enforced" and that in the country there is a "close connection between public health and economic problems". The success of the movement shows that doctors of the right type have not been lacking. On the other hand, "hygienic service cannot be successful unless the people is active and takes part in the work". The strong democratic interest taken in the societies is evident in fully attended meetings, volunteer service and the faithful work of peasant secretaries and committees, presided over perhaps by the village priest or schoolmaster. A peripatetic meeting of some 600 peasants spending a whole Sunday discussing, with visits to the available plots, the site for the new Health House of which they themselves would undertake the building, is impressive evidence of the

2. *Principles of Rural Hygiene and Health Co-operatives* by Doctor K. Konstantinovitch and Doctor K. Schneider.

real hold which this movement has taken on the imagination of the Serbian peasant.

Spontaneous as the movement is, however, it would have been impossible without the work of the Union of Health Co-operatives, which provides for the formation of societies, their guidance and instruction, inspection, auditing and financial assistance; for the supply of drugs and appliances; the design of buildings and sanitary undertakings; the provision of qualified personnel; the opening of schools and courses and the planning of educational work in general; and for the linking up of the health co-operatives with the agricultural co-operatives on the one hand and the appropriate section of the Ministry of Health on the other. Such work carried on for little more than a dozen years has borne astonishing fruit. It will take many years of patient education and slow accumulation of knowledge and material resources before the health problems of Yugoslavia are solved, but undoubtedly an instrument has been devised of unusual power and flexibility, and one which other countries where social and economic conditions are similar would do well to study. Bulgaria has gone further, and the first Health Co-operatives have already been set up in that country. Such societies demand certain moral qualities if they are to be a success, notably persistence, and our old friend the "enlightened self-interest" of the economists, but they demand far less business ability than a co-operative trading society and present fewer temptations. They must depend for their fullest success on the action of other co-operative enterprises in raising the general standard of living, but few types of society have tackled non-economic "better living" with more practical results.

CO-OPERATIVE SOCIETIES AND VILLAGE PANCHAYATS AS AGENCIES IN RURAL RECONSTRUCTION

By

K. C. Ramakrishnan, M.A.,
University of Madras.

There is a faith among co-operative enthusiasts in this country that co-operation is a 'universal provider,' that it is the best, if not the sole, agency for carrying out every phase of rural reconstruction. This was given expression to by official as well as non-official co-operators at the last (12th) Conference of Registrars of Co-operative Societies held at New Delhi in December 1936. The resolution that was strongly supported and unanimously carried was worded thus: "The Co-operative Movement should be used to the fullest possible extent, compatible with its principles, for extending the Rural Reconstruction Movement as it is the best, and in many cases the only means for providing the organisation, without which the Rural Reconstruction Movement cannot be permanent." The mover of the resolution, Mr. Eustace of the Punjab, commended the Better Living Societies (new model) with by-laws to serve "every form of enterprise possible." He said that in many parts of the country the co-operative society was the only available local organisation under regular supervision and with a managing committee to whom funds locally raised or granted by Government could be entrusted for proper administration. He urged, however, that the whole village or sub-division of a village should join the society, or at least a member from each family. Mr. V. Ramadas Pantulu entered a caveat at the co-operative society undertaking functions which do not really pertain to the co-operative agency: education, sanitation, medical relief, water supply and communications—functions which belong to local self-governing bodies, and are performed only by them in other parts of the world. The Chairman, Mr. M.L. Darling, seemed to concede the point in favour of village panchayats attempting some of the tasks, but wanted co-operative societies to shoulder them, where Panchayats did not exist or function. The rest of the members did not seem to be convinced of the potentialities of the Panchayats as local-self governing bodies, but expected everything of co-operation. The resolution was carried unanimously. There was no stress on the limitations of co-operation, no attempt to define its proper sphere nor recognise the importance of other agencies, especially local bodies, in the work of rural re-construction. It is this task that is attempted in this paper.

The Content of Rural Reconstruction.—The range of activities contemplated by the advocates of Rural Reconstruction is immense, and indeed extends beyond those indicated by the famous slogan of Horace Plunkett: Better Farming, Better Business and Better Living. The reform of land tenures is not explicitly included here. But Sir Horace Plunkett who practically founded the Irish movement and nourished it for many years had the foundation laid for the movement by the Gladstonian land legislation of 1881, which conferred on the tenants three important rights—fair rent, fixity of tenure and free sale. In many parts of India, these rights have yet to be secured, if better farming is to be practised. No co-operative movement anywhere has to its credit the achievement of tenurial reforms. Legislation by the State has to be resorted to for this, and also for the consolidation of holdings—if this is to proceed at a faster pace than is accomplished by the co-operative method of the Punjab, which has in 15 years consolidated less than 500,000 acres.[1]

As for Better Farming, Horace Plunkett and his colleagues, great co-operators as they were, did not fight shy of State assistance to agriculture, provided it was "so given as to supplement but in no wise to be a substitute for self-help". Indeed Plunkett was the first head of the new Department of Agriculture and Technical Instruction and continued to hold the post for 7 years—though characteristically enough he received as remuneration only his actual out-of-pocket expenses.

It is with the second aim, of Better Business, that co-operation is most concerned. All over the world co-operative societies have been established for some business purpose—for the supply of credit or of domestic and agricultural requirements, for the processing and marketing of agricultural produce and to a small extent for insurance against loss of crops or livestock. There are no doubt secondary objects of non-material character—like education and social amenities—in which societies especially of the Raiffeisen type have been interested and spend their common good funds upon, even as the early Rochdale stores in Great Britain spent their funds on providing education and maintaining libraries for members and their children until the Local Government authorities took up the task for the benefit of all citizens from out of the funds collected, mostly by way of compulsory levies from citizens with property or income.

The spheres of Co-operation and of Local Self-Government.—The distinctive feature of a co-operative society, compared with a local self-

1. **Ata Ullah,** ***The Co-operative Movement in the Punjab,*** **p. 257.**

governing body, is that "it is a *voluntary* association of members for the express and exclusive purpose of supplying the specific commodities or services desired by them", for which each one pays a definite price per unit, either at market rates getting a rebate afterwards or at cost price if it can be immediately calculated. A local self-governing body is on the other hand, "an *obligatory* association of inhabitants within a given geographical area, developing departments for the supply of commodities and services according to the will of the majority of the inhabitants." Many of the services are free and open to all, not paid for by users individually.

Better living which is the third, but perhaps the most important, of the aims of rural reconstruction includes several amenities like education and libraries, sanitation and public health, water supply and communications. In so far as these are organisable and are of importance to the whole community, instead of to individuals prepared to pay, they are better organised by local self-governing bodies than by co-operative societies. Except in the supply of commodities like milk or coal or gas or electricity, which is now undertaken by some municipalities and sold at definite rates per unit, it is difficult to measure the cost of services and demand payment for use from individuals. This is particularly so in the case of roads, parks, libraries, etc. The whole community has to be made to pay for them by way of taxes imposed, generally according to property or income. There is also the need for the regulation and control and the suppression of anti-social conduct, in the cases particularly of public health services which are eminently fitted on that account to be taken over by statutory self-governing bodies rather than co-operative societies, to which any kind of compulsion and universal obedience should be alien. If we are to insist as a civilised community on a national minimum of health and education and comfort for all our people, the best thing is to entrust these services to statutory local bodies rather than to voluntary associations like co-operative societies, which attract in most agricultural countries only a certain section of the population.

Cannot combine Municipal and Co-operative Services.—Speaking of the desire of some co-operators to combine the municipal and co-operative services in one body, so to say "to get the best of both worlds"—to retain all the freedom and elasticity of voluntary associations and at the same time to enjoy the advantages of universality of membership and compulsory powers—Mr. and Mrs. Webb say "This vagueness of thought with its mutually inconsistent aspirations is an intellectual weakness from which co-operators would do well to free themselves. Neither universality of membership nor legally compulsory powers can ever be the attribute of voluntary associations." Summing up the discussion they state clearly: "There is no need to prescribe boundaries to the sphere of voluntary association of consumers. They can experiment for themselves and every new achievement is likely both to facilitate further advance and to open up new vistas. Nevertheless experience has shown that voluntary associations of consumers cannot be made the basis of the government of industries and services, in which use or consumption is essentially compulsory, or which involves risk or inconvenience not merely to the members but to all the citizens; *e.g.* water supply, drainage, lighting. A like consideration applies to the services which it is advantageous to supply gratuitously on a communist basis—such as the public schools, libraries, parks and many other municipal enterprises."[2] It is indeed the universal practice to vest these functions in the municipalities in towns and rural communes and County Councils in the countryside.

Health Co-operatives of Yugoslavia.—The outstanding exception to this general practice in recent times is furnished by the Health Co-operative Societies of Yugoslavia, one of the Balkan States in Southern Europe. These societies have taken upon themselves functions which elsewhere are discharged by local self-governing bodies. They were only recently founded, in 1921, and derived most of their strength in the last eight years. They cannot strike Indian readers as altogether original, as the Anti-malarial Societies of Bengal were founded even earlier in 1918, and there are now more than a thousand of them, taking into account only the registered societies, while the Health Co-operative Societies of Yugoslavia number only 114 according to the latest available account of them. The achievements of the latter, however, are much more substantial. The primary aim of a Health co-operative is to provide a resident doctor and dispensary; a nurse or midwife is added by some. The doctor gets a fixed pay, plus an allowance according to the number of members or patients treated, from out of the general funds of the society. Besides a small share capital, a subscription is collected from members monthly or at harvest time to cover charges of service while drugs have to be paid for, though at lower than market rates. In some societies additional payment has to be made for consultation and for visits to the patients' houses by the doctor. A number of societies have each constructed a 'Health house' containing the dispensary, a few wards, the doctor's living quarters, a lecture room and a public bath. A later development has been the adoption of preventive measures like vaccina-

2. Webb, *The Consumers' Co-operative Movement*, p. 425.

tion, and of campaigns against diseases like malaria, and tuberculosis and syphilis. Inspection of primary school children and village sanitation have also been taken up at the behest of public authorities. In the construction of drainage and water-works voluntary labour has been supplied by villagers, who are ready to dig, cart and build, with an enthusiasm which has become infectious. All the societies are affiliated to the Union of Health co-operatives which has become the biggest educational force. Miss M. Digby concludes the account of these Health Co-operatives thus: "It will take many years of patient education and slow accumulation of knowledge and material resources before the health problems of Yugoslavia are solved; but undoubtedly an instrument has been devised of unusual power and flexibility and one which all those responsible for the hygiene of relatively primitive but intelligent and energetic people could do well to study."[3]

It may be said that such a study of the Health Co-operatives of Yugoslavia may provide a stimulus for future voluntary efforts in India, or at any rate may serve to justify past efforts in the field. A closer analysis, however, would reveal some fundamental differences. According to a writer in the *International Labour Review* for July 1933, when the first Health Co-operative Society was founded in Yugoslavia in 1921 the Co-operative Movement had already made a great advance among agriculturists. There were 4272 societies embracing within their fold 23 per cent of the agricultural population. It could be truly said that the "Yugoslavian peasant, in his general ways of living, working and solving his economic problems, thinks and acts, so to speak, co-operatively". The tradition, the experience and help of the old co-operative federation were all available to these new societies. The economic standard had been already raised by the agricultural co-operatives; health standards could easily follow on such foundations.[4] After all the primary function of the Health Co-operative is to provide medical attendance and drugs to individual members at a reasonable price without any profiteering. This is essentially the work of a consumers' society and has to some extent been accomplished by co-operative pharmacies in some of the European countries. What is new is the rendering of public health services, generally taken up by local authorities, and supervised by the State Department of Public Health. The Health Co-operatives of Yugoslavia have not taken upon themselves functions relating to general education, communications, lighting etc., which pertain to local authorities.

3. Year Book of Agricultural Co-operation, 1937, p. 102.
4. M. Colombain on *Rural Hygiene and Health Co-operative Societies in Yugoslavia*, pp. 24-25.

The Anti-malarial Societies of Bengal.—The Anti-malarial Societies of Bengal bear the nearest resemblance to the Health Co-operatives, though they had an independent and earlier start. There are nearly a thousand societies registered, an equal number remain unregistered. Some of them have done excellent work in clearing jungles, weeding out water-hyacinth and draining marshes and thus putting down malaria in the countryside. But many of them are at present working indifferently, due to paucity of funds. There is no stimulus to, or reward for, individual effort or loyalty as is found in a normal co-operative society and even in the Health Co-operatives of Yugoslavia. Though the cost of a village society is small where personal labour is offered for the work to be done, several societies are said to be languishing for want of funds. The patronage of the State Department of Public Health and of the local authorities is solicited. "The movement should have permanent effects" says a great authority 'if the local authorities use the village societies but not otherwise. Several generations will be needed to produce spontaneous anti-malarial effort by the peasant".[5] Even before the depression the Central Co-operative Anti-malarial Society had found it difficult to supervise effectively the affiliated societies. "The Government began to grant aid, the District Boards and the Union Boards granted an equal amount without any reference to the Central Society, with the result that the supervision work has automatically passed from the hands of the Central Society to those of Local bodies."[6] A recent writer draws attention to the relation now prevailing between the two organisations. "In the areas where these societies have been started, they and the Union Board work side by side for the prevention of malarial outbreak. Conflicts and clashes consequently ensue. The Board and the societies become rival organisations. The former withdraws its grants and makes propaganda against the latter. A vicious atmosphere is created and all the evils of overlapping functions are brought out into clear relief. It is better to concentrate the anti-malarial function in the Union Boards than to diffuse it between the two organisations. It should be the rule that the anti-malarial societies are to be started in those localities where the Village Self-government Act of 1919 has not yet been applied."[7]

The Better Living Societies of the Punjab.—It is in the Punjab that the biggest claim is made for adopting co-operation as the best, if not the only agency for rural re-construction, even in the sphere of Better Liv-

5. C. F. Strickland, *Review of Rural Welfare Activities in India*, p. 34.
6. H. K. Sanyal in *Co-operation in India*, Ed. by H. L. Kaji, p. 141.
7. N. C. Roy, *Rural Self-Government in Bengal*, p. 179.

ing. Here is such a claim made by a famous ex-Registrar of the province. "Co-operative Societies for agriculture and other economic purposes are familiar throughout the world. The peculiarity of the Punjab Movement is the formation of moral societies, arbitration societies for the prevention of litigation, education societies for adults and juveniles, thrift societies for all classes and better living societies for the restriction of extravagance and the improvement of hygiene".[8] It is this last type, the Better Living Societies that have grown largest in numbers—there are more than 500 now—and have expanded their aims from economy in expenditure on social functions to schemes of education, sanitation, prohibition of the use of opium and illicit distillation, pitting of manures and several other village uplift schemes. But as a former Registrar of Madras said, one cannot be very optimistic of a co-operative society "branching out into endless ramifications, losing sight of the main obje[illegible] in a multiplicity of activities"[9] and undertaking civic functions like e[illegible]cation, sanitation etc., which are much better undertaken by the Government and local bodies. The original object of Better Living Societies of drastic reduction of ceremonial expenditure is said to have been achieved by several societies. But the Punjab Registrar himself was not sure "how much of the expenditure is due to the preaching and practice of these societies and how much to the shortage of hard cash".[10] An incidental evil of the emphasis on the main object is "the formation of societies on a strictly communal basis, since a society of mixed communities finds it difficult to lay down rules which would be binding on all the members."[11]

Compulsory Education Societies.—Compulsory Education societies of the Punjab have a distinctively poorer record. T[illegible] number of societies has come down from 101 in 1931 [illegible] 84 now. The Registrar wrote in 1933 "The title of the societies is a misnomer; for the last thing that is exercised is compulsion. Fines for non-attendance are in some respects quite fiercely (freely ?) imposed, but recovery is another story. Of Rs. 659 imposed as fines, there is but a single instance of recovery amounting to Rs. 10".[12] His suspicions were aroused in 1934. "There is an unaccountable drop from 4456 to 3087 in the number of children who should have attended school, which greatly improves the proportion of those who actually attend, but I very much doubt the accuracy of the figure. Fines as usual were imposed with little intention of realising them".[13]

8. C. F. Strickland, *Review of Rural Welfare Activities in India*, p. 14.
9. H. M. Hood before the Townsend Enquiry Committee.
10. Report on Co-operative Socieites in the Punjab, 1932-3, p. 50.
11. Report on Co-operative Societies in the Punjab, 1933-4, p. 45.
12. Report on Co-operative Societies in the Punjab, 1932-3, p. 49.

Persuasion or Compulsion ?—There is a very significant passage bearing on our present discussion in a recent official memorandum on rural reconstruction in the Punjab, issued very probably by the illustrious Mr. F. L. Brayne, the Commissioner for Rural Reconstruction in the Province.

"In fact every single item of the rural reconstruction programme is carried out by persuasion. Persuasion varies from pious expression of opinion almost to physical compulsion, depending upon the energy and enthusiasm of the official or rural leader concerned. The people would gladly accept a large measure of compulsion for the simple well understood things; and the rural leaders and rural officials are continually asking for it, as at present their position is a bit awkward, being expected to secure mass acceptance of an uplift programme with no legal authority whatever to enforce it.

"The Punjab Government's policy is at present to use persuasion only even in such elementary but vital matters as the control of epidemic diseases. Their ambition is to establish village self-governing institutions which will organise this work and will exercise the legal power to do so. The framework of this legal power is already there in the District Board Act and the Panchayat Act and the Co-operative Societies Act. The Co-operative Societies Act is used, but little use is yet made of the compulsory powers of the District Board Act for the purposes of rural reconstruction".

This appears to us to give away the whole case for looking only to co-operative agency to carry out every phase of rural reconstruction.

Village Panchayat complementary to Co-operative Society.—There has been a concensus of opinion in Southern India that Statutory Village Panchayats are capable of achieving certain improvements in village life which are beyond the scope of co-operative societies. There has been little antipathy or rivalry between the two movements. They were indeed deemed to be complimentary to each other. The protagonists of each recognised the value of the other. The first Registrar-General of Panchayats in Madras declared at a co-operative conference: "I believe in the efficiency of co-operation attacking successfully one important aspect of the problem of rural reconstruction, by the betterment of the economic condition of the great majority of the rural population, now

13. Report on Co-operative Societies in the Punjab, 1933-4, p. 43.

steeped in debt. Such betterment in material condition is a sure foundation for that heightening of moral stature, that acquisition of self-confidence and that assurance of capacity for self-development which are so essential for placing rural life on a visible basis. But it is only a foundation for one aspect of rural reconstruction; it cannot be a substitute for all of it."[14] He pointed out the essential difference between Panchayat and Co-operation. The former is more comprehensive than the latter. Co-operation touches but a few spheres of life, the Panchayat leaves no phase of life untouched. The major distinction lies in the coercive power of a governmental character to levy taxes and to punish and the universality of its jurisdiction in the village, while a co-operative society can cater only to a limited clientele who come and go as they like. Coercion of the Governmental type is indispensable but the coercive powers are not so irksome because of the visible return in the shape of benefits.

Madras Provincial Co-operative Union's faith in Panchayats.—The President of the Madras Provincial Co-operative Union, which organised six rural reconstruction centres and nourished them for half a dozen years from out of the grants made by the Provincial Bank and the District Banks in the area exhorted the Provincial Co-operative Union workers not only to organise co-operative societies but also village panchayats. His statement was emphatic. "The statutory village panchayat should be made the main instrument for reconstruction work. No other agency can comprehend within its scope all the spheres of village activity. Voluntary associations without legal sanctions are difficult both to organise and to sustain. A village panchayat under the Act of 1920 is a corporation and enjoys power of local taxation for common good. It has also certain plenary powers."[15] Accordingly all the centres organised panchayats, some of which have done excellent work.

Functions and Resources of Panchayats.—The extensive scope for activities of statutory panchayats may be seen by a reference to the provisions of the Madras Village Panchayats Act of 1920. The functions included the provision of water supply, drainage, sanitation, lighting, education, libraries, communications, control of cattle stands, threshing floors, etc. Franchise was extended to all males of over 25 years of age. The Act placed no specific resources at the disposal of the Panchayat. No tax was compulsory, but permissive powers to raise taxes suitable to

14. Mr. N. Gopalaswami Ayyangar's Address at Trichinopoly District Co-operative Conference.

15. The Madras Journal of Co-operation, Vol. XIX, p. 441.

the locality were given. Grants were offered for the establishment and maintenance of schools, libraries and the construction of works of utility —if one half of the cost were found by villagers in the shape of cash or labour. The later Local Boards Acts favoured the formation of Minor Panchayats in smaller villages and definitely assigned the Panchayats one-third of the land cess collected (1½ annas per Rupee of land revenue) in the area under their jurisdiction, the other two-thirds to go to the District Boards.

Achievements of Panchayats in Madras.—That the functions and permissive powers of taxation pointed out above were not a mere legislative conception but were actually exercised could be found out by a study of the illuminating reports of the two Registrars-General of Panchayats in the period 1920-1930, which may be said to be the heyday of the revived or newly organised Panchayats. Such reports are not available from 1931 and mere statistics of income and expenditure of Panchayats are included in the reports of District Boards. There are at present about 500 Major Panchayats and over 4000 Minor Panchayats. The most popular service in the last decade was the establishment of schools in about 1300 villages, half of which had buildings of their own. More than 500 villages availed themselves of the library grants by themselves subscribing an equal amount. Nearly a hundred villages had improved water supply. A number of old tanks were repaired. The biggest service since rendered by Panchayats has been the lighting of streets; next in order came communications, conservancy and control of markets. Glowing accounts have been received of the work of Panchayats in the rural reconstruction centres run by the Madras Provincial Co-operative Union, particularly from Alamuru in East Godavari District and the one run by the Servants of India Society, at Mayanur in Trichinopoly District.

In addition to the levy of house and profession tax and the income from the control of markets, cart-stands, etc., old sources of communal income have been tapped, particularly from *samudayam* lands. Taxes have been collected in the shape of produce as well as cash. A good number of Panchayats mobilised village labour, as of old, for the constructions of roads, bridges and for the repair of minor irrigations works in striking contrast to what *Kudimaramat* Co-operative Societies have been able to do. "Against two Co-operative Societies doing Kudimaramat work in Tanjore, there were 30 panchayats in one taluq of that District which carried out such work last year, work which had been neglected for years."[16] This was in 1925. That things have not since im-

16. Mr. N. Gopalaswami Ayyangar's Address at Trichinopoly.

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proved very much with the co-operatives could be seen from the latest Administration report on Co-operative Societies. "Unless the majority of the big mirasdars join these societies, there is no scope for their successful working, as the enforcement of the Kudimaramat Act to collect the contributions is not an easy task."[17]

Willingness of Panchayats to tax themselves.—Mr. T. G. Rutherford was surprised at the willingness of villagers to tax themselves. "In what was a non-co-operation centre in 1922 in Guntur, the villagers are raising funds by taxes, mainly on their produce, to a surprising extent for the improvement of communications and water supply."[18] Mr. N. Gopalaswami Ayyangar was convinced of the readiness of villagers to tax themselves under certain conditions. "Each additional year of experience in the work I am in charge of has only served to fortify the faith that I have in the readiness of our people in the rural areas to incur reasonable sacrifice if it is needed for subserving the common welfare, and that it is not difficult to persuade villagers to tax themselves, provided it is made clear to them—(a) that the money raised will be spent in the village, (*b*) that they will be left free to choose the form and rate of taxation subject to reasonable control and (c) that they will not be called upon to pay out of such taxes for services which the Government or the Local Boards are now bound to find money for".[19]

Need for better Organisation.—The record of Panchayats in Madras, at any rate before the depression, has not been excelled by that of co-operative societies in their spheres. The percentage of failure has not been greater in the former, though that is not a matter for congratulation. It is a pity that there has been no separate report on Panchayats since 1930. There have been charges of District Boards being indifferent to the supervision of existing Panchayats and even hostile to the creation of new ones, as these would take away one-third of the land-cess, without reducing very much their expenditure on services over the whole district. A few District Boards, however, like Chingleput and North Arcot have been very helpful to Panchayats, but they are exceptional. The wisdom of the abolition of all Taluq Boards, though several of them were bankrupt, has been questioned by the champions of Panchayats, though it was pointed out that their abolition would divert more funds for the Panchayats. What appears to us to be more unsatisfactory is the creation of Minor Panchayats, one for each village, whose activities—not reported upon by the District Boards—are confined to putting up a few lights each or running an elementary school. A single-village Panchayat was all right in olden days, when villages were isolated from one another and when the functions were confined to settling disputes, arranging for watch and ward and carrying out minor public works with customary labour. But a single-village panchayat can do little to provide the modern amenities now expected of rural self-governing bodies. A Union Panchayat for a group of villages, if they are small, and a Circle of a few such Panchayats in a revenue firka would be a better organisation. Such a widening of the jurisdiction of rural self-governing bodies—the County Boroughs—is what is advocated by reformers of Local Government in England, though it is opposed to traditional ideas and local sentiment.[20]

17. Report on Co-operative Societies in Madras for 1935-6, p. 35.
18. Report on the Working of Panchayats in Madras, 1929-30.
19. Report on the Working of Panchayats in Madras, 1926-27.

Separate Supervisory Staff.—There is need for the strengthening of the guiding and supervisory staff who could devote their entire attention to the affairs of the Panchayats. This has been pointed out repeatedly by the first Registrar-General of Panchayats. He said it would not do for all time to depend upon honorary workers sacrificing their time and money, though "the work of some of these would not suffer in comparison with that of salaried officials." Mr. M. L. Darling blessed the Panchayat Act (1922) of the Punjab as "the best bill that the Punjab Council has passed since the war; for its main object is to improve village conditions on indigenous lines." He deplored that little use was made of it and suggested that "Every district should have a trained officer, himself a villager, to foster and supervise the growth of Panchayats. Co-operative societies could never have multiplied in their thousands without the assistance of a large, carefully chosen and highly trained staff; and it is absurd to suppose that Panchayats, which are akin to them can possibly thrive without it."[21] Panchayat Officers have been appointed in several districts of Madras; but it would be better to dissociate them from District Board services.

More Funds.—The lack of funds has been the greatest handicap to the development of Panchayats in Madras as well as other provinces, though in the former the latest Local Boards Act has ensured them one-third of the land cess collected. This could well be further raised to 50 per cent, leaving the other half to the District Board. While all attempts should be made to tap the non-tax sources of income in a

20. W. A. Robson, *The Development of Local Government*, p. 5[illegible].
21. *Wisdom and Waste* in the Punjab, pp. 142-3.

village, it would be difficult to avoid the levy of local rates for local benefits. Once the villagers were assured of the latter, as already pointed out, the difficulty would not be so great. At any rate it should be less if the much talked of lightening of the burden of land revenue on the poorer holders were to be given effect to.

Supervision by State.—The development of local self-government should not mean the surrender of all powers of supervision by the State. There is need to enforce a minimum standard of education, health and housing, of sanitation and communication. It is necessary that the Government should retain the power "to make the less enterprising of our local authorities toe the line" as even in the United Kingdom it has been found necessary, in the absence of active public opinion, for the local authorities to be prodded by Government departments and cajoled by grants-in-aid.[22] It is well to remember the warning of Prof. Laski that "in many respects the creation of a local government system is the offering of hostages to fortune. For a backward community may be hostile to every species of improvement and it is rarely indeed that its forced conversion to novelty is at all satisfactory."[23]

22. J. G. Drummond, *Panchayats in India*, p. 49.
23. A Grammar of Politics, p. 414.

RURAL WELFARE AND CO-OPERATION

BY

R. SURYANARAYANA RAO,
Servants of India Society, Madras.

So much has been said and written about the importance of measures to promote the welfare of the rural population, the imperative necessity for adopting them may be safely accepted as one of the most important national activities. Even a cursory study of the economic and social conditions prevailing in our villages will reveal the glaring fact that the problem is complicated and unless the problem is tackled 'on all fronts' such efforts as are being made, and perhaps will be made may prove to be purposeless yielding no lasting results. In recent times even the Government have entered into the field and in various provinces official or quasi-official organisations have been set up to carry out measures for rural welfare supported by State aid. But experience has shown that without adequate knowledge of the conditions of the problem and without the co-operation of those whom it is to benefit no programme of rural welfare can succeed. Strickland in his survey of the *Progress of Rural Welfare in India* prescribes the following criteria to test the efficiency of such rural work as is being done. They are important and so well expressed that they bear repetition.

1. **Permanence.**—Is the work dependent on the presence of an individual who may be removed, or of an organisation which may, through a change of policy, cease to take interest in it? In the event of such removal or change, will the work collapse, or will it be continued by local residents for whose benefit it is intended?

2. **Co-ordination.**—Is each official department or unofficial organisation operating independently along a single line, or are all forces, official and unofficial, being co-ordinated in an attack upon the rural problem on a broad front with the maximum of co-operation?

3. **Personnel.**—Are the men and women who are engaged in the work trained and qualified for their task, whether technical or social, or are they amateurs who learn, perhaps painfully, at the expense of those with whom they deal?

4. **Cost.**—Are the results proportionate (in importance and in permanence) to the money spent? Is the scheme one which ought to become self-supporting and does it appear likely to do so?

If an impartial study of the rural work carried on in different parts of the country is made, no one will have the hardihood to say that either the official or the non-official efforts can satisfy all or even some of these tests. Lack of permanence is a sorry feature of all rural work. Instances are not wanting of efforts well-planned and carried out, but owing to causes beyond the control of the organisers had to be abandoned just at the time when the prospect of successful reuslts was in sight. But it is rightly believed the work would not have suffered if the villager had been associated with it and sufficient enthusiasm for it had been raised in him. At present the programme is all planned for the villager by others who often do not realise and appreciate what oppresses him most. Even the village teacher who is more conversant with the conditions prevailing in the village does not find a place in most of the schemes for rural welfare. There is also the woeful lack of co-ordination between different organisations engaged in the task, especially the Government agencies who believe more in imposing their ideas with the prestige and authority their position invests them than co-ordinating their efforts with those of others. The result is the problem is not attacked on a broad front with the maximum of co-operation and the poor and ignorant villager is bewildered and does not know whom to follow or what to do. As his past experience has been disappointing and he has lost the faculty of distinguishing a friend from a foe, he feels his lot is to be a victim of exploitation and resigns himself to his fate, discontented and desperate. Shrewd as he is, he also discerns that persons engaged in the work are amateurs who have come to learn more at his expense than solve his problems, and the air of patronage they assume often amuses him. He considers their frequent or occasional visits like those of the officials as one of those inevitable evils which Fate has decreed for him. As regards cost also it is seen that the results achieved are not commensurate with the expenditure incurred and usually there is no prospect of its ever becoming self-supporting either by income derived from economic activities started or by contributions made by the villagers. It looks as though the work should depend for its support on outside help only.

What then is the remedy for the present state of things ? How can the villager be helped to improve his lot ? Can the rural welfare work be ever organised on a sound and sure basis ? What kind of organisation can perform the task satisfactorily? On answers to these questions will depend the future programme of rural welfare. Enthusiasts of the Co-operative Movement think that co-operation alone can prove a panacea for all the ills of the village community and that under its auspices the whole village organisation can be reformed to promote the welfare of the village. Standing as it does for the great ideal " Each for all and All

for each " it is argued it can be made to inculcate the truth that each man can find his own in all men's good if all men work in noble brotherhood. But these well-meaning enthusiasts forget the fact that while the spirit of co-operation is absolutely essential as the basis for all good work, there are many items in the rural welfare programme which cannot be successfully carried out by co-operative organisations and there are certain services required by the village population which are beyond the purview of the Co-operative Movement. At best the Co-operative Movement can be an auxiliary to bodies set up such as the Panchayats, though the Village Credit Society, as the Hon'ble Mr. Ramadas Pantulu says ' can be made to comprehend a wider range of the villagers' economic life ' and can be a useful instrument ' to draw the villagers together for many common purposes ! '

Taking the Madras Presidency, the problems of village life are many and for some only the Co-operative Movement can offer solution. It is stated that most of the land in the ryotwari areas is divided into small holdings. The latest figures show that out of a total of 6,169,582 single and joint pattadars, those paying an assessment of rupee one and less were 732,355 single pattadars and 592,699 were joint pattadars shared by 1,934,081 persons. There are 2,095,516 single pattas and 1,315,703 joint-pattas shared by 4,178,304 persons paying an assessment of Rupees ten and less but over rupee one. So the bulk of the land is held by these two classes of small pattadars. It is said the average holding works out at 3 acres and average assessment on pattas paying Rs. 10 and less and over Re. 1 works out at Rs. 4. How uneconomic these holdings should be can be realised if it is also noted that most of the land held by these small pattadars is of poor quality, yielding low produce. Here is a field where the Co-operative Movement can prove useful by formulating a scheme for the consolidation of holdings prepared after a careful study of the conditions prevailing in different tracts. Then there is the question of encouraging subsidiary occupations to augment the meagre income of the small pattadars. The Co-operative method for organising, financing and marketing the products of cottage industries mainly carried on as subsidiary occupations may be usefully adopted. There are also those engaged in certain occupations, such as the weavers, who can be helped by co-operative organisations. Above all there is the need for the provision of cheap credit to meet the cost of cultivation and liquidation of prior debts, inculcation of the habit of thrift, promotion of better living, joint purchase of the cultivator's requirements and sale of his produce and such other economic activities calculated to increase the earning capacity of the cultivator so that he may be enbled to improve his standard of living without resorting to impecunious ways. Are not these and other economic features in the rural welfare programme on the solution of which the prosperity and contentment of the villager mainly depends important? What greater and nobler task can the Co-operative Movement aim at? Even in other spheres which cannot be technically classed as co-operative such as the education of children and provision of amenities to villagers the Co-operative Movement can play a great part by assisting in those endeavours in various ways, even contributing funds from its resources.

While the Co-operative Movement can, as already pointed out, contribute a great deal for the economic uplift of the village community and thereby revolutionise village life, there are certain services common to all classes of people which can best be performed by statutory bodies empowered to raise funds and utilise them properly. The village panchayats elected on adult franchise, enjoying autonomous powers, free from the galling restrictions now imposed, having direct dealings with the Government without the intermediary of the District Board, can do a great deal for the social and cutural development of the villages. Such devolution of powers as is necessary and provision of adequate funds, even allowing them a share in the land revenue, will enable them to function effectively. The village panchayats as they exist at present with restricted powers, often derived from and subject to the District Board, and with inadequate resources, mostly subsisting on doles grudgingly given, have not been able to accomplish much. There is nothing intrinsically wrong with them. They are what they have been made to be. The village panchayats organised on right lines with the co-operative organisations as auxiliaries, can be the most effective instruments of village uplift. In this connection it is worth considering whether the compulsory organisation of a Panchayat for a revenue village or a group of contiguous villages is necessary and desirable. It is also best to examine whether it is not possible to avoid the creation of a number of bodies either by statute or administrative orders by combining all the functions in one body elected by the people in order that the limited talent and spirit of service available may all be harnessed to solve the problems affecting the village as a whole and thus attack the problem of rural welfare 'on all fronts'. Those who have made a study of the local self-government institutions and bestowed some thought on the subject feel strongly that a reform in this much-needed direction is urgent. When all this is done, there is no doubt our programme of rural work will satisfy the criteria prescribed by Strickland and it is earnestly hoped all will be well with our villages.

REVIEWS

YEAR BOOK OF AGRICULTURAL CO-OPERATION, 1937: Edited by the Horace Plunkett Foundation (P. S. King and Son, London. 15s. net).

This annual maintains its high level of excellence and is indispensable to all who wish to be posted with the latest developments in the field of agricultural co-operation. There are about forty authoritative contributions relating to countries ranging from China to Argentine. The legislative changes of the last year, few as they are, have been noted in a separate section. Publications on co-operation and allied subjects are briefly reviewed, and the bibliography has been brought up-to-date. We have often wished that for the benefit of new buyers of literature the prices of books, reports and periodicals were also noted.

As usual, the introductory chapter surveys the trends of co-operative development in the last year. We are told the internal position of the Movement is stronger everywhere—'turnover has risen, prices are more remunerative, debts less burdensome, capital position reinforced, and membership has grown.' We wish all these were true of India, which does not find a place in the current Year Book—though on Hyderabad there is a short note, which refers more to potentialities than performances. The external relations of the Movement with the State are said to be improving on the whole. The most noteworthy feature is the growing understanding between producers' and consumers' organisations in most of the co-operatively advanced countries. The difficulties of credit societies are everywhere greater and are to some extent accentuated by State action as regards relief of debt. The marketing societies on the other hand are growing in importance and extending short-term credit facilities.

Under the arresting title, *A Domesday Book of New Zealand Agriculture*, Dr. C. R. Fay, the Chairman of the Foundation, reviews at length in his characteristically brilliant style a monumental publication entitled *Agricultural Organisation in New Zealand.* We in this country are not so advanced in the production of butter and fruits—not to speak of wool, meat or bacon—that we could have any immediate interest in the co-operative trading developments taking place with reference to the above commodities. While it is a delight to know the heights co-operative marketing could reach, it is instructive to follow the observations made by Dr. Fay on the part credit could usefully play in the cultivation and disposal of produce as disclosed by conditions in New Zealand, Canada, U.S.A., and Great Britain.

Mr. C. F. Strickland, the illustrious ex-Registrar of the Punjab, who recently spent a year in China teaching co-operation at a University and examining the Movement in many parts of the country, writes on 'Co-operation in China.' There is much in common between that old country and ours. They have had the *Hiu,* corresponding to our chit system. The modern Co-operative Movement has had its origin in the founding of the Famine and Flood Relief Commissions as in India. But the striking difference is the absence of the professional moneylender in China. There was no clear record of title to land; the markets were primitive and unorganised; roads and railways were few though the new Governments are trying to make good. The slow development of co-operation in such a country is understandable, though the Chinese are great cultivators and are said to be very enthusiastic about co-operation. Mr. Strickland points out several faults in the too ambitious programmes of societies due to lack of training among workers and officials of the Movement, which is but fifteen years old now. He makes a few constructive proposals, for better organisation of business and education, which should receive the attention of authorities.

The most substantial contribution to the Year Book is once again made by the Secretary of the Foundation, Miss M. Digby, who must now be familiar to the readers of the *Indian Co-operative Review.* It is on Co-operation in the Balkan States and the Soviet Union. In the former the breakup of feudalism and the emancipation of the peasants who, however, are economically feeble and are obliged to cultivate largely for export provide "the ideal seed bed of a Co-operative Movement." They were also subject minorities in the Austro-Hungarian Empire and are said to have found for their nationalism "one of its healthiest and most constructive outlets in co-operative organisation."

We get a picture of various kinds of co-operative societies, the most successful of which are the dairies and wine societies and rural stores. Co-operative personal credit, however, is said to be in a state of suspense. 44 per cent of societies in Bulgaria are said to be 'inactive'; there is 'an amount of dead wood which has been allowed to cling, unpruned, to the living tree.' Discipline has now been provided for to be exercised through the Agricultural Bank. It is for the Movement to see that 'it does not become mechanical and that it supports without enervating the societies.' We wish in particular to draw the attention of readers to the short account given of the excellent work done by the Health Co-operatives of Yugoslavia, 'an admirable original contribution to the Co-operative Movement of the world.' This claim may not be conceded in full by those who are acquainted with the working of the Anti-Malarial Societies in Bengal, which have had an earlier

start, though the quantity and quality of work done are much below the standard since set up by Yugoslavia.

Co-operation in U.S.S.R. is not of the conventional type; it is *sui generis* and has been judged accordingly. Miss Digby gives a thoroughly objective and an extremely lucid account of the working of the Collectivist farms, on which strange and confused ideals prevail. After tracing the evolution and explaining the working of the Soviet land system, she says, 'it is an extremely ingenious and equitable method of securing the advantages of modern machinery, organisation, science and management, usually associated with capitalist control, without capitalist exploitation.' There is in the system an adjustment of agricultural production to consumption avoiding overproduction. In spite of breaches here and there, it is 'a remarkable movement of careful, original thought, much of which has been realised in practice.' There are marks of inefficiency in production, and methods objectionable or childish and deviations from the code prescribed. But the results already achieved in raising the standard of life of the Russian peasant are remarkable. Some of the communal institutions, like *creches,* are 'an improvement on the practice of even progressive countries.' The working of the system is thus summed up: 'As a servant of the community, the collective system of agriculture has great potentialities very imperfectly realised.' The whole chapter deserves a close and careful study if only to dispel loose ideas on the subject.

Space forbids a detailed reference to the other chapters in the Year Book; but we would commend to Indian readers a perusal of the accounts given of the Hungarian consumers' organisation, *the Hangya* with 1540 local societies having 660,000 members of whom 90 per cent are peasants, the development of co-operation especially of marketing societies and Boards in the Union of South Africa which gave a lead in 'compulsory co-operation,' the tenancy co-parternship co-operative credit societies in Sittang Colonies in Burma—a successful experiment in land settlement, but under the complete control of Government unlike in Gosaba (Bengal), the Boerenbond which is the federal organisation in Belgium rendering services material and moral for peasant societies, the National Corporation for Agriculture in Germany controlling and directing co-operative societies for the execution of the plans, the planned economy of Czechoslavakia carried out by the Czechoslavak Grain Company and the 'milk fairs' of Norway doing effective propaganda for the increased consumption of milk and milk products.

The striking feature of most of the activities outlined in the above-mentioned accounts is the increasing intervention of Government in economic life in general and in agricultural production and marketing in particular. Whether co-operative organisations—while they generally stand to gain materially by such control—will keep alive the spirit of initiative and the sense of responsiblity is more than what we can predict from at a distance.

K. C. R.

AGRICULTURAL CREDIT: by Anwar Iqbal Qureshi (Pitman & Sons, London, 1936. 7s. 6d. net).

Mr. Qureshi's booklet on Farm Debt Relief in the British Dominions was noticed in this *Review* two years back. The author has, again after a firsthand study, brought out a bigger and more interesting book on the recent developments in agricultural credit in the United States of America, a country of daring experiments and courageous withdrawal of the same, if they failed in their objects. Mr. Qureshi has had to wade through a tangled mass of legislation and the reports of a variety of institutions like the War Finance Corporation, the Federal Intermediate Credit System, the Federal Farm Board, Reconstruction Finance Corporation—set up and scrapped one after another in quick succession —to deal with the credit position worsened by the severe competition in the markets of the world after the great European War, and particularly after the depression. The latest to be set up is the Farm Credit Administration by President Roosevelt. It is said that the Federal Government has invested 1,250 million dollars in the several credit institutions and stood guarantee for farmers to the extent of 2,500 million dollars.

Such kaleidoscopic changes are neither possible nor desirable in an old and poor country like ours. But they serve to reveal the readiness to help the Government of the great Republic, where agricultural interests occupy an important place in the legislatures. It is not easy to see what American experience has to teach us of positive value. Neither Mr. Qureshi nor Mr. J. Johnston of the Dublin University, who writes an able introduction full of reflections, tells us which of the American systems of credit would serve others. The failure of a large many of them might perhaps serve as an excuse for inaction on the part of Governments, indolent or indifferent.

It is undoubtedly an interesting bit of American farm credit history that Mr. Qureshi has written. The claim that it can serve as a textbook on agricultural credit, we are afraid, cannot be established as it is wholly confined to American experience, which, at best, is of negative value. The author should be congratulated on the improvement in the tone and temper of his writing, as constrasted with that adopted in his

introduction to the former book. Perhaps dispassionate style is not so difficult when one does not talk of one's own country.

R.

THE PUNJAB FRUIT JOURNAL. Organ of the Punjab Provincial Co-operative Fruit Development Board, Lahore. Annual Subscription Rs. 2.

The Punjab Provincial Co-operative Fruit Development Board, Lahore was started in 1935. Its objects are to promote the economic interest of its members by developing fruit culture inclusive of rendering advice as well as technical assistance, arranging the availability of reliable plants, fertilizers, garden implements, etc., at reasonable rates; securing facilities from Government, local bodies, transporting agencies etc., developing and extending market for fruit and fruit products, maintaining a directory of fruit growers, reliable nursery-men and important fruit merchants, and publishing and circulating literature on fruit-farming and fruit preservation.

The Punjab Fruit Journal is the quarterly organ of the Punjab Provincial Co-operative Fruit Development Board; and yet as its name suggests it has much wider functions to perform than merely to publish the official reports of the activities of the Board. Its aims have been thus set forth:—

"To build up a national fruit industry in this Province based on scientific, economic and progressive basis, we have so to reorganise it that the industry occupies an integral part in the future industrialised Punjab. The interest of the fruit growers and the industry must be safeguarded and so incorporated in the fabric of national industries that fruit growing in the land of the five rivers comes to be regarded as a valuable asset, and its prosperity and achievements considered as factors in the rural wealth of the province.

"A journal which claims to be an organ of the Fruit Development Board and the fruit growers must necessarily reflect their views. But there is a task greater than that which the *Punjab Fruit Journal* has set itself to perform. It hopes to lead as well as follow public opinion as to the important industry of fruit growing in Punjab. The journal will provide a forum for the discussion of the many-sided aspect of fruit growing. Endeavours will be made to include useful information on horticulture for the benefit of our readers. While expert and specialized advice on fruit growing will be made available through these pages, it shall be our constant endeavour to make such information as less technical and academic as possible. Among other features of the

Journal will be news from various District Fruit Growers Organisations. Market news will also find their proper place. Problems of fruit industry discussed from a common-sense point of view will also be included. There will, moreover, appear extracts from horticultural journals of foreign countries. It is hoped that through these features the members of the Board and our readers will be kept in touch with the latest trend of the fruit industry."

The first issue of the Journal appeared in January 1937. It is divided into two parts. The first part is in English and the second part in Urdu. The articles are interesting and instructive. It is hoped that the Journal will help the development of the fruit industry in the Punjab. It deserves the support of all those who are interested in the welfare of the country.

BASHIR.

CO-OPERATIVE SOCIETIES AT WORK IN INDIA

PUNJAB

Review of the Co-operative Movement in the Punjab for the year ending 31st July, 1935.

The annual report on the working of the Co-operative Societies in the Punjab during the year ending 31st July 1935, shows that the Department continued to push ahead in its most beneficent task of working up the economic amelioration of the rural masses of the province. As many as 500 Societies comprising a membership of thirty thousand were added during the year. The significant feature of this increase is that the new Societies were for the most part non-credit ones. This is all to the good, for although the Punjab has more non-credit societies than perhaps any other province in India, the movement will be better balanced if the preponderence of the credit societies (still representing 81 per cent. of the total number) were less marked. The year under report closed with nearly twenty-two thousand societies containing 700,000 members and employing a working capital of over 12 crores. The co-operative movement broad-based as it is on the people's will, can function most effectively only if the members understand at least the elements of co-operative principles and practice. Thanks to the munificent grant of Rs. 15 lakhs made by the Government of India to this province during the year, it was able to concentrate more earnestly on the task of training and teaching. This should make possible the organisation of classes for all office-holders and members of committees whose number totals over a lakh. It is proposed to split this expenditure over five years. A beginning has in fact been made by the institution of classes for secretaries, which were attended by over eight thousand of them in the course of the year.

PRIMARY SOCIETIES

There were 17,725 primary thrift and credit societies functioning in the province in the year under review. Only 623 of these were operating in urban areas, but though comparatively few in number, their business is considerable. For example, they lent out Rs. 57 lakhs as against Rs. 102 lakhs lent by other societies. Their recoveries were too far better and represented 85 per cent. of the amount outstanding at the beginning of the year. The rural societies were not so fortunate in the matter of recoveries which incidentally explains why interest rates are generally much lower in the town than in the country. An increase in the number of urban societies should help to strengthen the movement very materially. The three urban inspectors sanctioned since 1933 should facilitate this by concentrating their activities mainly on the smaller towns where no banking facilities exist. The Agricultural Credit Societies were successfully emerging from the economic depression and the progress reported last year has been continued. There was an increase in numbers as well as the business transacted, overdues had registered a fall and a slight improvement was observable in the matter of recoveries. But it is still too early to speak of full recovery. They would certainly be in a much healthier financial position if more of their members were depositors. The movement has undoubtedly found a fertile ground in the districts of Jullundur and Hoshiarpur. Some progress has been made in the matter of reduction of debt which is among the main objectives of the movement. The movement has been very stagnant in the South East Punjab due to a succession of poor harvests. An effort is, however, being made to rouse members to a sense of their obligations.

PROVINCIAL BANK AND CENTRAL BANKING INSTITUTIONS

The Provincial Bank and 114 central banking institutions continued to do well, and there was a fairly large supply of cheap money. As against Rs. 127 lakhs required for fluid resource, these banks held in addition to cash Government securities with a market value of Rs. 234 lakhs; that is to say, they held well over a crore of surplus money. This surplus was derived entirely from deposits, which amounted to Rs. 583 lakhs. The Provincial Bank was able to borrow during the year at 2 to 2¾ per cent., and the larger Central Banks at 2½ per cent. But most Central Banks paid 3½ to 4 per cent., which needless to say is rather high. Government hope that Central Banks would try to obtain their money as cheaply as possible, since this must affect the rates charged by their affiliated societies, and the best way in which a society can help its members in a period of low prices is to advance them such money as they need at the lowest rate compatible with financial stability.

CONSOLIDATION OF HOLDINGS

Amongst non-credit societies those for the consolidation of holdings deserve pride of place and their great importance was recognised by the grant of Rs. 2 lakhs for their development from the Government of India grant for village improvement. Over 63,000 acres were consolidated during the year, which means that over 100,000 separate plots of land were reduced to less than 17,000 at a cost of Rs. 1-12-0 per acre. A staff of 129 Sub-Inspectors (greatly increased since) was employed for the purpose. Pace, however, is increasing, and now that an Act has been passed (November 1936) which allows compulsion to be applied to a small and stubborn minority, the work should proceed much faster. It is indeed a happy sign that the land owners are becoming increasingly alive to the benefits of consolidation, which has certain subsidiary advantages. For example, in Jullundur seventy miles of village roads were improved and straightened, over 600 acres were brought under well irrigation and another 663 acres of waste land were put under the plough. The general increase of income that consolidation undoubtedly ensures provides an opportunity for the encouragement of thrift, arranging of larger and better irrigated fields, growing of fruits and vegetables and setting apart of land for school and play ground.

BETTER LIVING SOCIETIES

The largest class of agricultural non-credit society is the Better Living Society. These Societies increased during the year to nearly 600 with a membership of 21,000. Their object is to improve the customs and conditions of village life, and as such they have a very important part to play in the rural reconstruction movement, inasmuch as they provide the village with an indigenous organisation, which is essential to any continuity of effort. Their operations embrace the most varied activities from the reduction of expenditure on marriages, funerals, etc., to measures of village sanitation and personal hygiene. In all these measures woman is a vital factor but unfortunately co-operation among women still continues to be an uphill task, and is at present mostly confined to the staffs of schools, hospitals and similar institutions. The Registrar rightly remarks that if the movement amongst women is to do real good in the village, it must penetrate much further. A great deal

depends on the way in which the Inspectress and her staff of 12 Sub-Inspectresses conduct their activities.

OTHER SOCIETIES

A form of non-credit society which shows signs of fresh vigour is the cattle-breeding society, of which the number increased from 146 to 162. They did very good work in the Amritsar district and the Dhanni tract. The Arbitration Societies have not made much progress except in Kangra district where their number stands now at 64. An increase in the number of such societies is much to be desired as it would help to mitigate the curse of litigation. One of the most encouraging features of the year is the marked improvement in Industrial Societies, which are reported to have had the best year of their history. There are 302 of them and have well nigh doubled their business. The assistance given by the Commissioner, Rural Reconstruction in making known their products to the public has been of immense help. The Land Mortgage Banks showed but slight progress. It must regretfully be admitted that until the Land Alienation Act is amended to enable these banks to distrain upon defaulters by sale of their mortgaged land they have little future—*Director, Information Bureau, Punjab.*

MADRAS

Extracts from the Report of the Registrar, Mr. T. Austin, I.C.S., for the year ending 30-6-1936.

SOCIETIES REGISTERED AND CANCELLED

Only 211 societies were registered in the year, though there were applications for the registration of as many as 773 societies. The village credit societies were registered mostly to connect the ryots with produce sale societies with a view to introduce the system of controlled credit. The policy of reconstruction and consolidation of existing societies was continued. At the same time the department did not hesitate to weed out the worst societies. Three hundred and thirty-four societies were cancelled during the year as against 281 in 1934-35, 462 in 1933-34 and 691 in 1932-33. Cancellation was only ordered when attempts proved futile to revive societies either by supersession under section 43 of the Act, or by application of by-law 62 and appointment of agents.

LOANS

There was an appreciable increase in the amount of loans disbursed by Central Banks to societies from Rs. 87·10 lakhs in previous year to Rs. 109·97 lakhs, while there was a slight reduction in the loans given to individuals from Rs. 14·97 lakhs to Rs. 12·73. lakhs.

I am glad to record that central banks have followed my advice and have adopted a more liberal, yet cautious, policy of advancing loans to societies. Loans are no longer being refused simply because a society is in default and the honest careful agriculturists with paying capacity need no longer go in need of advances.

DEMAND, COLLECTION AND BALANCE

The following figures show the demand, collection and balance in central banks, agricultural societies and non-agricultural societies during the year:—

	Amount due by		
	Societies to central banks. Rs. (in lakhs.)	Members to agricultural societies. Rs. (in lakhs.)	Members to non-agricultural societies. Rs. (in lakhs.)
Amount overdue on 30th June 1935.	158·94	225·01	62·74
Demand for 1935-36 ..	94·39	95·58	229·11
Total demand ..	253·33	320·59	291·85
Extension ..	4·90	2·66	1·79
Collection ..	101·83	108·42	222·24
Total of extension and collection ..	106·73	111·08	224·03
Balance ..	146·60	209·51	67·82
Percentage of balance to demand under principal ..	57·87	65·35	23·24
„ under arrear interest ..	45·33	71·35	61·45
„ under current interest ..	10·57	47·62	20·65
„ under principal on 30th June 1935.	61·62	68·12	22·72
„ under arrear interest on 30th June 1935 ..	51·32	72·20	56·48
„ under current interest on 30th June 1935 ..	11·16	58·69	24·20

One of the redeeming features of the year under report was the remarkable progress made in the repayments by societies to central banks and by agriculturist members to village societies. The percentages of balance to demand under principal arrear interest and current interest show a decided improvement over last year both in central banks and in agricultural societies. I issued detailed instructions to Deputy Registrars to depute all the available staff of Inspectors on collection work during the last quarter. I am happy to record this good result of the combined efforts of both non-officials and officials coupled with the favourable monsoon and the rise, though slight, in prices of agricultural produce.

In view of the continued easy conditions of the money market and the low rates of interest obtaining all round, the Madras Provincial Co-operative Bank reduced the rate of interest on loans to central banks to 4 per cent per annum. Most of the central banks charge interest on loans to societies at rates varying between 5½, 6, and 6½ per cent and societies levy generally 7½ to 8½ per cent on loans to their members.

THE MADRAS PROVINCIAL CO-OPERATIVE BANK

The working of the Madras Provincial Co-operative Bank has continued to be satisfactory.

During the year there was a marked rise in deposits from all sources—those from individuals rose from Rs. 52·87 lakhs to Rs. 61·89 lakhs, from local boards, municipal and jail contractors from Rs. 15·73 lakhs to Rs. 17·16 lakhs, and from joint stock and other institutions from Rs. 10·63 lakhs to Rs. 15·75 lakhs. The bank has invested Rs. 144·20 lakhs in Government securities as against Rs. 142·25 lakhs in the preceding year. The bank earned a net divisible profit of Rs. 2·02 lakhs as against Rs. 2·04 lakhs in the preceding year.

Loans.—The loan transactions of the bank have increased considerably; the total loans issued amounted to Rs. 11·96 lakhs as compared with Rs. 7·52 lakhs disbursed in 1934-35, Rs. 15,414 in 1933-34 and Rs. 5·66 lakhs in 1932-33. The bank continued to accommodate the Vuyyur Co-operative Industrial and Credit Society with loans and overdrafts. The total amount so outstanding at the end of the year was Rs. 14·35 lakhs as against Rs. 6·21 lakhs at the end of the last year.

The Bank made a lump sum grant of Rs. 8,500 to the Madras Provincial Co-operative Union for Co-operative Propaganda, education and rural reconstruction work. The Bank gave a subsidy of Rs. 8,700 for the development of loan and sale societies, in addition to the usual subvention granted to central banks for rectification work in societies.

THE MADRAS CO-OPERATIVE CENTRAL LAND MORTGAGE BANK

The Central Land Mortgage Bank completed one more year of sustained and steady progress. The money market continued to be easy and full advantage was taken of it by the bank. The conversion of high interest-bearing debentures begun in 1933-34 was completed during the year. At the beginning of the year there were only three series of debentures which carried interest above 4 per cent. These debentures were redeemed and the holders were offered 4 per cent debentures instead. The bank reports that out of the debentures of the value of Rs. 16,41,800 so redeemed, those for Rs. 13,62,700 were re-issued to the old debenture-holders themselves. The benefit of the reduction in the rate of interest was passed on to the borrowers in primary banks. The Central Land Mortgage Bank has decided that the interest on all loans, including past loans to primary banks shall be only 1 per cent above the rate of interest paid by it on its debentures and that the primary banks shall not charge interest on loans to their members at more than 1 per cent over the rate at which they themselves borrow. As the bank has now no debentures carrying interest at more than 4 per cent, there are at present no loans bearing interest at a rate higher *than 6 per cent* to the ultimate borrowers. The funds obtained by the Central Land Mortgage Bank at 3 per cent now reach the members of primary banks at 5 per cent. Besides the redemption of debentures for the conversion operations referred to above, debentures to the extent of Rs. 2,74,400 were redeemed out of collections from primary banks in respect of the loans issued to them. The debentures of the bank continued to enjoy the confidence of the investing public. During the year the bank issued debentures of the total value of Rs. 46,57,900,—Rs. 13,62,700 bearing interest at 4 per cent and Rs. 32,95,200 at 3½ per cent. The 4 per cent debentures were issued in connection with the conversion operations referred to already. Since the close of the year two more series were floated—one at 3½ per cent, which has since been closed and another at 3 per cent. The demand for 3 per cent debentures is encouraging. In the previous years the bank was issuing its debentures directly to the public. To enhance the popularity of the debentures, especially in markets outside Madras and to ensure their ready marketability, a beginning was made during the year to issue debentures through paid brokers approved for the purpose by me. It is satisfactory to note that the 4 per cent debentures of the bank are now sold in the market at a premium of 5 per cent. The question of obtaining all the funds required by the bank by the issue of debentures once or twice a year when the condition of the money market is most favourable, instead of the present system of issuing them for small sums all through the year, is under consideration. The Government had already guaranteed the principal of and the interest on the debentures issued by the bank up to a maximum of Rs. 50 lakhs. During the year the Government have increased the maximum amount of their guarantee to Rs. 100 lakhs.

CENTRAL BANKS

The number of central banks remained the same, viz., 32. The number of individual members in these banks fell from 4,243 to 4,216 and that of society members fell from 11,889 to 11,724. The society members were made up of 231 central societies (i.e., Unions and Federations), 10,315 agricultural credit societies, 901 non-agricultural credit societies and 277 societies of other types.

Working capital.—The following comparative statement shows some of the important financial particulars relating to the operations of central banks:—

	1933-34. Rs. (in lakhs.)	1934-35. Rs. (in lakhs.)	1935-36. Rs. (in lakhs.)
1. Paid-up share capital ..	55·05	54·53	53·55
2. Deposits and other borrowings including overdrafts ..	451·00	402·10	389·08
3. Working capital ..	553·21	511·13	501·43
4. Net divisible profits ..	4·43	4·21	5·43
5. Reserve fund after audit of 1935-36 ..	30·10	31·33	32·74

The fall in the paid-up share capital is due chiefly to the liquidation of several societies. The fall in deposits and other borrowings and consequently in the working capital of these banks is due to the non-acceptance of fresh deposits from local boards and municipalities except under certain conditions.

Net Profits.—All the central banks, except the Madras Christian Central Bank worked at a profit, as in last year. The total net divisible profits have increased from Rs. 4·21 lakhs last year to Rs. 5·43 lakhs in the year.

THE MADRAS PROVINCIAL CO-OPERATIVE UNION

The Madras Provincial Co-operative Union continued its usual activities and did useful work. The number of members on its rolls fell from 437 at the beginning of the year to 416 at the end of the year, the fall being mainly due to the liquidation of some local supervising unions. It continued the publication in English of the *Madras Journal of Co-operation.*

A number of books were added to the library of the Union and the Reading room continued to be popular. The members of the Board of management continued to do propaganda work in the city and in the mufassal. Magic lantern lectures were delivered on "Co-operation" and "Rural Reconstruction". With the aid of the grant of Rs. 3,500 given by the Madras Provincial Co-operative Bank, the Union conducted rural reconstrution work in six centres. The Union also conducted the Training Institute at Rajahmundry for nine months.

PRIMARY LAND MORTGAGE BANKS

There were 76 land mortgage banks at the beginning of the year; five banks were registered and two banks were amalgamated: thus, there were at the end of the year 80 banks. 47 banks worked at a profit of Rs. 49,848, while 33 banks incurred a loss of Rs. 11,017.

Out of the old banks which retained the power, only the Alamuru Land Mortgage Bank issued debentures during the year. The bank issued debentures of the value of Rs. 46,000 and utilized the funds in redeeming the debentures already in circulation carrying higher rates of interest. The benefit of the reduction of interest was passed on to the individual borrowers. "A" series debentures of the value of Rs. 35,300 and "B" series debentures of the value of Rs. 1,37,700 were redeemed during the year.

Out of the loans obtained from the Central Land Mortgage Bank, a sum of Rs. 78,66,231 was outstanding on 30th June 1936. An amount of Rs. 4,34,685 under principal and Rs. 3,15,986 under interest fell due during the year. The land mortgage banks paid the whole amount by the close of the year.

During the year the banks had to recover from their members Rs. 5·04 lakhs under principal and Rs. 4·58 lakhs under interest, including the arrears of previous years. They collected Rs. 4·00 lakhs under principal and Rs. 4·38 lakhs under interest, leaving a balance of Rs. 1·04 lakhs and Rs. 0·20 lakhs respectively on the last day of the year. The percentages of arrears under principal and interest at the end of the year were 20·64 and 4·33 as against 36·89 and 6·51 respectively in the previous year.

The old banks started before the year 1929, when the prices of land and agricultural products were high, continue to account for the bulk of the overdues. There is already some recovery in prices though not as much as may be hoped. But the outlook for the future seems to be definitely brighter and it is hoped that before long there will be a substantial reduction in the overdues.

The total number and amount of loans issued by land mortgage banks up to 30th June 1936 were 5,707 and Rs. 103·04 lakhs respectively. The debts so far redeemed by the land mortgage banks must be very small compared to the estimated total indebtedness of the ryots in this Presidency. To supplement the work of the land mortgage banks in relieving agricultural indebtedness Government have amended the Agriculturists' Loans Act and are now granting small loans below Rs. 2,000 to the ryots. During the year under report the Special loans officers appointed under the Act were working in select areas in the Chingleput and East Godavari districts. Debts due to co-operative societies were scaled down with my previous approval in each case. During the year, loans due to co-operative societies in the Chingleput district amounting to Rs. 7,442 under principal and Rs. 1,354 under interest were scaled down and the net amount consequently written off by the societies concerned was Rs. 326 under principal and Rs. 849 under interest. In the East Godavari district only two loans amounting to Rs. 500 under principal and Rs. 45 under interest were scaled down and the amount written off by the society concerned was only Rs. 12 under interest. Towards the end of the year the Government extended the operation of the Act to eight more districts. The areas selected in each district for the grant of special loans are generally only those which are not now served by land mortgage banks. The question of co-ordinating the work of the Special loans officers and that of land mortgage banks is engaging the attention of the Government. Certain land mortgage banks are also as mentioned in my last report, scaling down the debts of their members, though to a much smaller extent than the Special loans officers. Reports received show that during the year under review some of the land mortgage banks, while consolidating the debts of their members, succeeded in persuading the creditors to write off an amount of Rs. 55,200 in 326 cases. The question of prescribing a systematic scaling down of the debts discharged by land mortgage banks is under consideration.

CREDIT SOCIETIES (EXCLUDING PRIMARY LAND MORTGAGE BANKS)

The number of agricultural credit societies fell from 11,143 at the beginning of the year to 10,989 at the end of the year. Of these, 30 had not started work by the close of the year. Of the total number of societies, 16 were on the basis of limited liability, viz., 9 grain banks, 3 seed societies, 3 agricultural banks and 1 rural reconstruction society.

From a comparative study of the figures for the last three years under share capital, deposits, etc., it is observed that there has been a steady decrease under all the items. The working capital of these societies has fallen from Rs. 464·78 lakhs in 1933—34 to Rs. 457·67 lakhs in 1934—35 and to Rs. 453·95 in the year under report. The policy of weeding out bad societies and of cautious expansion accounts for this gradual decrease.

Profits.—The total divisible profits earned by some of the Agricultural credit societies fell from Rs. 9·30 lakhs to Rs. 7·23 lakhs. The total loss not yet recouped by some societies on the last day of the year was Rs. 21·01 lakhs. The loss occurred in 49 per cent. of the societies, all the districts contributing to it.

Under long-term loans, the arrears were above 37 per cent in all districts. The arrears under short-term were below 40 per cent in the districts of Coimbatore, South Kanara, Madura, Tinnevelly, Trichinopoly and the Nilgiris, whose percentages were 33·44, 39·29, 33·94, 35·64, 32·44 and 20.96 respectively. In all other districts the percentage was heavier ranging from 42 to 87 per cent.

The question how best non-credit activities could be developed was discussed at a conference of leading non-officials and select officials held in March 1936. Among other resolutions, it was decided to form a Provincial Marketing society with the object of co-ordinating the activities not only of the various loan and sale societies in the Presidency but also of the co-operative stores by putting them in touch with the several centres of production and marketing. The consensus of opinion was that, without State aid at least in the initial stages, the proposed society could not make much headway. So the Government were approached for sanction of a special staff and for grant of subsidy to meet overhead charges. The Government were pleased to sanction a staff of one Sub-Deputy Registrar to act as Secretary, a Senior Inspector as outdoor assistant, a typist and two peons. They have also sanctioned a cash subsidy of Rs. 2,800 per annum for a period of 3 years to meet the expenditure on account of rent and the pay of godown-keepers and servants.

The Provincial Marketing society was started on work on 12th August 1936 in the Madras city. To begin with the society will undertake the marketing of fruits.

Another resolution passed at the conference related to the sanction of Government loans to sale societies at cheap rates of interest for the construction of godowns. The Government have offered to treat 25 per cent of the estimated cost of the godown as a free grant, provided the balance, viz.; 75 per cent is taken as a loan from Government or met from the society's own resources. Applications for state-aid from 17 sale societies for a sum of Rs. 2,63,700 have been received and recommended to Government. So far, Government have sanctioned loans amounting to Rs. 40,000 to the Tiruppur, Udumalpet and Rasipuram sale societies. With the building of suitable godowns, one of the impediments in the way of the successful working of these loan and sale societies will be removed.

The Madras Milk-Supply Union.—The Union continued to make steady progress. There were 11 milk-supply societies affiliated to it with a paid-up share capital of Rs. 3,071. During the year it brought in 4,10,399 measures of milk to the value of Rs. 1,32,718 from the affiliated societies and sold to the public milk and milk-products for Rs. 1,70,108. On an average, it received 1,119 measures of milk per diem and sold 645 measures to the public as against 419 measures per day in the preceding year. It also supplied 397 measures of milk daily to the two State hospitals. In view of the growing popularity, the number of depots for sale of milk has been increased from 21 to 34. The society also secured the contract for the supply of milk to two more State hospitals since the close of the financial year. It earned a net profit of Rs. 6,121 in the year as against Rs. 4,667 in the previous year and also paid a bonus of 6 pies per rupee on the value of milk supplied by members as against a bonus of 4 pies last year. The Union repaid Rs. 2,125 towards the dues to Government and the last instalment of Rs. 2,125 was pending payment on 30th June 1936. With the addition of Rs. 8,600 made in the year towards pasteurization plant and building fund, the total amount to the credit of the fund has risen to Rs. 15,000. Pure genuine ghee has been rare in the city, and the union has embarked on a scheme of preparation and sale of high class ghee to the Madras public. Attempts are also being made for the supply of pure cream from societies in Chingleput district and propaganda is being carried on. The Government have since the close of the year been pleased to sanction four Inspectors for running the depots and for propaganda work, two for the city and two others for work in mofussil districts. The Union is fortunate in securing the services of Diwan Bahadur K. Deivasikhamani Mudaliyar, retired Joint Registrar of Co-operative Societies, as its President who after a long and strenuous official career has now ungrudgingly placed his valuable experience and powers of organization at the disposal of the public of Madras. The question of the sanction of a loan of Rs. 75,000 to the union for the purchase of the plant and buildings for pasteurising milk is still under consideration.

Kudimaramat and Irrigation Societies.—There were 12 societies, at the end of the year as at the beginning. Five of the societies undertook Kudimaramat work by the removal of silt and maintenance of irrigation channels. The area under these channels was 1,732 acres of land. These 9 societies helped to bring under cultivation 3,979 acres of land, the total number of members benefited being 819. The number of members of all these 12 societies was 888. Their paid-up share capital and working capital were Rs. 4,007 and Rs. 12,859 respectively. Unless the majority of the big mirasdars join these societies, there is no scope for their successful working, as the enforcement of the Kudimaramat Act to collect the contributions is not an easy task.

Agricultural Demonstration Societies.—To the eight societies of this type at the beginning of the year, one was added by the registration of the South Arcot District Sugarcane Growers' Agricultural Demonstration and Research Co-operative Society at Nellikuppam. The new society was started with the object of obtaining the subsidy from the Government of India and of running demonstration farms to educate the ryots on improved methods of cultivation. Only 2 societies in Tanjore and one in Trichinopoly did some useful work. The Tanjore societies supplied seeds, etc., to the value of Rs. 1,236 to members and non-members and demonstrated improved methods of cultivation on 4 acres of land. The Lalgudi Sivagnanam Agricultural Society in Trichinopoly continued to maintain the demonstration farm covering an area of 9½ acres of wet land. It sold manures to the value of Rs. 20,445 and also advanced loans on the pledge of produce to the extent of Rs. 21,873. The society made a net profit of Rs. 3,602 in the year as against Rs 1,466 in the previous year. The traditional methods of cultivation were also adopted on 5 acres of land to demonstrate to the public the advantages in the modern methods of farming.

Land Reclamation Societies.—The 11 societies of this type—4 in Tanjore and 7 in Trichinopoly—continued in existence but did no work beyond collection of loans. There were 618 members on the rolls with a paid-up share capital of Rs. 18,164. The Government loans outstanding against these societies amounted to Rs. 1,47,659, of which Rs. 2,381 were overdue. The extent of land reclaimed upto the beginning of the year was 1,717 acres: no land was reclaimed in the year and 274 acres were abandoned. Eight hundred and ten acres still remained to be reclaimed on the last day of the year.

Better Living Societies.—The first society of the kind was started last year in Bezwada. During the year 21 societies were registered and started on work. There were thus 22 societies in eleven districts. Vizagapatam leads with six societies, and there are four societies in Tinnevelly, 3 in Tanjore, 2 in East Godavari. The remaining 7 districts have each one society. The total membership was 5,747, the Mangalapuram Depressed classes better living society in the city accounting for the largest number of members; viz., 144. The Commissioner of Labour has given the members sites for putting up huts on certain conditions. The societies in Ganjam, East Godavari, South Kanara, Kistna and Tinnevelly have made a good beginning in the direction of (1) retrenching expenditure on ceremonies, (2) abstinence from drink, (3) opening of night schools for the education of members and their children, (4) settlement of disputes amongst members and (5) improvement of sanitary and economic conditions by inculcating habits of cleanliness and thrift. Central banks and societies were encouraged to contribute from their common good fund to these societies. As most of these societies were started late in the year, they did no work worth mentioning. The development and working of these societies will be watched with interest.

STORES.

These societies classed under "purchase" had a working capital of Rs. 10·18 lakhs. In addition to the stock on hand at the end of the previous year valued at Rs. 2·72 lakhs they purchased goods worth Rs. 19·39 lakhs and sold goods for Rs. 20·97 lakhs. Thus, there was stock worth Rs. 2·72 lakhs on hand at the end of the year. The profit earned by some of these societies amounted to Rs. 49,305 as against Rs. 48,433 in the previous year, while the loss incurred by the remaining societies amounted to Rs. 39,118 as against Rs. 29,945 in the previous year.

The Triplicane Urban Co-operative Society with its 25 branches in the Madras City continued its useful activities. There was a slight fall in membership, the total number of members being 5,575 with a paid-up share capital of Rs. 82,800. It purchased goods to the value of Rs. 8·33 lakhs and sold goods for Rs. 9·15 lakhs. The stock of goods at the end of the year was valued at Rs. 69,600. The society invested Rs. 1·62 lakhs in deposits and debentures. The value of buildings and lorries owned by the society was over Rs. 90,000. It earned a net profit of Rs. 16,913 as against Rs. 16,329 in the previous year. In view of its unwieldy size I have suggested that steps should be taken to make the general body really effective and representative.

WEAVERS' SOCIETIES.

There were 50 societies exclusively for weavers. Of these 20 societies were dormant. The rest purchased raw materials worth Rs. 49,375 and members finished products to the value of Rs. 63,975. Finished products were sold to the public and to the members to an extent of Rs. 76,199. The working capital of all these societies was Rs. 1·44 lakhs, while the profits earned by some of these societies amounted to Rs. 2,290, and the loss sustained by the rest was Rs. 9,943.

The number of credit societies in which weavers contributed more than 60 per cent of membership fell from 86 to 81 at the end of the year. They had a paid-up share capital of Rs. 41,809 and a working capital of Rs. 2,75,718. The profit and loss made by these societies were Rs. 4,996 and Rs. 13,052 in the year.

The Madras Handloom Weavers' Provincial Co-operative Society started work in August 1935. At the end of the year, there were 98 members on its rolls, of whom 43 were co-operative societies, 47 were individuals and 8 firms, the total share capital contributed by them being Rs. 16,400. Out of the subsidy of Rs. 59,500 sanctioned to this society by the Government for the year, the society actually received only Rs. 21,832 and a sum of Rs. 3,304 was yet due from Government on the last day of the year. Out of the subsidy, a sum of Rs. 3,371 was paid as grant to 25 weavers' societies towards their establishment charges and purchase of weaving appliances ranging from Rs. 10 to Rs. 50 per society. The balance was utilized for the working expenses of the provincial society. Raw materials were arranged for supply to 19 societies. The Provincial society gives a guarantee to the mills for supply of yarn directly to the affiliated societies. The actual supply, under this arrangement, amounted to Rs. 12,364. During the year cotton fabrics of 23 societies to the value of Rs. 3,260 were sold through the Provincial society. For the supervision of the affiliated societies and for helping in the marketing of their products, the presidency was divided into five circles and supervisors were appointed. A marketing officer was appointed in September 1935 to study the conditions of production in societies and of the possible markets for them. When in March 1936, the services of a Sub-Deputy Registrar were lent as Secretary and marketing officer combined, the post of the separate marketing officer was abolished. An emporium was opened in the city and proposals to open sales depots at Bezwada, Madura and Calicut are under consideration. The society has arranged to erect a calendering and finishing plant. Arrangements are also made to exhibit the products of the societies at the various exhibitions, fairs and festivals to popularise the products of the handloom industry. The society earned a net profit of Rs. 596 in the year. The society has also applied to Government for the utilization of the balance available out of the subsidy sanctioned, as its working capital to enable it to expand its business and to extend its usefulness.

INDUSTRIAL AND CREDIT SOCIETIES.

There were four societies of this type, two in Kistna and two in Vizagapatam at the beginning of the year and the number remained the same at the close of the year.

The Vuyyur Society (Kistna district) had on its rolls 515 members with a paid-up share capital of Rs. 1,54,491 at the end of the year, as against 530 members with a share capital of Rs. 97,878 in the preceding year. During the year, the installation of the plant and machinery and the construction of the factory and godowns were completed; and the society commenced the crushing of sugar-cane in right earnest. For the 63 days the factory worked, it crushed 34,340 tons of sugar-cane worth Rs. 3·43 lakhs and manufactured 2,319 tons of sugar valued at Rs. 5·30 lakhs. Of this quantity, 1,354 tons of sugar were sold for Rs. 3·02 lakhs, and there remained a stock of 965 tons of sugar worth Rs. 2·28 lakhs on the last day of the year. The society made a net profit of Rs. 39,311 after defraying the cost of management to the extent of Rs. 58,037. The Madras Provincial Co-operative Bank continued to finance the society and the amount so advanced and outstanding at the end of the year was Rs. 11·34 lakhs as against Rs. 6·01 lakhs in the previous year. It had also secured deposits from members to the tune of Rs. 7·79 lakhs. Thus, the total working capital stood at Rs. 20·67 lakhs on the last day of the year. The total cost of the plant, machinery, factory and godowns was Rs. 23·35 lakhs.

The firm of Volkart Bros., has undertaken the marketing of sugar through the agency of the Madras Central Sugar Marketing Society, which gave financial accommodation to the society on the pledge of sugar stocked in the society's godowns. The amount so advanced by the Central Marketing Society was Rs. 2·67 lakhs at the end of the year. The area under cultivation and the amount of cane crushed did not come up to expectation.

The two societies at Etikoppaka and Thummapala in Vizagapatam district had a membership of 195 with a paid-up share capital of Rs. 1·39 lakhs. A sum of Rs. 3·38 lakhs was outstanding under loans to the Vizianagaram Co-operative Central Bank. The total loss sustained by these societies amounted to Rs. 1,03,211. These societies crushed 9,851 tons of sugarcane costing Rs. 96,612 and manufactured 14,347 cwt. of sugar valued at Rs. 1,55,831. The members of both the societies cultivated lands extending to 225 acres and the cost of cultivation amounted to Rs. 65,006. Eighty-eight members were benefited in the year and the average extra income per member was Rs. 99 in Etikoppaka and Rs. 37 in Thummapala societies.

THE SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY, MADRAS.

This society has completed the fourth year of its working. At the end of the year under report, there were 3,394 members with a paid-up share capital of Rs. 47,163 as against 2,226 members with a share capital of Rs. 44,664 at the end of the previous year. Of the 3,394 members, 35 were co-operative societies and the rest individuals. There were 3,877 policies for an assured sum of Rs. 32·62 lakhs at the end of the previous year. A premium of Rs. 1·22 lakhs was collected as against Rs. 83,947 last year. The 39 local boards constituted in several centres continued to canvass business. Of the 1,357 policies to the value of Rs. 10·99 lakhs issued, the Telugu districts contributed Rs. 4·94 lakhs, the Tamil districts Rs. 3·89 lakhs, the West Coast Rs. 1·81 lakhs and the Madras City Rs. 0·35 lakhs. It is gratifying to record that the society continued to make satisfactory progress.

THE POSTAL AND R. M. S. CO-OPERATIVE BENEFIT FUND, MADRAS.

On 30th June 1936, the society had 2,585 members on its rolls with a paid-up share capital of Rs. 32,060 as against 3,100 members with a share capital of Rs. 39,158 in the previous year. It realized Rs. 1·43 lakhs by way of premia. The total life assurance fund at the close of the year was Rs. 4·60 lakhs as against Rs. 4·52 lakhs in the previous year. The society deposited with the Controller of Currency, Government securities, etc., to the value of Rs. 1·78 lakhs. The reserve fund of the society amounted to Rs. 24,795.

LABOUR CONTRACT SOCIETIES

There were 18 societies of this type as against 19 in the preceding year. Of the 18 societies, 10 did no work in the year. The total number of members of all societies was 980, of whom 74 were helpers and the rest were actual workers. They had a paid-up share capital of Rs. 5,628 and a reserve fund of Rs. 12,160. Work to the value of Rs. 1,806 was pending execution at the beginning of the year and fresh work for Rs. 28,964 was secured in the year. The societies executed work to the value of Rs. 24,089. Thus at the end of the year, work to the value of Rs. 6,681 was pending execution. The members derived Rs. 13,848 as wages and non-members were paid Rs. 2,225. Some of these societies made a net profit of Rs. 1,205 while the Tiruvannamalai Labour Union (North Arcot) alone sustained a loss of Rs. 632. The bonus paid to members was Rs. 165.

The District Labour Society was organized and started in the City, with the object of helping labourer members to obtain building and other contracts and also to provide continuous labour with suitable provision for old age and disability in accidents. It made a good beginning by securing a contract for building two houses and made a net profit of Rs. 573. With the expansion of its activities, it is hoped the society will achieve better results in the current year.

The Konada Labour Co-operative Society in Vizagapatam undertook contract for manufacturing salt in the Konada Salt Factory. During the year, it secured contracts to the extent of Rs. 5,328 and executed contracts for Rs. 2,715. It earned a net profit of Rs. 277 in the year.

FISHERMEN'S SOCIETIES.

At the close of the year, there were 23 societies—4 classed as non-agricultural, purchase, purchase and sale and 19 classed as non-agricultural, other forms—for the benefit of the fishermen community.

Three out of four societies in Kurnool obtained in the year fishing lease in tanks and canals from the Fisheries Department on an annual rental of Rs. 350. Sales of fish amounted to Rs. 1,012. These three societies made a profit of Rs. 309.

The lease of the fisheries in Mopad and Machavaram tanks secured by the Kandukur Fishermen Society for three years from January 1935, continued in the year. It made a profit of Rs. 44.

DEPRESSED AND BACKWARD CLASSES SOCIETIES.

On 30th June 1936, there were 2,713 societies formed specially for the Adi-Dravidas, Adi-Andhras, Fishermen, Kallars and other backward classes as against 2,777 on last day of the previous year. The Madras Christian Co-operative Central Bank still continues to finance the majority of these societies. The overdues to the central bank on 30th June 1936 amounted to Rs. 3·50 lakhs under principal and Rs. 28,983 under interest as against Rs. 3·11 lakhs and Rs. 26,189 respectively in the previous year. The percentages work out to 61·8 under principal and 41·2 under interest as against 52·7 and 36·3 respectively in the previous year.

With a view to arrange for the better working of the Depressed class societies in the Madras City, a conference of the representatives of these societies was held in July 1935 by the Registrar and a programme of work was drawn up. Yet the progress in collections was not appreciable, as many of the members are out of employment at present. The question of granting loans to members for longer periods up to 50 months is under examination by the central bank.

SOCIETIES FOR JOINT CULTIVATION OF LAND AND PURCHASE OF HOUSE-SITES.

The total number of societies for joint cultivation and for the purchase of house-sites was 772 at the end of the year as at the beginning. They had 31,599 members on their rolls as against 32, 523 in the previous year. 35,109 acres of land were in the enjoyment of members at the beginning of the year. They obtained 980 acres of land and abandoned 4,215 acres in the year. Thus at the end of the year, there were 31,874 acres of land in the enjoyment of members. The land revenue collected from members came to Rs. 1,62,001 and that paid to Government was Rs. 1,62,359. A sum of Rs. 139 was collected from members and paid to owners towards the lease. The members of these societies held 11,952 house-sites and 9,639 houses constructed by them were in their enjoyment on the last day of the year. These societies issued loans to members to the extent of Rs. 15,526 in the year and collected Rs. 35,876 as against Rs. 1·50 lakhs and Rs. 1·54 lakhs respectively in the previous year. The marked fall is due to considerable reduction in the loan transactions in the 95 societies of the East Godavari district.

General. The necessity for a rule prohibiting members of local bodies from holding office as directors of a co-operative society was considered at the informal conference of a few prominent co-operators held by the Registrar at Ootacamund on 23rd June 1936, and it was agreed that it was not, at present, desirable to frame such a rule and that the desired results could be achieved only by educating the members in the true principles of co-operation. It was also decided that, with a view to see that local factions and politics were not dragged into co-operative societies it was desirable to enlarge the area of operations of societies so that the field of choice of proper men might be widened. The Co-operative Movement if invaded by politics, is doomed.

During the past year increasing importance has been given to Non-Credit work. There has been a big increase in the number of non-credit societies and a beginning in dealing with co-operative marketing. With some increase in staff the Department should be able to cope with these important activities.

MYSORE

Extracts from the Report of Mr. M. G. Mehkri, Registrar, for the year ending 30th June, 1936.

SUMMARY OF GENERAL PROGRESS.

The year showed no betterment of the economic condition of the classes from whom membership has been largely drawn to the societies. Prices of agricultural products showed little improvement and there was little prospect of the depression lifting. Though this did very largely affect the working of the societies in several respects, the Movement has on the whole shown an all round progress as indicated by the following comparative statement:—

Particulars.	1934-35.	1935-36.	Increase or decrease
Number of Societies ..	1,988	1,906	—92
Number of Members ..	1,44,848	1,44,459	—389
	Rs.	Rs.	Rs.
Paid-up share capital ..	51,64,135	52,60,133	+95,998
Deposits from individulas ..	99,01,505	1,03,52,687	+46,501
Deposits from societies ..	9,62,421	5,57,740	
Loans from Central Institutions ..	25,18,825	27,02,850	+1,84,025
Loan from Government ..	3,05,218	3,07,785	+2,567
Reserve Fund ..	29,73,615	31,26,687	+1,53,072
Other funds ..	12,79,481	12,97,489	+ 18,008
Total working capital ..	2,31,05,200	2,36,05,371	+5,00,171
Loan issued during the year.	1,08,01,005	1,11,18,521	+3,17,516
Loans recovered during the year ..	1,05,34,097	1,13,04,407	+7,70,310
Total turnover ..	7,58,73,145	7,42,27,156	—16,45,989
Net profit ..	3,70,659	3,87,941	+17,282

WORKING OF SOCIETIES.

Central Societies. There was no change in the number of Central Societies the 12 Banking Institutions, i.e., the Apex Bank, the Central Land Mortgage Bank, the Bangalore Central Bank, five District Banks and four Federal Banking Unions, referred to in the last year's report having continued during the present year also. There was no improvement whatever in the position of the District Banks and Federal Banking Unions, but the other societies increased their membership, share capital and all other funds during the year.

The Mysore Provincial Co-operative Apex Bank, Ltd. The membership of the Bank both individual and societies increased during the year, the former from 256 to 264 and the latter from 976 to 988, and consequently the share capital also increased from Rs. 2,45,896 at the close of the previous year to Rs. 2,57,440 on 30th June 1936. A sum of Rs. 31,68,484 was held as Deposits by the Bank as against Rs. 33,52,033 on 30th June 1935, the fall being due to the return of high rated fixed deposits and the refusal to take fresh deposits with a view to reduce the amount of idle moneys in its possession. There was a slight increase in the issue of fresh loans during the current year. A sum of Rs. 1,36,017 was lent out during the year as against Rs. 97,789 in 1934-35. Thus more of the surplus funds of the Bank have been put into use during the current year reducing its idle balances to about eight lakhs, most of which however have been invested in deposits and loans with the Mysore Government. The Bank lowered its interest rates on advances made to the House-Building Societies during the year to 5½ per cent and sanctioned Rs. 68, 575 for the purpose, out of which Rs. 37,600 were disbursed before the close of the year. In spite of the best efforts of the Bank, recoveries of loans during the year were rather poor, the collections amounting to only Rs. 1,60,422 excluding a sum of Rs. 3,532 received in advance, out of a demand of Rs. 15,25,740. The percentages of overdues to the total demand and to the outstandings therefore rose from 81 and 49·7 at the close of the year 1934-35 to 89·4 and 59·6, respectively. The overdues are almost wholly due to continued depression and the Bank has taken the right and liberal attitude by foregoing default interest and appreciably reducing the ordinary interest and granting extensions of time in the case of all societies that have made honest efforts to keep their obligations though this means a great reduction in the Bank's income. Till the close of last year, 133 societies had taken advantage of this concession, and during the year under report 14 more societies did so. The Bank has kept the offer open to extend this concession to all other societies that pay up arrears of interest. As a consequence of the poor realisations during the year, the Bank's net profits fell down to Rs. 5,023. With the addition of the statutory contribution out of the net profits for 1934-35, the penal interest collected during the year, etc., the reserve fund of the Bank increased from Rs. 1,54,497 to Rs. 1,65,930.

Primary Societies—Agricultural. The number of societies under this class further reduced by 95 leaving 1,451 societies at the end of the year as against 1,546 last year owing to the further weeding out of societies that did not start their work and those that were weak and recalcitrant defaulters to the creditor Banks.

Before they were cancelled however the Departmental Officers tried their best to start or improve such societies. As a consequence of these large cancellations the membership, share capital and the total working capital of Agricultural Societies have all suffered a diminution. The average membership and working capital per society existing, show somewhat slight increases.

Out of the 1,451 societies, 1,370 were Credit Institutions, 23 Agricultural Supply Societies, 39, Grain Banks, 4 Marketing Societies and the rest miscellaneous institutions.

The credit organizations had a membership of 61,767, a share capital of Rs. 11,11,579, a deposit of Rs. 4,61,741 and a total working capital amounting to Rs. 53,47,343. The loans issued and recovered by them amounted to Rs. 7,30,796 and Rs. 7,80,620 respectively both showing slight decreases. The percentage of overdues to demand has increased from 74·3 to 78·3.

The Agricultural Supply Societies had a membership of 637, a share capital of Rs. 13,176 and a working capital of Rs. 71,232. They did no business worth mentioning and many of them are practically dormant. Their accounts are being adjusted prior to cancellation. The number of credit institutions that undertook this kind of work and the business transacted by them was very small.

Out of the seven societies for the Sale of Agricultural Produce one for areca and two for cotton were cancelled during the year leaving four at the end of the year, two for the sale of areca and two for cardamom. The areca sale societies did no work during the year and the one at Sringeri has resolved to wind up its affairs. Besides the usual factors of poor funds, want of ware-housing facilities, opposition from vested interests and lack of cohesion and loyalty among members, that have handicapped the working of these societies they had to contend this year with the heavy fall in the price of areca which had the effect of the produce being held up by the members without bringing them to the market. Hence these societies have had little transactions during the current year and have been unable to recover much of their dues either. The question of starting a Central Areca Society at

Shimoga is engaging the attention of the Department. The two societies for the marketing of Cardamom have a membership of 324, a share capital of Rs. 13,269 and a working capital of Rs. 1,45,713. These institutions have been financed by the Apex Bank and they owed Rs. 87,537 to the Bank. The loans outstanding against the members are mostly overdue and hence the working capital is locked up. They sold 347½ maunds of cardamom for Rs. 10,673 realising a commission of Rs. 418. The Maradihalli Credit Co-operative Society which has been undertaking the sale of cotton did smaller business during the year. It collected 4,350 maunds of cotton from 70 of its members and sold 82 bales of cotton. The Agricultural Department purchased the cotton seeds from the society to the value of Rs. 700.

Grain Banks. The number of such Banks at the end of the year was 39, as against 42 in the year previous. Their membership, share amount, reserve fund and working capital amounted to 1,266, Rs. 5,379, Rs. 4,616 and Rs. 14,513 worth of grain last year. Some of the Grain Banks have ceased functioning and their accounts are being adjusted. These institutions have not been of much good and as such they are gradually being wound up. The Lalitadripur Co-operative Society in Mysore Taluk continues to have a granary with a stock of nearly 100 *pallas* of *jola* as an adjunct to its other activities.

Non-Agricultural Societies. There were 441 societies at the end of the year with a membership of 77,425 as against 440 and 75,883 last year. Their share amount, deposits, reserve fund and total working capital rose from Rs. 33,53,940, Rs. 50,43,044, Rs. 13,96,170 and Rs. 109,00,556 to Rs. 34,82,997, Rs. 51,21,543, Rs. 14,83,846 and Rs. 113,47,742, respectively. The earnings of these institutions increased by Rs. 30,272 and amounted to Rs. 3,70,226. The percentage of overdues to demand has been lowered to 23·5 per cent as against 24·2 per cent last year. Most of this class of societies are credit institutions and they are efficiently managed and worked. Of these, 441 Societies, 286 are Credit Institutions, 79 Consumers' Societies, 71 Industrial Societies and 5 miscellaneous.

The Urban Credit Societies increased from 279 to 286 with 56,740 members on their rolls. There has been an allround and appreciable progress in the working of these institutions. The loans issued and recovered amounted to Rs. 89,40,013 and Rs. 88,,06,897 respectively as against Rs. 81,66,913 and Rs. 79,40,270 last year. Their share capital, deposits, reserve fund and working capital increased from Rs. 27,06,378, Rs. 39,00,391 Rs. 11,06,329 and Rs. 84,88,421 to Rs. 28,29,156, Rs. 10,01,820, Rs. 12,01,852 and Rs. 89,79,080, respectively.

Consumers' Societies.—The year opened with 84 societies and 2 were newly registered and 7 cancelled thus bringing down their number to 79 at the close of the year. They had a membership of 17,762, a share capital of Rs. 5,59,240, deposits of Rs. 10,94,902 and a working capital of Rs. 21,70,743. Besides these purely Consumers' Societies as many as 14 credit institutions had stores branches attached to them. The purchases and sales of all consumers' societies amounted to Rs. 14,10,748 and Rs. 16,47,100 respectively resulting in a net profit of Rs. 85,917.

Weavers' Societies. There were 63 societies for these Artizans. Of these, 16 are for Adikarnataka Weavers living in Mandya and Maddur Taluks. Some of the Weavers' Societies have become dormant and the rest are not in a flourishing condition on account of the keen competition of the textile factories. More than one-third of the societies have been functioning only as credit institutions. These societies had a membership of 2,402. They purchased and sold raw-materials and finished products to the extent of Rs. 1,02,999 and Rs. 91,780, respectively. Their total turnover of Rs. 4,74,035 resulted in a net profit of Rs. 1,862. It has been mentioned in the previous reports how the Weavers' Societies in the State have been languishing and how several efforts made by the Department to put them on a proper footing and improve them were of little avail. The position of these craftsmen grew very acute and under stress of staring calamity they lent themselves to better organization, and as a beginning and an experiment, the weavers' society of Bangalore has been remodelled and reconstituted with a financial aid of Rs. 40,000 from the Apex Bank, and its objects and method of work modified towards enabling the members to derive better benefits from the society, whilst at the same time placing the institution on a sounder basis. Government were pleased to sanction a subvention of Rs. 100 per mensem to this society to be paid during 1936-37.

House-Building Societies. The number of these societies rose from 25 to 26 during the year. They have a membership of 3,268, a share amount of Rs. 1,08,638 and deposits to the extent of Rs. 1,89,111. Their reserve fund and total working capital amount to Rs. 36,616 and Rs. 6,88,053 respectively. Out of the loans advanced to these institutions both by Government and the Apex Bank an aggregate sum of Rs. 3,10,597 was outstanding against them at the end of the year, which forms 45 per cent of their working capital. Loans amounting to Rs. 71,252 were issued to the members during the year and the total transactions of Rs. 11,89,780 resulted in a net profit of Rs. 8,295.

The Bangalore Housing Society continues to hold its position as the premier society of the kind. The block of 50 sites obtained from the Municipality has been distributed among as many members and they have with the loans given to them by the society started construction thereon. The other important House-Building Societies that deserve mention are the Mysore Housing Society which has so far helped the members to build 133 houses, 128 of which have been completed and are occupied, the Mandya House-Building Society which has advanced funds for the construction of 58 houses in the New Extension and the Krishnarajanagar Society which has helped the construction of 142 houses and those at Shimoga and Tumkur. No house-building society has yet taken up construction work or the supply of building materials to its members. They are functioning only as credit institutions. The Mandya House-Building Society has however constructed four houses and given them on hire-purchase system.

Central Land Mortgage Bank. This Bank had a membership of 221 and a paid-up share capital of Rs. 56,920. Further subscriptions were accepted by the Bank to the extent of Rs. 1,57,600 in the third series of debentures carrying interest at 4 per cent floated by it at the end of the previous year, thus increasing its borrowed capital to Rs. 4,66,100. It is gratifying to note that these debentures continued to be popular and were sold at a premium ranging from 2 to 4 per cent. Inclusive of 26 loan applications that were pending at the beginning of the year, the Bank had to deal with 153 loan cases during the year. In 94 cases, loans aggregating to Rs. 1,38,250 were sanctioned and 36 applications for Rs. 70,320 were rejected, leaving 23 applications involving Rs. 48,875 pending disposal at the close of the year. The net total amount of loans that had been sanctioned by the Bank up to 30th June, 1936 was Rs. 5,42,575 in 378 cases, out of which a sum of Rs. 4,62,525 had been disbursed and the balance of Rs. 80,050 was pending disbursement as the necessary documents had not yet been received. The amount of loans disbursed by the Bank during the year under Report was Rs. 1,22,700 in 75 cases.

The demand, collection and balance under loan instalments for the year were Rs. 45,474, Rs. 24,897 and Rs. 20,577 respectively, the percentage of collections to demand being 54·75 or 0·25 per cent. higher than in the year previous. The total outstandings against the borrowers amounted to Rs. 4,46,786. The reserve fund of the Bank stood at Rs. 6,573. It earned a net profit of Rs. 2,793.

An Official Secretary of the rank of an Amildar was appointed to the Bank during the year and Government also sanctioned for the year a subvention of Rs. 1,514 to meet the salary of the above officer. The Bank was fortunate in continuing to have as its President *Rajasabhabhushana Dewan Bahadur* K. R. Srinivasa Iyengar, M.A., who is taking a very active and personal interest in its working.

Primary Land Mortgage Societies. The year opened with 19 Land Mortgage Societies and with the registration of 4 more during the year, there were 23 Land Mortgage Societies working at the close of the year. Twenty out of the 23 Land Mortgage Societies had been affiliated to the Bank and had subscribed for 725 shares of Rs. 50 each in the Bank. Their membership and share capital were 2,179 and Rs. 55,766 as against 2,023 and Rs. 49,823 respectively, at the end of the previous year. The reserve fund of these societies stood at Rs. 2,224. Their transactions amounted to Rs. 4,02,030, but as collections towards loans were poor and as the interest of Rs. 8,464 due to be paid to the Land Mortgage Bank from the societies was shown as a liability in the Balance Sheet without a corresponding credit being given under assets to the interest accrued due to the societies from the individual borrowers 9 societies worked at a loss of Rs. 5,200 and the rest at a profit of Rs. 851. Government were pleased to continue the provision of Rs. 1,500 in the budget for this year also for sanctioning grants to Land Mortgage Societies towards their working expenses, which was fully utilised. With a view to combat the growing overdues in the Land Mortgage institutions, the Mysore Co-operative Societies' Regulation was amended during the year so as to provide for the recovery of individual loan instalments due to the Land Mortgage Bank by distraint and sale of the produce on the mortgaged land including the standing crops thereon. Certain modifications in procedure were also introduced to minimise the delay that was found to occur in the disposal of loan applications.

Besides taking over the debts of agriculturists from the money-lenders, these societies also acted as Debt Conciliation Agencies in a number of cases by obtaining a substantial reduction of the interest payable to the original creditors.

GENERAL

One of the outstanding events of the year is the celebration of the Silver Jubilee of the Mysore City Co-operative Bank over which the Royal Patron, His Highness the Yuvaraja graciously presided. In commemoration of this event, the Bank is setting apart out of its annual profits a sum equal to two per cent of the reserve fund and half the penal interest earned during the year for giving educational facilities to the dependents of its poor members. Another important event is the enquiry of the Committee on Co-operation presided over by *Rajadharma-pravina* Dewan Bahadur K. S. Chandrasekara Iyer, Retired Chief Judge of Mysore. The Committee completed its enquiries during the year of Report, though it held its final deliberations and presented its Report shortly after the close of the year. Public opinion has been invited on the recommendations made by the Committee and they are also under consideration of Government. With the valuable suggestions made by the Committee, put into operation, it is trusted that the movement will receive a further fillip. The Report was submitted to Government within a record time, and at minimum cost, due to the untiring zeal and energy of the worthy President. The Department owes a deep debt of gratitude to him for the thorough study he made of the subject, and the manner in which he drew up the Report.

The Mysore Co-operative Institute held a Co-operative Training Class at Bangalore for the benefit of the office-bearers and employees of co-operative societies and private candidates. The course lasted two months commencing from the 20th January 1936 to 20th March 1936. The students were given instruction on Co-operative Law, History and Principles of Co-operation, Audit and Accountancy and General Law. Ninety-two applications were received for training. Sixty-seven candidates including two lady applicants, registered their names and attended the course. Fifty-four students sat for the test held at the end of the course and 18 of them were successful in the examination. They have been given certificates and recommended for appointment in Co-operative Institutions as employees. Out of the grant of Rs. 250 given by Government as an aid to run these classes stipends were given to 20 candidates at Rs. 7-8-0 per mensem. The instruction was free and free accommodation was also provided to such of the students as applied for it.

Under the auspices of the Mysore Co-operative Institute the Twenty-Second Mysore Provincial Co-operative Conference was held at Mysore on the 4th, 5th and 6th October 1935 under the presidency of Mr. A. Krishna Rao, a member of the Mysore Bar and a veteran Co-operator. The Conference was opened by Dr. C. R. Fay, Chairman, Horace Plunkett Foundation, London. Four hundred and sixty-nine delegates and visitors attended the Conference.

Many of the societies are maintaining Free Reading Rooms and are interesting themselves in Civic and Social Progress work by contributing their quota. The Indian Red Cross Society continued to receive financial assistance though small from some of the societies. The Chicknaikanahalli Co-operative Society has been responsible for the construction of a Maternity Ward at a cost of Rs. 1,500 which is ready for being opened.

The construction of the first stage of the Co-operators' Home was completed all out of contributions from societies and attempts are being made to collect further funds to add the superstructure and out-houses.

The urban societies have all along been having a steady and continuous growth, have got well experienced in self-management and cause little concern. Except that some of the larger institutions have strayed somewhat from true co-operative principles, they have offered few occasions or little need for departmental interference, control or guidance. Some of them are, however, owing to their huge development presenting other grounds for anxiety. Their size and volume of business comparable with some joint-stock banks, and the complexities incidental to transactions with a large circle of members and depositors, require a careful and well studied system of internal check, and the employment of technical men on their paid staff. The manageable size of such societies and the scope of their transactions have come under the discussion of the Co-operative Committee who have offered valuable suggestions on the point.

Credit societies form the bulk of urban institutions and while it is to these that the remarks made above mainly apply, the Consumers' Societies come out not a bad second to them. They have also shown considerable improvement during the year of report and we are told that these societies in the State have proved a better success than elsewhere in India except Madras. Some inherent defects in their system of working have been mentioned by me previously such as credit sales, indirect buying, rigidity in the fixing of prices irrespective of market rates, imperfect stock accounts, principle of profit distribution, etc., which in my opinion considerably detract from their utility. Measures are being taken to rectify these defects as far as possible and it is hoped that these societies will then prove a better success.

AJMER-MERWARA

Review by the Commissioner, Ajmer-Merwara, of the report on the working of the Co-operative Societies in Ajmer-Merwara for the year ending the 30th June, 1936.

While the number of Central Societies during the year was the same as in the previous year, *viz.*, 12, their membership rose from 1290 to 1319 Societies and the number of individual members decreased by 2, i.e., from 761 to 759. The number of agricultural societies and their membership increased from 605 and 13, 675 to 617 and 14,168 respectively, 14 new societies having been registered and the registration of 2 having been cancelled during the year. The number of non-agricultural societies and their members rose from 118 and 6,794 to 123 and 7,008 respectively. During the year 7 new Societies of this class were registered and the registration of 2 cancelled.

The net increase in the number of societies and in their membership was 17 and 734 respectively.

The working capital of the Central, Agricultural and non-agricultural societies amounted to Rs. 20,63,141, Rs. 17,00,536 and Rs. 16,40,489 respectively against Rs. 20,90,931, Rs. 17,00,939 and Rs. 14,87,128 in the preceding year. The total working capital of all the societies amounted to approximately Rs. 54,04,200 showing an increase of about Rs. 1,25,200 on the figures of the previous year.

The working capital of the Central Banks and societies during the 1935-36 as compared with the previous years figures is shown below:—

	1934-35 Rs.	1935-36 Rs.
Ajmer Central Bank	11,45,220	11,47,753
Beawar Central Bank	6,35,575	5,88,562
Nasirabad Central Bank	1,28,268	1,15,631
9 other Central Societies	1,81,868	2,11,195
..	20,90,931	20,63,141

Ajmer Central Bank. The number of individual members decreased by 2, *i.e.*, from 472 to 470 whereas the number of affiliated societies increased from 322 to 328 during the year under review. The share capital remained the same as in the preceding year, *viz.*, Rs. 1,00,000. Deposits from individuals decreased from Rs. 6,80,108 to Rs. 6,31,570. A total sum of Rs. 71,686 was lent to individuals. Loans to other Banks and societies amounted to Rs. 4,54,153 during the year. These sums with the balance of the previous year's loans (Rs. 7,35,881) make an aggregate of Rs. 12,61,720 as loans due to the Bank. Recoveries during the year amounted to Rs. 5,30,536 leaving a balance of Rs. 7,31,184 outstanding. The Bank earned a profit of Rs. 16,297 while the reserve fund at the close of the year was Rs. 1,54,482, *i.e.*, Rs. 4,765 more than the previous year's figures. The affairs of the Bank continued to be conducted on sound lines.

Beawar Central Bank. The number of affiliated societies decreased from 249 to 248 as the result of the cancellation of the registration of one society. The number of individual members remained unchanged at 218. The share capital remained at Rs. 70,000. The previous year's outstanding balance of loan was Rs. 4,87,463 and a sum of Rs. 12,536 was lent during the year making a total of Rs. 4,99,999. Recoveries amounted to Rs. 65,442 leaving an outstanding balance of Rs. 4,34,557. The Bank suffered a loss of Rs. 3,747 as compared with Rs. 4,954 in the preceding year. The reserve fund remained unchanged at Rs. 58,900. The condition of the Bank continues to be unsatisfactory and to require close attention.

Nasirabad Central Bank.—The number of individual members remained unchanged at 71 while the number of affiliated societies increased by 3, *i.e.*, from 126 to 129. The share capital remained at Rs. 25,000. The balance of previous loans was Rs. 1,05,161 and a sum of Rs. 42,299 was advanced during the year under review making an aggregate of Rs. 1,47,460. Recoveries amounted to Rs. 51,833 leaving a balance of Rs. 95,627. The bank earned a profit of Rs. 2,781. The reserve fund and other funds amounted to Rs. 32,810 against Rs. 29,630 in the preceding year. The Bank's reputation as a sound concern was maintained.

The Banking Unions at Masuda, Bhinai, Todgarh and Kekri did useful work during the year.

The net profit of the Central Banks and societies decreased from Rs. 20,399 to Rs. 15,577. The reserve and other funds increased from Rs. 3,18,282 to Rs. 3,35,011.

During the year under review the rainfall was not well distributed. For want of timely rainfall the Kharif crops in the Barani area were damaged and the continued low level of prices of agricultural produce again affected recoveries. In the difficult times through which we are passing rapid progress of the co-operative movement is not to be expected, and allied to the generally prevailing economic difficulties, the low standard of education and social enlightenment in Ajmer-Merwara is a further obstacle to rapid progress. The fact contained in paragraph 17 of the Registrar's interesting report that the largest amount lent out during the year was for marriages and funerals is eloquent of the difficulties which have to be faced in this respect. It is satisfactory that funds have just been provided for the entertainment of staff for a number of years to train the members of societies in co-operative principles, since the movement can only flourish by a general appreciation of these principles—to impart which the existing staff is numerically inadequate and which have not yet been grasped by the large majority of those for whose benefit the movement exists. In the face of these difficulties work performed during the year under report is commendable and the main credit for the progress made must go to the energy and keenness shown by the Registrar, Mr. Bhanwar Lal, and his staff, in what must often seem a somewhat thankless task. An expression of thanks is also due to the honorary workers mentioned in the Regsitrar's report for the valuable assistance which they have been giving to the movement.

CONFERENCES AND MEETINGS

THE 12TH CONFERENCE OF REGISTRARS OF CO-OPERATIVE SOCIETIES HELD AT NEW DELHI ON THE 8TH & 9TH DECEMBER, 1936

The Hon'ble Kunwar Sir Jagadish Prasad in opening the Conference said:

I consider indeed that this is a noteworthy occasion as it gives me an opportunity during my term of office of extending to you a warm welcome and of telling you how greatly we appreciate your labours in a field which has such vast possibilities for doing beneficent services to the vast bulk of the Indian people. I need not emphasize the value of these Conferences and what they have done to prevent stagnation of thought and effort. They are a corrective to a placid contemplation of things as they are. Competent critics have noticed how often one Province is ignorant of the doings of its neighbour, how provincial boundaries are apt to become barriers against the flow of knowledge and experience. This Conference gives opportunities to workers in the same field, officials and non-officials to exchange views, to compare experience, to discuss common problems and to make, what is most important, personal contacts. I am sure that the value of this Conference extends beyond the passing of a number of formal Resolutions. This is, I believe the 12th Conference of the series, but since the Reforms this is the fourth Conference. The first was held in 1926, then we had a conference in 1928. Unfortunately after that, there was a gap of six years and no conference met till 1934. I trust that in future, the intervals between the Conferences will not be so great. I wish I could give this Conference some information as to the action that was taken on the 23 Resolutions that were passed in 1934. Twenty-two of those Resolutions concerned the Local Governments and I am sure that they gave the Resolutions of the Conference the consideration which they deserved. I shall see, if it is not possible in future to get more up-to-date information as to the action taken on our deliberations because it would be of some satisfaction to know whether our Resolutions have had some practical effect. Only one Resolution concerned the Government of India and it was in regard to legislation for societies operating in more than one provincial field or of an all-Indian nature and it was found after consultation with the Local Governments that the disadvantages and the difficulties were greater than the supposed advantages and the matter was allowed to drop. I need not also reiterate that so far as the Government of India are concerned, we have no desire to impinge on the provincial sphere. We are here to help you, the Provinces and the Indian States, to make this movement one of the most potent in the uplift of the masses.

I think the Conference would like me to thank Mr. Darling for the efficient way in which he has conducted the proceedings of the Registrars' Conference. Mr. Darling has devoted a whole life-time to the study of rural problems. We are familiar with his works which show an insight and sympathy, rare in this country, and there is no doubt, I think I am not exaggerating, that he is one of the greatest living authorities on rural problems in India. I think I may be permitted to add a word of praise for the Secretary, Mr. Vishnu Sahay, for the efficient manner in which he has discharged his task.

You will remember, gentlemen, that the last conference was presided over by my distinguished predecessor, the late Sir Fazl-i-Hussain. By his death we have lost a courageous statesman and a vigilant and resourceful guardian of rural interests. I should also like to mention the names of two non-officials who rendered signal services to the movement, I mean the late Mr. Devadhar and the late Sir Lalubhai Samaldas. They show once again the deep debt of gratitude which this movement owes to the disinterested labours of non-officials in the co-operative field. I am sure that you would like at a later stage to pass formally a vote showing your appreciation of their services and of sympathy with their relations.

Gentlemen, I do not propose to make a detailed survey of the history of the co-operative movement before this assembly of experts, but I think it may not be quite irrelevant, if I were to make a few general observations on how certain aspects of the movement strike a man deeply interested in the welfare of the movement and closely connected with the countryside. I do not propose to enter into the technical questions, and I wish to avoid controversial topics. It must be remembered that the co-operative movement in India is only a little over 30 years old. It was introduced on the initiative of Government—it was not the result of any popular demand. Its whole history, a history somewhat chequered, has been dominated by this fact. We have seen times out of number that the premature withdrawal of control has had disastrous results. But I do not wish for a moment to be misunderstood. The object of control is really to hasten the process of freedom. The object is to create conditions that this control may be easily removed because the whole object of the movement is that the societies should stand on their own legs. Therefore when I say that the removal of control has led to unfortunate results, I lay emphasis on the word premature withdrawal.

Judged by statistics, this movement has made a satisfactory progress. We have in India over a lakh of societies, mostly agricultural. In Germany, the pioneer of the co-operative credit, I believe that in the first thirty years, there were only 30 societies. We have a working capital of 97 crores, of which about 29 crores is owned capital. Most of the societies, as is only natural in an agricultural country, are agricultural and I believe their numbers are just a little over 90,000, I think 93,000. But it is not enough to go by these statistics. I think we have to ask ourselves a few searching questions in order to get a true picture of the movement. We have to ask to what extent are the principles of co-operation understood by the officers who are supposed to guide the movement and by members of societies and to what extent they have been able to inculcate the virtues of punctuality in repayment of loans and interests. We have to find out whether the virtues of thrift have taken effect amongst our members. In short we have to find out by a little searching analysis whether the movement has made progress, whether it is stationary or whether it has gone back. I am afraid that the answers to these questions in a number of provinces are not as satisfactory as one would wish them to be. It has been found that the training of the staff and the education of societies has been very defective in a number of provinces. So greatly were the Government of India impressed with these serious shortcomings that last year they allotted a sum of 15 lakhs to be devoted for the training of the staff and the members. It has also been found that the arrears of loans and interests have in many provinces been of alarming proportions, partly due to the great slump in prices, partly to over-financing and partly, I am afraid to lack of control by adequate staff. The societies have got into such a state that the only solution was to liquidate them and the number of societies which has been liquidated is certainly somewhat alarming. In the eight major provinces, over 25,000 societies have been liquidated which means that since the movement began one primary society out of four has had to be liquidated. The conference can well realise the set-back that liquidation on such a scale is likely to give to the movement. It shakes confidence in the countryside. It also involves so much loss of time, of effort and of money.

Now coming to the question of thrift. A very interesting investigation was made in the Punjab in regard to agricultural societies and it was found that in the case of 100,000 members, only 13 per cent. were free from debt of all kinds. No such enquiry has been made in other provinces, but I think it will be generally recognised that people join societies in order to borrow, that it is rare that a man of means who has no intention of borrowing joins these societies. It has also been found that except in three provinces the savings in deposits do not exceed more than Rs. 35, that is to say, only in three provinces, the average is a little over Rs. 20 and does not exceed Rs. 35. Members of the Conference know that it may be because of the unlimited liability or it may be for other reasons that men of substance have not joined these societies. They have not been able to attract deposits from the villages, they have not been a kind of savings bank for the countryside. They have been more in the nature of distributing agencies for loans taken from central societies.

I come now to another point. Largely due to depression in prices, members have not been able to repay their debts. Banks have not been able to lend money at a time when it was most urgently needed and the result has been serious stagnation in many provinces whose sole function for some years now has been to collect only the outstanding debts. Governments also, partly or largely through financial embarrassments, have not been able to devote as much money to this movement as it required or as circumstances would have demanded. I believe that except in the Punjab where the net expenditure as compared to the revenue is just a little over one per cent., in most of the provinces it is below half a per cent. In two or three it is just a little above half a per cent., but in most provinces, it is below half a per cent.

Another serious defect has been noticed. Commissions and Committees have laid repeated emphasis on the importance of the post of the Registrar. It has been laid down that on his ability, on his knowledge, on his drive, on his personality and on his initiative depends the progress of the movement. I am not sure whether these wise counsels have always been borne in mind in making these appointments. I should also like to draw the attention of the conference that when all is said and done we have so far only touched the fringe of the movement. Figures show that except in the Punjab where out of every 100 villages, 48 have a society, in other provinces, the percentage rapidly goes down. I believe in Bengal, it is 23 per cent., this is the next Province after the Punjab, and in Madras, it is 22 out of 100. In other provinces, for instance in the U. P. from which I come, I believe that only five villages out of 100 have these co-operative societies. It is true that we have nearly 4 million 400 thousand members, but considering the population of India, on a generous estimate only about 15 million including the families of members have so far been touched by this movement.

Well, I have so far perhaps laid too much emphasis on the deficiencies which have come to my notice ; I should now like to emphasize the good that has already been done. After all, as I said, over 30 crores is now the savings of these members.

In societies and in places where the movement is flourishing and strong, the rates of interest have certainly come nown. In some provinces, the movement has really taken hold. I have also perhaps devoted undue amount of attention to agricultural credit socieities, and I should like to say that non-credit societies are rapidly coming to the front. I need only mention the work done by these societies in the consolidation of holdings in the Punjab, the cotton sale societies in Gujerat, the sugar cane supply societies in U. P. There are many directions in which we can link up these societies either with thrift or with rural reconstruction or with marketing. Some people have even come to the conclusion that for the future it may be advisable to have reconstruction first and credit afterwards because we all realise the great dangers of supplying credit for unproductive purposes. It has been said that the problem of rural credit is not so much as the supply of funds as they should be utilised for productive purposes. Some one has said that borrowing for consumption is the road to poverty and that borrowing for production is the road to well being. Many of us who have had dealings with cultivators know how prone they are to borrow. Real emphasis is to be laid on the proper use of money. That I think is one of the main problems before you.

I had at the beginning laid emphasis on the importance of training and adequate staff. I should not be regarded as unmindful of the great services which non-officials have rendered to this movement. I see here before me veterans in this noble cause like Mr. Ramadas Pantulu, and there are others. The field is so vast that officials and non-officials can both co-operate in this stupendous task. For what is it that you are aiming at? You are aiming at inculcating the virtues of thrift, of self-help, of willingness to help others, of business methods, of working each for all and not each against each. I think what we are attempting to do is the training on right lines of character and of trying for the growth of a self-reliant, upright, educated and prosperous tenantry. I do not think myself that there is any movement which has greater potentialities for good for the rural population than the movement to which you have devoted so much of your time and abilities. In the words of the Royal Commission on Agriculture, "If co-operation fails, then surely falls the best hope for rural India." Let us see to it that this does not happen. I do not minimise the difficulties. You have to educate millions of illiterate people. You have to train them in habits, you have to wean them from old-established habits, but believe me, that in the future the problems of rural India will engage more and more the attention of our legislators and of our rural population, for their masters, 35 million voters mostly rural will demand that practical remedies and not merely rhetoric and academic discussions should be applied to their many ills. No greater contribution could be made for the solution of the present agrarian discontents on peaceful lines than an efficient co-operative movement. To it let us bend our energies in the hope that our labours will not be in vain. (Applause).

When the Conference met on Wednesday, the 9th December 1936 at 11 a.m., Mr. M. L. Darling was in the chair.

DISCUSSION ON CO-OPERATION AND RURAL RECONSTRUCTION

Mr. Eustace, I.C.S., the Punjab, moved:—

"The Conference considers that the movement should be used to the fullest possible extent compatible with its principles for extending the rural reconstruction movement, having regard to the fact that it is the best and in many areas the only means for providing the organization without which the rural reconstruction movement cannot expect to be permanent."

I can only speak from experience in the Punjab. The idea that co-operation can help a villager in other ways besides thrift and credit is an old one, and there have been for many years societies in the Punjab which for want of a better name have been classed as "Better Living". In practice their purpose has been to curtail needless expenditure on ceremonies. Members who joined pledged to abide by certain limits for each ceremony, and during days of depression members have been glad to make their society an excuse for reducing expenditure.

With the advent of the recent drive for rural reconstruction however, with its object to improve the economic and moral position of the cultivator, the question was asked why better living societies should stop at ceremonies. This work at the best was intermittent and not enough to occupy an energetic committee, while the objects of reconstruction and co-operation appeared remarkably similar.

Societies were therefore started on new lines and old societies altered. A set of model bylaws was drawn up, in consultation with the Commissioner for Rural Reconstruction, to include every form of enterprise possible—pitting manure, using improved seed, sending children to school, reducing drunkenness and litigation, and the formation of village clubs.

A society is given a choice as to which subjects are to be chosen as being possible and suitable, and all members on joining have to agree to support these objects. The most popular works have been the brick paving of village lanes, the repairing of wells and roads, the filling in of pits and depressions, and in some areas the planting of trees. In one district some societies have taken over the provision of first aid to animals and sent a member for training, and in several villages the societies have hired sweepers on monthly wages of grain or cash to keep the lanes clean, while local contributions have been everywhere collected in most encouraging amounts.

As this movement has progressed one or two principles have been evolved—the first is that the whole village or sub-division of a village should join the society or at least one member from each family. The second is that there should be no distinction of class, caste or creed. Everyone must be persuaded to work for the general good. The third is that it is unnecessary only to start a better living society where some other form of co-operation exists. In several instances as was suggested by at least one speaker yesterday rural reconstruction has prepared the ground for a good credit society whereas the converse is not always true.

So much for a brief account of the organization of the societies in the Punjab. I now hope I can persuade members of the advantage of carrying out rural reconstruction co-operatively. The real advantage is that there is some sort of local organization under regular supervision, with proper rules of procedure, and capable of spontaneous further growth. The society is registered under the Co-operative Societies' Act and has all the advantages of being a recognized body. A wave of enthusiasm for reconstruction has come. Legislatures will in future see to it that their voters are cared for. But it is possible that interest at election time may wane once the electors have made their decision. It is then, that I maintain that a properly run co-operative society will see to it that the moral and economic aspects of village life are not neglected, and that the co-operative is the only non-official way of giving permanence to the movement.

The lesser advantages, and only lesser because they follow from the fact of co-operative organisation, are:—

(i) the general teaching of members in self-organization,
(ii) the poor man benefits along with his more prosperous neighbour,
(iii) officers of beneficent departments are able to attend meetings of the society and be certain of an intelligent audience,
(iv) there is a managing committee for funds locally raised, or given by Government, for reconstruction purposes. Even if in the latter case actual expenditure lies with a Government officer the committee is a most useful advisory body.

In closing I would say that it has been objected that rural reconstruction can only take place where the villager's economic position allows—the starving man can buy no mosquito net. This is true, but only if co-operative rural reconstruction had no message for the very poor. The poorest man can assist his neighbour in filling in a pond and eliminating mosquitoes and fever, the poorest man can reduce his own illness and that of his family and his cattle by observing simple rules of health—a very small owner can afford to plant one fruit tree ordered through a society, or keep the better type of fowl advised.

The whole purpose of reconstruction is not to create a model village no one could live in but so to utilize existing resources that all are used for the cultivator's advancement and well being. And it is this movement I urge Co-operation should consider as its own. I would ask members to support the resolution that co-operation is the best method of rural reconstruction.

Mr. T. Austin (Madras) seconded it.

Mr. Fazlullah (Hyderabad): I think the lines laid down by the Irish pioneers should be followed and it will automatically lead to better living. It is incumbent on all co-operators to see that the agriculturist is provided with all material requisites for leading a good life and better living will follow in its own course. Co-ordination is what is required between the various nation-building departments. And for this there is no better organization than the co-operative society. I also think it is necessary to train staff to carry on this work especially when rural reconstruction is in its primary stages.

Sheikh Ghulam Mohammad (Kashmir): I must say that even after thirty years of the co-operative movement in India, practically nothing has been done to dispel illiteracy in rural areas. No movement can flourish and thrive where there is illiteracy. This is a point on which advanced countries even in the west have laid emphasis. I learn that in Turkey after the great war, they employed 15,000 teachers in one year for the spread of elementary education and adult education among the agriculturists. This is essential for advancement in rural areas. In addition to providing credit for the poor agriculturist we must think out ways of increasing his income and increasing his production. Half-hearted methods are no good. At present we are financing the farmer to the extent of 7 or 8 per cent: the rest is being supplied by the local sahukar or money-lender or shop-keeper. We have not also been able to solve the problem of cottage industries and provide people with subsidiary occupation for their times of leisure. Again, I say if the co-operators and the rural reconstructors take up this single item of illiteracy and concentrate their energies on it, the co-operative movement and the rural uplift movement will thrive.

Babu T. P. Ghose (Bihar): I must say that in Bihar the rural reconstruction societies have not succeeded in creating a spirit of co-operation in the village and we consider the grant for rural uplift should have been spent not by giving doles to villages but by helping in creating an organisation in the villages for village welfare societies. That can only be done by creating the spirit of co-operation which is wanting in the present type of societies. The present societies are not genuinely co-operative. It has been observed that we have too much of credit and too little of co-operation in our societies and that is why we have not been able to achieve much so far. We should request the Government of India at least to allow the provinces to utilise the second instalment of the Government of India grant to enable them to maintain a sufficient staff of organizers and supervisors for organizing village rural welfare societies in the respective provinces.

Mr. Subbaiya (Coorg). Co-operative societies in a great many parts of India and in the villages have come to stay. Although the societies were primarily started with credit movement, the ultimate aim of all the societies is to make the villagers' life in every sense a good life and a better life, and in that sense the movement ought to aim at rural reconstruction, and it is not necessary to multiply agencies for every activity that is conducted in a village, as long as it is admitted that co-operative societies follow the best principles. If a village has several organizations or a group of villages have got several organizations concerned with various activities, I fear those organizations would devote their attention and time more to the machinery itself rather than to the object of the organization; they would rather tend to forget the very object of those organizations for which they were created. The best thing we could do to further our rural reconstruction work is to utilise the agency of the co-operative movement and make the life of the villager a better life in every sense.

Mr. Ramadas Pantulu: I wish to raise a practical issue with which we are confronted in some parts of India. I am actively associated with some schemes of rural reconstruction. In some places we are asked to undertake functions which, in my humble opinion, do not really pertain to the co-operative agency. For instance, many rural reconstruction centres are now devoting attention to removal of illiteracy, to which my friend over there referred, to schemes of rural sanitation, medical relief schemes, rural water supply and rural communications. These are activities which are absorbing a great deal of time and energy and money of some of our rural reconstruction centres. My own view is that all these functions belong either to Provincial Governments or local bodies. It is not the function of a co-operative organization to supply water or to provide latrines or to make roads or to establish schools. I think it is an undue strain on the co-operative movement, and it is unreasonable to expect co-operators to undertake these functions. However much we may expect them to do it, they really cannot succeed, because nothing but well organized State aid can achieve these objects. So I feel we are wasting our time and energy in trying to accomplish things which are absolutely beyond our capacity, and wherever I had anything to do with such things, I have been telling them to eschew such activities. Without being expansive, my own idea is we must aim through the co-operative agency at bringing about conditions which would give better living and better ideals to the villagers. I think in this matter the Punjab and the United Provinces are the only two provinces which have tackled the co-operative movement rightly. In Madras we have not been able to do much. Therefore, I suggest we should not spend our time and energy in activities which do not directly pertain to the co-operative movement. I feel the lines on which the Punjab Registrar has framed this Resolution are the correct lines, and while I wholeheartedly support this resolution, I am strongly in favour of ruling out many of the activities which are now vaguely associated with rural reconstruction.

Khan Bahadur Nawab Fazl Ali (Punjab): The only point for consideration is whether the co-operative movement should take up uplift work or not. I think it is a very noble and wise thing, and it should be tackled by the co-operative department. The villagers will then be able to see what uplift is. Of course, the department can decide as to what exactly they should do and what they should not.

Mr. Vishnu Sahay (U. P.): Most of us are familiar with the schemes which have been adopted with the help of the Government of India subsidy recently. The criticism frequently made against those schemes is that they may take up a good deal of money in the pay of the staff, and secondly that visible results cannot be seen within a short period. It is perfectly true that a scheme involving the organization of co-operative societies for better living and better farming will inevitably swallow up a good proportion of the money available in the pay of the staff, but the second objection made is that in proportion to the amount of money spent in a few years the results will not be sufficiently visible. Here again, if we are doing things on a co-operative basis, we must reconcile ourselves to wait and wait patiently. The experience of the United Provinces in this respect seems to indicate, such as it is, that given patience and the necessary trained staff, success can be looked forward. We started this work 8 years ago with the help of a staff provided by the U. P. Co-operative Union. The lines of work were different. In one district education was taken up first; in another sanitation, and in the third it was a more comprehensive programme in which farming played a most important part. Varying degrees of progress were achieved, and it was found that ultimately the development would be not in one single line, but all along the line. Where we started with education first we found that the main difficulty was that sufficient arrangements had not been made for the provision of seed or education in better farming. Co-operative societies have taken that up, and several co-operative societies which only 10 years ago were on the verge of liquidation are now flourishing. The same has been the result elsewhere, and the conclusion one comes to is that if a sufficiently comprehensive attack is made not merely on the credit side of co-operation, but also in other directions, we shall be laying the foundation for sound rural reconstruction.

Rai Bahadur Bhola Nath (Bihar): I come from Chota Nagpur which has been excluded partially from the reforms. About 5 years ago when Mr. Godbole was our Deputy Commissioner there, we started village reconstruction work. We formed Thana committees in each of the Thanas and Village Panchayats under the Thana Committees, and we also formed District Associations. We then took up adult education, village sanitation, and we also took up the work of providing seeds, etc. We got help from all the departments of the Government and also from the Co-operative Department. The scheme worked very well, and it is still working successfully. Now, the question is whether the Co-operative Department, which has for its aim the improvement of the general economic condition of the agriculturist, should take up functions which do not directly pertain to the co-operative sphere, and when further grants are received from the Government of India, we should take advantage of them and work the other committees in the district. My own idea is we should take the fullest advantage of the present opportunity when grants are available and start work, and it should be the duty of the co-operative department to educate the villagers. Unless there is education imparted to the villagers, they will not be able to appreciate the force of the co-operative movement. Therefore, I suggest that the co-operative department should have as one of its main objects among the others, the education of the villagers; then alone they will be able to improve their cultivation and improve themselves.

Chairman (Mr. Darling): I believe there is no difference of opinion on this Resolution, but before I put it formally I should just like to say something in connection with two points. One is that you will notice that the resolution says that the movement should be used to the fullest possible extent compatible with its principles, for extending the rural reconstruction movement, having regard to the fact that it is the best, and in many areas the only means for providing the organization, etc. While the preliminary conference of Registrars put that in, it was because they realised there was a possibility of another organization, that is the village panchayat working side by side, and our conference recognising the importance of panchayats definitely put the resolution in that form; the conference did not wish to exclude the agency of the panchayat for the purpose of rural reconstruction. Then the other point was, the conference felt that rural reconstruction cannot expect to achieve any permanent results in village life without some organization, that it was not sufficient to have a peripatetic official going about from village to village, and that if permanent results were to be achieved, some official organization was necessary. I take it that the Resolution would meet the approval of all members present here.

The Resolution was adopted unanimously.

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Mr. Ramadas Pantulu: It is now my pleasant duty to express on behalf of the non-official members and also of the official members if they have no objection to associate with us, our appreciation of the able manner in which you have conducted these proceedings. Your opening speech was not only a masterly survey of the movement but bears evidence of your sympathy towards the movement and a promise of wholehearted support from your place in the Government of India towards the future development of the co-operative movement in this country and we are also grateful for the way in which you have given latitude to us to express our views fully upon the questions that came up. We are also deeply indebted to you for your unfailing courtesy in conducting these proceedings. We are grateful to you for assuring us that provincial autonomy in matters of co-operation will not be handicapped in the centre and that each province will be allowed to develop on its own lines and with due regard to the conditions which prevail in that province. That is a great concession. There was at one time an attempt to start some central bureau to give direct guidance from the centre, of course in the form of advice but very often advice mingled with some kind of dictation. We are glad to learn that the Government of India have no such intention and your assurance is very welcome. We thank you for the assurance that the Registrars' Conference will be held more frequently in future and that non-officials will be given an opportunity to participate in them. In this connection I would like to point out that the procedure adopted this year has not been on the whole very satisfactory. Some of us got the agenda after we came and we had not the time to study it. Of course the loss is ours. If they had given us more time and better opportunities to study the problems, probably we would be able to throw better light on the problems and would have been able to revise their decisions in the light of what we had to say. I hope the procedure will be adopted of having sub-committees or some other form of committees so that we might have fuller opportunities of studying the questions before we come here, and at any rate I hope there will be some change in future with regard to this. It only remains for me to thank all my official colleagues here for the hearty way in which they have co-operated with the non-official section of this Conference and I am sure that if in each province the same kind of co-operation between officials and non-officials is aimed at and secured, then the future development of co-operation is assured. We are all co-operators first and let us carry on our mission in that spirit; we are especially glad to find that at the helm of the affairs of the Government of India there is a co-operator like our President. (Loud Applause.)

The Hon'ble Kunwar Sir Jagdish Prasad: I wish to thank Mr. Pantulu for the undeserved compliments that he has been so kind enough to pay to me. I can assure him that for my own part and I think I may also speak on behalf of the Registrars that we have derived the greatest benefit from the views expressed by the non-official members of this Conference. We have had the opportunity of listening to the views of men who are in constant touch with the movement and I am sure I am voicing the opinion of the official members when I say that the views that have been expressed by the non-officials have been of very great advantage indeed. I can also assure Mr. Pantulu and other non-official members of the House that so long as I happen to occupy my present office, they need no assurance from me that the subject of co-operation will always have my constant and sympathetic attention. I have for a long time when I was not here devoted a good deal of attention to this subject; I realize its importance, as I said yesterday, and members may rest assured that anything that I can do to advance the movement on sound lines will be done. I need not assure them that so far as the Government of India are concerned, there is no desire to dictate, as I said yesterday: our desire is to assist and to co-operate, to help you to come here to exchange ideas, to act as a sort of co-ordinating agency, and our experience in a department like agriculture and while we have the Imperial Council of Agricultural Research, shows that it is possible for non-officials and officials to meet and to act in such a way as, without impinging on the jurisdiction of the provinces, to help the movement on all-India lines. There is always the risk, as you all know, that with provincial autonomy coming, of provinces working in isolation and I think it is very desirable, as I think members must have felt, that the coming here and discussing things amongst yourselves is itself a great advantage. As regards the procedure, we shall see that if possible in the future the proceedings are so arranged that non-officials get a sufficient opportunity of studying their agenda. I should also now like to thank members including officials and non-officials for having taken the trouble to come to Delhi and for the manner in which they have conducted the proceedings. They have come at great personal discomfort, in many cases over long distances, and we are very much obliged to them for the trouble they have taken. I should again like to thank Mr. Darling and Mr. Vishnu Sahay for the assistance that they have given us to make this Conference a success. (Loud Applause.)

The Conference then adjourned *sine die.*

Note by Mr. T. Austin, I.C.S., the Registrar of Co-operative Societies, Madras.

How far the present co-operative agencies for agricultural credit are co-related and how they can be further co-ordinated?

There are at present three co-operative agencies for dispensing agricultural credit, viz., (1) the rural society (2) the land mortgage bank, and (3) the Loan and Sale Society. The object of the first is (or ought to be) chiefly the financing of agricultural operations; the object of the second is chiefly the liquidation of prior debts; and the object of the third is the provision of credit on the security of harvested produce to enable the agriculturist to wait for a better price. The agriculturist can derive the maximum benefit from these three institutions only if they work in close co-operation with one another.

2. The ideal method of co-ordination would be first, for the Land Mortgage Bank to clear the ryot's prior debts with a long-term loan of 20 or 30 years. Then, the ryot thus redeemed should be given loans by the rural credit society for agricultural operations as well as for the payment of kist and for domestic expenses during the cultivation season. Later, when the produce is harvested, it should be taken into the Sale Society's warehouse. If prices prevailing at the time are favourable, the produce should be sold away by the Sale Society at once, and the sale-proceeds should be devoted first towards discharging the loan given in the rural credit society and secondly towards discharging the loan-instalment due to the Land Mortgage Bank. The surplus remaining after these payments should be handed over to the ryot. If the prices prevailing at the time the harvest reaches the warehouse are unfavourable, the Sale Society should advance a loan on the security of the produce kept in the godowns. Out of this produce-pledge-loan, the Sale Society should discharge the rural credit society's loan and the Land Mortgage Bank loan-instalment and give the balance alone to the ryot. The entire produce-pledge-loan should be recovered by the Sale Society when the produce is sold.

3. The above scheme of co-ordination requires also the co-operation of two other co-operative agencies, viz., (1) the Central Bank, and (2) the Supervising Union. The former should finance rural credit societies for agricultural operations at the proper time and look upon the Sale Society as its collecting agency. The latter (Supervising Union) should get its supervising staff to see to the disbursement of the cultivation loans in time to the ryots by the rural credit societies. The supervising staff should also see that the harvested produce reaches the sale society's warehouse.

4. To ensure timely disbursement of loans for agricultural operations, the old systems of "forecast loans" or "normal credits" based on an estimate of each member's requirements are tardy. The financing Banks, therefore, should sanction seasonal cash credits to rural societies ranging from Rs. 100 to Rs. 2,000 for each season, (e.g., cotton season, groundnut season, etc.), on the recommendation of the supervising union. These cash credits should be operated on by cheques by the Presidents of rural societies subject to the condition that no member should be given more than Rs. 10 an acre for cotton or Rs. 12 an acre for groundnuts. The Central Bank should honour cheques on seasonal cash credits only if they are accompanied by an advice-slip furnishing names of each borrower, amounts to be given to each and acreage under cotton or groundnuts (as the case may be) to be sown by the borrower. These advice-slips should be signed by at least three pan-

chayatdars, should bear the seal of the society and should be countersigned by the Supervisor in charge of the society. As soon as the Central Bank disburses the cheque amount, it should send a copy of the disbursement statement to the Union and Sale Society, the former for watching the harvest and sending it to the warehouse, the latter for effecting collections from the sale-proceeds of the produce.

5. To ensure that the harvest whose production is financed by the Central Bank is actually raised on the fields and reaches its destination, the Union's supervising staff should inspect the lands proposed to be cultivated once before they countersign the advice-slip and at least once again at the time of the harvest. As the whole scheme depends for its success on an effective supervision over the cultivation that has been financed and on the delivery of the resultant produce at the warehouse, it is important that the supervising staff should not skulk this work. For this purpose, each one of them must maintain pocket-diaries separately for cotton cash-credits, for groundnut cash-credits, etc. These pocket-books should furnish full particulars of cash-credits disbursed to each member in each society in his charge, the survey nos. on which the crop is raised, and their extent in acres. These pocket-books should be checked by the Secretary of the Central Bank once soon after cash credits are disbursed and again at the time of harvest by doing field-inspection. Departmental officers also should check these pocket-books and the fields concerned off and on. When the produce raised is sold through the warehouse and the cash-credits are recovered, the supervising staff should then and there post their pocket-books with the collections effected.

6. It will be observed that under this scheme, the cultivation cash-credits disbursed in coin in the rural credit society are collected in kind at the warehouse of the Sale Society, and the sale-proceeds are remitted by the Sale Society to the Central Bank on behalf of the rural society. To do this properly, the Sale Society should maintain cash-credit Loan Ledgers separately for cotton cash-credits, for groundnut cash-credits, etc. These ledgers should be posted as soon as the Central Bank sends it a copy of the advice-slips accompanying cheques drawn by rural society Presidents. When a ryot brings a cart-load of produce to the warehouse and disposes of it, his account with his rural credit society should be picked out by the warehouse officer and the principal and interest due by him according to that account should be recovered from the sale-proceeds and remitted to the Central Bank to the credit of the cash-credit account of the society concerned. The warehouse officer should also give the ryot a statement of accounts showing the quantity of produce brought by him, the price for which it was sold, the commission taken by the warehouse, cash-credit dues (principal and 7½ per cent. interest) deducted and the balance delivered to him in cash. The ryot will produce this statement to his rural society's secretary, who will file it in his society's receipt book and issue a receipt for the sums deducted by the warehouse. The same procedure should apply *mutatis mutandis* in regard to the instalment dues of the Land Mortgage Bank collected and paid to the Central Land Mortgage Bank by the warehouse officer.

7. It is important that the accounts of one season's cash-credits should be finally settled as soon as that season is over and that no carry over should be permitted except for satisfactory reasons. At the end of the cotton season, for instance, the supervising staff should check the postings of collections entered by them in their cotton cash-credit pocket-books with the cotton cash-credit ledger maintained by the warehouse officer, strike out the D. C. B. for each society in their charge and

submit them to the Central Bank Secretary, with the reasons for the overdues in the case of each member in each society. The Central Bank Secretary should then give a final disposal for the overdues in each society in consultation with the Deputy Registrar. In some cases they will have to be recovered out of the next crops, in others coercive processes may be necessary and in some cases they may even have to be written off. If worked out in all this detail, the Central Bank will be able to say that it advanced so much to so many rural societies for such and such cultivation, that so much crops arrived at the Sale Society, that they were sold for so much, that so much of its advances fell overdue, of which so much fell overdue for reasons beyond man's control.

Resolutions passed at the Conference.

1. The Conference considers the linking of credit and marketing wherever possible to be of great importance and suggests that the note submitted by the Registrar, Madras, be examined carefully in each province with a view to the possibility of introducing a similar scheme adapted to local conditions.

2. The Conference considers that the facilities at present enjoyed by co-operative societies in respect of remittance of funds should be continued by the Reserve Bank; in regard to transactions other than strictly co-operative, the facilities which are given to joint stock banks might also be extended.

3. The Conference considers that it is not the proper function of Central Banks to advance money to individuals on the security of produce stored with them.

4. The Conference recommends that steps should be taken to avoid unfair discrimination against any cane growers' co-operative marketing societies.

5. The Conference considers that a member of an unlimited liability society should not be allowed to borrow from another society except against material security, such as produce or land; if any loan is given by another society against material security the credit society should be informed; if the material security in question is land, the credit society should be previously consulted.

6. In view of the great importance of marketing to co-operators in this country, the Conference considers that the closest possible touch should be maintained between the marketing organisation of the Government of India and the local Governments and the co-operative movement on its marketing side.

7. The Conference recommends that further development of co-operative land mortgage banks should be encouraged.

8. The Conference considers that the movement should be used to the fullest possible extent compatible with its principle for extending the rural reconstruction movement having regard to the fact that it is the best and in many areas the only means for providing the organisation without which the rural reconstruction movement cannot expect to be permanent.

9. After considering resolution No. 14 of the Eleventh Conference of Registrars, this Conference considers that funds should only be attracted to the extent to which it is necessary to finance and develop co-operative activities and the balance between the two should be adjusted by raising or reducing the interest rates and deposits according to circumstances.

10. The Conference considers that there is great need of spreading the co-operative movement amongst women for the encouragement of thrift and their general welfare, and the necessary steps should be taken to give effect to this.

11. This Conference considers that in future all unrealised or accrued interest may be appropriated to reserve and dividend, provided it is not due on an account in respect of which interest is already overdue, and further that all other unrealised interest is excluded from appropriation.

This Resolution applies only to interest due from societies to banks and from members of primary societies to banks other than urban.

Further, the amount of any interest not realised taken into the profit and loss account be always clearly stated in the account.

12. The Conference considers that Universities should give prominence to the study of Co-operation in every practicable manner, for instance by making it a special subject for degree courses, both in Arts and Commerce and also in Agricultural and Technical schools and institutions.

13. The Conference understands that the legal position of arbitration and executive proceedings under the Co-operative Societies Acts has been questioned in certain quarters and, therefore approves of the provision in regard to settlement of disputes and liquidation proceedings embodied in section 57 of the Bihar & Orissa Act VI of 1935 and considers that some such provision is necessary in order to protect the decisions of Registrars and arbitrators or liquidators from interference by the civil courts and to ensure that the actual proceedings are not delayed by orders of injunction in such courts.

14. The Conference is of opinion that the Registrars should have power as in the Bihar and Orissa Act to decide whether or not a person is or was a member of a registered society.

15. The Conference considers that the lien given by section 19 of the All-India Act should be converted into a statutory charge as has been done by Bombay, Bihar and Orissa.

List of Members of the Conference

Government of India.

Department of Education, Health and Lands—

1. The Hon. Kunwar Sir Jagdish Prasad, Member of the Executive Council of the Governor-General—(*Chairman*).
2. Mr. M. S. A. Hydari, Joint Secretary to the Government of India.

Private Secretary to H. E. the Viceroy—

3. Mr. J. G. Laithwaite.

Imperial Council of Agricultural Research—

4. Mr. A. M. Livingston, Agricultural Marketing Adviser to the Government India.

Reserve Bank of India—

5. Mr. K. G. Ambegaokar.

Madras.

6. Mr. T. Austin, Registrar of Co-operative Societies.
7. Rao Bahadur T. M. Narayanaswami Pillai.
8. Diwan Bahadur K. Deivasikhamani Mudaliar.

Bombay.

9. Mr. M. D. Bhansali, Registrar of Co-operative Societies.
10. Mr. C. B. Huli, Assistant Registrar of Co-operative Societies.
11. Mr. V. L. Mehta, Director, Bombay Provincial Co-operative Bank.

United Provinces.

12. Mr. Vishnu Sahay, Registrar of Co-operative Societies—(*Secretary of the Conference*).
13. Rai Sahib Babu Radha Mohan.

Punjab.

14. The Hon. Sardar Sir Jogendra Singh, Minister for Agriculture.
15. Mr. M. L. Darling, Financial Commissioner, Development.
16. Mr. Eustace.
17. Khan Bahadur Nawab Fazal Ali, Vice-Chairman, Punjab Co-operative Union.
18. Lt.-Col. S. B. Gurbuksh Singh,

Burma.

19. U Tin Gyi, Registrar of Co-operative Societies.
20. U Ba Maung, Manager, Pegu District Central Co-operative Bank.

Bihar.

21. Mr. Y. A. Godbole, Registrar of Co-operative Societies.
22. Babu Taraprasanna Ghose.
23. Rai Bahadur Bhola Nath.

Central Provinces.

24. Mr. G. S. Bhalja, Registrar of Co-operative Societies.
25. Dewan Bahadur K. V. Brahma.
26. Mr. W. B. Lakhe, President, Chhattisgarh Division Co-operative Institute.

Assam.

27. The Hon. Khan Bahadur Maulvi Abdul Hamid, Education Minister.

North-West Frontier Province.

28. Khan Sahib Malik Sultan Mahmud Khan, Assistant Registrar of Co-operative Societies, Northern Circle.
29. Mr. Muhammad Darwesh Khan, Honorary Secretary, Mardan Central Co-operative Bank.

Orissa.

30. Babu Satish Chandra Roy, Deputy Registrar of Co-operative Societies.

Ajmer-Merwara.

31. Mr. Bhanwar Lal, Registrar of Co-operative Societies.

Delhi.

32. Ch. Narain Singh, Hony. Secretary, Central Co-operative Bank, Ltd.
33. Rai Sahib Lala Ram Pershad, Director, Central Co-operative Bank, Ltd.

Coorg.

34. Mr. K. Chengappa, Registrar of Co-operative Societies.
35. Mr. I. C. Subbaiya, Representative of the Coorg Co-operative Central Bank.

INDIAN STATES.

Hyderabad.

36. Mr. Fazlullah, Registrar of Co-operative Societies.

Mysore.

37. Mr. M. G. Mehkri, Registrar of Co-operative Societies.

Baroda.

38. Mr. Ramanlal Desai, Registrar of Co-operative Societies.
39. Dr. S. M. Pagar, Development Commissioner.
40. Mr. M. V. Desai, President, Baroda Co-operative Land Mortgage Bank.

Kashmir.

41. Sheikh Ghulam Mohd., Registrar of Co-operative Societies.

Travancore.

42. Mr. M. Govinda Pillai, Registrar of Co-operative Societies.

Gwalior.

43. Mr. Ranglal, Director of Co-operative Societies.

All India Co-operative Institutes' Association.

44. Khan Mohd. Bashir Ahmad Khan, Honorary Secretary, All-India Co-operative Institutes' Association.

Indian Provincial Co-operative Banks' Association

45. Mr. V. Ramadas Pantulu, President, Indian Provincial Co-operative Banks' Association.

THE MADRAS CENTRAL BANKS' CONFERENCE XVIth SESSION

Held on the 17th April 1937, at the Madras Provincial Co-operative Bank, Ltd.

Chairman's Speech.

The Hon'ble Mr. V. Ramadas Pantulu proposed Mr. Kala Venkat Rao to the Chair, and this was unanimously carried. Mr. Kala Venkat Rao took the chair and in his introductory remarks took strong objection to the attempted officialisation of the Co-operative Movement. He said that the department was shoving on the Central Banks all surplus Sub-Deputy Registrars as Executive Officers or Managers. He criticised the appointment of a Deputy Collector as Secretary of the Central Land Mortgage Bank and felt that the management of the Bank should have resisted that proposal with all its power. He then called upon Mr. Ramadas Pantulu to read his review of the general financial position of the Central Banks and of the action taken on the resolutions passed at the last Conference. Mr. Ramadas Pantulu then read his review.

The Hon. Mr. V. Ramadas Pantulu's Review of the General Financial Position of the Central Banks and of the action taken on the resolutions passed at the last Conference of Central Banks.

1. **Supersession of the Committee of Central Banks.** On the representation made to the Registrar by the Conference, reply has been received to the following effect:—While he does not propose to take any action on the resolution requiring the concurrence of the Provincial Bank where Committees of Central Banks are superseded, he has agreed that *wherever practicable and desirable* the management of the Central Banks will be entrusted to a small committee appointed by the Registrar.

The Committees of the following three Central Banks were superseded so far: (1) Hospet, (2) Guntur and (3) Vizianagaram. The Provincial Bank expressed its concurrence in the case of (1) and (2) but not in the case of (3). The management of the Hospet Central Bank had to be restored to a Committee constituted under its bye-laws on the expiration of four years, the maximum period allowed. In the case of Guntur District Bank, a special Committee of five persons was appointed under section 43 after one year, during which period a Special Officer was in sole charge. The Vizianagaram Bank is managed by a Special Officer since its supersession in September, 1936.

As regards the financing of primary societies affiliated to the Central Banks whose Committees have been superseded, the Registrar feels that it will not be desirable for the Madras Provincial Co-operative Bank to finance directly in view of the difficulties relating to supervision, collection and transfer of liability. I am in agreement with the Registrar's view in this matter. At the same time I am of opinion that the Provincial Bank should not finance the Central Banks, whose committees are superseded, for such supersession is resorted to or ought to be resorted to only when their financial position is definitely bad and co-operative paper of their affiliated societies is of little value as collateral security and the main function of the manager appointed under section 43 is to collect overdues.

With reference to that portion of the resolution relating to the effect of supersession on the General Gody, the Registrar obtained the opinion of the Advocate-General which confirms the view I expressed at the last conference that the supersession of the Committee does not involve the supersession of the General Body also. But the General Bodies are not being summoned and the matters that are required by the bye-laws to be placed before the General Bodies statutorily are not being so placed. Section 43, as it is worded, and the model bye-laws of Central Banks give power to the Registrar and the General Body to control the action of the Manager. The legal position seems to be not quite satisfactory. It is, therefore, necessary that the Registrar should be requested to get the section suitably amended in the light of the opinion expressed by the Conference at its last session.

2. **Declaration of Dividend—Appropriation to Bad Debts Reserve.** The Registrar has adopted the suggestion of the Conference in fixing the rate of dividend payable by the Central Banks at five per cent wherever possible, while diverting an adequate portion of the net profits to bad debt reserve.

3. **Help to Loan and Sale Societies.** The Government are now granting loans for the construction of godowns to encourage Loan and Sale Societies. There is therefore no need for Central Banks to assume this function.

4. **Concessions.** Since the date of the last conference the Government have granted the following concessions on the representation made by the Conference:—

(i) Cash credit granted by the Provincial Bank on the security of fixed deposits, debentures of the Central Land Mortgage Bank, and G. P. Notes is now permitted to be reckoned for fluid resources of the Central Banks in respect of outside liabilities. The cash credit given on co-operative paper is available only for inside liabilities and not for other liabilities.

(ii) Instead of the complicated formulae for the acceptance of Local Board deposits the Government has permitted the Central Banks to accept deposits to the extent of their paid-up share capital. But a representation is still necessary to extend it at least to owned capital of the Central Banks inclusive of share capital and reserve fund if not other reserves as well, so as to enable the Central Banks to retain or attract cheap money of the Local Bodies.

(iii) *Reduction of audit fees*: It is found from the administration report that the Registrar has endorsed the views of the Central Banks' Conference in the matter of a further reduction of the audit fees payable by the societies. This subject is again tabled for discussion at this conference and the matter will be further pursued.

(iv) *Limitation of awards made by the arbitrators and liquidators for the purpose of execution*: The Act has been amended suitably so as to get rid of the effect of the decision of the Madras High Court that Collector not being a Civil Court, pendency of execution proceedings before him will not save limitation, if proceedings are to be taken again in a Civil Court.

5. **Overdues position of the Central Banks.** Out of a total loan balance of about Rs. 325·76 lakhs from the Societies Rs. 161·67 lakhs is overdue representing very nearly fifty per cent of the outstandings at the end of February this year. The amount overdue under interest is also appreciable, and is about Rs. 8 lakhs. The position is, however, very much better than what it was on the 30th June last. The overdues on that date were Rs. 169 lakhs against the total loan outstanding of Rs. 303 lakhs.

The following Central Banks are in a comparatively better position, the overdues in them being about 25 per cent:—Amalapuram, Rajahmundry, Bezwada, Coimbatore and Trichinopoly

At the other end, the Central Banks of Aska, Hospet, Chittoor, South Arcot and Srivilliputtur are very bad, their overdues being above 90 per cent. Hospet had the full spell of departmental management under supersession, and Srivilliputtur of about five years under a special committee management appointed by its General Body.

6. **Surpluses in Central Banks.** The question of surplus in Central Banks has been engaging the attention of the Registrar and the Central Banks for some years now. The rates of interest on deposits were very considerably reduced and the acceptance of fixed deposits had to be suspended for some time. The Registrar fixed a limit to the acceptance of Local Board money as a result of which a good deal of Local Board money had to be released by the Central Banks. There are only five banks which have surpluses of any magnitude:—Trichinopoly and Nellore with Rs. 8 lakhs and Rs. 6 lakhs, and Coimbatore, Krishna and Madras, with Rs. 4 lakhs each. Some of them have large demand liabilities and as cash credit by the Provincial Co-operative Bank on co-operative paper will not avail as fluid resource for such liability, a certain amount of surplus cash in other banks is on the whole healthy. Again when the Government Order about borrowing from Local Bodies is fully in force some of the surpluses will go. Moreover as the demand from societies in this half-year seems to have improved, there will be further absorption of surplus and the position is not therefore one of any concern now.

7. **Borrowing rates of Central Banks.** One of the methods by which the Provincial Bank regulated the surplus of the Central Banks was by fixing a limit to the borrowing rate of the constituent banks. The Central Banks after a good deal of discussion adopted the convention that the maximum borrowing rate of the Central Banks should be limited to half a per cent less than the lending rate of the Provincial Bank. The lending rate of the Provincial Bank has been reduced

to four per cent. It is however a matter for regret to find that after this reduction some Central Banks have been allowing interest at rates beyond the limit fixed by the above convention. The Central Banks of Coimbatore, Malabar and Anantapur are instances to the point. The last two however have agreed to pay 4½ per cent to the Provincial Bank so long as they paid four per cent on their deposits.

The resolutions of the Conference must be respected by the constituent Central Banks and it will lead to a serious financial complication, if this is not observed in practice. Moreover, a demand for further reduction of the lending rate of the Provincial Bank up to 3 per cent will definitely lead to further violation of the convention, for in that case the Central Bank can offer no more than 2½ per cent on the deposits. I have always been pleading for some regulation and control over interest rates by mutual agreement and voluntary co-operation between the Provincial Bank and the Central Banks, and without such a plan the rationalisation of co-operative credit and putting our credit organisation on a sounder basis will not be possible.

8. **Departmental Officers in Central Banks.** Eleven Central Banks have now Departmental men in their service of whom eight are either Managers or Secretaries and three Executive Officers. They are:—Salem, Guntur, Cocanada, Tanjore, Vizianagaram, South Arcot, Aska and Hospet.

The three Executive Officers are in Krishna, Trichinopoly and Madura. The policy of making Central Banks employ departmental officials in such ministerial posts and of exercising official control over the normal work of Central Banks is being steadily pursued and very soon most Central Banks may be in charge of Department Officials. It is for the Central Banks to consider how far this policy is desirable in the interest of the movement and is conducive to the efficiency and usefulness of the Central Banks.

Proposition moved and carried by the Conference

ELECTION OF DIRECTORS ON THE JOINT ELECTORATE SYSTEM.

This Conference while favouring the election of Directors to the Board of Management of Central Banks on joint electorate system, requests the Registrar to modify his Circular No. Dis. 1688/36 dated 2-3-36, wherein it is suggested that society representatives on the Board of Management of the Central Banks should be elected by the respective general bodies of the Unions, as the proposed amendment of the Registrar is not only detrimental to the smooth working of the Central Banks and injurious to the spread of the Co-operative Movement, but also against the spirit of the co-operative principles.

The representatives of the Krishna Bank in moving the above resolution pointed out the disabilities and disadvantages their bank was suffering by the enforcement of the Registrar's circular. His chief objections were that as the Bank was a whole unit, it cannot be split up into a federation of unions which did not give true representation. Further, the Unions were self-centred bodies. The Registrar's suggestion has cut at the root of the healthy idea of general representation, and group interests have begun to predominate. Party politics and faction, limited to a particular area, were allowed to permeate the General Body, which instead of being a homogeneous whole, had become really a heterogeneous body, by adopting the suggestion of the Registrar.

The representative of the Madura-Ramnad Bank opposed the proposition, as in their district, the election conducted on the suggestions of the Registrar led to a healthy Board. There were good areas and bad areas in each district, and they should be allowed to have a voice in the election of the General Body. He also pointed out that it will not be possible to adopt the same policy with regard to the election. Different systems suited different areas and nobody should force a particular opinion on all the Central Banks.

After some discussion in which Mr. K. Bhashyam Iyengar also took part, the Registrar pointed out that his circular was only a suggestion and it was not thought to force the same principle on all the Central Banks. On this assurance, the Krishna Bank withdrew its proposition.

ACCEPTANCE OF LOCAL BOARD DEPOSITS.

This Conference requests the Government that the G.O. No. 2142, Ms., dated 27-11-36 fixing the limit for accepting deposits of local bodies up to the paid up share capital of a Central Bank be modified suitably so as to remove this restriction in view of the difficulties experienced by Central Banks.

In moving the resolution given notice of by the Malabar Bank, their representatives pointed out that their share capital was about Rs. 1,00,000 and the Local Board deposit as on date was Rs. 2,40,000. The result of enforcing the G.O. was that the deposits of Local Bodies when they had to be ren[illegible] were forced to be withdrawn in accordance with the G.O., and the funds that could otherwise have remained in the Central Bank, had to be paid out. The G.O. cuts at the very root of all cheap money available to the Central Bank and many Central Banks would be in the same position as the Malabar Bank. Unless the Government had no confidence in the working of the Central Banks, there would be no meaning in restricting the acceptance of such deposits. Permission of the Inspector of Local Boards and Municipalities and the Registrar was necessary for accepting Local Board money, and in cases where they think that it is not advisable for any Central Bank to accept money, permission may be refused. He was therefore in favour of the limit being rescinded.

Mr. K. Lakshmana Rao (Cuddapah) pointed out that they could not lend to societies on account of this restriction.

The Madura-Ramnad Bank representative suggested that the limit for which permission had to be obtained for acceptance of deposits, viz., Rs. 5,000 may be raised to a higher figure. Finally, the following resolution was adopted.

"This Conference requests the Registrar to get G.O. No. 2142, Ms., dated 27th November, 1936, about the receipt of deposits from Local Bodies suitably modified, so as to fix the limit at three times the paid up share capital plus the reserve fund of Central Banks and that the previous sanction of the Registrar be made necessary only when the size of any one deposit exceeds Rs. 15,000."

AMENDMENT RELATING TO ARBITRATIONS.

"This Conference views with grave concern and protests against the recent amendment to section 51 of the Co-operative Societies Act (Act VI of 1932) relating to arbitrations and earnestly appeals to the Government to take immediate steps to repeal the said amendment in the interests of the Co-operative Movement."

Mr. S. S. Sankara Mudaliar of the Madras District Co-operative Bank moved the above proposition and it was adopted.

PROFESSION TAX ON CENTRAL BANKS.

"This Conference protests against the levy of profession tax on Central Banks and other co-operative institutions and requests the Government to abolish the tax altogether."

Mr. Manicka Mudaliar of the Madras District Co-operative Bank moved the above proposition:—

He said that it was illegal to collect profession tax from co-operative societies. Mr. K. Bhashyam Iyengar pointed out that it was unfair to ask for a concession. Mr. Ramadas Pantulu stated that as the co-operative institutions were growing in strength and volume, they should be prepared not to ask for such concessions, as already the commercial banks were feeling jealous of the special privileges offered to co-operative institutions. As the amount of tax that will have to be paid will be very small, he advised that the proposition need not be pressed. Accordingly, the District Bank withdrew the proposition.

PROVINCIAL BANK'S SUBVENTION TO CENTRAL BANKS

"This Conference requests the Executive Committee of the Madras Provincial Co-operative Bank to increase the present scale of subvention to Central Banks, at least to Rs. 1,000 per year from Rs. 750, at any rate in suitable and deserving cases."

Mr. S. S. Sankara Mudaliar in moving the above proposition pointed out that the Madras District Bank was in a peculiar position. They were spending Rs. 4,000 on rectification work and if the amount of subvention was limited to Rs. 750, they had to suffer. He pointed out that in the case of at least a few banks like the Madras District Bank, the limit should be enhanced. Mr. Ramadas Pantulu pointed out that subvention was after all a help to Central Banks to carry out the work in the right direction, and the Central Banks should not expect it in a very large measure from the Provincial Bank. Further, the profits of the Provincial Bank were going down year after year, as Central Banks were borrowing less and less, and the Executive Committee of the Provincial Bank has always been fixing limits for the disbursement of the grant, with reference to the funds available. It was finally resolved that the subject be referred to the Board of Management of the Provincial Bank.

AUDIT FEES PAYABLE BY CO-OPERATIVE SOCIETIES.

"This Conference resolves that the Government be requested to reduce the audit fees payable by societies by 25 per cent and that the Registrar be empowered to reduce the amount still further in deserving cases."

The representative of the Madras District Bank also moved the above proposition, and it was passed unanimously.

CONCESSION RE: ENCUMBRANCE CERTIFICATES.

"This Conference resolves that the Government be requested to grant encumbrance certificates free of cost to all co-operative societies and exempt them completely from payment of registration fees"

The representative of the Madras District Bank moved this. But the objection was urged again that it was undesirable to press for more concessions. The resolution was passed, with the addition of the words, "or at least continue the present concession of charging half the fees."

URBAN BANKS—PROPOSALS OF THE MADURA-RAMNAD CENTRAL CO-OPERATIVE BANK.

The use of Co-operative Urban Banks and other Co-operative Banks by commercial banks and private individuals for transmitting funds from one place to another.

Organisation of an agency among the Central and Urban Banks and big societies of a district for receiving and remitting money on behalf of one another.

To request the Registrar to permit Urban Banks and primary societies in important centres to advance money on gold on the terms of the Imperial Bank of India.

The desirability of representatives of Central Banks attending the periodical conferences of Urban Banks.

Accounts and forms to be kept by the Central Banks and societies to be standardised throughout the Presidency.

Advancing money to agriculturists on the security of property situated near Madras, Coimbatore and Madura. Suitable safeguards to be provided in view of the equitable mortgage loans in the above cities.

The mode of election (indirect election) in the Urban Banks to be revised as it is reactionary.

The conference was of opinion that the views of the Central and Urban Banks should be obtained on the above subjects, before coming to a decision. They desired that the questions should be circulated to Urban Banks as well, as they were not competent to decide the question in the absence of their views. Accordingly, it was decided to issue circulars to Central and Urban Banks for their opinion.

LOANS ON THE PLEDGE OF GOLD.

Resolved to request the Registrar to permit the Central Banks to give loans on the pledge of gold.

The above resolution moved by the representative of the Ramachandrapuram Central Bank was passed unanimously.

LOANS TO WAGE-EARNERS.

In view of the alteration of law abolishing civil arrest and imprisonment and also giving protection to wage earners whether it is advisable for the financing institutions to grant loans to wage earners' societies and to Urban Banks lending moneys to wage earners, unless substantial security is offered by the borrowers.

What should be the policy of the financing banks towards unlimited liability societies in granting loans to such societies, i.e., whether loans should be permitted to the members of societies on the strength of sureties alone, if the borrowers and sureties are not sufficiently backed up by other substantial properties?

In regard to the above two items, the opinion of the house was in favour of allowing some time for the legislation to work and it was thought too premature to bring them for discussion and accordingly, the proposals were recorded.

IMPLEMENTING THE RESOLUTIONS OF THE CONFERENCE.

This Conference notes with regret how the Department and the Central Banks, instead of finding out ways and means to give effect as far as possible to the resolutions of the Central Banks' Conference, in practice ignore, nullify and even violate the Conference's recommendations; and resolves that unless the resolutions are respected and given due weight, as far as possible, the Conference will cease to serve its purpose as the exponent of accredited non-official co-operative opinion in the province.

Resolved that the Central Banks do realise the necessity of either the President or the Vice-President of a Bank being a permanent resident at headquarters and that they should suitably amend the bye-laws with a view to effectively avoid any violation of such a fundamental principle so much necessary for the efficient working of the constitution,"

Mr. K. Rangaswami Aiyangar of the Conjeevaram Central Bank moved the above propositions and they were unanimously passed.

"This Conference views with grave concern the gradual and steady attempt to officialise the Co-operative Movement in this Presidency and in order to check this tendency as also to increase the scope of non-official initiative and to mark the development of co-operation in credit and non-credit activities, feels that it is high time that the Co-operative Societies Act of 1932 is recast, and therefore appoints a Committee of five to examine the above tendencies and to frame a model act and submit the same to the Provincial Bank by July 1937. The Board of Management of the Provincial Bank is requested to examine the same and arrange for its introduction in the legislature. The Provincial Bank is also requested to meet the necessary expenditure needed for this.

Resolved further that the question of settling the personnel of the Committee be referred to the Board of Management of the Provincial Bank.

Rao Sahib Kavali Sitaramiah of Cocanada District Bank moved the above proposition and it was passed unanimously.

RESOLUTIONS OF THE FOURTH ALL-INDIA CO-OPERATIVE CONFERENCE, BANGALORE, 3RD AND 4TH JULY, 1937.

1. This Conference resolves to request the Government of India to so amend the Indian Income-tax Act as to exempt from income-tax and super-tax the incomes derived by co-operative societies from (a) investment of their own reserve funds in Government Securities; and (b) the investment in Government Securities for purposes of fluid resource to be maintained on a prescribed scale, under statutory obligations, in force in each province.

2. This Conference recommends to the Government of India to amend the Reserve Bank of India Act so as to secure to Provincial Banks and Co-operative Societies in Indian States the same rights and privileges as are available to such banks and societies in British India, under the Act.

3. (a) This Conference places on record its feelings of disappointment at the preliminary report issued by the Reserve Bank of India under section 55 of the Act and requests the Central Board of the Bank to give effect to the provisions of Section 17 of the Act, so as to provide through the Provincial Co-operative Banks agricultural finance on the security of co-operative paper of the standards and eligibility laid down by the Reserve Bank.

(b) This Conference further requests the Reserve Bank of India to provide provincial co-operative banks short credit at special concession rates for purposes of developing sale and supply societies (marketing societies) on the security of promissory notes bearing the signature of provincial banks, supported by documents of title to goods.

4. This Conference after due consideration of the recommendations contained in the report issued under Section 55 of the Reserve Bank of India Act, resolves to express its view on the matters stated below:—

(a) This Conference does not favour the organisation of Apex Land Mortgage Banks on joint stock basis. In provinces where there are no Co-operative Apex Land Mortgage Banks, steps should be taken to form such Apex Banks on a co-operative basis on an adequate scale.

(b) This Conference does not agree with the view that the Provincial Banks do not command the confidence of the investing public, by their Boards being largely composed of borrowers. The constitution of Apex Banks is in accordance with sound principles of co-operation and they do command in abundance the confidence of the public.

(c) This Conference is of opinion that the view of the Reserve Bank that the margin between the lending rates of co-operative banks and societies is low and should be raised is not correct as a general statement. The adequacy of the margin depends mainly upon the difference between the borrowing and lending rates, costs of management and requirements of reserves for bad debts. While conceding that these factors depend upon local conditions and circumstances, this conference places on record its considered opinion that the aim of the co-operative banks and societies should be to make credit to the borrowing members as cheap as possible and the existing lending rates should not be raised except where local conditions make it absolutely necessary.

(d) This Conference considers it undesirable to provide any representation to depositors, *as such*, on boards of Provincial Banks, whether by nomination or other means.

(e) This Conference, while agreeing with the view that the long term credit should be provided only through Land Mortgage Banks, is not in favour of the recommendation that loans from Central Banks and societies should be strictly confined to cultivation finance only.

Other necessary forms of short and intermediate credit required by members should also be found in order to prevent them from resorting to money-lenders; provided, however, that the deposits and borrowings of the banks should be so regulated as to permit such loans being granted from those sources.

(f) This Conference, while recognising the necessity of bringing down the level of the debts of members where there is no reasonable prospect of their recovery in full even if long extensions are given, does not consider it desirable that any hard and fast rules should be laid down for all banks and in all areas. With the rise in prices and other favourable conditions the position may change as it has done already in certain areas; and it must be left to the banks and societies to deal with the problem according to local conditions.

(g) This Conference, while agreeing with the proposal that a statutory fixed or agricultural charge upon produce should be created, does not favour any special provision apart from ordinary penal law for the sending to prison of members who dispose of their produce without repaying the societies' dues.

(h) This Conference recognises that multiple purpose societies have proved beneficial in certain areas and possess some advantages where they can be successfully set up and while it is not prepared to recommend them for general adoption is in favour such societies wherever conditions permit.

(i) This Conference, is unable to agree with the view that Central Banks operating over small areas are preferable to larger banks or that large district banks, must be split up into small banks.

(j) This conference, while it recognises that a pure type of central banking union composed entirely of primary societies and with no individual shareholders has much to commend in it, from a co-operative point of view, is of opinion that such unions are not capable of being developed and efficiently worked in many areas. They were tried and abandoned in some areas. The matter must be left to local co-operative enterprise according to local conditions.

5. This conference agrees with the view that the practice of making debentures of land mortgage banks redeemable at any time is unsound and that a period should be fixed for the redemption of those debentures; a fund into which collections of principal are pooled should be formed for redeeming debentures and provision should also be made for retiring them by purchase in open market whenever possible.

6. This conference requests the Central Board of the Reserve Bank of India to invest in, and lend on, the security of debentures issued by the Land Mortgage Banks at least where the principal and interest thereof have been guaranteed by the Central or Provincial Governments.

7. (a) The conference while it emphasises on the need for strengthening and expanding the co-operative movement so as to serve the banking needs of agriculture and the small industries of the country, feels that in the present conditions the Reserve Bank of India can regulate the credit system successfully only if it is able to bring within its purview indigenous bankers in various parts of India.

This conference is of opinion that the difficulties, if any, in the way of bringing the indigenous bankers within the purview of the Bank are not insurmountable and requests the Central Board of the Bank to make every endeavour to do so.

(b) This conference favours the compulsory licensing and registration of all money-lenders without charging fees, requiring them to maintain regular and standardised accounts. The conference also urges the necessity of fixing the maximum rates of interest allowable on agricultural loans.

8. This conference considers that the co-operative movement should be used to extend the rural reconstruction programme to the fullest possible extent, compatible with its principles.

The Standing Committee of the All-India Co-operative Institutes' Association will prepare a scheme and circulate it among members and also take steps to see that programmes are carried out.

9. Societies for members of Depressed Classes who are employed in municipalities and in trades like skins and hides be encouraged and strengthened.

10. This conference requests the co-oprative institutions to popularise the movement among women and enlist them as members in large numbers in all types of societies.

11. The Governments of the Provinces and States are requested to give liberal and substantial financial help to the Provincial Co-operative Institutes out of the provincial or state revenues.

12. This conference is of opinion that co-operative societies holding shares in the Reserve Bank of India should be permitted to nominate, by a duly authenticated resolution of a committee, any member of the society as a representative to attend and vote at general body meetings of the Reserve Bank.

13. This conference is of opinion that it is essential that the officer selected for the post of the Registrar should first have undergone special training and have shown by experience his fitness for the work. He should be allowed to visit other provinces of India as well as Europe to study the co-operative movement there. There should be an officer under training to succeed the Registrar.

14. This conference requests the Governments to make statutory provision for notice, in writing of not less than thirty days, being given to a co-operative society before any suit is filed against it.

15. This conference is of opinion that the recommendation of the Mysore Committee prohibiting grant of loans to non-member depositors is unsound. The bank must have discretion in granting such loans.

16. This conference resolves that the publication of the *Indian Co-operative Review* be continued and that it be published under the joint auspices of the All-India Co-operative Institutes' Association and the Indian Provincial Co-operative Banks' Association. The conference requests the Hon'ble Mr. V. Ramadas Pantulu to continue to be the Editor of the Review.

17. This conference appoints the Hon. Mr. V. Ramadas Pantulu, (ex-officio as member of the Central Committee of the International Co-operative Alliance), Prof. K. C. Ramakrishnan and Rai Ratan A. G. Sherlekar as delegates to the fifteenth International Co-operative Congress to be held at Paris on 6th, 7th, 8th and 9th September, 1937.

18. The following office-bearers of the All-India Co-operative Institutes' Association were elected:

President:—The Hon. Mr. V. Ramadas Pantulu.
Vice-Presidents:—Mr. S. K. Lahiri and Dewan Bahadur K. V. Brahma.
Secy. & Treasurer:—Khan Mohammad Bashir Ahmad Khan.
Joint Secretary:—Prof. W. G. Urdwarshe.

RESERVE BANK OF INDIA

CIRCULAR TO ALL SCHEDULED BANKS AND THE SHROFF ASSOCIATION

In connection with its statutory obligation to present a report under Section 55 (1) (a) of the Reserve Bank of India Act, regarding the 'extension of the operations of the Reserve Bank to persons and firms, not being scheduled banks, engaged in the business of banking in British India', the Reserve Bank has been examining the criticisms and suggestions evoked by the publication of its preliminary report on agricultural credit, and I am desired to forward to you the following suggestions for your consideration. If there are any other constructive suggestions which you feel that you could usefully make, the Reserve Bank will be glad to give them its careful consideration.

There are one or two general principles which seem to emerge fairly clearly. In the first place, it seems obvious that even though the scheduled banks may develop branch banking on a rapidly increasing scale, they will not be able, at least for a considerable time, to spread sufficiently widely to handle the whole of India's finance directly, on the lines of banks in more highly organized countries such as the U.K. or U.S.A. The individuals and firms referred to in section 55 (1) (a) of the Act, must therefore, continue to be an essential part of the banking structure of the country, and any scheme for the proper control and regulation of banking in India must contrive to bring them within its ambit.

Secondly, it would be impossible for the Reserve Bank under existing conditions to deal with the indigenous private bankers direct. Their number alone would make this impossible. Their business is also generally of a highly personal and fluid character, so that any real attempt to gauge the amount of credit which could usefully be accorded to them would require personal contacts which would necessitate the creation of an impossibly large and costly organization. Under existing conditions, therefore, the Reserve Bank can only deal with the indigenous banker through some intermediate agency which will share the financial responsibility and undertake the detailed examination and control which is necessary if credit is to be accorded, but it will be prepared to give its most careful consideration to any practical scheme emanating either from the indigenous bankers themselves or from any other source for organizing their own members to enable credit to be afforded to them direct.

The essential conditions with which it would seem necessary for such organizations to comply are that they should be self-contained legal entities with reasonable resources of their own, such resources in the opinion of the Reserve Bank being at least equal to those stipulated for scheduled banks. They would also have to maintain separate and properly audited accounts of their banking business with proper legal provision for the segregation of any other business which they might be conducting, so that liabilities incurred in respect of the latter would not affect their credit in respect of their banking business. Such other business as they might conduct would also have to be confined to bonafide trading and not to speculation, and the accounts which they maintained would have to be devised in such a manner as to bring this out. Lastly, joint stock scheduled banks have to operate in the light of publicity and arrangements would have to be made to ensure similar publicity in the case of these institutions, in particular, as regards their balance sheets and accounts. For purposes of control, they would also have to maintain the same deposits with the Reserve Bank as scheduled banks.

If indigenous bankers or shroffs were prepared to accept these conditions and could put up a practical scheme on these lines, the Reserve Bank would be glad to consider how it could deal with them. In any case, however, any such scheme will take a lot of working out, and in order that something practical may be done as soon as possible, the Reserve Bank would be glad of your opinion on the following provisional scheme which seems more likely to produce early results and which would also, if it developed successfully, help to improve the status and organization of the indigenous banker.

Section 17 of the Reserve Bank Act lays down the various types of business permitted to the Bank, and I would particularly draw your attention to sub-sections 2(a), (b) & (c) and sub-sections 4(c) & (d) under which we suggest that business with the indigenous banker might be transacted through scheduled banks. There are two kinds of Bills or Promissory Notes with which the Reserve Bank is empowered to deal. One is the bonafide trade bill originating with a merchant or an agriculturist and endorsed by the indigenous banker and rediscounted with a scheduled bank. For the purpose of dealing with such documents the Reserve Bank would not require the nature of the transaction to be set out in the document itself, but the scheduled bank would be responsible that it represented a genuine trade transaction, so that the bill would be self-liquidating. The second type of bill would originate with the indigenous banker himself in the form of a promissory note with a possible second signature and discounted by a scheduled bank. These bills or promissory notes should be for the purpose of helping local trade or agriculture, the business in which such bankers are usually engaged and be drawn to finance it.

Scheduled banks might maintain lists of the shroffs with whom they are prepared to do business with a record showing the amounts of credit which they could have safely accorded and the type of business which they do.

With this information available the Reserve Bank would be prepared to make advances against bills or promissory notes on the following basis:—

(1) Until the scheme developed and the Reserve Bank had acquired experience of the amount and character of the credit which was likely to be involved, such documents would not be definitely discounted by it but it would merely make demand advances to the scheduled banks against their security under section 17 (4) (c) of the Act. This would mean that the scheduled bank would be responsible for the collection of the bill on maturity, a task which would be difficult for the Reserve Bank with its existing machinery to undertake and one for which the obvious agency is the scheduled bank itself.

(2) Scheduled banks would have to classify the bills presented for discount under such heads as might be prescribed by the Reserve Bank from time to time as being made for dealing in a particular commmodity. They would also have to undertake to keep the Reserve Bank informed of their total advances under such heads, not merely the amount presented to the Reserve Bank for re-discount. This precaution is necessary to enable the Reserve Bank to see

(*a*) that no scheduled bank is overtrading either generally or in respect of one particular commodity or allowing any individual customer to overtrade, and

(*b*) that no particular commodity is being overfinanced with possible dangerous repercussions later.

(3) Such advances would at first at least be of a seasonal nature only and the Reserve Bank, until considerably more experience had been obtained, would have to make it a definite stipulation that all such advances would be cleared at the end of the normal season of the commodity in respect of which they had been made. It would also have to be clearly understood that such advances were not to be regarded as automatic. Scheduled banks anticipating the possibility of taking out such advances would be required to inform the local Manager of the Reserve Bank, some time in advance, of the amount which they considered that they would require, so that their limit of credit could be fixed in relation to their business as a whole and their capital and reserves. This stipulation is necessary to prevent scheduled banks overtrading in the hope that they could secure accommodation when they required it from the Reserve Bank. It must be emphasized that scheduled banks must operate primarily and ordinarily on their own resources.

The criticism may be made that though this procedure will ensure the scheduled banks obtaining the prevailing rate of the Reserve Bank, there is no guarantee of the extent to which they will pass on this concession to the shroff or indigenous banker. In principle, the Reserve Bank is opposed to any attempt to dictate the rates at which other banks will do business. From enquiries which it has made, it finds that where the indigenous banker is properly organized and confines his activities to clean banking business as in the case of the Multani Shroffs, and the Cutchi Memons and Marwaris in respect of finance bills, he is able to obtain funds at as favourable rates as on Government Paper. There is, therefore, every reason to anticipate that if the indigenous banker elsewhere took advantage of the facilities now being offered and organized his business on similar lines, he would be able to obtain equally favourable terms from the scheduled banks, and that even when the latter were obliged to charge higher rates owing to the possibility that they themselves would have to rediscount the paper with the Reserve Bank, the margin would be very small. At the same time, it must be clearly understood that the Reserve Bank would not like scheduled banks to charge excessive rates from approved shroffs and would be glad to have any practical suggestions how this might be prevented. The main object of the scheme is that the scheduled banks, who benefit under it in the first instance, should pass on these benefits in a tangible manner to the indigenous banker for whose benefit the scheme is being primarily devised. In particular, it has been suggested that it might refuse to accept paper for rediscount if the scheduled bank itself had discounted such paper at more than a reasonable margin above Bank rate, say 2 or 2½%. This would be a very wide margin indeed for good paper, and it could reasonably be argued that if more than this had been charged by the scheduled bank, it was either being extortionate or that the credit of the initial borrower was not above suspicion and that in both events the Reserve Bank would be fully justified in refusing to deal in it.

It is possible that the scheme outlined above, if properly developed, would be adequate for the requirements of the indigenous banker and that he would be content to continue under it without undertaking the further responsibility of organizing himself on scheduled bank lines in the manner outlined in the early part of this letter. Organization as a scheduled bank would, of course, bring with it certain privileges particularly in that they could deal with the Reserve Bank direct, and also in the matter of remittance, but in practice at present it would appear that where the indigenous banker is properly organized the scheduled banks are prepared on a competitive basis to meet him in these respects to such an extent that there would be little actual advantage to him in further organizing himself as a scheduled bank. This, however, would be difficult to determine without practical experience. If a scheme on the lines suggested above could be found to work successfully, it would be for the indigenous banker himself, once he had arranged his business so as to take advantage of it, to determine whether any real advantage would accrue to him by further organizing himself on scheduled bank lines so as to be able to deal with the Reserve Bank direct, with the accompanying necessity of fulfilling the essential conditions which the Reserve Bank would have to prescribe for such direct contact.

The scheme here presented is, of course, only in broad outline and numerous details will have to be filled in later. The procedure for rendering the documents legally available to the Bank as security will, in particular, require examination, but before going into detail the Reserve Bank would be glad to know as soon as possible whether you consider that a scheme on the above lines would, in practice, be likely to bring an appreciable number of indigenous bankers within its ambit or whether you have any other suggestions to offer in this connection. The importance of the role which the indigenous banker plays in the financial and economic structure of India at the present time cannot be too strongly emphasized, and if the credit machinery of India is to be properly organized and complete, it is essential that he should have a definite place in it. We, therefore, hope that constructive suggestions will be forthcoming on which some practical scheme can be based. I am further to point out that this reference is intended to deal solely with that aspect of the question which concerns the shroff and the indigenous banker. The question of co-operative banks is under separate consideration.

EXTRACTS

THE BRITISH CO-OPERATIVE CONGRESS AT BATH

The Sixty-ninth Congress of the Co-operative Union, held at Bath from the 17th to 19th May, was attended by 1,930 delegates, a record number. The inaugural address of the President, Mr. E. G. Haskins, a member of the Union's Central Board, after alluding to the appalling paradox of the present mass expansion of the means of destruction concurrently with a universal desire for goodwill and peace, dealt in the main with the Movement's problems of internal co-ordination and trading policy. He urged the necessity for the Wholesale Societies to become sufficiently flexible and adaptable to the rapid changes which the present-day customer demands in co-operative productions. The Wholesale Societies should adopt a more aggressive policy in relation to the output of their own factories and limit the quantity of private productions invoiced through them, while the Retail Societies should take more thorough measures to prevent the co-operative stores from becoming the dumping-ground for the goods of the Movement's opponents. Those entrusted with control should cease blaming the apathetic and disloyal member and attend to their proper business. Amalgamation, co-ordination, planning and discipline, none of these would serve fully until a co-operative "team spirit" exists amongst the personnel. Officials and staff should not only be efficient business men, but possess a passionate faith in, and the will to work for co-operative ideals. He pleaded for closer inter-working between the Wholesale Societies and the Co-operative Union in the supervision of local Societies which were hard pressed by the multiple stores and combines, and collaboration between the Wholesale and Retail Societies in order to meet the competition of one-price stores. He welcomed the advance of co-operative educational work, which had in the past been quite wrongly treated as a liability instead of an asset of incalculable value. A quarter of a million co-operative employees and voluntary workers, with a grasp of the Movements' higher purposes, its ethical and distinctive commercial standards, would give inspiration to millions of co-operators to follow a practical and courageous lead. The forward momentum which would result would sweep half the Movement's petty domestic problems into oblivion and make it possible to deal with the larger problems of rapid advance.

Mr. Victor Serwy (I.C.A. Executive) who brought the fraternal greetings of the International Co-operative Alliance, congratulated the British Movement on the success with which it is carrying out its Ten-Year Plan. The results already achieved encouraged the belief that the Centenary of the Rochdale Pioneers would be celebrated, not only by growth in membership and the creation of new economic enterprises, but the development of co-operative consciousness amongst the people. The co-operative cause, which was the cause of all men of good sense and integrity, was to protect the consumer, struggle against commercial restrictions and fight against capitalist monopolies. This task should also be undertaken by the Co-operative Movement in every country where self-sufficiency, planned economy and a totalitarian economic system hinder the development of co-operation and the progress of civilisation. After indicating the importance of the questions to be considered by the International Congress at Paris, Mr. Serwy expressed the hope that the hour would soon strike when the saying of President Wilson, that commerce is the instrument of friendship, would be realised internationally, and the spectre of war be dispelled. It was in a spirit of real brotherhood and with a feeling of the utmost solidarity that the representatives of World Co-operation at Paris would declare themselves to be in complete agreement with the policy of the I.C.A.

The Congress then turned to the discussion of the Report of the Central Board on the Union's activities during the preceding year. A resolution proposed by the London Society, fixing the age of retirement for members of the Board at 68, was carried by a large majority and its terms will be embodied in amendments to the rules to be submitted to the next Congress. A Joint Declaration of Policy, which had already been ratified by the Trade Union Congress in September, 1936, was approved, relating to the question of wages in the distributive trades. The Declaration stated that the two Movements should press the Minister of Labour to establish boards for the distributive trades; that the Co-operative Movement should regard Trade Board rates as minima and negotiate in the nomal way with the trade unions concerned with regard to the wages and other conditions of co-operative employees; and that the establishment of Trade Boards should not be regarded as a substitute for trade union organisation, which should continue to be strengthened.

The report of the National Co-operative Authority, introduced by Sir Fred Hayward, contained the recommendations of a sub-committee appointed to enquire into the relations between the British Movement and the I.C.A. These recommendations, which were adopted, provide that the policy of the British Movement on matters to be decided at the International Congress should be decided at a joint meeting of the National Co-operative Authority and the British members of the I.C.A. Central Committee; that Societies should purchase sufficient copies of the *Review of International Co-operation* to enable every board member and the chief official to be provided with a copy monthly; that in each section and district of the Union one conference during the coming year should be devoted to the work of the I.C.A.

The Co-ordination of Co-operative Production was the subject of a special report by Sir Fred Hayward and a resolution. Sir Fred outlined the course of the discussions which had been held since the Rhyl Congress of 1935 between the English and Scottish Wholesale Societies and the Co-operative Productive Federation, and which had not been able to arrive at any satisfactory conclusion. The resolution, which was carried after considerable discussion, provided for the appointment of a special enquiry committee, consisting of members of the Central Board and representatives of the Societies, to conduct an investigation into the possible methods of co-ordinating the productive undertakings of the Movement and present a report to the next Congress.

Among the resolutions dealing with current economic policy was one submitted by the Joint Parliamentary Committee calling the attention of the Societies to the danger inherent in the increasing tendency to introduce legislation setting up monopolies or partial monopolies for private profit, and calculated to prevent the free development of Consumers' Co-operative Organisations. A second resolution expressed the Movement's anxiety with regard to the rise in the cost of living, pointing out that the application of *ad valorem* duties in a period of rising world prices will bring further disabilities to the consumer. The resolution further called upon the Government to reconsider its policy and to open negotiations at once with other countries in order to establish a freer basis of trade.

The section of the Central Board's report relating to the International Co-operative Alliance was introduced by Mr. R. A. Palmer, who appealed to the British Societies to shoulder their obligations and help to foster International Co-operation. He gave evidence of the continued vitality of the Movement, citing recent applications for membership which the I.C.A., have received from Chile, Mexico and China. Progress would be more rapid if the Alliance had sufficient funds to carry out the necessary propaganda. He thanked the Societies for their response to the I.C.A., appeal for help for the Co-operative Organisations in Spain, and intimated that a further appeal would be issued for assistance in support of the children removed from the danger zones.—*Review of International Co-operative, June 1937.*

INQUIRY ON CO-OPERATIVE ENTERPRISE IN EUROPE
A DIGEST OF REPORT.

The Inquiry on Co-operative Enterprise in Europe was authorised by President Franklin D. Roosevelt, who appointed as the members of the Inquiry, Jacob Baker, Leland Olds, Charles Stuart, Robin Hood, Clifford V. Gregory and Emily C. Bates. The members of the Inquiry visited England, Scotland, Ireland, France, Switzerland, Czechoslovakia, Denmark, Norway, Sweden and Finland, all of which countries are political democracies, and investigated first hand the co-operative activities in building an economic democracy in those countries. While they gave attention to industrial producers' co-operatives and farm marketing co-operatives, the Report deals mainly with consumers' co-operatives.

The members of the commission found in Europe, they report, "a movement that has its full share of human errors but that has brought new hope, new pride of ownership, higher standards of living to a substantial portion of the people of western Europe.

Definition of a Co-operative.—The simple definition of a co-operative arrived at by the members of the Inquiry emphasizes the three significant objectives of Consumers Co-operation, (1) widespread ownership of property by the people, (2) equal democratic control by the members, (3) purchases at cost through patronage dividends. The definition reads "A co-operative enterprise is one which belongs to the people who use its services, the control of which rests equally with all the members, and the gains of which are distributed to the members in proportion to the use they make of its services."

"Two things make the policy of co-operatives different from that of private business . . . . . In a co-operative each member has a vote and only one, no matter how much stock he may own . . . . . . In a co-operative the 'profits' (after paying a small fixed interest to the shareholders and setting aside reserves) are distributed to the members in proportion to their patronage."

Controls Monopolies.—Swedish co-operators are quoted as saying, "Monopoly can be controlled much more effectively by co-operative competiton than by anti-trust laws." Consumers co-operatives in Sweden, in other words, aim to be a "price yardstick," Sweden has never adopted an anti-trust law. As an illustration of the effectiveness of co-operatives in checkmating monopoly prices, the reduction of the price of galoshes fixed by the monopoly at $2.27 to a price of 93c for galoshes produced by the co-operatives is cited, with the additional statement that "the result of this cut in prices was the virtual doubling of the use of galoshes in Sweden."

Security of Investment:—"During the depression co-operative shares were almost the only securities in Great Britain which did not depreciate in value." The Report states that "losses of savings deposited with co-operatives are almost unknown."

Low cost of capital:—There is a tendency in co-operatives to build up "what the Swiss call 'social capital,' bearing no interest." "83⅓% of the total value of active co-operative investment in Great Britain" is "composed of debt-free plant and interest-free reserves." As compared with "£20,000,000 of share and loan capital which is in active co-operative investment" the British co-operatives have "an unencumbered plant valued at £40,000,000 and interest free reserve capital amounting to £60,000,000."

Price Policies:—"Market prices are in general maintained not only in order to guard against losses but also in order that the member may get a larger patronage refund than would be possible with lower prices. The present tendency, however, is towards lower prices and smaller patronage refunds. Co-operatives often sell below the market when they believe the market price is artificially fixed, or margins too wide."

Low operating costs.—Reasons for low operating costs in a co-operative are given as much less salaries to high executives, considerably greater volume of goods sold per employee, low cost of capital, smaller advertising expenditures, selling for cash resulting in negligible credit losses.

High Manufacturing Efficiency.—Gearing production to a definitely known consumer demand "enables co-operative enterprise to level out the peaks and valleys of required capital investment, plant extension and employment." As an illustration, the co-operative flour mill in Denmark, is reported as "operating twenty-four hours a day throughout the year except Sunday, while the private mills are averaging only a little more than half-time."

Better quality products.—Co-operators are reported as believing that "neither the poorest nor the most expensive goods give consumers the greatest value, but durable, standard articles in the middle price range." Co-operators say that since they are selling to themselves, they "have no incentive to misrepresent the quality of their goods." In Finland "everything bought is tested. About 25% of all goods examined are rejected because of inferior quality," so the Managing Director of S.O.K. declared.

Open Accounting.—The accounting and reporting methods used by co-operatives are described as "always complete and intelligible." Practically every co-operative society in Europe prints a complete annual report, so that each member may have one. "Explanation and study of auditors' reports is a part of the educational programme of most societies."

Co-operative Employment.—"Consumers' co-operatives as a rule pay higher than going wages to labor, require shorter hours, and are more liberal with vacations and sick leaves. Co-operative stores in general pay workers 10—15% more than the going rate, and pension their old workers. Most co-operatives employ chiefly union workers, have collective agreements and arbitration boards which handle the few labor disputes that arise. In general there is a close relationship between organized labor and consumers' co-operatives."

Education emphasized.—Educational projects are organized to reach the general public, members, youth and employees. "The co-operative movement attaches such greater importance to its educational and propaganda work" because "to live, a co-operative must have a loyal membership with a broad understanding of its purposes and methods," and "to grow, it must 'sell' the co-operative idea to prospective members."

Few Governmental privileges.—"Co-operatives have not received many special privileges from government. Some access to government credit, some exemption from taxes on plowed back surpluses, some subsidy to co-operative education—that is about all."

Co-operative accomplishments.—The chief consumers' co-operative accomplishments in Europe are stated to be reduction in costs of retailing, promotion of thrift, education of members, better citizenship by widely diffused ownership, effective control of monopoly and comparatively high labor standards.

Co-operative Problems.—"Among the important problems not yet fully solved" are increasing the co-operative percentage of member expenditures, increasing the buying of local societies from co-operative wholesales, better democratic control in large societies, improving relations with farmers, meeting chain-store competition, maintaining trade union standards, wise investment of surplus funds, adopting the good practices of private business without the bad."—*Consumers' Co-operation, U.S.A.*, May 1937.

NUTRITION PROBLEM AND THE CO-OPERATIVE MOVEMENT

The problem of nutrition has recently been exciting interest in the popular Press of this country and countries overseas. The question has been examined by medical men with growing interest during the last 30 years, and particularly since the Great War. Health organisations of the League of Nations some years ago found it necessary to conduct inquiries in certain countries, and a Report published in June 1935 by two of its members, Dr. E. Burnet and Dr. Aykroyd resulted in further inquiries being made. In September 1935, following a request by 12 delegations, there was a full discussion of the problem in relation to public health, on the one hand, and economic and social organisation on the other. The assembly invited the health organisations of the League of Nations to continue and extend their study of the problem, and the technical organisations in consultation with the International Labour Office and the International Institute of Agriculture, to collect information.

In addition, a sub-committee was established to observe the work of the organisations named above. From preliminary inquiries it was obvious that in various States large numbers of persons both in town and country were not sufficiently or suitably nourished. The increased consumption of agricultural products, it was considered, would contribute to the better nutriment of populations and at the same time alleviate the depression in agricultural industries. As a result of this inquiry, information was sought as to the practical measures taken by Central Governments; local authorities; private organisations—such as co-operative societies and workers' associations, and the means at the disposal of public authorities for testing the prevailing level of nutrition; the methods employed for the collecting of information; the dietary standards laid down for groups of persons whose food was provided by public authorities, viz., army and navy, the action taken by public authorities and private organisations to disseminate among the public a knowledge of the principles and practices of rational nutrition.

Evidence of the inadequacy of diet being widespread is conclusive. Malnutrition is manifest in the prevalence of rickets, scurvy, poor musculature, teeth of poor structure, anaemia, chronic fatigue, poor condition of the skin, subnormal growth and weight, to mention the more easily observable symptoms. So far as the United Kingdom was concerned, evidence taken from "*Food, Health, and Income,*" by Sir John B. Orr, gave startling results as to the inadequacy of diet among large groups of the population. Dividing the population into six groups according to income, the average diet of the lowest income group, representing 10 per cent of the population is inadequate for the perfect health of all the constituents considered. The diet of the next group representing 20 per cent is adequate only in total proteins and total fat. The third group, containing another 20 per cent, and living at a better income level, has a diet adequate in energy value and protein and fat, but even the diet of this group is, on the average, below the standard in mineral and vitamin constituents.

"*It thus appears that in the United Kingdom, the diet of at least 50 per cent of the population falls short of the desirable standard, and it is estimated that to raise the consumption of this low income, half of the population, merely to the level of the next group would require an increase of 16 per cent in the amount of milk consumed, 15 per cent in that of butter, 18 per cent in eggs, 12 per cent meat, as well as 25 per cent increase of expenditure on fruit and vegetables. Even then the diet would leave room for considerable improvement.*"

The analysis of family budgets carried out by the I.L.O., the results of which are published in "Workers' Nutrition and Social Policy," demonstrates the existence of similar conditions in other countries.

From these facts it is perfectly apparent that there is a serious problem in nutrition. Reviewing the general position in this country one cannot fail to note the inadequacy of the present Government's agricultural marketing and fiscal policy, which tend to measure agricultural prosperity not by increasing the amount of production but by increasing profits in restricting supplies. The marketing policy has thus been criticized before, and it is not the purpose of this article to reiterate such criticism.

Among the inquiries made in connection with the general question of nutrition was one dealing with the part of the Co-operative Movement investigated by the International Labour Office, the International Institute of Agriculture, and the International Committee for Inter-Co-operative Relations and certain other bodies.*

Information received has been classified as that relating to agricultural and consumers' co-operative organisations. The problem of providing adequate nutrition from the co-operative point of view, divides itself into two aspects, securing

* "The Co-operative Movement and Butter Nutrition"—I.L.O., Geneva, 1s. 6d. net.

that the quality of goods produced is irreproachable, and that the prices charged to consumers are not deterrent to their buying goods of full food value.

Dealing with the work of agricultural organisations the Report summarises the position thus:—

"If the products issuing from a multitude of rural undertakings appear on the market in a practically unlimited series, homogeneous and of irreproachable quality, it is not exaggeration to say that such uniformity and quality is due to the co-operative organisation. It is true, that especially in food exporting countries, the State frequently ensures the control of the finished product and gives its guarantee on those of the Co-operative Movement."

"Apart, however, from the fact that this is not always the case, it is a fact worthy of remark that in almost all cases the initiative for a control and for a guarantee mark has come from the co-operative organisations which have preceded and even guided the action of the State, and that State control has not been imposed on the co-operative organisations but demanded by them, and that they collaborate actively in such control."

"The most characteristic activities of agricultural co-operative producers are in the nature of precautionary measures relating to the preservation, handling, and packing of foodstuffs, the establishment of laboratories for analysis which apply severe tests to raw materials for manufacture, the process of manufacture, itself, the finished products and the goods offered for sale to the central organizations and their affiliated bodies."

"In cases," continues the Report, "where such direct contacts are established between agricultural co-operative organisations and distributing organisations, they may even, as certain replies have shown, lead to confident collaboration between the parties concerned, which makes it possible to simplify the controls and to bring the nature and quality of the products more completely into harmony with the requirements of the consumers."

Examples are given from the work of producer-organisations in Czechoslovakia, France, South Africa, California, Finland, the Netherlands, New Zealand, Hungary, Latvia, Switzerland, Austria, Japan, Lithuania, Denmark, Norway and Turkey.

Details are given in the report of efforts which have been made by the organisations to conduct research into the production of milk, eggs, and various kinds of citrous fruits; efforts for the guidance of breeders; treatment of soil; fertilisation, as well as packeting and marketing. Without the Co-operative Movement it would be quite impossible to raise the standard of production as has been done in numerous countries where co-operative organisation is flourishing.

Before passing on to discuss the work of the Consumers' Movement it should be made clear that the products of agricultural societies are to a very large extent purchased by Consumers' Movements overseas. One of the surest ways of securing the benefits of the wholesome agricultural produce of the agricultural co-operative producers is for the consumer to purchase through co-operative societies. In this way he has a double protection of Co-operation operated by producers and consumers.

The second part of the Report deals with the work of Consumers' organisations. In four main items, the Report shows how the Co-operative Movement has endeavoured to bring about the better nutrition of the people. So far as the British Movement is concerned, information was submitted through the Co-operative Union.

(1) Care taken in purchasing, warehousing, and distribution of foodstuffs.

(2) Endeavour to produce themselves the greatest possible number of these products in the best conditions of hygiene.

(3) Educational action on their staff, members and the general public.
(4) Collaboration with public authorities.

The national organisations of many co-operative movements in their replies pointed out that not only their chief concern but one of the reasons for their existence was to supply their members with products which are genuine and wholesome. The Swedish Co-operative Union, stated:—

"It should be noted, however, that this seeking after irreproachable quality does not logically lead to the encouragement of the consumption of luxury goods. The dearest qualities of a given product are not always superior to the cheaper standard qualities from the standpoint of health and nutrition, and from the housewife's point of view they are often even inferior. But as the sale of luxury products often brings in a larger profit to the seller, private retailers are usually particularly anxious to push these boods. The distributive co-operative societies, whose object is to protect the interests of the home, have occasion in certain cases to guide demand into other channels than those promoted by private trade."

The fact that the Co-operative Movements have their central wholesale organisations makes it possible for the Consumers' Movements to demand of the producers a high standard of production, particularly so far as the necessaries of life are concerned.

Extracts given in the report show the methods employed by various national movements for checking the quality of goods. In laboratories, analytical chemists are employed by practically every national consumers' movement. Particularly in Finland are extensive researches made into products sold. The fact that movements have such means for examining commodities automatically leads to improvement in the quality of goods offered for sale to them. In Finland the number of research workers engaged by the Movement is quite large in comparison with the co-operative population.

Productive factories of the Consumers' Movement observe the highest possible standard so far as hygiene and general cleanliness is concerned. The collective nature of the enterprise makes it possible for co-operative societies to introduce machine packing, &c., which eliminates excessive handling of goods, and which would be uneconomical but for the co-operative nature of the undertaking. The Co-operative Movement has taken great pains to secure personnel, particularly in shops, fully informed on the nature of the goods sold.

In addition, exhibitions and displays of all kinds are organised to ensure that the public is informed of the constituents of goods sold. Further, through Women's Co-operative Guilds, Conferences, &c., educate members with matters relating to domestic economy. In Sweden, certified teachers of cookery spend one or two evenings explaining the manufacture of different products in the factories, and their preparation in the home. In order to give members an opportunity of studying the problems of nutrition, a special handbook has been issued in the forms of questions and answers, and based on various standard books. The members form discussion groups, and study various problems, sending in answers to the Co-operative Union, which verifies their accuracy. Some 300 of these study groups, with 3,600 members, have been organised up to date. Through the co-operative press, problems of domestic economy are discussed which help to bring before women co-operators the problem of nutrition.

In Switzerland, Sweden, Hungary, Yugoslavia, as well as in Great Britain, the Movements advise the Government when proposals are brought forward regarding foodstuffs. From this Report on "The Co-operative Movement and Better Nutrition," it will be seen that societies play an important part in improving the quality of goods brought into the homes of large sections of the population in countries where they operate.

Whilst one cannot fail to be impressed by this survey, there seems to be reasonable grounds for hoping that the Co-operative Movement will go even further to provide nutrition facilities for its members. One of the best ways of exploring possibilities as to even better nutrition standards is for co-operative administrators to study this stimulating report, *The Co-operative Movement and Better Nutrition.* It brings before the public and co-operators themselves many vital facts about co-operative service which are often taken for granted.

Nor can one fail to be impressed with the work already done by the consumers' co-operative movements throughout the world. One hopes that they will pay even more attention to securing for their members adequate nutrition as far as possible. If, for example, Dr. Orr's statements are accurate, then a large number of co-operative members are affected by malnutrition, and it seems to the writer to be the bounden duty of the Movement to frame its policy in such a way as will remedy the present position.—By R. A. Palmer, General Secretary, Co-operative Union, Manchester, in *The Co-operative Review,* April 1937.

PAYMENT IN KIND

For preventing in future the accumulation of overdues in land mortgage banks —as they have accumulated during the past few years in the Punjab, Bombay, Mysore and elsewhere owing to the fall in the prices of agricultural produce, the *Madras Agricultural Journal* suggests that cash obligations may be commuted into obligations of agricultural commodities and that payments be fixed in kind on the basis of the prices ruling at the time the loans were issued. It further suggests that the valuation of the lands and of their probable yield also should be done in terms of the commonest commodities of the tract concerned. Our contemporary is alive to the difficulties which this method involves—fixing a suitable grade of the grain, its storage, its disposal, the primary bank being required to face the fluctuations in prices and the consequent insecurity in the minds of debenture-holders. But it is hopeful that with the co-operation of financiers, actuaries and Government departments the difficulties could be solved. We are unable to share this optimism. It is not enough that the obligations of the borrowers are converted from cash to kind; the obligations of the bank to its debenture-holders, staff and others to whom cash payments have to be made by the bank, would also require to be converted from cash to kind. This is not possible unless the general economy of the country changes from money to barter. At one time governments in India were collecting revenues in kind. At that time payments for services were also made, partly at least, in kind. Those days are not likely to return, especially after international trade has developed as it has done during the last hundred years. Somebody has to bear the loss due to the fall in prices if money economy continues. If it is not the borrower then it must be the lender. The real lender is not the co-operative land mortgage bank but the debenture-holder. Will he agree to receive the interest and, in case of redemption, the value of his debentures in kind? He would do it only when he could make his own payments for services and to Government in kind. The co-operative land mortgage bank is no other than its borrowers taken together. If it takes over the risk of price fluctuations, it transfers it to its members according to their shares and borrowings, which comes to the same thing as the borrowers bearing the risk. Therefore we do not think our contemporary's solution is a feasible one.—*The Madras Journal of Co-operation*, April 1937.

WINNING THE VILLAGES FOR THE CONSUMERS' MOVEMENT

The '*Schweiz, Konsum-Verein*" discussed in its issue of 21st November 1936 the question of the systematic penetration of Consumers' Co-operation into the villages, which is absolutely essential from the point of view of establishing an all-round Co-operative Movement. The ideal, the journal declared, is close collaboration between Marketing and Consumers' Societies, but, given certain conditions, if such collaboration is not possible, the organisation of marketing by the Consumers' Societies themselves may be permissible. It is essential for the development of the Consumers' Movement that it should penetrate the villages, which means, primarily, getting hold of the farmer. This is an indispensable condition for the building up of a regional and national co-operative economy without any gaps and for the realisation of the co-operative ideal, and it is a particularly important task of the Consumers' Movement at the present time, when the Agricultural crisis has shaken the livelihood of the farmers to its foundations. People of understanding on both sides are constantly pointing out that the opposition between town and country is contrary to the interests of both town and country population, and this is gradually being realised, but the initiative which is necessary in order to clear the way for permanent collaboration, in concrete common tasks, is all too seldom taken. All the many common interests which have become evident in the course of collaboration up to the present must be built into a great common co-operative economic ideal, which would do justice to both consumers and peasant producers, and which both Consumers' and Producers' Co-operative Societies could make their aim, though they might not pursue it by the same methods. The adoption of such a common aim cannot be effected overnight, owing to the differences in attitude to fundamental questions of economic constitution among large sections of the membership, if not among the leaders; it would need intensive ideological preparation and the creation of an atmosphre of confidence, through the practice of collaboration. Without such an atmosphere of confidence, the ideological obstacles to collaboration for a really constructive common aim will never be overcome.

CONSUMERS' SOCIETIES AND ORGANISED MARKETING GROUPS

It is also quite conceivable that the Consumers' Movement might open up another way of approach to the agricultural producers, in addition to the way of collaboration with the Agricultural Co-operative Societies, and in connection with the attempt to organise the villages. If there is no Agricultural Marketing Society in the area operated by the Consumers' Society, or no efficient one, and the Consumers' Society has a small nucleus of farmer members, it should try to organise these members as producers. It might form special supply groups, who would make themselves responsible within certain limits for the supply of high-grade produce to the Society, and at the same time strive to extend the basis of co-operative turnover in the village. The advantage of such groups would lie especially in the direct contact between peasant producers and consumers, which would make it much easier to adapt agricultural production to the needs of the consumers, and achieve more efficient standardisation. The great difficulties and problems of such organisation should not be overlooked, but they are more human than technical, and depend on the choice of suitable officials.

It should be clear from what has been said that the supply group is not intended to compete with the Agricultural Marketing Societies. It is certainly preferable that the Agricultural Societies should come into closer contact with the market organised by the Consumers' Movement. Systematic collaboration would not only make the activities of both types of Society more co-operative, but also enable the Co-operative Movement to close the co-operative ring.

HIGH QUALITY AND STANDARDISATION AS ESSENTIALS FOR COLLABORATION

In a further article on 20th February, 1937, the *Schweiz. Konsum-Verein* considered the essentials for successful collaboration between Agricultural and Consumers' Societies: "The development of recent years has brought Consumers' and Agricultural Co-operative Societies much closer together. Each side has shown a gratifying increase in its understanding of the other's tasks, and practical collaboration between them has brought substantial benefits to the whole national economy. The problems of national nutrition which are being tackled to-day can only be solved by making increased use of all the possibilities which are embodied in the two types of organisation. Although we have advanced a good way in regard to practical economic collaboration, especially in the marketing of produce, great differences still remain in matters of principle. The greater universality of Consumers' Co-operation contrasts with the limitation of the functions of the different Co-operative Organisations in the Agricultural Movement. There is some prospect, however, that these differences of conception, which are mainly of a theoretical character, may be overcome, and the practical aims cherished by each side ultimately to a large extent achieved. Agriculture has become increasingly dependent on close relations with the markets, and over 80 per cent of its total output comes on to the market at the present time. Although an exclusively co-operative exchange is out of the question and inter-co-operative trade will continue, in the main, to be a matter of the marketing of surpluses, the advantages are obvious.

Whether the trade in agricultural produce should be carried on between the local Consumers' Societies, between the Agricultural Organisations and the Consumers' Societies, or through the Central Unions, is a question of organisation, which cannot be settled everywhere on the same basis, as local conditions differ and much depends on the stage of development and the strength of the different types of Co-operative Organisation.

The producers must never forget that their best advertisement lies in quality. It is no longer the producer, but the consumer, who decides what goods shall be supplied. The farmer must adapt himself to the production of high-grade goods. Another vital point in assuring smooth collaboration between Producers' and Consumers' Organisations lies in the dependability of the supplies delivered to the Agricultural Societies by their members. It should be realised that good payment for produce and frictionless distribution by the Agricultural and Consumers'

Organisations can only be assured where supply and quality are absolutely dependable. If the Agricultural Societies centralise the supplies, and make provision for a steady output adjusted to the needs of the markets, the Consumers' Societies will take over the goods at a fair price, provided that they are graded and prepared according to their requirements, thus enabling them to supply the consumers with high-grade goods with a minimum of intermediary costs. In this way both organisations will render a service to the national economy."

—*I.C.A. Digest of the Co-operative Press, 29th April, 1937.*

RESERVE BANK AND INDIGENOUS BANKING

Having made a preliminary survey of the problem of agricultural credit, the authorities of the Reserve Bank of India have next turned their attention to the measures necessary to secure the extension of the provisions of the Reserve Bank Act relating to scheduled banks, to persons and firms who are engaged in the business of banking. A memorandum has been addressed by the Reserve Bank to the Shroffs' Association and to the scheduled banks with a view to eliciting their opinion about the lines on which contact can be established with indigenous bankers The memorandum is disappointing inasmuch as it indicates no fresh methods of securing the co-operation of indigenous bankers in developing a bill market, co-ordinating their operations with those of modern organised banking agencies and of bringing isolated individual bankers under the healthy direct influence of the central bank of the country. The Central Banking Inquiry Committee had formulated a well considered programme to secure this end, but apparently, the authorities of the Reserve Bank wish to examine the problem *de novo*, ignoring as it were the recommendations of the costly and exhaustive investigations conducted only very recently. Co-operators are only indirectly interested in this question but they would certainly desire to see that the central bank of the country is able effectively to mobilise, co-ordinate, and regulate the resources at the disposal of all the credit agencies, most prominent among whom are the indigenous bankers who control very largely the financing of agriculture, trade and industries except in the presidency towns and other large cities. There is another aspect of the question that interests co-operators. The Reserve Bank Act accords some facilities to co-operative banking for the financing of agriculture alone, on the assumption that the financing of trade and industries is outside its sphere. This is a misapprehension that needs to be corrected. Co-operative banks, especially of the urban variety that follow the Italian model, are vitally concerned in the financing of local trade and industries, and this line of business is being developed on a large scale in some Provinces, particularly in Bombay. In connection with the examination of the question of forging links between the Reserve Bank and local banking agencies, it is pertinent to suggest that the authorities of the Reserve Bank should examine the question of utilising the agency of co-operative people's banks and extending the provisions of Section 17 of the Act to operations of such banks.—*The Bombay Co-operative Quarterly,* June 1937.

CO-OPERATIVE NEWS AND NOTES

It is understood that the Orissa Government have passed orders for stay of execution of decrees by co-operative banks till the end of December, i.e., till the harvest is finished.

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The Government of Cochin have guaranteed the principal of and interest on the debentures issued by the Cochin Co-operative Land Mortgage Bank, to the extent of Rs. 20 lakhs.

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The Government of Madras have remitted in full, for a period of two years from the 27th April 1937, (1) all the fees payable under the Indian Registration Act, 1908, by or on behalf of any Primary Co-operative Land Mortgage Bank in the Province, or in respect of any instrument executed by any officer or member of any such bank and relating to the business thereof, until the expiry of the period of three years from the date of registration of such Bank; and (2) one-half of all the fees payable under the Indian Registration Act, 1908, (a) by or on behalf of the Central Land Mortgage Bank, Madras or in respect of any instrument executed by any officer or member of such Bank and relating to the business thereof; and (b) by or on behalf of any Primary Land Mortgage Bank in the Province, in existence for more than three years from the date of its registration or in respect of any instrument executed by any officer or members of any such Bank and relating to the business thereof.

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The Central Provinces Government have issued a press note stating that orders have been issued to District Officers asking them to avoid the issue of coercive process for the recovery of arrears of land revenue and taccavi against landlords or tenants, when this is likely to cause hardship.

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THE GANDHI SEVA SANGH.

The Gandhi Seva Sangh is a body of full-time national workers drawn from all over India who have dedicated themselves to the service of the country on lines which are in harmony with Mahatma Gandhi's basic creed of truth and non-violence. The revival of hand-spinning and weaving as the basic rural industry, the abolition of untouchability, the befriending of Harijans and the down-trodden, the improvement of village sanitation by personal service, the relief of suffering and the nursing of the sick, the organisation of village industries, the eradication of the drink and drug evil—all these activities have hitherto formed part of the programme of the Sangh workers. At its last annual meeting, the Sangh resolved to undertake the following programme of village service, viz., the construction and repairs of village roads, the maintenance of proper conservancy arrangements in the villages by introducing trench or other kind of latrines or urinals, the digging and clearing of wells, tanks, etc., and to the extent of the means the improvement of village life by creating clean sports grounds, orchards and gardens. Personal service is the characteristic of this programme of rural work that distinguishes it from the official programme. The workers are advised to maintain proper registers of work done so that when the Sangh meets next, it may be possible for it to report the progress made.

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CO-OPERATIVE SOCIETIES IN GREAT BRITAIN TO PAY PROFITS TAX.

Co-operative Societies will be taxed in the same manner as private firms under the Government's new bill providing for taxation of profits for defence purposes, known as the National Defence Contribution. The bill provides for a general levy of 5 per cent. on all annual profits of £2,000 or upwards made by companies, and of 4 per cent. on profits made by individuals or partners. The position of Co-operative Societies and private companies are similar under the Bill and, given equal figures and profit, a Society will pay the same amount of tax as a company. Many of the smaller Co-operative Societies will, of course, not be liable to taxation, as their profits fall below the minimum fixed by the Bill.

An important point as regards Co-operative Societies is that they will not be allowed, as in the case of income-tax, to deduct interest on members' share capital before payment of the tax. The Co-operative Party moved an amendment to the Bill, granting this concession, but it was rejected.

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THE FOURTH ALL-INDIA CO-OPERATIVE CONFERENCE

As we go to Press, we have received the proceedings of the Fourth All-India Co-operative Conference, held at Bangalore on the 3rd and 4th July 1937. The resolutions passed at the Conference are published elsewhere in this issue.

Raja Sabhabhushana Dewan Bahadur Sir K. P. Puttana Chetty was the Chairman of the Reception Committee; Mr. Jamshed N. R. Mehta, Chairman, Sind Provincial Co-operative Bank, Karachi, presided over the Provincial Banks' section, and the Hon'ble Mr. V. Ramadas Pantulu, President, All-India Co-operative Institutes' Association, presided over the Institutes' section of the Conference. The full text of their addresses, and the proceedings of the Conference will be published in our next issue.

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THE XV INTERNATIONAL CO-OPERATIVE CONGRESS AT PARIS

The programme of the 15th Congress of the International Co-operative Alliance, to be held at Paris in September next has now been definitely adopted in all its main lines. The Congress itself is fixed to open on Monday, 6th September, and to continue for four days, each of two full sessions. The meetings in connection with the Congress will, however, begin the previous week with a Conference of the International Co-operative Press on Thursday, 2nd September, when special papers will be presented by well-known co-operative journalists. On Friday, the 3rd September, will be held a Conference organised on similar lines for representatives of the Education Sections of the National Movements, when problems of co-operative education under their international aspects will be studied. Saturday, the 4th September, will be a full day, including a Conference of representatives of Workers' Productive Societies, at which it is hoped to initiate closer relations between these Societies throughout Europe, and, if possible, establish the Committee of Relations which has been for so long a part of our policy. The International C. W. S. and the

International Committee on Assurance will also hold Conference that day. Liberally sprinkled through this varied programme of International Co-operative Activities will be found the excellent provisions of hospitality, excursions and visits which the French National Co-operative Organisations are preparing for the delegates in accordance with their best traditions and which will certainly be an honour to the Fifteenth Congress of the I. C. A.

The delegates that have been chosen to represent India at this Congress are: The Hon'ble Mr. V. Ramadas Pantulu (Ex-officio); Mr. K. C. Ramakrishnan, Economics Department, University of Madras; and Rai Ratan A. G. Sherlekar, Manager, Indore Premier Co-operative Bank, Ltd.

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THE INTERNATIONAL CO-OPERATIVE ALLIANCE.

The International Co-operative Alliance now embraces 38 countries, 70.5 million co-operators, and their families, grouped in 120,000 affiliated societies, as follows:—Consumers' Societies—55,463,000; Productive Societies—103,000; Agricultural Societies—4,167,000; and Credit Societies—10,698,000. The total turnover exceeds £3,557.3 millions; Total Share Capital exceeds £259.2 millions; and the Total Reserve Funds exceed £276.0 millions.

ACKNOWLEDGMENTS

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The Nagpur Agricultural College Magazine.
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SELECT CONTENTS OF CURRENT PERIODICALS

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Mar. 1937 : International Co-operative Education—Its Objects and Scope by W. P. Watkins.

June 1937 : The Social Consequences of the Economic Depression by I. M. Shenkman.

The Millgate, Manchester ..

June 1937 : The Problem of Co-operative Neutrality by Dr. E. Ollendorf.

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April 1937 : The Ten Years' Plan for Co-operative Education.

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May 1937 : Labour Organisation of Co-operative Employees by J. P. Warbasse.

June 1937 : A University Teaches Democracy by Bertram B. Fowler.

The Bombay Co-operative Quarterly, Bombay

June 1937 : Village Uplift and Co-operation by M. S. Kulkarni.

The U. P. Co-operative Journal, Lucknow

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THE INDIAN CO-OPERATIVE REVIEW

Contents of Vol. III, No. 1, January-March, 1937.