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CO-OPERATIVE BANKS
ASSOCIATION

Editor: Hon'ble V. RAMADAS PANTULU

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Journal of the All-India Co-operative Institutes' Association and The Indian Provincial Co-operative Banks' Association

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THE INDIAN CO-OPERATIVE REVIEW

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THE INDIAN CO-OPERATIVE REVIEW

Vol. IV JANUARY—MARCH, 1938 No. 1

EDITORIAL NOTES

OURSELVES

The Indian Co-operative Review begins with this issue the fourth year of its career. It has been well received not only in India but abroad, as our delegates to the International Co-operative Congress assure us and as some of our European friends have written to us. *The Review of International Co-operation*, the organ of the International Co-operative Alliance, has indeed written: "The Association (All-India Co-operative Institutes' Association) possesses an excellent organ in the *Indian Co-operative Review*."

We have been fortunate in securing contributions on a variety of topics from persons of standing in the co-operative world spread over many countries, thereby enabling our readers to keep in touch with the latest developments in co-operative thought and actien. The pages of our Review have been thrown open to officials as well as non-officials, to detached students of the subject as well as prominent workers in the field. We are not a little indebted to them for their labour of love, which has made the Review what it is.

Our only regret is that on the financial side the Review is not yet a success. The annual subscription, we are sure, will not be deemed excessive for the paper, printing and get up. That, in spite of the completely honorary editorial services and poor remuneration for clerical and other services, the Review is run at a loss is a sad commentary on the loyalty of our co-operative institutions and individuals. Educational institutions teaching co-operation and rural economics have likewise disappointed us. We appeal once again to all co-operators to make this venture at least self-supporting in the course of this year and not allow it to continue to be a financial burden to the Indian Provincial Co-operative Banks' Association.

STATUTORY REPORT OF THE RESERVE BANK ON AGRICULTURAL CREDIT

In accordance with the duties imposed under Section 55 (1) of the Act, the Reserve Bank of India has issued its Statutory Report on Agricultural Credit. We have in the pages of this journal reviewed the Preliminary Report and two Bulletins issued by its Agricultural Credit Department dealing mainly with co-operative credit and cognate activities. The present report is partly a resume of its recommendations contained in the report and bulletins already published with an explanation of points on which misunderstanding had arisen; it also deals briefly with the other agencies for agricultural credit—the village moneylender, the indigenous banker and the commercial bank in the last resort. There is indeed little that is quite new, calling for fresh comment.

The authorities of the Reserve Bank believe that "there is considerable scope for an increase in the financial support given by commercial banks to moneylenders, indigenous bankers and co-operative banks if they will re-organise themselves on the lines" suggested. We have a doubt whether co-operative banks that are financing the Movement are really anxious to get more funds now or any kind of financial support, especially from commercial banks, whose outlook and methods of business are different from, if not opposed to, those of co-operators. We have no quarrel with commercial banks, but we wonder why in this country co-operators should be exhorted to look up to commercial magnates as superiors, whose services are indispensable to us, and therefore should be coaxed into our boards of management, while in our turn we should agree to collect their bills. It is not for lack of business knowledge, that there is sometimes a lapse from sound banking practice, but it is the force of circumstances in agriculture that drives some of our banks to situations from which mere business knowledge cannot pull them up. It is not difficult to point to parallel lapses in joint stock banks, but we shall not indulge in that game. Our reformation should come from within and not by imposition from without. We are thankful to the Reserve Bank authorities for small mercies, for their thinking well of at least the banks in Madras, Bombay and the Punjab, and for the role assigned to Provincial Banks.

We agree that something drastic should be done as regards overdues in place of the policy of drift followed by many societies and banks, that reserves should be built up by keeping a fair margin between borrowing and lending rates and that loans should be restricted as far as possible to productive purposes for short term in the credit societies, and in land mortgage banks loans for improvements should be encouraged by all means—though we are not for insisting on a period of probation before a loan is given.

The Reserve Bank would like to see our simple village banks metamorphosed into multi-purpose societies everywhere. This was the burden of its song in the first two bulletins. The idea of a multi-purpose society is quite old and was sponsored by early co-operators. But the difficulties of working such a society, where it was earnestly attempted, were several, which it is not worthwhile recounting here. The subject has been discussed by the Royal Commission on Agriculture and by the Banking Committees who have come to different conclusions. Though combination of credit with other functions is not generally easy or feasible we can by all means give it a trial in specially selected areas. We wish the Reserve Bank had drawn up the model bylaws for a society of the type they have in view. It is not easy to form a precise mental picture of such a society from the banking point of view. In page 17 of the Report, it is conceded that "where special financial liability is to be incurred or caste and other considerations are involved it may be necessary to have separate off-shoots of the parent society." Does this mean that generally speaking they would not favour separation of financing or of risk taking between credit and other functions in a village society or that they would expect all functions to be carried on within the village itself? For they say in page 19, "a better plan would be to induce primary societies to take up joint marketing........to build up inexpensive but serviceable godowns......" This is not only not feasible in several villages, but this is not what was advocated in Bulletin No. 2, where the difficulty of organising marketing societies in the village was recognised and it was not expected that a village bank should embark on these speculative activities.

The Reserve Bank advocates the formation of Banking Unions, each composed of a number of village banks in areas where there are no central banks or where central banks are too few and far between and have unwieldy jurisdiction. They have not made it clear whether central banks in the former case should also be organised and in the latter case whether they should also be retained in addition to banking unions. The lead is far from clear and this has already led to a confusion of thought and launching on enterprises in certain parts of the country without a clear cut constitution on the one hand and without adequate understanding of the legal and financial implications on the other.

We are told how the demands made and expectations entertained by co-operators of the Reserve Bank have all been extravagant and born of ignorance of its inherent character. The limited help it can give and the rigorous conditions that would be enforced are reiterated. It must be some comfort to co-operators to know that the Bank will 'always be glad to give co-operative banks advice' and 'issue instructions from time to time on the criteria of sound banking.' We wish the Reserve Bank greater distinction in its educational role.

THE MADRAS AGRICULTURISTS' RELIEF ACT

The Madras Agriculturists' Relief Act, 1938, after receiving the assent of the Governor-General has come into force in the Province of Madras on the 22nd day of March 1938. It is without doubt the most drastic piece of legislation for debt relief either enacted or contemplated in any province in British India. But its scope is very limited, though its title and preamble seem to cover a wide field. The Act is called "an Act to provide for the relief of indebted agriculturists in the Province of Madras." But as a matter of fact numerous classes of indebted agriculturists are excluded from the scope of the Act and the relief given, with one exception, consists merely in scaling down of past debts. The exception referred to is the provision for scaling down interest on future debts, that is to say, debts incurred after the commencement of the Act to a sum not exceeding 6¼ per cent. Even in regard to the main relief of scaling down past debts, the operation of the Act is narrowed down to the smallest compass possible, by so defining the word, 'agriculturist' as to connote only classes of people engaged in raising agricultural produce from land and who do not pursue other occupations to substantially supplement their income from land. Thus agriculturists (1) who pay any income-tax, (2) professional tax on a half yearly income of more than Rs. 300 derived from a non-agricultural profession or (3) an assessment on property, in respect of buildings or lands other than agricultural lands, whose annual rental value is not less than Rs. 600 are excluded from the definition of 'agriculturists' though their main occupation may be agriculture. This cuts out a very large number of debtors. Again, zamindars and inamdars, that is to say, landholders of an estate under the Madras Estates Land Act who pay a peishkush of more than Rs. 500 or quit rent or the like of more than Rs. 100 to the Government are also excluded from the definition of 'agriculturists.'

The Act is essentially intended to rehabilitate agricultural industry, which is the basic industry of the Province and not so much to give relief to individual agriculturists who have run into debts. The Act broadly speaking differentiates between debtors who are engaged in raising produce from land as their sole avocation and those who are either middlemen between the State and the cultivator or those who pursue agriculture not as a sole but one of their occupations. If this fundamental consideration is ignored the provisions of the Act can be easily subjected to the criticism that while certain classes of rural debtors who may require relief are excluded from the scope of the Act, others who may not require it are brought within its scope.

The main provisions of the Act may now be summarised. Debts of the 'agriculturists' as defined by the Act, are classified under two heads: (1) Debts incurred before 1st October 1932 and (2) those incurred on or after that date. Debts incurred before 1st October 1932 are scaled down in the following manner:—

(1) *All interest outstanding on the 1st October 1937, in favour of any creditor of an agriculturist whether the same be payable under law, custom or contract or under a decree of court and whether the debt or other obligation has ripened into a decree or not, shall be deemed to be discharged, and only the principal or such portion thereof as may be outstanding shall be deemed to be the amount repayable by the agriculturist on that date.*

(2) *Where an agriculturist has paid to any creditor twice the amount of the principal whether by way of principal or interest or both, such debt including the principal shall be deemed to be wholly discharged.*

(3) *Where the sums repaid by way of principal or interest or both fall short of twice the amount of the principal, such amount only as would make up this shortage, or the principal amount or such portion of the principal amount as is outstanding, whichever is smaller, shall be repayable.*

ILLUSTRATION: A borrowed from B Rs. 1,000 in 1928. Till 1st October 1937 he did not repay anything towards the principal but paid only Rs. 100 by way of interest. B can recover only the principal amount of Rs. 1,000 and no more. If A paid Rs. 200 towards principal and nothing towards interest B can recover Rs. 800 and no more. If A paid all the interest up to 1st October 1937, even then he will have to pay the principal amount of Rs. 1,000. If A paid by way of interest and principal Rs. 2,000 between 1928 and 1st October 1937, the entire debt is wiped out and B can recover nothing, whatever may be the amount outstanding.

It will be seen that the law of *damdupat* is applied against the creditor and not in his favour; that is to say, if by 1st October 1937, the interest and principal amount to Rs. 4,000 and payments made by the creditor amount to no more than Rs. 200 towards principal and Rs. 100 towards interest, the creditor cannot recover at least twice the amount lent, namely Rs. 2,000 less Rs. 300 paid (i.e., Rs. 1,700) but can only recover Rs. 800, the outstanding principal.

Debts incurred on or after the 1st October 1932 are scaled down in the following manner:—

(1) *Interest shall be calculated up to the commencement of this Act at the rate applicable to the debt under the law, custom, contract or decree of Court under which it arises or at five per cent per annum simple interest whichever is less and credit shall be given for all sums paid towards interest and only such amount as is found outstanding, if any, for interest thus calculated shall be deemed payable together with the principal amount or such portion of it as is due.*

Provided that any part of the debt which is found to be a renewal of a prior debt shall be deemed to be a debt contracted on the date on which such prior debt was incurred and if such debt has been contracted prior to the 1st October 1932, shall be dealt with under the provisions of section 8.

ILLUSTRATION: If A borrowed Rs. 1,000 with interest at 10 per cent simple on 1st Oct. 1935 and paid Rs. 200 towards interest at that rate till 1st Oct. 1937, interest will be calculated at 5 per cent, that is to say, only Rs. 100 will be given credit towards interest and the other Rs. 100 recovered as interest will be deducted from the principal and only Rs. 900 will be recoverable from him.

Neither in the case of debts incurred before 1st October 1932 nor those incurred thereafter is the creditor required to refund any sum which has been paid to him (except in certain special cases of sales of debtors' properties held on or after 1st October 1937 being set aside) or to increase the liability of the debtor to pay any sum in excess of the amount which would have been payable if this Act had not been passed.

Debts due on mortgages with possession on which no interest is stipulated are excluded from the scope of the Act. So also debts due to a public company as defined by the Indian Companies Act, 1913 or to a scheduled bank as defined by the Reserve Bank of India Act, 1934 are excluded from the scope of the Act, if the interest payable in respect of such debts is not more than 9 per cent., simple per annum. If the interest stipulated exceeds 9 per cent. the debts are liable to be scaled down as debts due to ordinary creditors in the manner stated above. Whether the provisions of the Act in so far as they affect banks are *intra vires* is a moot point. It may be brought up before the Federal Court.

All debts which are scaled down as stated above carry, from the date up to which they have been scaled down, interest on the principal amount due on that date at the contract rate, subject to a maximum of 6¼ per cent per annum simple. In proceedings for recovery of *debts incurred after the commencement of this Act* interest will be scaled down to a sum not exceeding 6¼ per cent simple per annum. Provision is made empowering the Local Government to modify, alter or fix any other rate of interest from time to time in regard to future debts.

In regard to Joint Hindu Families a distinction is made between non-agriculturist members and agriculturist members and relief is given only to the latter, and the creditor can proceed against the agriculturist member to the extent of his proportionate share of the debt, which alone is scaled down in accordance with the provisions of this Act. This provision constitutes an inroad on the Hindu Law as at present administered and may give rise to difficulties in application.

Another important provision of the Act is that relating to cancellation of all arrears of rent payable prior to fasli 1346 by the agriculturist as defined by the Act to a landholder or undertenure holder under the

Madras Estates Land Act, 1908 or to a janmi or intermediary tenure holder under the Malabar Tenancy Act, 1929.

As the provisions of the Act apply to debts in respect of which decrees have already been passed by Courts, necessary provisions have been incorporated in the Act to enable the debtors to apply to the Court to amend the decrees so as to bring down the debt to the limits permitted by the Act and also to set aside sales and foreclosures of properties which were sold or foreclosed on or after 1st October 1937.

It is not yet possible to estimate even approximately the aggregate amount of loss to creditors by the application of the provisions of this Act or the amount of relief which the agriculturists will be able to get. There is a widespread impression that this Act will have the effect of drying up the traditional sources of credit to the agriculturists, *viz.*, credit from moneylenders, indigenous bankers and land-owners. It is to some extent true; but we do not think that credit will be curtailed to the extent of adversely affecting the pursuit of agricultural industry. Future loans carry interest at 6¼ per cent, a very handsome price for money lent for productive purposes. If credit is not easily obtainable for unproductive purposes, it is so much the better for the agriculturists.

The main defect of the Act is that no machinery is created for the satisfaction of the claims of the creditors whose debts are scaled down under the Act or to regulate moneylending in future so as to arrest the operation of causes which hitherto contributed to the chronic indebtedness of the agriculturists. It may however be confidently expected that the Ministry will follow up this Act with such measures. Unregulated and unlicensed moneylending should be brought under rigorous control. Moneylenders should be compulsorily licensed and due provision should be made for the examination of their accounts by responsible officers of the State, periodically.

The co-operative societies in the Province were excluded from the operation of the Act altogether for various reasons. But the justification for such exclusion will cease if the co-operative societies do not immediately bring down their rates of interest both on arrears and future loans to 6¼ per cent. simple, where higher rates are now charged. Steps must be immediately taken to give effect to this proposal. Co-operative societies should also overhaul their organisation so as to step into the gap that may be created by the curtailment of credit by the moneylenders. At present the amount of credit advanced to agriculturists for seasonal needs by the credit societies is very inadequate. The transactions of many central banks have considerably gone down. So, co-operators must take stock of the situation and take immediate and effective steps to supply adequate credit to agriculturists.

THE NEW INSURANCE LAW AND CO-OPERATION

The Bill to consolidate and amend the law relating to the business of Insurance in India has now passed through all its stages in both the chambers of the Central Legislature and received the assent of the Governor-General. The statute governing the business of insurance will be in future the Indian Insurance Act, 1938. It is expected to come into operation on the 1st October 1938. In the meantime rules framed under the Act by the Government would be on the table of both the Chambers of the Legislature for a month as required by section 114 of the Act, and the rules will also come into force simultaneously with the commencement of the Act. For the first time in the history of insurance in this country all forms of insurance are now brought within the scope of a single Statute. The Indian Life Assurance Companies Act, 1912, hitherto in force, governs only life assurance companies as its name itself indicates. The provident insurance societies are governed by the Provident Insurance Societies Act of 1912. Co-operative insurance societies are governed mainly by the Co-operative Societies Act, 1912, or Provincial Acts which have taken the place of the All India Act, although so far as life assurance is concerned they are also governed by the Indian Life Assurance Companies Act, 1912 in some matters. The Indian Life Assurance Companies Act, 1912 and the Provident Insurance Societies Act, 1912 as well as Indian Insurance Companies Act, 1928 have all now been repealed by the Insurance Act, 1938.

This Act makes a sharp distinction between co-operative life insurance societies and co-operative insurance societies doing other than life insurance business. A co-operative life insurance society is defined as follows by the Act :—

> *"Co-operative Life Insurance Society" means an insurer being a society registered under the Co-operative Societies Act, 1912, or under an Act of a Provincial Legislature governing the registration of co-operative societies which carries on the business of life insurance and which has no share capital on which dividend or bonus is payable and of which by its constitution only original members on whose application the society is registered and all policyholdlers are members.*

Other co-operative societies may also be admitted as members without being eligible to any dividend, profit or bonus.

Co-operative *life insurance* societies, that is, those which do not do any business other than life business either exclusively or along with life business, are given certain special concessions and privileges, the most important of which are as follows :—

(a) While new joint stock life insurance companies (those incorporated or which commenced business after 26th January 1937) are required to provide an initial working capital of not less than Rs. 50,000 exclusive of the security deposit to be made before registration, co-operative life insurance societies need provide only a working capital of Rs. 15,000 exclusive of such deposit.

(b) In regard to the initial security deposit before registration, while joint stock insurance companies are required to deposit Rs. 50,000, co-operative life insurance societies are required to deposit only Rs. 25,000.

(c) In regard to subsequent instalments to make up the total of Rs. 2 lakhs, co-operative life insurance societies may deposit each year a sum equal to one third of the gross premium income received in the previous year, while new joint stock life insurance companies are required to complete the deposit in four years by depositing Rs. 50,000 each year and the old companies are required to complete it in ten years by depositing the balance of Rs. 1,50,000 in nine equal annual instalments.

(d) While joint stock life insurance companies other than provident societies are precluded from issuing policies for Rs. 500 and less, after the commencement of this Act, co-operative life insurance societies are allowed to transact such business as before.

(e) Co-operative life insurance societies are now exempted by the new Act from the statutory obligation of sending notices, copy of the balance sheet, revenue account and other documents which are required to be sent to members individually in the manner prescribed by the Act; publication in the news papers in the manner prescribed will be sufficient.

(f) Special provisions have been incorporated in the Indian Insurance Act, 1938 for the organisation of co-operative societies for insurance of cattle, crops or both. These societies when formed, may be exempted from almost all the onerous provisions of the Insurance Act as well as Co-operative Societies Acts. They will be simple organisations which will be governed by the rules framed by the Provincial Governments subject to any rules that may be made by the Central Government.

All these concessions apply equally to mutual insurance companies as well. These concessions must prove substantially helpful to the co-operators to promote and develop co-operative life insurance societies.

In regard to the transaction of insurance business other than life, co-operative insurance societies are placed in all respects on the same footing as joint stock insurance companies, so far as the requirements of the Insurance Act, 1938 are concerned. In regard to other matters they will be further regulated by the provisions of the Co-operative

Societies Act of the province in which they are registered. There are at present no such co-operative societies in India worth mentioning which transact general insurance business, that is to say, other than life business. There is scope for organising such business on a co-operative basis, and they offer special advantages to the problem which joint stock companies cannot. The matter is one which deserves the attention of co-operators and is now under investigation in Madras.

In the field of insurance business besides some small concerns here and there, there are three important co-operative life insurance societies in India. The earliest of them was started in Bengal in the year 1928, Bombay followed next in the year 1930 and Madras entered the field still later in the year 1932. Between them they have written on the books a paid up business of over Rs. 100 lakhs. Nevertheless, co-operative life insurance, if carried on by isolated provincial concerns like these, may not be able to withstand the organised competition of powerful joint stock concerns which spread their organisation throughout India. Life insurance is a class of business which requires as wide a field of operation as possible. Co-operators working on local or regional basis will find it difficult to spread the benefits of co-operative life insurance as widely as they deserve to be. Moreover, when several independent co-operative life insurance societies operate and canvass business all over India, as the three societies named above do, there is inevitably a tendency to compete with each other—not a healthy sign in the field of co-operation. A united co-operative life insurance society for the whole of India will not only be able to challenge its commercial rivals very successfully, but will establish the claims of co-operation more rapidly. We, therefore, suggest the desirability of amalgamating these societies into a strong federal organisation under the provisions of the Indian Insurance Act, 1938.

The aim of co-operation in India, as elsewhere, must be to see that all capitalistic concerns become co-operative at least in spirit if not in the letter. In so far as the principle of mutuality is fostered, the rights of policyholders are made supreme, dividends on share capital are cut down and bonuses on policies are increased, capitalistic concerns pay their homage to the principles of co-operation. But they must actually give place to pure type of co-operative organisations and are bound to do so eventually. The provisions of the new Insurance Act will, we hope, enable co-operative insurance to develop on healthy lines and play the part which it now plays in many countries in the West.

THE INTERNATIONAL LABOUR OFFICE AND THE CO-OPERATIVE MOVEMENT

BY

M. COLOMBAIN,

Chief of the Co-operative Service, I.L.O.

As is generally known, the *International Labour Organisation,* which at the present time includes 61 States Members, consists of:

(1) the *General Conference* of Representatives of the State Members;

and (2) the *International Labour Office*, controlled by a *Governing Body.*

Each State Member is represented at the General Conference by four representatives, of whom two are Government delegates, while two others represent the employers and workers respectively. Each delegate may be accompanied by not more than two technical advisers for each item on the agenda of the meeting. The non-Government delegates and technical advisers must be chosen in agreement with the most representative organisations of employers or workpeople, as the case may be, in their respective countries. Each of the four delegates is entitled to vote individually on all matters submitted for the consideration of the Conference.

The General Conference (the International Labour Conference) meets at least once a year. It discusses the draft Recommendations or International Conventions included in its agenda.

The Governing Body is a sort of miniature Conference. Apart from the fact that it does not include technical advisers, the composition of the Governing Body is based on the same principles of representation as the Conference itself. Sir Atul Chatterjee has been Chairman of the Governing Body, and at present India is represented on the Governing Body by Sir Firoz Khan Noon.

The International Labour Office is responsible for the preparation of the agenda of the Conference and the Governing Body and the supervision of the enforcement of their decisions. It has another not less important duty, namely, the collection and distribution of information on all questions connected with the conditions of those who work of certain commodities are effected. In the last report which he prepared for the International Labour Conference (1932), Albert Thomas wrote: "There exists to-day in the capitalist economy an important fragment of planned economy which is too little known and the value of which seems to be underestimated: this is the Co-operative Movement." And it is still underestimated. How many of the innumerable public and private plans which have since been drawn up for the reorganization of economic life including even the soundest in appearance and those meeting with general approval—have reserved for co-operation the place it ought to have, if indeed any place at all? Albert Thomas' successor, Mr. Harold Butler, pointed out more recently before the same Conference that in a number of countries "an attempt is being made to find some intermediate formula combining the virtues of free enterprise and of collective organisation." Is it not a fact that the Co-operative Movement feels that it possesses, within its own limitations, this much sought-after formula? And will this search go on without the participation of the movement, outside the movement and even against the movement? Or will it include the movement? Without wishing in any way to presume, but concerned with the general welfare, its own development and its actual existence, does it not feel the need to spread information about itself in circles which know nothing about it except perhaps that it exists? The International Labour Office, for its part, is resolved to do its share and, by putting its own means of information and publicity at the service of the Co-operative Movement and in close collaboration with the International Co-operative Alliance, the International Confederation of Agriculture and the Horace Plunkett Foundation, to help to promote a knowledge of the methods, achievements and aims of the Co-operative Movement.

The Co-operative Service of the International Labour Office now maintains an active exchange of information with more than a thousand central or representative co-operative organisations of every kind in 57 countries.

The Co-operative Service receives and keeps the periodicals published by all the more important national co-operative organisations and the various co-operative reviews. With a willingness to which I must here pay tribute, most of the large organisations also send to the Co-operative Service their annual reports, records of congresses, etc. The cordial and trustful relations which have been established enable the Service at all times to consult the organisations themselves and to obtain information as to the structure and working of their institutions from the most reliable sources. There is scarcely an important work published in recent years on any of the varied aspects of the

Co-operative Movement that does not exist in its library. These records are completed by documents of all kinds, information supplied directly by Governments, statistics, texts of laws or of the constitutions of associations, newspaper articles, general or partial studies prepared by the Service itself, etc., all of which are classified either by country and by organisation, or by subject.

The documentary information which has thus been collected and compiled over a period of almost eighteen years is placed, so far as it is physically possible, at the disposal of co-operative organisations and of all students and persons engaged in research as well as of institutions or Government departments, either for consultation on the spot or by correspondence in reply to the requests for information which continue to be received in a steadily increasing volume from different countries and on the most varied subjects. A part of this information is used in the publications of the International Labour Office. Every effort is made to avoid any overlapping with news given in the co-operative press and, as a matter of fact, the Office information reaches circles not generally open to the latter. As a general rule, the Office information is selected with a view to calling attention to less known facts and institutions about which knowledge is difficult to obtain. The Service even believes in certain cases that this information helps the Co-operative Movement itself to realise more fully the diversity of its forms, the unity of its principles and its geographical extension.

The development of the Co-operative Movement in its varied aspects is thus comprised within items dealt with in the *International Labour Review* and in *Industrial and Labour Information,* while it also forms the subject matter of a roneoed publication, *Co-operative Information,* which is sent free of charge on request to co-operative organisations or to their journals.

Thanks also to the information collected, the Service has been able to publish an *International Directory of Co-operative Organisations* which, by the addresses it contains, facilitates inter-co-operative relations and, by means of its tables supplies information on the actual size and importance of the organisations themselves. This publication, issued first in 1921, has now appeared in nine successive editions, in each of which an effort has been made to improve on the previous one. The last edition appeared in 1936. The tenth edition, at present in preparation, will appear early in 1939.

Furthermore, with the help of the information already collected and its knowledge of the available sources of information and the relations it has established, the Co-operative Service of the International Labour Office is able to undertake any studies that may be called for in this field. For instance, it was asked to prepare, for the World Economic Conference of 1927, the two following reports:

(a) Results of certain enquiries for instituting a comparison between retail prices in private trade and those of distributive co-operative societies.

(b) The part played by co-operative organisations in the international trade in wheat, dairy produce, and some other agricultural products.

It also contributes to other general publications of the International Labour Office, including the *I.L.O. Year-Book,* and was recently asked to supply information for the report on Workers' Nutrition and Social Policy which was prepared for the Twentieth Session of the International Labour Conference.

Again, in a special study,[2] it was able to bring to light the efforts made by the agricultural co-operative organisations and the distributive co-operative organisations to improve, define, check and guarantee the quality of the products which they market or distribute.

In the field of social legislation, I would recall that, as far back as 1920, the Governing Body of the International Labour Office proposed that each of the Governments should nominate a delegate of the co-operative societies as one of the technical experts whom they are entitled to send to the International Labour Conference. This suggestion has been adopted to some extent. For example, Heinrich Kaufmann was included in the German delegation, certain delegations (including those of Bulgaria, Czechoslovakia, Finland, India, Italy, Japan, Netherlands, etc.), included co-operators as delegates or technical advisers, while one of the Vice-Chairmen and the Secretary of the International Co-operative Alliance have had the opportunity of personally expressing the views of co-operation on certain questions at the International Labour Conference. It must, however, be admitted that little use has been made so far of the possibility thus offered. It is for the co-operative organisations, by making the representations they deem fit to their respective Governments, to make better use of this means of spreading their influence. In view of their undoubted competence to describe

2. *The Co-operative Movement and Better Nutrition. Standard Definition of Foodstuffs. Education of Producers and Consumers.—Studies and Reports,* Series B, Geneva, 1937.

and further knowledge of the living and working conditions of the population of their 600,000 villages, it would seem that this faculty provides the co-operators of India with a splendid opportunity of rendering eminent service to their country and abroad by throwing light on the real nature and the real aspects of the problems which they have to face.

Then again, there was the International Economic Conference with Mme. Freunlich and Mr. Örne on the preparatory Committee, with the question of co-operation on the agenda and the participation of a considerable number of co-operators. As a result of their presence, the Conference adopted a resolution which defined the place of co-operation in the economic system and which led to the idea of a joint committee of agricultural co-operators and distributive co-operators. This idea, which was taken up by the International Co-operative Alliance, resulted in the establishment of the International Committee for Inter-co-operative Relations, of which one of the objects is "to secure liaison between the Co-operative Movement as a whole and the International Institutions." It is true that the Committee is not an organ of the International Labour Office but a joint body constituted by the International Co-operative Alliance and the International Confederation of Agriculture. If it is mentioned here, it is because its establishment owed something to the tenacity of Dr. Fauquet, the former chief of the Co-operative Service, because its first Chairman was Albert Thomas, the first Director of the International Labour Office, because it is the present Director of the International Labour Office who now acts as its Chairman while the Co-operative Service acts as secretariat, and finally, as I have just said, because it is one method of achieving the essential aim of the Co-operative Service, which is to establish relations between the Co-operative Movement and the official international institutions.[3]

The International Committee for Inter-co-operative Relations.—Another of the aims of the Committee is "to promote the development of moral and economic relationships between agricultural co-operative societies and distributive co-operative societies."

Among the many achievements of the Committee, attention may be called to the following: introduction of measures for the establishment of national committees of inter-co-operative relations and perma-

3. By way of illustration, it may be added that it was through this Committee that the Co-operation Movement was associated with an enquiry into nutrition in which it collaborated with the International Labour Office, the Economic and Health Organisation of the League of Nations, the International Institute of Agriculture and a number of other bodies.

nent contact with these committees; research into the complementary marketing and supply requirements of the agricultural and the distributive co-operative organisations (enquiries into the part played by these organisations and their mutual relations in the organisation of the egg, butter and fruit trades, discussion of the wheat-flour-bread problem); study of the organic forms of inter-co-operative relations (joint co-operative undertakings); conclusion of an agreement between the International Co-operative Wholesale Society and the International Confederation of Agriculture with a view to facilitating economic exchanges between their affiliated organisations; comprehensive study of action taken by public authorities in connection with marketing and distribution and the effect of such action on the development of the co-operative organisations and inter-co-operative relations.

Acting as it does through the agency and with the support of its constituent organisations, and exerting a continuous effort to spread information as to the way in which the agricultural and the distributive co-operative societies can contribute towards economic reconstruction, this Committee has fully justified its existence. While helping to strengthen the links between the Co-operative Movement and the official international institutions, it has allowed the latter to approach the fundamental problems with which rural circles in all countries are concerned and to ascertain the legitimate needs of consumers both in town and country. It has further managed to introduce between those who exchange the produce of their toil a better spirit of mutual comprehension, and to conciliate their interests between which there is after all more solidarity than divergency.

In this way the International Committee for Inter-co-operative Relations develops and strengthens the action for which the Co-operative Service of the International Labour Office was created.

CO-OPERATION IN CHINA

BY

C. F. STRICKLAND, I.C.S (RETD.), *Oxford*.

The Co-operative Movement in China was inspired from two sources: India and Japan. Shortly after the revolution of 1912, Professor Hsieh and a group of young Chinese reformers in Shanghai founded a co-operative newspaper and carried on propaganda, urging their fellow countrymen to imitate the Japanese societies and to train co-operative teachers who could carry the idea of co-operation into every province. Their principle was organisation of the people for national progress through educated leaders, much less stress being laid on the ability of the people, when thus organized, to manage their own affairs. This paternal spirit still pervades the Nationalist Party, the Kuo-min-tang, which is accused by its critics of preferring quantity to quality in co-operative matters.

Professor Hsieh's first society, a consumers' shop, was founded in Shanghai in 1919. A mixed body of Chinese and foreigners had meanwhile been examining farm economy in the north, and the China International Famine Relief Commission decided to apply part of its funds to the prevention of famines through co-operative credit rather than to the relief of distress when famine had already occurred. The first rural credit societies were accordingly formed in Hopei, the province containing Peking, in 1924, and increased in number gradually, on the application of successive villages, until in 1937, at the time of the Japanese invasion, there were about 3,500 in all. Half of these were financed by the Commission, the remainder being still regarded as unfit for a loan. Indian models were ordinarily followed, the credit society being limited to the business of thrift and loans. Some of the leaders had visited India to broaden their experience.

The Republican tide, checked for many years by Yuan-shih-kai the Dictator, flowed strongly again in 1927, when central and northern China were brought under the control of Nanking. An Agricultural, but non-co-operative, Bank was set up in Kiangsu province (which contains Nanking and Shanghai), and rapidly lent money to ill-organised credit societies in the villages. Much of this will never be repaid, but there are now* between 3,000 and 4,000 societies in this province, and later loans have been more prudently used.

* All references are to the moment at which the Japanese invasion began. Many societies and villages have subsequently ceased to exist.

A similar expansion took place in all except the most remote regions of China from 1930 onwards. Special efforts were made by the provincial governments along the Yangtse river after the great flood of 1931, and the aid of the Famine Relief Commission (C.I.F.R.C.) was called in from the north. Co-operative societies were not at first organized, since immediate relief was required, but money for seed and subsistence was advanced to unregistered groups of farmers, known as "mutual aid societies", many of which subsequently qualified for co-operative registration. A statement, probably incomplete, of the Chinese Government in 1935 showed 14,600 societies in the whole country, but very hasty organisation and registration was continued for the next two years, and there may have been 25,000 or more in 1937. China has no Registrars of Co-operative Societies, and unfortuntely very few trained Inspectors or subordinate organisers. Co-operation is treated as a gospel or a panacea, which will solve all difficulties and need not be correctly understood or applied. Trained men exist, but are carried away by the flood of patriotic enthusiasts who create societies and then leave them to the mercy of agricultural or commercial banks. The latter are eager to finance the farmers, but very rightly distrust the capacity of untaught peasants to employ wisely the money lent to them. The banks consequently interfere in all the proceedings of the societies, leaving little discretion to the managing committee, and charge high interest (10 or 12 per cent) in order to cover the high risk of loss. The controlling authority in each province is either an officer who has also charge of Public Works, Agriculture or Finance and who if he has any knowledge of Co-operation, has little time to attend to it, or a Commission of five persons who may know nothing of Co-operation and leave nearly all decisions to the Chief Inspector, a man insufficiently trained to bear such authority. The subordinate organisers are men of integrity and good rural temper, some of whom have enjoyed a few weeks' instruction in a co-operative class. By no means all the teachers in such a class possess enough experience or training to fit them for teaching.

It may be asked whether societies, organized by zealous organisers, inspected (if ever) by unskilled Inspectors, and bullied by anxious banks, have any co-operative quality and do any good whatever. In my opinion they are, at the worse, better than nothing, though under proper management they might do a hundred times the amount of good The Chinese farmer is a remarkable man: industrious, thrifty except on the occasion of funerals, reasonably free from quarrels, and very little prone to litigation. He has also a shrewd business sense, and the misappropriation of funds by the Treasurer, President or organizer, for which so lax a system offers abundant opportunity, is extremely rare Literacy in the villages is more general than in north India and approximately equal to that of south India; nevertheless, the illiterate peasant knows how much his society has borrowed from the bank, how much each member has received as loan, and how much he himhelf has to repay in principal and interest. Default of course does occur, but a defaulter is unlikely to be given a second loan, and during six months of touring I found only two instances of misappropriation. If the Chinese farmers were organized for co-operative credit by competent organizers, and were afterwards advised and taught how to overcome difficulties, an organizer or supervisor on the equivalent of Rs. 40 per mensem would be able to serve a circle of 100 societies, and an Inspector as many as 500 societies.

Whatever disadvantages—and they are many—may result from the backwardness of rural China and the insecurity of life and property in certain districts, one great advantage may be observed. The peasant does not suffer from an excess of credit and cannot, except in prosperous areas around the big towns, become heavily indebted. The law and the judge are not so accurate, nor the law court is so accessible, that a creditor will look upon a judicial suit as an easy proceeding. He does not therefore lend to the peasant without assuring himself, as best as he may, of the borrower's readiness and ability to repay. Easy credit is corrupting, but there is no easy credit in China. There are, in fact, few rural moneylenders who rely principally on this class of business. An advance is given by a landlord or a grain merchant for seed or manure, or on the security of a growing crop; it is recovered from the threshing floor. The peasant may starve, but he does not, save in the neighbourhood of the towns, stagger under a weight of inherited or accumulated debt. When, then, he can borrow, even at 15 or 18 per cent, from a co-operative society which is paying high interest to a bank, he repays on due time and gladly. He is *accustomed* to repay all his debts, and is accustomed to heavier interest than 15 or 18 per cent.

The virtues of the Chinese farmer makes a very unsatisfactory system work. Yet with good will and a few (but important) changes, the Chinese co-operative system might be much better. Reference has already been made to the method of financing, followed by the agricultural and commercial banks. There are no co-operative banks, and where, as in some provinces, government loans are made to the societies, the Inspectors and organizers, imitating the banks and knowing no better, interfere almost as much with the action of the managing committees as do the banks themselves. The outstanding exception is the C.I.F.R.C. in Hopei, which sometimes leaves its societies too much alone.

The remedy would appear to be the formation of a district union or "pure" co-operative bank in each district by the primary societies, with a Provincial Bank in each province which would finance them until they won the confidence of the public and attracted deposits. The obstacle in the way is the high rate of interest at which the national and provincial governments in China have to borrow: often 9 per cent or even higher. Provincial and co-operative banks must meet their own expenses, and the ultimate charge to a member of a primary society would thus become excessive. Such unions, therefore, as are at work, undertake little credit or deposit business, and either maintain a consumers' shop for members and non-members, or establish a cotton-ginning and baling plant: objects desirable for primary societies of consumption or sale, but not for "credit unions." The credit unions of Kaingsi province (south of Nanking) were granted by General Chiang-kai-shek in 1935 the monopoly for salt and oil, and did the greater part of their business with non-members. The members nevertheless paid themselves good dividends from the profits so obtained! Only peace in China will bring down the rate of interest, and enable co-operative banks to come into being and to borrow and lend on moderate terms.

The co-operative law, drawn up in 1934, contains a number of useful and also some very queer provisions. The latter are due partly to unfamiliarity with the nature of co-operation and partly to the manner in which sections were drawn from the laws of diverse countries without reconciliation. An amended law was under examination in 1937. Meanwhile, both before and after the passing of the 1934 law, conflicting sets of temporary regulations were issued by the central government, the provincial governments, and the army headquarters. Inconveniences naturlly followed, but China is capable of working the most unsatisfactory systems and societies sometimes, with the approval or acquiescence of their Inspectors, ignored both law and regulations. It would be comparatively simple to draw up a general co-operative law for the whole of China and to permit provincial authorities to modify it by regulation in minor points, with the prior consent of the Co-operative Department in the Ministry of Industry at Nanking. A plan for such action was prepared during my visit to China in 1934-5, and was carried further in 1936-7 by Mr. W. K. H. Campbell, League of Nations Adviser on Co-operation to the Chinese Government. Action was not completed when the war began.

The existing law makes no provision whatever for the audit of societies, and it will be safe to say that no Chinese society has ever been audited. The Inspectors and organisers "check the accounts", as does also the Committee of Supervision in each society; but without special training a proper audit cannot be conducted. An intelligible balance sheet is rare. In view of the integrity and commonsense of Chinese managing committees and Treasurers, audit is somewhat less urgent

than the education of staff and co-operators in the principles and practices of Co-operation. It should not, however, be omitted as at present.

The unsound idea of "multiple purpose" societies is widely spread, especially among urban sympathizers with the movement who do not really believe in the self-government of rural societies. Model bylaws frequently prescribe, as objects of a village society in which the great majority of members are illiterate, the granting of credit, purchase of requirements, maintenance of a shop, sale of produce, afforestation of land, joint cultivation of land, breeding of cattle and other stock, and a host of other schemes, each of which should have a separate society. The members have, of course, no notion of what they are undertaking, and the bylaws have not always been read or explained to them. If they attempted to do a tenth of these diverse things, the whole management would fall into the hands of a few literate members, and true Co-operation would cease. Fortunately, the Chinese peasant disregards these fantastic bylaws, and contents himself with credit, thrift, and an occasional joint purchase of manure or seed. Sale is carried on by separate societies or unions. There will be no difficulty, when the staff and the members have been trained, in establishing a number of single-purpose societies in each village and in securing their management by illiterate committees with a barely literate secretary.

Training of staff, education of members, simplicity of bylaws, a regular audit, a sound law: all these have been described as desirable in China, though at present lacking. Perhaps the most evil consequence of this lack is that the Chinese peasant, confronted with a system which he does not understand, and given no adequate help to understand it, fails to grasp the urgency of accumulating funds in his own society and so planning to escape from the clutches of the banks or governments which now finance him. Shares are too low, excessive interest is paid on deposits (sometimes as high as 12 per cent), annual dividends are often distributed on shares, and miscellaneous expenditure, including entertainment of visitors and members, is too high. There is no real effort, except in some of the Hopei societies under the C.I.F.R.C., towards building up an owned capital of shares and reserves, which will suffice to meet the members' needs and so render possible a reduction in the interest-rate. An explanation of the way in which an Indian society, taking an annual share-instalment from each member and crediting the whole annual surplus to the reserve fund, is able to become independent of all external borrowings in 10 or 15 years, leaves many Chinese quite incredulous. Yet in their own country the best Hopei societies are working on just these lines. Steady teaching by a competent staff would soon lead the peasants to a realisation of what is possible.

I had an opportunity in 1935 of judging the possibilities of training Chinese staff. Co-operation was taught in English to an undergraduate class in the University of Nanking, and in Chinese (through an interpreter) to a body of "vernacular middle-passed" organizers. The undergraduates treated the subject as one of many, in which an examination had to be passed. The majority of them were not considering Co-operation as a matter of practice but solely of theory. The organisers, on the other hand, were closely concerned with the practice but insufficiently equipped with general education to grasp the whole theory. Adequate training in theory, as an antecedent to the control and guidance of practical organizers, can only be given to men who have ceased to look towards examinations and are thinking of their life's work, i.e., to graduates or at all events to persons whose academic education has been reasonably high and is now completed. The Chinese Government therefore contemplated the opening of a class in 1937 for Inspectors and men of similar rank, who after tuition would return to their provinces and hold shorter classes for the organizers; but this project was abandoned on the outbreak of war. No radical reform of the Chinese co-operative movement can be expected until the leaders have been trained.

The Japanese occupation of the northern provinces has disordered the railway traffic, in addition to making the transport of men and goods unsafe. The sale of commercial crops, principally improved cotton, in that area has been virtually impossible, and the unions of credit societies which, as described above, are engaged in ginning and baling cotton, instead of their natural business of banking and supervision, have been compelled to store it unsold on behalf of their affiliated societies. The cultivator is consequently unable to repay his debts to his credit society, and general distress has been caused. In the centre and south of the country, the sale of silk, tea and other commercial crops, though hampered by the war, has not been brought to a standstill, and produce for internal consumption, such as grain, meat etc., which is of service to the Chinese forces, has been largely requisitioned and paid for by the army. The members of societies in the western provinces, to which the Chinese Government has retired, is being multiplied for the same purpose, but the method of organisation is summary and little instruction can be given. The future of Co-operation in central and southern China depends on the final settlement with Japan; the Japanese will no doubt retain their hold on the north, and subject the societies there to the same officialized regime which prevails in Japan. Friends of the two nations can only hope for an early peace, with the maximum attainable amount of justice, such as will allow a genuine system of co-operation to be developed amongst a people better adapted to its practice than any whom I have seen.

THE CENTRAL UNION OF AGRICULTURAL CO-OPERATIVES IN CZECHOSLOVAKIA

By

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The "Ustredni Jednota", the Central Union of Agricultural Co-operative Societies at Prague has just recently entered upon the fifth decade of its existence. It was in the month of November 1897 that, following the decision of the constituent assembly of the loan and savings associations of Bohemia, and after numerous applications followed by obstinate refusals on the part of the Austrian courts, the statutes of the Central Union of Co-operative Societies at Prague were entered on the register of the Commercial Court of the City of Prague under pressure from the Superior Court of the Province, on the basis of the then existing co-operative laws in Austria.

The task of the Central Union was that of bringing about a union of the different categories of agricultural co-operative societies in order to support them by means of credits, by the organisation of supervision in the various units, by work of education and enlightenment among the societies, and by commercial and industrial, activity evoked by the growing requirements of those societies. The Central Union grew apace. The co-operative societies joined it in hundreds, and by 1902 it was already the largest co-operative union in old Austria. Nor was that all; in the satisfactory evolution of its operations it was a model union. It was, in the terminology of the Austrians, a "show" union, and it was to this Union that the Vienna Government authorities used to send foreigners who were interested in the development of the co-operative movement in old Austria. In the course of its 40 years of activity the Central Union has not been afraid of extending its tasks by including in its circle of duties new branches of co-operative effort. It is now 20 years since important changes in the statutes of the Central Union were elaborated and put into effect under the chairmanship of the well-known Czechoslovak statesman, the late M. Antonin Svehla. These changes introduced into the statutes of the Central Union the principle of division of labour among five sets of special autonomous bodies, each of which formed homogeneous co-operative institutions according to the character of their activities. These five categories were:— (1) The "kampelicky," credit co-operative societies of the Raiffeisen system; (2) co-operative stores, co-operative mills, co-operative bakeries; (3)

co-operative societies for the utilisation of electricity and machinery; (4) co-operative dairies; (5) co-operatives for the Sale of Live Stock.

Up to the year 1924 the Central Union considered itself not merely a Central Treasury for its affiliated co-operative societies but also as an industrial and commercial centre, carrying on operations of sale and purchase in the interests of its members—the societies affiliated to it. A law of the year 1924, however, prohibited organisations that received deposits from doing trade in various commodities. In view of this law the Central Union was obliged to reorganise its activities; in place of trading in its own name it established a series of joint-stock commercial and industrial enterprises connected with itself. These enterprises are, in form, independent commercial and industrial bodies, whose activities are of a co-operative character. But in essence they are organisations directed and controlled by the Central Union. These enterprises are: 1. The "Co-operative", a Union for the purchase of supplies for agricultural co-operatives, with head quarters at Prague; 2. the "Agrasol" Society, a joint-stock concern, for commercial and industrial activities; 3. the "Ves" Society, a joint-stock concern for wholesale trade in electrotechnical goods; 4. the "Selecta" Society for the cultivation of seed and of vegetables.

Since the restoration of the independence of the Czechoslovak State, the activities of the Central Union have made still greater progress. This is reflected in the fact that 20 years ago the Union had only 295 employees of all categories, whereas to-day it has 1,379 including the persons employed in the subsidiary concerns above mentioned.

Independently of that, the development of the activities of the Central Union may be judged of according to the comparative figures of the balance-sheet of the Union for two particular years—for the year 1917 and the year 1936. In 1917 the balance of loans granted by the Central Union to its members was 5.6 million Kc.,* while in 1936 it was 942.5 millions; the moveable and real property of the Union was valued at 2.1 million Kc, in 1917 and at 57.6 millions in 1936; the share capital was 0.5 and 12 million Kc, respectively; the Union's own funds 0.7 and 103.3 millions respectively; the deposits 148.5 million Kc. in 1917 and 863 millions in 1936; the balance-sheet total 169.5 millions in 1917 and 1917 millions in 1936.

To judge of the actual proportions of the work of the Central Union it is necessary, however, to take into consideration the operations of

* One Czech Crown would be roughly equal to 1½ annas.

the commercial organisations above-mentioned attached to the Central Union. If we confine our attention solely to two of these organisations, to the "Kooperativa" and the "Agasol" we find that in 1936 the former sold 1,180,000 tons of various products for a total sum of 1 084 million Kc, and that the latter sold over 420,000 tons for a sum of 416 millions. It should be noted that as regards 1937 the operations of these two bodies have, so far as quantity is concerned, been some 15 per cent in excess of the turnover of 1936.

We have just seen that the success of the Central Union during the independent political life of Czechoslovakia to date has been very striking. A considerable portion of the credit for this success is due, without the slightest doubt, to competent management. Lack of space prevents us from discussing this in detail, but we deem it our duty to mention at least the principal workers who have for many years consecrated their forces and their talents to the Central Union. There is first of all its president M. Klindera, C.E., a co-operative authority well-known not only in the co-operative world at home but also abroad; and then there is the manager-general of the Union, Dr. L. Dvorak, a prominent co-operator and well-known authority on financial matters.

Let us hope that the Central Union has long years of work before it for the prosperity of the agriculture of its country and for the prosperity of the entire Czechoslovak Republic.

WOMEN IN THE CO-OPERATIVE MOVEMENT

By

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More than fifty years ago, in 1883, a woman, Mrs. Acland, was appointed to edit the "Woman's Corner" of the *Co-operative News*, the weekly newspaper of the English consumers' Co-operative Movement. Co-operative societies at that time accepted women equally with men as members, but women took little part in the life of the society. Mrs. Acland had the perception to see that the Co-operative Movement had something more than this to give to women and that women in their turn had something they could give to the co-operative movement.

"What" she wrote "are men always urged to do when there is a meeting held at any place to encourage or to start co-operative institutions? Come! Help! Vote! Criticise! Act! What are women urged to do? Come and *Buy!* That is the limit of the special work pointed out to us, women. We can be independent members of our store, but we are only asked to come and 'buy'......In this matter of co-operation why should not we women do more than we do? Surely, without departing from our own sphere, and without trying to undertake work which can be better done by men, there is more for us women to do than to spend money. Spend our money at our own store we must, that is a matter of course; but our duty does not end here, nor our duty to our fellow creatures. To come and 'buy' is all we can be *asked* to do; but cannot we go further ourselves? Why should not we have our meetings, our readings, our discussions?"

A prompt response came from one of her readers. "Women want more changes than they have now; they want taking away from the cares of home for a time, and I think there ought to be meetings held at the store expressly for women......so that we could converse together on co-operation. Men hold meetings; why not women? I think that would be a nice change for us women, and at the same time we might be doing a little good. In fact, I think there ought to be women on store committees."

From these simple proposals grew the English Co-operative Women's Guild, which to-day number nearly 80,000 members and has

its branches in every co-operative society in England. From the beginning the movement owed its strength, and with a very few exceptions its leadership, to the working women of England. Its branch secretaries, chairmen and its central committee members had begun work in the cotton mills or potteries at 6 or 8 years old, and as the wives of ill-paid working men and the mothers of large families, found time to attend meetings, keep books and laboriously educate themselves and their fellow-women. But the services which the guild demanded was more than equalled by the joy and sense of release which it brought. To the English working woman of the 19th century life was a grinding round of duties and anxieties, and she often felt herself unnoticed and unvalued, however much husband and family might in fact depend upon her. For such, and especially for those with latent intellectual tastes and powers, the Guild was a doorway into a larger, lighter and more various world. Once a week the hard pressed housewife could escape from her too familiar home, to be amused and stimulated and to experience at once the consciousness of her own individuality and that comradeship with equals which had hitherto been reserved for men or for a small number of educated and leisured women.

The actual organisation of the Guild is based on the self-governing branch. This is not a co-operative society or part of a co-operative society, but a voluntary unregistered group which is, none the less, run on strictly business-like lines, with elected committee and officers, annual reports, minutes and accounts. The funds are derived from the members' own small subscriptions, though in most cases the co-operative society in connection with which the Guild works makes a small grant and very often provides a room in which meetings may be held. These meetings are held weekly either in the afternoon or evening. They generally open and close with a song and their central feature is a talk either on some aspect of the Co-operative Movement on some question of citizenship and social welfare. Occasionally there is an evening devoted to pure entertainment, to music, games, or the acting of a play. From time to time a visit to some co-operative factory or large society or an excursion of general interest is substituted for the indoor meeting.

For purposes of organisation Guilds are grouped in districts and sections, with their appropriate secretaries and organisers, and the Sections in turn elect a Central Committee which directs the whole movement. Every year a national Congress is held in a different town in England attended by as many as 1500 women delegates. Except for a General Secretary and a small office staff at the national headquarters, the whole Guild movement is run by the unpaid work of its members.

One principle of Guild work has always been that study should lead to action. A system has been developed by which certain subjects, both co-operative and general, are chosen every year for treatment by all Guild branches. Papers and suggestions are carefully prepared at headquarters and the subject is dealt with first in the Sections and districts, and finally in the branches. A special feature has been the holding of short one and two-day schools, and the preparation of otherwise untrained women as speakers and propagandists. Co-operative subjects have always taken first place—the increase of co-operative trade and capital, the increased sale of goods produced by the Co-operative Wholesale Society, or the extension of sales and membership to the poorest class of the community. Sometimes co-operative campaigns have been of a critical character, aiming at internal reform such as those against sales on credit or in favour of a minimum wages for women employees. On the side of citizenship the Guild has worked for the protection and welfare of mothers and children both in health and sickness, for the supply of free meals to necessitous school-children, for reform of the laws affecting divorce, as well as of those dealing with national health insurance, for peace and disarmament.

The English Women's Co-operative Guild is not alone of its kind. Women's movements, not always precisely on Guild lines, exist in the Consumers' Co-operative Movement of 13 other European countries—Austria, Belgium, Bulgaria, Czechoslovakia, Holland, Ireland, Norway, Poland, Scotland, Sweden, Switzerland and the U.S.S.R., as well as in the United States of America and some of the British overseas dominions. Of these the Scottish (founded in 1892) is the oldest and closest to the English Guild in its methods. It has over 30,000 members and considerable influence in the Scottish movement. The Irish Guild—smaller because consumers' co-operation is but little developed outside industrial Belfast and a few other towns—began as an offshoot of the Scottish Guild, and did not set up its own national executive till 1906.

In some countries, such as Austria and Belgium, the method of organisation is somewhat different. In Austria there is no independent guild with an autonomous constitution and subscriptions. Every woman, however, who is a member or the wife of a member of a co-operative society, is counted a member of the women's organisation. All women officials, and all those who sit on Members' Councils, Executive Committees or Society's boards, act as the officers of the local women's guilds, and in order that women may retain their full influence, every woman candidate for office of any kind must first be proposed by the women, the men only endorsing her candidature at the public voting meeting. The women's organisation has its own rules and every two years a women's conference is held which lays down the lines for future activities and gives cohesion to the women's work. It is women, indeed, who really organise the propaganda of the movement, and they have perfected methods of house-to-house visiting and the unceasing education of women by women. In one year no less than 65,000 such visits were made. They find out how much the various members purchase at the stores and ascertain whether this is in keeping with the circumstances and resources of the family. If necessary they can then try to induce them to become more loyal and active members. The organisation of meetings, entertainments, schools and courses, the instruction of women in domestic science and the co-operative education of children are almost entirely in the hands of guildswomen.

Belgium is one of the countries in which the Code Napoléon has placed women in a position of marked legal inferiority which has not been without social reflections. The entry of women into the Belgian Co-operative Movement scarcely began till after the war, when the great Liège society amended its rules and created, in addition to the ordinary members' shares, special shares to be taken up by women. These form what is known as "auxiliary capital" and give women the right to sit on local committees and other administrative bodies of the society, but it may only be subscribed by the wives and daughters of members. In 1923 a women's guild was formed on similar lines to that of Austria. It has had to struggle against a good deal of indifference or even hostility on the part of male co-operators, the more surprising since the Belgian Co-operative Movement is a supporter of Socialism in politics. The Guild has carried on campaigns against alcoholism, truck shops, food taxes and coupon trading and in favour of closer collaboration with other women's organisations, the reform of domestic work, peace and disarmament.

In Czechoslovakia there are two Guilds, one for the Czechs and the other for the large German speaking minority which has retained its own co-operative societies. The two Guilds, however, are on friendly terms and both have been influenced by the Austrian method of organisation. The Czech Guild has concentrated on co-operative questions such as the increase of membership and of productive enterprises and the adulteration of food and the resulting danger to public health, excellent indirect propaganda for the Co-operative Movement, which in this respect can show a clean record. The Czech movement is partly rural and, as the Guilds write, " their propaganda activities, which embrace the smallest and most isolated villages as well as the largest towns . . . . influence many housewives whom no other organisation can reach ". The German Guild of Czechoslovakia has devoted special attention to propaganda among children and new methods are constantly being devised to give young people an understanding of co-operative principles. Among these is a book written and illustrated by children for children.

In the Scandinavian countries, the Guild movement is well and widely established, though in Denmark there is as yet no national movement. Sweden took the initiative and it was a Swedish woman who wrote, after many years membership, " I can truly say that the Guild has been my second home. The work I found to do there developed my self-reliance and gave me fresh strength to overcome my everyday troubles and worries ". When the Guild held its 25 years Jubilee, it received a donation from the Union which it has devoted to sending women students to the Swedish Co-operative College. The Guild in Norway—the first European country to grant Parliamentary votes to women—was built up by active propaganda, with the cordial support of the Co-operative Union. It is recorded that the pioneers of the new organisation travelled all over the country, through the valleys and fjords, where even to-day travelling is slow and difficult and in bad weather impossible, visiting villages and towns, large and small, enlisting the help of other organisations, trade unions, friendly and charitable societies, and everywhere trying to find at least one really capable woman to take charge of the infant organisation. To-day the Guild has branches even in the far North, the land of the Midnight Sun in summer and the winter day of almost complete darkness.

Smaller guilds exist in Switzerland, in Holland, where the leaders of the Co-operative Movement have been less appreciative than in most countries of the good work done by women, in Poland, where there are separate guilds for national minorities, and in Bulgaria, where, as in Czechoslovakia, much good work has been carried out among children through holiday homes and camps and the organisation of kindergarten for those who have nowhere to go while their mothers are at work. This work among children led to the formation of centres for medical consultation, where mothers as well as children could get free advice in case of sickness.

Most of the large self-governing guilds are associated with the consumers' movement, though that movement is sometimes of a rural character. Agricultural co-operative societies in the United States, in Australia and elsewhere also have their women's sections. In India, at least in certain provinces, special women's co-operative societies are well-known for their good work. In certain forms of agricultural marketing, notably egg marketing, it has been found necessary to get the support and interest of the farm women if the movement is to be a success. Even in France, where the strictly legal position of women is unfavourable and they rarely join a co-operative society in their own name, it is noteworthy that the signature of the peasant's wife is invariably added to that of her husband in all documents acknowledging an advance from a co-operative credit society and her character and capacity is studied as carefully as his before consent is given to the loan.

When the first International Co-operative Congress was held after the war, in Basle, an international Women's Conference took place for the first time, and from it grew the International Co-operative Women's Guild, with offices in London, which now unites all those countries which have national women's organisations. The International Guild exists to pool experience, establish personal contacts and suggest common lines of work. It organises a conference at the same time and place as the Congress of the International Co-operative Alliance, and perhaps the full measure of the Guild revolution can only be appreciated when the English working woman, who a generation ago only quitted the factory to be imprisoned for life in her kitchen and washhouse, is seen setting off with her voting cards and papers for an international congress at the other side of Europe.

THE STORY OF CO-OPERATION AMONG WOMEN IN THE PUNJAB

BY

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The Co-operative Movement was started in India in 1904 for the uplift of the masses. No such movement can be successful unless women take an active part in it. Man cannot work alone and be successful. Perfection requires co-operation both of men and women.

Many doubted and still doubt whether it is worth-while to introduce Co-operation amongst women of India, but those who understand and believe in Co-operation and see a vision of future prosperous India, cannot think of depriving women of the training which will enable them to be worthy wives, good mothers and honoured personalities both in society and politics. In India men and women, without understanding and adopting the deep and sound principles of western nations, are fast drifting towards the outward harmful influences of the West. It is only the teaching of co-operation which can prevent this influence from having a disintegrating, instead of a liberating, effect upon their lives.

The earliest societies formed among men were to give loans to needy persons both in urban and rural areas. From 1912 onwards, other forms of societies began to be started among men, for promoting cattle breeding, cottage industries, commission shops, stores, better living, adult and compulsory education societies. Women societies were attempted in 1922, among depressed class and Christians where the men were members of credit societies. These were started and supervised by the male staff. Gradually demand for women societies began to come from places, where men could not go owing to pardah and other reasons.

In May, 1925, Mr. C. F. Strickland, I.C.S., Registrar, lectured in the Kinnaird College, Lahore on Co-operation and secured the first Inspectress from the College Staff.

Bebore starting work, it was necessary to take a training in the field practical as well as in law and theory of Co-operation. The former consisted in visiting men's societies and attending their general meetings in villages and towns, studying their registers and other

methods of work. The latter part of the training consisted in attending lectures on the law, theory and practice of Co-operation. During this period the Inspectress, got a chance to see the work and methods of some of the ablest officers of the movement and to get acquainted with some of her worthy future colleagues, the Inspectors.

After the period of training, the Registrar very kindly gave her letters of introduction to District Officials, Military Commanding Officers, managers of factories and other leading men. He also wrote special letters to the Assistant Registrars to give special help and consideration to the work whenever needed.

Those who know women's co-operative societies to-day, and see the members assembling punctually at a given notice, hear them discussing the dividends on their savings, ranging from four or five rupees to thousands—which sometimes even disconcerts the alert Sub-inspectress, suggesting methods for expanding the work of societies, those who enjoy the Co-operative Conferences and classes; see the dramas staged by the members, hear the debates which excite the interest of even editors of journals, those who see the love, respect and confidence which the staff enjoys, can hardly realise that 12 years ago, the work required a hopeful heart of steel, an unruffled forehead of flint and a mind with a good deal of sympathy and a sense of humour to win the attention and confidence of women in the message of co-operation and its promises.

The starting of thrift societies was, and to a certain extent still is, the chief aim of the Women's Movement, thrift being the lowest rung in the ladder leading to prosperity. Co-operative adult schools, dairies, stores, better-living societies, industrial societies and women's institutes were also to be kept in view. The difficulty in starting adult schools was the inability to secure sufficient Government Grant to pay good teachers even for working two hours daily; nor could women be induced to pay something for a teacher nor could voluntary teachers be had anywhere. As for dairies, they could not be started because some people keep their own cows or buffaloes, others are loyal to their "Goalas," while others find the bazar milk-shop convenient. Nevertheless, by constant teaching, there is the prospect of co-operative dairies in the near future, because educated people are beginning to patronize good private dairies in towns. Co-operative stores could not be run without the confidence and loyalty of members, but credit is due to the Co-operative Sale Depot at Lahore, which is slowly preparing ground for women's stores some day by its supply of cheap and good quality of goods. The bylaws of the better living societies were so rigid and the "good sense" in people was so little, that it required the compulsion of the economic depression of later days to oblige people to give up profitless customs and ceremonies. Also the bylaws have since been amended and now include recreations, health and hygiene as their aims which are liked by women. Industrial societies had also little chances of success in the past, but they are now making their way. Of these and women's institutes I shall write later on.

The campaign to start thrift societies among women was started for promoting their economic interests. We had to create in them a desire and a habit for thrift and small savings, by providing means whereby such savings may receive a reasonable interest without any risk of loss.

At my request a gramophone and a magic lantern were very kindly provided by the Punjab Co-operative Union to attract audiences, because it was very difficult to collect them otherwise, owing to suspicions about the real motive of the work. Thus equipped, work was to be started in the Districts of Sialkot, Gujranwala, Lahore, Amritsar and Gurdaspur, in those villages and towns which the Assistant Registrars thought suitable and possible for women's societies, the men of those places being members of credit societies. The male staff did their best to assure the men, and they in their turn assured the women that no ill-motives were hidden in asking women to come to meetings. In some places men and women simply stared, whispered and shook their heads and shut their doors when they were invited to come and listen. Whenever it was possible to get admission into a courtyard, a cattle-yard or into a room in the men's part of a house, the gramophone was started, women came, some with curiosity, some with suspicions, some serious, others talking laughing, joking, trying to explain things to each other. The babies and children added to the excitement of the whole show. In one place, I was supposed to hold a meeting in the hall of the boys' school on a holiday. On reaching the school the *chowkidar* hinted that I should not waste my time but go back. I waited for one, two, three hours, no one turned up except boys who peeped from windows or doors and ran off laughing. At last the Camp Clerk went to the Headmaster. This resulted in the arrivals of women who looked at me very suspiciously—a fairly good number came and sat at safe distances. In due course I found out that they understood my object was to take off the bangles of women and girls and vaccinate them (a misunderstanding created by the word bank—pronounced as bang which means a bangle). Later on they searched my bag to assure themselves that I had no bangles or instruments in it!

Gradually it became possible to concentrate efforts in definite places where better minded and more intelligent women assembled. While advising them to practise thrift and small savings in their homes daily, the following are the some of the methods taught: (1) Cleanliness, because dirt and uncleanliness always cause diseases, which cost money for treatment, and meant less of earnings; (2) Keeping clothes and quilts carefully, clean and mended; (3) Giving up expensive customs; (4) To regulate their household expenditure carefully according to their incomes and measure their condition by the following tests:—(i) More income and less expenses mean a safe condition. (ii) Income and expenses equal—a condition of risk. (iii) Income less and expenses more mean a condition of danger.

When women agree to save regularly, they are told of the best place in which to put their savings, which is a co-operative society, under their own supervision, without danger or risks of loss. Other common places for investments, such as Kametis, post office savings banks, insurance and joint stock banks are also discussed to show their disadvantages and advantages, all of these fall short of the advantages of co-operative societies, because none of these, except kameties and insurance banks, create in their members a desire for a habit of thrift. Nor have they rules about withdrawing and spending the savings; people being free to use their money in any way they like whether profitable or not. Further the masses do not know of their existence in towns, nor do they understand about their dealings and rules, and nothing is done by them to acquaint the masses about their existence; nor are these places under the control and supervision of depositors. The *kametis* and insurance banks do create a desire and habit of thrift to a certain extent, but as no restrictions are laid about the uses of the saved money, it is possible to squander and use it for unprofitable purposes, so that savings made with much care and sacrifice are lost in a few hours. This is contrary to and kills the desire for thrift in the long run. Hence these institutions are not suitable for women, and the co-operative societies remain the best places for putting the savings of women.

It was impossible that such sound teaching should fail to bear fruit. From April, 1926, after the training of the Inspectress, to 31st July, 1927, the number of registered societies rose to 79 with a membership of 1163 and capital amounting to Rs. 29292 in the five districts. Demand for more increased steadily, but still with new forms of difficulties. In some places women agreed to join on the condition that loans be given to them as in men's societies. They did not very well like the restriction of loans to 75 per cent. of their savings as given in the bylaws. Later on when they understood the responsibility and liability they hardly ever insisted on getting more loans. There were instances when after good teaching, thirty to forty women signed their names as members, paid up admission fees and their first contribution, when some so-called lady versed-in-law, appeared and pronounced the whole thing as unlawful and put an end to the society for the time being at least. Now members have reached a stage where ladies versed-in-law cannot easily influence the members as they have learnt to distinguish the society from usury. We have two good societies among advanced ladies, who do not divide the profits, but use the whole profit earned by the society for some charitable purpose. One year they give blankets to some poor widows, another time a student needed money to buy college books and the profits were given to him for this purpose.

Another society was brought to a speedy end, because members were told that the Inspectress was a member of the C.I.D., sent to study the condition and wealth in private homes. The comparatively high rate of interest which co-operative central banks and unions gave on the savings of women to encourage them, in the earlier stages, also proved a sort of a stumbling block to people who were businessmen. They considered it as an allurement put forward by banks which were not sound. They did not understand that central banks, which invested the deposits of people in credit societies, kept only a fair share for themselves and gave a fair share to the depositors also; because the principle of all co-operative banks is not profit-making but a reasonable and fair distribution of profits to the members.

Ladies, who did money-lending, were not satisfied with even this high rate; they wanted at least 20 to 30 per cent. interest on their deposits, so as to have some consolation for putting their money in the society instead of lending out every rupee at 2 pice per month, and as this was not possible they did not become members in the beginning. The economic depression of later years and time alone showed to these women that after all the co-operative society is the best and the most reliable, so that now there is a very well managed thrift society among money-lending women at Kalanaur who instead of lending their earnings out on risk put them in the society and receive reasonable interest on it.

In one village women attended meetings gladly and were ready to start their society, but the men did not approve of it because they said that if women would meet regularly month by month, there would be no end of their quarrels, which would put the whole village in a state of

swords and daggers. That society was never organised, but men in other villages have learnt that by attending general meetings their women are able to meet and see the best in their neighbours and get acquainted with the co-operative staff who are friends, philosophers and guides to the women in the truest sense, and help and advise them to live better lives.

The magic lantern proved very helpful for propaganda work. Pictures representing gradual prosperity and happiness resulting from thrift, self-help, education were shown, also showing the calamities which follow a life of recklessness, extravagance and debt. These had a deep effect on the audiences. Pictures dealing with subjects of health and hygiene were also shown, explaining the danger of mosquitoes, flies etc., of the havoc played by cholera, malaria, small-pox, the need of cleanliness, medical assistance, vaccination etc.

In short, propaganda to start co-operative societies was done by going up and down, backwards and forwards in the five districts, in cantonments to the wives of military men, in factories and mills to the wives of the labourers, in colleges, schools, hospitals, in lanes and streets wherever audience could be had. There was general increase in the number of societies; and increasing interest and help was given by the Assistant Registrars and the co-operative staff in suggesting new places of work in their circles, and supervision of societies organised—was kept up by the male staff in the absence of Sub-Inspectresses. All these factors showed that women societies were needed and could be successful. By the end of the next co-operative year on 31-7-28 the number of societies had risen to 112, membership to 1691 and capital to Rs. 46285 in the five districts.

The necessity of timely supervision of these societies by Sub-Inspectresses instead of men began to be felt. The male staff could check and audit registers, but owing to *pardah* recoveries, entries, general and committee meetings and teaching women was not possible for them. It was necessary to appoint Sub-Inspectresses in each district who were to be paid by the Punjab Co-operative Union, Lahore. The scale of their salary was kept high in order to attract suitable workers; for those who had passed the middle from Rs. 75—5—100 p.m. and for the matrics from Rs. 100—5—150 p.m. plus actual travelling allowance and they had a peon to go about with them. It is now impossible to realise the difficulty in securing a Sub-Inspectress during these days, because now an ordinary advertisement for candidates is responded to by 150 and more applications from women belonging to the best of homes.

As at least seven supervisors were needed and advertisement did not receive favourable response, seven women were secured by the help of Inspectors and private friends and put under training. The Punjab Co-operative Union gave a stipend of Rs. 50 p.m. to each of them during their three months of training, which consisted in attending classes for lectures in law, theory and practical work of co-operation and after that they studied societies in the field.

The class was held in Gurdaspur. The Educational Inspector lectured to the Sub-Inspectresses under training who sat behind screens. People suspected the motive and work done here, so much so that it became necessary to request a prominent lawyer of the district to allow his wife to come to the class daily. Wives of other prominent gentlemen of the town were also asked to attend lectures from time to time. Wives of the district officials and missionary ladies also became interested and visited the class every now and then. This removed all doubts and it won the confidence of every one.

After the required training the successful candidates were appointed to work in the Districts of Gurdaspur, Amritsar, Lahore, Gujranwala and Sialkot in May, 1928—to teach the principles of Co-operation, organise and supervise societies and to act as friends, philosophers and guides to women and girls in improving their general condition. All these Sub-Inspectresses observed *pardah*. It is easy to imagine the difficulties they had to face in touring from place to place doing propaganda among strangers. They started well and with courage, but all, except one, who is still doing satisfactory work at Gurdaspur, left the work on account of its difficulties or taunts of relatives.

With the added efforts of the Sub-Inspectresses the number of societies rose to 128 by 31-7-'29, membership became 1977 and capital rose to Rs. 90319 and by 31-7-'30 the number of societies became 145, membership 2397 and capital rose to Rs. 103105. By this time four Sub-Inspectresses had resigned. Thus once again the societies were left without supervision. Therefore ten more candidates were put under training some to fill up the vacancies and the rest to be kept as reserve candidates to fill any future vacancies.

After this owing to good supervision and teaching of Co-operation by the staff, demand was made to start societies in Jullundur and Kangra Districts also, so that Sub-Inspectresses were sent there also and the work continued to increase. On 31-7-'31, the number of societies became 164, membership 2871 and capital increased to Rs. 139,701. On 31-7-'32 the number of societies was 171, membership

2889 and capital became Rs. 159049. On 31-7-'33 the societies rose to 189, membership 3393 and capital was Rs. 186000. Demand for societies kept on increasing on the one hand and vacancies were occurring in the districts when the Sub-Inspectresses resigned or proceeded on leave. This necessitated the selection of another batch of candidates. One hundred and forty applicants responded to the advertisement; out of these forty were interviewed and thirteen were selected to be put under training. In the meanwhile, the districts of Hoshiarpur, Gujrat and Ludhiana were sanctioned for extending the work. Successful candidates were posted in these new places to teach and start societies.

About this time in 1933, serious anxieties and difficulties began to appear everywhere, owing to the great economic depression. A general alarm spread all over the Province. People rushed to their banks to remove their savings. During these days it seemed as if the co-operative societies among women would collapse, but by timely teaching, constant supervision and patient and tactful efforts to keep up the confidence of members and their relatives, the thrift societies passed through this severe crisis triumphantly. A glance at the statistics of this period will show a steady rise in the number of societies, membership and the working capital.

Registered societies are visited by the Sub-Inspectress at least once in a quarter. They learn to do their own work according to the registered bylaws. A committee consisting of five members, who are not less than twenty-one years in age, is empowered by the general meeting to do its business. This Committee consists of a President, one or more Vice-Presidents, a Treasurer and a Secretary. In societies, where all members are illiterate, a non-member is appointed as Secretary, by the Committee. The quorum of the committee meeting must be of at least 3 members. They admit new members subject to the sanction of the general meeting, recover admission fees from new members, and contributions from members, they see that accounts of income and expenditure are kept correct and up-to-date in the registers of the society. According to the sanction of the committee the treasurer disposes off the society's money which she receives, and brings the cash any time she is required to do so by the committee. At first the societies worked only when the Sub-Inspectress visited them, because they did not know how to do the business, but now many societies have learnt to hold their meetings, make recoveries of contributions, pay correct dues to members out of their respective savings when they need the money, pass resolutions, take receipts and keep their registers up-to-date. In fact, wherever the committee members are educated they are very anxious to learn the work so that they may not have to delay their business by waiting for the Sub-Inspectress. Such societies are classed A.

In other societies members do the business transactions correctly but cannot do the work of the registers, without the help of the Sub-Inspectress. Such societies are classed B and efforts are made continually to teach them to stand on their own legs.

C class societies are those in which payments of contributions are not made until the Sub-Inspectress comes, because members have no confidence in each other. The work of the Secretary is also done by the Sub-Inspectress. Recoveries also are unsatisfactory. Teaching and explaining the bylaws often alters the ideas of members of such societies because they find that contributions paid up according to the bylaws are always safe in the society and the pass book is their receipt.

D class societies are those which either have ceased to work owing to economic troubles or which work by fits and starts, always remaining on the verge of collapsing. With regular teaching many D class societies rise up to A class.

In the earlier stages of the movement, the members showed indifference about verifying their accounts. They trusted the President entirely for their money and insisted that she should keep their pass books. Now such cases are getting very rare. Members are anxious to know their accounts and to keep their pass books themselves.

The finding of the Secretaries to do the work of societies has been a great problem all along. On the whole members are illiterate and those who are not, do not know how to work. The Sub-Inspectress, with so much to accomplish and finish in the society, has had no time to teach members and so does the work herself. Last year for the first time special classes were held at Gurdaspur and Pathankot for ten days in each place, where the Educational Assistant Registrar and his staff taught the members. These classes were well attended, about 150 women were enrolled. Each member who attended the class was paid 8 as. per day for her expenses. The Educational Assistant Registrar has spoken very highly of these classes and has suggested that a separate women Sub-Inspectress be appointed to carry on this training in all central places. It is a very good suggestion, because with their own secretaries, the members shall be able not only to do their business but shall be able to correspond with those whose advice and help they need to expand their activities. Also the Sub-Inspectress will have more time for propaganda.

Members pay admission fees when they join a society, and afterwards save regularly in the form of monthly contributions ranging from 4 as. to Rs. 50 p.m. Those who have large or small sums of money as cash with them, put them in their societies as deposits. These funds are deposited in Central Banks, Unions or A & B class Credit Societies which give them interest on various rates according to their bylaws. In the earlier years, the rates of interests were as high as 7% or 8%; but since the economic depression the rate is steadily decreasing and has come down to 2% or 3%. The lowering of the rate had a temporary discouraging effect on members, but constant teaching and experience has made them realise that it is better to save in a co-operative thrift society instead of investing in places which offer high rates but are not found safe in the long run. They are taught that profit making is not the aim of the societies, but thrift and reasonable interest.

Women societies are located in central places in villages and in various lanes and streets of towns, in colleges, high schools, hospitals reformatories. Societies which are located in primary or middle schools admit women of the neighbourhood also, because in the schools the staff is small. In some societies which observe no *pardah,* male servants and relatives are also admitted to encourage them to save regularly.

Generally the doors of a co-operative society are open to all classes, creeds, and positions. There are some societies of which members are wives of district magistrates, judges, lawyers, teachers, businessmen, labourers and even the local sweepers' wives. Co-operation enables them to meet as human beings so that the humble ones sit along with the high ones and give their opinion. The humbler ones are made officers, sometimes, of the society. They help to bring new members. Every effort is made to create and encourage this spirit more and more.

Co-operative thrift societies are organised among children also, because parents are often found anxious and willing to save small sums regularly for their future needs. The children of to-day shall be the men and women of ten years hence, therefore it is necessary to train them in the principles and activities of co-operation from their earliest years. These children soon begin to like their society and gladly save their small amounts in it as soon as they begin to understand the work. They like their pass books.

The main object of the thrift societies is to train members to save for long periods by putting small contributions regularly and to remove the savings at times of urgent need. The deposits which they put in the societies every now and then may be withdrawn when needed. Therefore withdrawals of contributions or the deposits which have been so far made, have been chiefly for education, marriages, housebuilding, purchase of property, cattle, corn, clothes, for sickness, for paying up debts, according to the bylaws.

About ten young women have been able to take advanced courses of study in England in the teaching and medical line with the help of their savings in thrift societies. Several village women have borne the marriage expenses of their sons or daughters with Rs. 80 or 100 which they had saved in their societies. They have been thus saved from running into debt. Many women have built and others are building houses with their savings, some have bought plots of lands which were being sold at low prices. Thus prosperity has been brought to these people in these small ways.

As for the saved money used for purchasing cattle, corn, clothes and other household necessities, every one knows what a blessing it is to have the cash to get these necessary things at the time of need without loans from money-lenders, from whose clutches it is almost impossible to escape if once caught.

Sickness is a most unfortunate calamity. Without money even relatives, hesitate to help the sick; medicine, nourishment and medical advice all these require money, but thanks to co-operative societies which enable some of their poorer members to use their 15 or 20 rupees for their treatment, so that after recovery they have been able not only to pay back what they withdraw, but have been able to lead their relatives to join the society. One such widow was able to get about ten members from her family into a Thrift Society, they were convinced that the Society is a real friend in need.

Some women have saved their husbands from embarrassing situations by paying up from their savings, money which the husband had to pay but did not know from where to get it.

Children societies likewise have proved a source of satisfaction. Children are able to buy books and other things from their savings when the time for promotion to higher classes arrives. Three children belonging to the same family having remained members for nearly eight years have jointly bought a Radio Set. Some have purchased cycles and so are saved from the trouble of walking long distances to and back from school. Others have bought sewing machines and can thus avoid the tailors' expenses; one or two have bought harmoniums and are

thus able to add to the cheer of their homes. One has bought a typewriter and is learning to become a typist some day. All these little incidents prove that had not the children saved regularly in their societies for long periods, they would have either worried their parents to get these things or would have gone without them.

It is interesting to note what social standing the members of the thrift societies have. The following list will give some idea of it:—

Wives of men in various services	764
Wives of Lawyers	119
" Doctors	57
" Businessmen	427
" Zamindars	440
" Craftsmen	852
" Labourers	176

All these members pay from savings made in their homes by careful management, they have no private sources of income.

In all this work of keeping accounts and the disposal of money it is a credit to the members that there has been no case of embezzlement. This is due to the prompt and careful supervision and control of the staff, under the guidance of the Registrar.

The movement can expand and make still greater progress if wives of local officials and of the staff of co-operation would take interest in the movement. A recent example may be referred to at Gurdaspur, where Mrs. May, the wife of the Sessions Judge, offered to give lessons in the handicrafts. The response was made by nearly eighty ladies who assembled regularly in the afternoons and thus were able to learn many useful kinds of handi work within a short period of about three months. Mrs. May was obliged to go to England, but since then efforts are being made by the Assistant Registrar, to continue this industry society permanently.

In due course of time women begin to ask for other forms of co-operative societies. One such demand led to the organisation of the Mutual Aid Club at Gurdaspur. The aim of the Club was to provide lectures and demonstrations on domestic science, cottage industry, cookery, laundry etc. The Municipal Committee gave the Club a good room for their meetings, a small library was started, for which some good magazines and books were presented by the Education Department. Arrangements were also made for indoor and outdoor games. The Club held yearly exhibitions and sales to encourage industry among the members; the proceeds of the sales were used to buy books and games for the Club. The members greatly enjoyed and appreciated its activities. A tutor was provided by the Club Managing Committee to teach English to some of the younger members who paid Rs. 5 p.m. The Club worked satisfactorily for nearly three years, after which it was transferred to the Education Department.

As time passed, the thrift societies continued to make steady progress. By 31-7-'34, the number of societies rose to 218; membership to 3955 and the capital increased to Rs. 2,33,990. With hardships brought about by the economic depression, mere thrift societies did not satisfy people. Women wanted to learn common industries like sewing, knitting, embroidery, weaving etc., so that they might make things for their home needs or sell them. In some places women asked advice on maternity and child welfare. The Sub-Inspectresses felt that they could not thoroughly satisfy these members as their training had been on other lines.

On the other hand the child and maternity welfare department, the department for industries and education, were working in their own defined areas. Therefore to get the best results from the joint services of all these departments, the Registrar decided to co-ordinate the activities of the Women's Co-operative Department with the activities of those mentioned above, so that better work may be done by the joint efforts of all of them. This enabled the women's societies to get lectures and demonstrations on maternity and child welfare topics as well as on other subjects relating to hygiene and sanitation by officers of the Health Department.

The Education Department also gave every possible assistance. The Sub-Inspectresses were invited to their District Conferences to teach and explain about Co-operation and also to learn from them such useful common industries as making of varnish, soap, laundry, etc., by attending the lectures and demonstrations given by industrial experts for the benefit of teachers, so that they now teach these common things to members of societies. Sub-Inspectresses were also allowed to halt over nights if necessary in the school buildings. The use of school rooms and compounds was also very kindly sanctioned for meetings of co-operative societies after school hours.

The greatest impetus to the Women's Co-operative Societies was given last winter, when Mr. F. L. Brayne, Commissioner, Rural Reconstruction, Punjab, lectured on Rural Reconstruction, showing what part women could take in it, in ten central places in the Districts of Gurdaspur, Ludhiana, Hoshiarpur, Jullundur and Amritsar. He met

leading ladies in all these places to discuss with them about the general uplift of women. He laid great emphasis on starting Women's Institutes. Reports were received from the Sub-Inspectresses of Hoshiarpur, Jullundur, Ludhiana, Gurdaspur, that ladies of their districts were willing to start Women's Institutes.

Once a year Refresher Classes are held to renew and increase the knowledge and ideas of Sub-Inspectresses. Formerly lectures were given by the Co-operative Educational Staff only, but since the last 3 or 4 years officers of other beneficent departments also are invited to lecture, local institutions of interest are also visited. Some evenings are devoted to debates on topics of current interest. The last day of the class is spent in examinations and the evening is spent in staging some drama to serve as a good means of propaganda among women so as to draw them into the fold of co-operation.

In the last two years, the Registrar has very kindly allowed the Sub-Inspectresses to attend short courses of lectures and practical work in vegetable and fruit preservation at the Lyallpur Agricultural College, where they learn to preserve fruits and vegetables and to prepare different kinds of juices and sauces from fruits and vegetables.

It is needless to write here how members enjoy learning these things from the Sub-Inspectresses and how new members are attracted to join societies. With this knowledge, after a few years, all the fruit and vegetable, which are produced over and above the demand for consumption in the Province, shall be nicely preserved and used in the later part of the year. Special days were fixed to teach this work to members in Pathankot, Gurdaspur, Amritsar, Jullundur, Hoshiarpur, Ludhiana, Jagraon, and Dalhousie, while in the other districts the members were taught whenever it was possible. In many homes can be seen Jams, Chutneys, Pickles and Juices prepared by the members who were trained by the Sub-Inspectresses.

Two Sub-Inspectresses have been allowed by the Registrar to attend the yearly Girl-Guide Training Camps, where they have been able to learn amusing songs, healthful games and some useful activities. With this equipment the Sub-Inspectresses arrange very interesting programmes in village schools, where they try to organise companies among school children and later on to draw them into the co-operative societies. Entertainments provided by these companies of Blue Birds in villages are a very pleasant novelty to members of village societies who are invited for the functions.

Some of the Sub-Inspectresses show keen interest in the rural work. Last year special courses of teaching of 10 days each for village women were held in two districts in the villages of Sidhwan and Dokoha.

It is interesting to note that in some places members of thrift societies have started Women's Institutes; the aim of these is to provide educational and recreative activities for themselves and for village women, but being new movements require much supervision and teaching to arouse local ladies to take the responsibility to keep them up. In Gurdaspur members subscribed children's garments, soap, combs, towels, etc., went to a village where they washed, combed and dressed some dirty little children. They visited some homes and spoke to women. Now when the new form of Government is taking definite steps to uplift and improve the villages, co-operative societies and Women's Institutes will be the best agencies by means of which the work will be accomplished in the best manner.

Co-operative societies among women have great opportunities for service. The difficulties which faced the movement in the earlier years have practically disappeared. They have endeared themselves to thinking men and women. With the right kind of staff, and sufficient money to start the newer forms of societies, much improvement all round is possible.

The Punjab Co-operative Union and its able and zealous Secretary are to be congratulated in starting and keeping up this unique department of women's co-operative societies, which hardly exists in any other province in India. It shows that the men of the Punjab do not grudge to spend money for schemes which aim to uplift and educate the women. I do not think that a body with such a regard for its women exists anywhere else in India. They are anxious to educate and train the women not only in thrift, but also in other activities. From the statistics it will be seen that last year a good deal of the savings were taken out and used for house building and purchase of property; i.e., women are adding to the general prosperity by investing saved money in profitable ways as taught in the by-laws and continuing to save on by means of their usual contributions.

Co-operative societies not only help to improve the economic condition of members which is one of their chief aims, but they give thorough training in self-government, in adopting by-laws and seeing that they are observed, in taking measures to put defaulters right, in teaching to vote and select their officers and in deciding their affairs, in handling and disbursing of money. Now when the new scheme of Government is giving rights and privileges to women, it is only co-

operative societies which can give the required training to use those privileges in the best way; hence a wide field and scope for service has opened for them for training women for their new rights and privileges.

The harvest is truly great, but labourers are few. Therefore in order to expand, control and supervise this grand and noble work of uplift and emancipating women from the chains of a degraded life to a life worthy of taking its rightful place in the home, society and Government, let the Co-operative Movement be carried on by more and more trained and able women, so that instead of the miserable homes, miserable lives, we may see prosperity, peace and happiness in the streets and lanes of the towns and villages of the Punjab and a new generation of men to help on to bring in the era of peace and prosperity in nations.

APPENDIX

Societies for women in the Punjab, 1937.

District.	No. of Societies.	Members.	Working Capital. Rs.
Amritsar.	37	901	1,01,565
Gurdaspur	30	732	52,343
Sialkot	35	695	22,994
Ludhiana	23	597	34,898
Gujranwala	21	330	12,762
Jullundur	22	447	20,912
Kangra	19	304	13,382
Lahore	17	361	7,145
Gujrat	16	330	6,112
Hoshiarpur	15	329	7,271
Total	235	5,026	2,79,384

THE FRONTIER CO-OPERATIVE EGGS GRADING AND SALE ASSOCIATION

By

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The Royal Commission on Agriculture in India stressed the point in their Report that the agricultural produce worth millions of rupees was being put on the market without any attempt at standardisation, grading or special packing. It cannot be denied that in the absence of grades or standards, the quotation of prices is extremely difficult, if not impossible. The producers of agricultural commodities in India have long been suffering badly from this handicap. There is sufficient possibility for adulteration in the ungraded produce and this can jeopardise the successful marketing of quality goods.

Eggs are one of the ten commodities selected for the first set of Marketing Surveys by the Agricultural Marketing Department of the Government of India. According to the findings of the said Department the annual production of eggs in India is about 3,200 crores, which if valued at a minimum price of one pice per egg, amounts to Rs. 50 crores. Although trade in eggs is of considerable dimension, it is admitted on all hands that marketing methods in this commodity are primitive and wasteful.

It is correctly believed that domestic fowls constitute a "Home Savings Bank" for each villager. The hens or ducks yield daily income without needing much expenses on their maintenance. Many a family having little other income, have been depending upon the yield from poultry, though conducted on primitive basis. Whenever a villager stands in need of money for his other domestic needs, he is in a position to convert his fowl into cash. Later on he arranges to hatch a few eggs, and once again his capital is built up.

In the North-West Frontier Province, the annual production of eggs is estimated to be about 65 millions, the value of which at a nominal price of one pice per egg would amount to over Rs. ten lakhs. According to the statistics collected by the Agricultural Marketing Officer about ten million eggs were exported last year from the province. But the exporters did not grade eggs either for size or quality. On account of long journey and defective packing, the breakages were often

as high as 25%. When the consignments of the Frontier eggs were tested at Karachi and Bombay, a high percentage of stale eggs were discovered.

Pabbi and the surrounding villages in Peshawar District have been reputed for producing and exporting eggs of large size and good quality. A number of local persons have taken to the lucrative occupation of collecting eggs from villages and exporting these to the markets spread all over India. The Frontier eggs in fact have secured a recognised place in the markets. The popularity of these eggs is entirely due to the activities of the Government Agricultural Farm at Taru Jabba. The employees of the Farm at the outset used to distribute freely among the villagers, the eggs and hens of the improved breed. In this manner the improved breed by multiplication has been widely established.

The main object of marketing survey in this respect is to enable the producer to secure reasonable price for his produce. This will remain an unrealised dream unless the trade is organised on suitable basis. To approach thousands of producers who live in distant villages and who keep only a few fowls, with an average capacity to lay about 50 eggs per annum, would not produce useful results. The dealers in Pabbi have, therefore, been approached who have been persuaded to carry on trade under the close supervision of the Co-operative Department and according to the directions of the Marketing Department.

Until recently the merchants of Peshawar District were carrying on their business in eggs in their individual capacity. There was no co-ordination among them. Rather a keen and bitter rivalry was hampering their progress. Everyone of them was doing his utmost to win the largest custom for himself, driving competitors to the wall. With this object in view they offered and agreed to despatch eggs on extremely unfavourable terms. As the result of such an unhealthy competition the middlemen in the markets, instead of producers or consumers, were greatly benefitted.

At last the dealers fortunately realised the actual state of affairs. They were persuaded, and they agreed to conduct their business on co-operative lines. They decided to embark upon this novel experiment, when the Agricultural Marketing Department undertook to extend all monetary assistance during the experimental stage of the work. The Frontier Co-operative Eggs Grading and Sale Association Limited was eventually organised. The Marketing Department lent to the Association for one year an Egg Grading Machine, a candling lamp and an Egg Cleaning Machine. Over and above this the services of three persons designated as grader, candler, and beldar getting respectively Rs. 70, Rs. 20 and Rs. 14 per mensem were placed at the disposal of the Association. The Egg Grading Machine was installed on the 25th November, 1936; and before the completion of the stipulated period of one year, it has been purchased by the Association for Rs. 800. The importation and installation expenses of all the machinery were defrayed by the Agricultural Marketing Department.

The Association started its proper work from January, 1937. It was registered under the Co-operative Societies Act on the 27th September, 1937. They started work with eleven individual members; two persons were afterwards admitted making the total number 13. The work was started with the contribution of shares and admission fee, without resorting to outside borrowing.

The object of the Association is to help the members in the purchase and sale of eggs and to raise the local standard of poultry farming. In due course of time, primary poultry farming societies in the villages will be formed which will be affiliated to this Association. The area of operation extends to a radius of fifty miles. The membership will be open to individuals residing, and poultry societies existing, within fifty miles from the head-quarters of the Association. The liability of members for outside debts is limited to double the nominal value of their shares. The capital is composed of:—(1) Shares of the value of Rs. 50; (2) Deposits from members; (3) Deposits and loans from non-members; and (4) Realised profits.

Of the annual profits not less than 25 per cent is to be placed as the Reserve Fund; of the remainder, a bonus of not more than three months pay can be given to all the employees of the Association; a dividend not exceeding 10 per cent can be paid on shares and out of the balance a rebate may be given to members in proportion to their transactions through the Association. No dividend or rebate is to be paid to any member society which fails to sell through the Association, a minimum amount of produce to be fixed in the general meeting.

The Association accepts from every member the eggs delivered in good condition. In case of any default by the Association, it will make up the loss sustained by any member in refusal. Every member is equally bound to deliver to the Association for sale all of his salable egg produce. In the event of default on the part of any member, the managing committee is empowered to impose a fine equal to the produce not sold to the Association. By accident or by any other cause if the business of the Association comes to a standstill the Association and its members are absolved from the obligations aforesaid.

From the first January (the date of starting business) to the 17th of August, 1937 (the date of preparing registration papers), besides ungraded eggs, the Association exported 187,918 graded eggs of the value of Rs. 80,447-2-1. Different methods are in vogue for the receipt of the egg produce at the grading station. The producers in the neighbouring villages bring their produce and offer for sale. The Association purchases these at the market rate. In the distant villages the shareholders and their agents have to approach the producers to collect the egg produce.

Before final disposal, the produce has to undergo several processes. The eggs are in the first place properly cleaned by the cleaning machine at the speed of 2,000 eggs per hour, whereas the cleaning by hand was formerly done at the rate of 400 eggs per hour. The cleaned eggs are then tested under the candling lamp at the rate of 1,500 eggs per hour. Afterwards they are graded on the grading machine at the rate of 4,000 eggs per hour. Finally each egg is stamped and packed for disposal. The eggs are, at present, packed in the ordinary baskets made of the date-palm leaves. As in this method there is a risk of considerable breakage, the Agricultural Marketing Department proposes to supply 'wooden containers.'

The classification is determined by the weight of each egg as below:

1. Special Grade Egg weighs 1⅞ ozs.
2. A " " " 1¾ "
3. B " " " 1½ "
4. C " " " 1¼ "

The eggs of different grades and those of hens and ducks are not packed in one and the same basket. After the package, each basket is labelled and sealed. The label contains the following descriptions:—

1. Grade designation of the eggs.
2. Number of eggs in the basket.
3. Net weight of eggs.
4. Name of the grading station.
5. Date of despatch.

The labels of different colours are used for each grade of eggs:—

1. White label for special grade eggs basket.
2. Red do. A do.
3. Blue do. B do.
4. Yellow do. C do.

No label is provided for ungraded eggs.

The Trade Mark used by the Association is 'Agamark' which is put on each egg, label and basket.

In order to encourage the trade in eggs, the Railway authorities have long since reduced freight charges to one-half on all consignment. This concession stands up to this day whether the consigner be the Association or individual dealer from outside. The Agricultural Marketing Department has secured further concession regarding freight charges for the Frontier Eggs Grading and Sale Association. Only one-third of the scheduled freight rates are charged on the graded eggs. This concession does not extend to the ungraded eggs of the Association. On long journeys during the summer season there is every likelihood for the eggs getting bad before reaching their destination. Complaints of this nature have been received off and on from the consumers in the past. This can be remedied by providing cold storage, which is under consideration to be introduced in the coming season.

Generally the eggs are exported to Lahore, Delhi, Simla, Karachi, Hyderabad (Sind) and Bombay markets. Even before the formation of the Association the eggs used to be exported to all the stations aforesaid except Bombay.

From date to date different rates prevail in different markets for various grades. The following table will bear out the assertion :—

Market.	Rates for all grades exported per 100 eggs. A.	B.	C.	Ungraded
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
	7th August 1937.			
Karachi Cantt.	2 2 2	2 1 5	1 15 6	...
Simla	2 6 9	2 6 0	...	...
Hyderabad (Sind)	2 5 0	...	...	...
Bombay	2 3 9	2 3 3	...	...
	16th September, 1937.			
Simla	2 10 3	2 10 0	...	...
Karachi	...	2 7 0	2 5 0	...
Hyderabad (Sind)	2 12 0	...	...	...
	1st November, 1937.			
Lahore	2 2 3	2 1 9	2 0 9	2 0 9
New Delhi	2 8 3	2 7 0	...	...
	9th November, 1937.			
Lahore	2 4 0	2 2 9	2 1 3	2 1 9
Karachi	2 7 6	...	2 2 0	...
	11th November 1937.			
Lahore	2 3 3	2 2 9	2 0 9	2 0 9

The figures abundantly reveal that ungraded eggs are only marketed in Lahore and nowhere else. Moreover the ungraded eggs fetch no higher rate than C Grade eggs do, although the former contain a certain ratio of A and B Grades of eggs too.

The following table will show the monthly figures of eggs of all grades that have been exported in 1937 to different markets in India :—

Month.	A. Grade.	B. Grade.	C. Grade.	Total.
January	71,544	1,25,540	48,490	2,45,574
February	43,282	1,08,084	42,348	1,93,714
March	35,434	82,255	27,319	1,45,008
April	97,447	2,00,625	92,600	3,90,572
May	1,34,063	2,74,517	1,46,480	5,55,060
June	54,071	1,21,654	58,542	2,34,267
July	22,998	41,801	16,822	81,621
August	20,169	35,348	16,106	71,623
September	21,921	38,041	22,170	82,132

This Association started its business at Pabbi, but it is going to shift very soon its headquarters to Peshawar. The change is expected to yield better results. In the first place Peshawar is a big central town attracting large egg produce from far and near. Secondly the broken eggs resulting from handling at the grading station will be accepted in the bakeries, of which there are so many at Peshawar.

It has been noticed that while the consuming markets have commenced paying better prices for the graded eggs, local producers have also become conscious of the fact and are demanding higher prices for their eggs. The object is achieved if the Association helps the producers to obtain better prices for their better stuff. The experiment is so far successful and the N.-W.-F.-P. is proud of starting the first page in the book of improved marketing of eggs in India, which has been lying blank till this day. The producers will gratefully acknowledge the efforts of the Officers of Co-operative Department in promoting their interest.

SINKING FUND IN LAND MORTGAGE BANKS

By

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The Reserve Bank of India directed the attention of co-operators to the necessity for making provision 'on a scientific basis' for the redemption of debentures floated by the Central Land Mortgage Banks in the different provinces, in a very important note on *The Financing of Land Mortgage Banks in India.* These banks float debentures at market rates and lend to the primary banks at a higher rate, leaving a margin for the working expenses and profits. The primary banks repay to the central land mortgage bank according to the amortisation method, which means repayment in a series of equal periodic payments, which include both interest on principal outstanding and a part of the principal. As the repayments are made, the outstanding principal gradually diminishes, and hence the interest charges will be reduced. Obviously in the earlier years of the loan a larger part of the instalment goes to the repayment of interest and a smaller part to the repayment of principal and in later years a smaller part for interest and greater part for the principal. If p is the principal, i rate of interest and n the number of years, the annual instalment,

$$A = \frac{Pi \times (1+i)^n}{(1+i)^n - 1} \qquad \text{I.}$$

The manner in which the annual instalment of Rs. 78.583 on a loan of Rs. 1,000 for 20 years at 4 per cent. is divided between principal and interest in different years of the period is given in columns 2 and 3 of Table I (Appendix). It has been so far the practice in these banks to retire every year a part of the debentures in each series from out of the collections of principal amounts of that year; the particular debentures to be retired being chosen by lots. The Reserve Bank pointed out that this system of retiring debentures every year makes them unpopular among genuine investors who expect a fixed return for a number of years. To enable these banks to redeem the debentures on maturity, the Reserve Bank advocated the institution of a 'sinking fund', which requires the banks to set apart each year a certain sum which with interest thereon accumulates by the end of the period to the principal amount. This annual instalment depends upon the expected rate of yield on the investments of sinking fund. If P is the

principal, n the number of years and r the rate of interest the annual instalment of sinking fund is given by

$$S = \frac{Pr}{(1+r)^n - 1} \qquad \text{II.}$$

In addition, every year an amount of Pr has to be paid as interest on the principal retired. Hence the net annual payment

$$Pr + \frac{Pr}{(1+r)^n - 1} = \frac{Pr \times (1+r)^n}{(1+r)^n - 1} \qquad \text{III.}$$

Thus S depends upon the rate of yield expected on the sinking fund. The Reserve Bank points out that it is better to take it at ½ per cent less than the rate of interest at which debentures are floated, as the net yield from giltedged securities in which this amount should be invested is not likely to be more than this amount. This means an annual loss to the central bank on all sums received as principal. At the current rates of interest, if a central bank floats debentures at 3 per cent and lends to the primary banks at 4 per cent it receives on every Rs. 1,000 lent to primary banks an annual instalment of Rs. 75·583. If it creates a sinking fund on the basis of 2½ per cent yield, it has to set apart for sinking fund a sum of Rs. 39.147, and pay an interest of Rs. 30 to the debentureholders leaving a balance of Rs. 4.436 for the working expenses. The Reserve Bank points out that this margin is too little for meeting the establishment charges and creating adequate reserves and recommends greater margin between the debenture rate and lending rate to the primaries and consequently to ultimate borrowers.

The Co-operative Central Land Mortgage Banks in Madras and Bombay have recognised the merits of the principle of keeping debentures irredeemable for a definite part of their period; the former limit it to 10 years for twenty year debentures and the latter 20 years for twentyfive year debentures. But the co-operators in Madras vehemently opposed the sinking fund as it would add to the burden of the ultimate borrower. They proposed to keep the collection of principal amount in what they called the 'Debenture Redemption Fund' which they claim would meet the requirements of sinking fund without the necessity for raising the rates of interest. From Column 1 in Table I it will be clear that the total money to the credit of this fund by the end of the period will be equal to the face value of the debenture, and hence there would be no difficulty in redeeming the debentures.

Relative Merits of Debenture Redemption Fund and Sinking Fund.—The utility of debenture redemption fund method depends upon the margin left to the bank from its transactions and its adequacy for the working expenses and normal profits. Even if this fund earns a net yield equal to the rate of interest on debentures, the margin available on any loan is reduced from year to year as the outstanding principal gradually decreases. This margin which is 1 per cent of the outstanding principal is given in the last column in Table I. But if the rate of interest were also unfavourable, the cumulative effects of both factors would be loss on each transaction after a certain number of years. An idea of the extent of this loss can be formed from Table I in the Appendix, where the net yield on the fund is supposed to be 2½ per cent. Column 1 is the outstanding principal at the beginning of each year; Columns 2 and 3 give the distribution of the annual instalment into principal and interest respectively; Column 4 is the interest on accumulated principal at 2½ per cent; Column 5 gives the total interest received by the bank and column 6 the balance after paying interest to the debenture holder. From column 7 of the table, we find that even if the bank receives 3 per cent on the investments, the margin on every loan of Rs. 1,000 decreases from Rs. 10 in the first year to Rs. 0.707 in the final year. But if the interest is only 2½ per cent, the margin decreases from Rs. 10 in the first year to Rs. 0.785 at the end of the 15th year. From the 16th year there will be a net loss to the Bank which grows up to Rs. 3.940 per thousand at the end of the period. In either case we find that the position of the Bank is rather unstable; in the first case, it will be able to pay the dues to the debenture holders, and will only have a slight margin for its working expenses. But in the second case, in later years it will be forced to pay to the debenture holders from its Reserves, if any, or from its capital. This position is brought about by appropriating more towards profits in the earlier years, leaving less for the later years. Of course, this criticism may be met by the argument that in banking transactions we should calculate the profits from the total transactions and not from each individual loan. If the transactions are rapidly increasing, larger profits from new loans will more than counterbalance the deficits in the others. But it must be remembered that it happens only so long as new loans are greater than the annual repayments of principal. When these two either just balance or the latter amount is greater than the former, the Bank is bound to suffer. Co-operative Banks have been suffering from the effects of fall of transactions on the short term loans, during the period of depression and we ought to make provision to prevent similar occurrences here. A method of apportioning profits, which does not take this factor into consideration cannot be sound.

On the other hand, the Sinking Fund method is founded on a very conservative basis. It must be remembered that it is very difficult to forecast future trends of rate of interest over a long period. The rates are liable to the cyclical fluctuations so common in economic phenomena. If the debentures are floated during a period of low values of rates of interest, the net yield in subsequent years on principal accumulated in the debenture redemption fund or the sinking fund will be greater than the debenture rate, and the yield on the investments of principal may even contribute to its profits. Hence if a sinking fund is constituted for these loans, these amounts will be hidden reserves in the fund and they will be available to the shareholders only at the end of the period, i.e., 20 years. It means the present generation has to forego the benefit for the sake of the future generation, as the result of this conservative estimate is to increase the current rate of interest. On the other hand, if the debentures are floated at high rates, the yield on the fund will be smaller. But these accounts will be checked with reference to the schedule of the sinking fund every year and if there is any deficit, the bank will have to make this good immediately from its revenues. Thus any benefits due to these changes will be reserved only for a later period, whereas any loss is to be made good immediately. Either way the creation of sinking fund necessitates an addition to the rate of interest.

Amortisation Fund.—The amortisation method of extinguishing a loan, which has already been explained, cannot be adopted by the Central Land Mortgage Bank, because it requires a partial payment of principal every year, which it proposes to avoid. The Bank may repay annually to an account in Trustee's name an amount calculated on the amortisation method at the same rate of interest at which the debentures are floated. Under the present lending rate of interest on every Rs. 1,000 lent by the Bank it receives annually Rs. 73.583 from the primary land mortgage bank and has to pay to this account Rs. 67.216 leaving a balance of Rs. 6.367 for its working expenses. Out of the money in this fund every year the debenture holders will be paid Rs. 30 as interest. If the balance of principal accumulates at 3 per cent compound interest (i.e., the debenture rate) it grows to Rs. 1,000 at the end of the period. Table II Column 2 gives the accumulated amount at the end of each year in this account. This is arrived at by adding to the outstanding principal at the end of the previous year interest at 3 per cent and the annual contribution of principal of Rs. 37.216. But if the yield on this fund is less than the debenture rate, there will be a deficit in the interest that ought to be earned by the fund, and this deficit should be made good from the revenues of the Bank in order that the fund may accumulate to Rs. 1,000 at the end of the period. The amount of deficit on a loan of Rs. 1,000 at the end of each year if the yield throughout the period is taken to be 2½ per cent is given in column 3 of Table II. We find that the deficit increases from year to year reaching a maximum of Rs. 4 674 at the end of the period. But even in that year it will be left with a balance of Rs. 1.693 per thousand for its working expenses. Such losses can be minimised by judicious operations in the investment of this fund in the debentures of the Bank. The margin on new loans will be higher and the total revenue from all loans and income from other sources (interest on capital, reserves built from profits of earlier years, etc.,) will suffice to meet the working expenses and leave some profits. Instead of starting on very conservative lines and increasing rates of interest to enable the Bank to declare large dividends it is better to keep down interest rates and be satisfied with a small dividend in such lean years. As in these co-operative institutions the shareholders themselves are borrowers, considerations of dividend will not count much. To ensure the stability of these Banks, they may be required to set apart from profits a minimum amount of money into reserve fund before declaring dividends. This method avoids the extremes of too conservative or liberal estimates of future trends. This is the result of dividing the margin available on each loan equally throughout the whole period, instead of taking larger portions in the earlier years leaving smaller portions for later years. Even in the absence of new transactions, the margins on the transactions of earlier years continue to yield profits until they are completely repaid. Hence this method ensures the stability of the Bank, even in short periods of stagnation of transactions. The one defect of this method is that in the earlier years of the Bank the margin on the small volume of transactions may not be sufficient for carrying on the work. In the interest of the agriculturists for whose benefits these banks are mainly intended, it is the duty of the State to grant subsidies to new banks until they command a good volume of transactions. Such generous help has been given to these banks in the earlier stages by the Governments in the different provinces and States. It will be more than repaid by the growing prosperity of the agriculturists and the improvement of the lands, which ought to be the primary concern of the State.

Difference between Amortisation Fund and Sinking Fund.—From equation III in para 1, it will be seen that the annual instalment for the amortisation fund is the same as that required for creating a sinking fund on the basis of an yield of 3 per cent. Naturally it may be asked whether we can assume that the yield on the investments will be equal to the debenture rate. The main argument given by the Reserve Bank against this assumption is that only so long as these banks are supported by the guarantee of the Provincial Governments to pay the principal and interest in case they fail, they will be able to float at the same rates as the Government. But the Government might withdraw this privilege after some years, when they (banks) would have to offer slightly higher rates than the Government to attract funds. But the collections, will be invested mainly in Government securities which

clearly yield a lower rate and hence the necessity for assuming a lower rate for sinking fund. This argument fails to take notice of two important facts. Government might withdraw their support only after the banks attain stability, and nowadays we are finding that strong banks are able to attract money on almost the same rates as the Government. The security offered by these banks is very strong as they lend on mortgage of land upto 50 per cent of the value of land, which is estimated on very conservative lines. Another point to note is, that by a judicious investment of money in good yielding securities and by open market operations on its own debentures the bank will be able to get the debenture rates of interest. Another important method of avoiding these difficulties is not to be too rigid about the period of loan. It will always be possible to find people who can repay in 10 or 15 years and so if the collections of instalments of 20 years loans are lent for shorter periods there will be no loss of interest. There will be losses only when there is an abnormal fall in the rates of interest, against which even sinking fund does not offer an immunity.

Extensions to Loans and Sinking Fund.—Another important difficulty that comes in the way of instituting the sinking fund is the problem of granting extensions to borrowers. All the previous arguments are based on the assumption that the primary banks repay their instalments punctually without any default. So long as money is lent with proper care in prosperous areas to borrowers of good repaying capacity and the authorities of the bank are vigilant in recovering the instalments when they fall due, no difficulties may arise. But in certain areas agricultural conditions may be precarious, and it may not be possible to collect the amounts in particular years. In such years the Debenture Redemption Fund method offers no difficulties because extensions can be granted to the primary banks by the central bank and to the borrower by the former, and the money, only when it is actually received, can be put in the fund. But in the case of sinking fund, the central bank has to find this amount whether it receives it from the primary bank or not, and so it will cause a great strain on the finances of the bank. Even if all the primary banks pay their dues without default, we find from column 2 of Table I that the actual receipts by the central bank by way of principal is less than that which should be put in the sinking fund in the first four years. But in the later years the receipts go to pay back the deficits of the earlier years. So though there may not be any losses to the bank on this account, it will have to find that money in the earlier years.

But these are new problems only to the Central Land Mortgage Banks. At present the primary banks are paying to the Central Land Mortgage Banks these two kinds of deficits from their general funds. If these small institutions are able to bear these burdens, it will not be difficult for the Central Land Mortgage Banks with their larger resources to meet much deficits. Moreover, as a set-off against such deficits there will be surpluses by way of advance payments and they almost cancel each other. If still there might remain a balance, it must be paid from the general funds. It must be stressed that extensions should not form a normal feature of these banks. Short term credit came to grief by the encouragement of loans even to people who had no repaying capacity and granting them extensions later. If the members are unable to pay in some years, they may be accommodated in short term credit societies. In exceptional circumstances, in periods of economic depression, etc., the government should come to the rescue of these borrowers, or waive this rule of contributing to the sinking fund in those years, subject to the condition that the amounts should be made good at the earliest time.

APPENDIX

TABLE I

Year.	Principal outstanding at the beginning of each year.	Distribution of annual instalment.		Interest earned on Debenture Redemption Fund @ 2½ %	Total Interest.	Balance after paying interest @ 3 %	Balance if Interest on the Fund is 3 %
		Principal.	Interest.				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	1000·000	33·583	40·000		40·000	10·000	10·000
2	966·417	34·927	38·656	0·840	39·496	9·496	9·664
3	931·490	36·325	37·260	1·713	38·973	8·973	9·315
4	895·167	37·777	35·806	2·621	38·427	8·427	8·952
5	857·390	39·287	34·296	3·565	37·861	7·861	8·574
6	818·103	40·809	32·724	4·547	37·271	7·271	8·181
7	777·244	42·493	31·090	5·569	36·659	6·659	7·772
8	734·751	44·193	29·390	6·631	36·021	6·021	7·348
9	690·558	45·961	27·622	7·736	35·358	5·358	6·906
10	644·597	47·799	25·784	8·885	34·669	4·669	6·446
11	596·798	49·711	23·872	10·080	33·952	3·952	5·968
12	547·087	51·700	21·883	11·323	33·206	3·206	5·471
13	495·387	53·768	19·815	12·615	32·430	2·430	4·954
14	441·619	55·919	17·664	13·959	31·623	1·623	4·416
15	385·700	58·155	15·428	15·357	30·785	0·785	3·857
16	327·545	60·481	13·102	16·811	29·913	–0·087	3·276
17	267·064	62·901	10·682	18·323	29·005	–0·995	2·671
18	204·163	65·417	8·166	19·896	28·062	–1·938	2·042
19	138·746	68·099	5·550	21·531	27·081	–2·919	1·388
20	70·713	70·755	2·828	23·232	26·060	–3·940	0·707

TABLE II

Year.	Principal outstanding at the beginning of each year.	Principal accumulated in trustees a/c at the end of each year.	Interest on accumulated principal.		Difference.
			@ 3%	@ 2½%	
	(1)	(2)	(3)	(4)	(5)
1	1000·000	37·216	..	..	..
2	962·784	75·549	1·117	0·930	0·187
3	924·451	115·031	2·266	1·889	0·377
4	884·969	155·698	3·451	2·876	0·575
5	844·302	197·585	4·671	3·892	0·779
6	802·415	240·729	5·928	4·940	0·988
7	759·271	285·167	7·222	6·018	1·204
8	714·833	330·939	8·555	7·129	1·426
9	669·062	378·082	9·928	8·273	1·655
10	621·918	426·641	11·343	9·452	1·891
11	573·359	476·656	12·799	10·666	2·133
12	523·344	528·172	14·300	11·916	2·384
13	471·828	581·233	15·845	13·204	2·641
14	418·767	625·886	17·437	14·531	2·906
15	364·114	692·179	19·077	15·897	3·180
16	307·821	750·160	20·765	17·304	3·461
17	249·840	809·881	22·505	18·754	3·751
18	190·119	871·394	24·297	20·247	4·050
19	128·606	934·752	26·142	21·785	4·357
20	65·248	1000·011	28·043	23·369	4·674

MULTIPURPOSE SOCIETY

By

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"Make the village co-operative bank a universal provider. That is the only way of rescuing the Movement in India from further failure if not utter collapse." This is the policy preached by the Agricultural Credit Department of the Reserve Bank of India in a series of pamphlets with a propagandist fervour rare in the records of a quasi-public institution. After citing the illustrious instance of the Banking Union at Kodinar and the societies affiliated to it in a backward area in Baroda, the Bulletin No. 1 moralises: "The Co-operative Movement must give up dealing with its members piecemeal and must cater for all their wants. Their objects must be comprehensive. There must be multipurpose societies. For whatever apparent purpose a society is started, it must serve as a point for contact and gradually other purposes must be developed so that ultimately the whole man is dealt with. That should be the goal set before the Movement."[1] This is said to be the basic idea in the Kodinar Banking Union. But is it not a little too sweeping to state that "it is undoubtedly contrary to existing co-operative opinion in India which has all along preferred single purpose societies to multipurpose ones"? This is doing scant justice to those who have thought of it or worked it out but come to different conclusions on grounds which cannot be ignored.

Raiffeisen ideals.—The idea of multipurpose society is by no means new. It is indeed as old as Raiffeisen's own societies which aimed at "promoting material well being and also preparing the ground for moral and religious activity." It was part of his teaching that the "bank, directly or indirectly, should be the centre of village life." Raiffeisen indeed wanted all forms of trading—even creameries—made adjuncts to credit. His opponents (Haas and others) said this was unbusinesslike and hazardous and they succeeded in separating creameries from credit, but not the supply of agricultural requisites. The classic report of Cahill sums up the position thus: "As contemplated by Raiffeisen, the local society was apparently to represent a co-operative organisation which primarily furnished credit to its members but which also bought their agricultural requisites, sold their produce,

1. Kodinar Banking Union, p. 16.

provided machines for common use, and even engaged in production. In the society were to be concentrated in effect the economic forces of the village community. Experience proved that while especially the supply of agricultural requisites may be suitably carried on as a department of the village bank, other co-operative undertakings involving technical skill in their management and considerable capital liabilities are best taken in hand by societies independently constituted."[2]

Later Developments in Germany.—A more recent account is furnished by J. A. Venn of the tendency of Raiffeisen societies towards unwise expansion. "As soon as the banks found themselves in a strong position and suffered considerable freedom of action by the State, they launched out into diverse operations, the success of which depended on widely different factors. The most favoured were those relating to supply. Such organisations appear to be the only ones that can meet with success in all countries and among all types of agriculturists. The power to acquire small quantities of goods at wholesale prices is everywhere a great lodestone, and in Germany the supply union developed inevitably into a huge wholesale supply society." Venn ascribes the failure and mismanagement of a number of village banks to the overgrowth and complex nature of their functions. "They had tended to become organisations for the transactions of every conceivable undertaking connected with land and with money, and their commitments were too wideflung. . . . The very success of Raiffeisen scheme of the village mutual benefit society led to its extension into realms of trading and finance where safeguards were less easy to provide and vigilance too often demanded."[3]

Nicholson's Idea.—When Nicholson drafted his report he could not have seen much of this propensity to many sidedness of the Raiffeisen banks in Germany and his inclusion of "their ability to act as agents and brokers for their members in the sale of produce and purchase of necessaries" as one of the desirable objects of village banks in India was but adopting the aims of Raiffeisen societies mentioned in the model articles and the Law of Co-operative Societies of 1889. He did not expect the credit society itself to take up financial responsibility for we note "other objects are the stimulation of, and assistance to, associations for co-operative production, sale and supply, either by the grant of advances or by establishing them as branches, with, however, liability and accounts wholly distinct from that of the parent society."[4]

2. Agricultural Credit and Co-operation in Germany, p. xxii & pp. 68-9.
3. Foundations of Agricultural Economics, p. 323.
4. Report on Land and Agricultural Banks, Vol. I., p. 172.

Secondary Aims of Credit Societies in India.—It is in accordance then with Raiffeisen traditions that credit societies in India have had among their secondary objects clearly laid down: purchase of agricultural and domestic requirements, sale of produce of members, and dissemination of knowledge of improved methods of agriculture and handicrafts. The Maclagan Committee blessed the idea of combination of functions with credit societies and especially those for the supply of seed and implements, though they did not think that a society should itself become the owner of the commodities handled, but should preferably buy or sell on commission.[5]

Actual Achievements.—Such secondary aims, however imposing on paper, are but rarely attended to by credit societies. One of the many defects of co-operative statistics is that there is no statement of the number of credit societies participating in non-credit work. The Royal Commission on Agriculture were told that only a hundred societies in Madras went in for the supply of agricultural requisities, though their number varied according to the intensity of propaganda.[6] The Townsend Committee on Co-operation in Madras reported: "These activities were, however, confined only to a few of the 11,000 primary societies. The great majority of them did nothing in these matters."[7] The transactions have been quite small and spasmodic.

Shifting of Thought.—The question of single V. multiple purpose societies has certainly agitated the minds of co-operators, official as well as non-official. But opinion has been by no means unanimous or consistent throughout. For instance, Mr. H. M. Hood, then Registrar of Co-operative Societies, Madras told the Royal Commission on Agriculture that 'multiplicity of functions in a single society is most undesirable, but must be accepted as unavoidable at the present stage of development."[8] Two years later in his evidence before the Townsend Committee on Co-operation, he emphasised the undesirability of a "society branching out into endless ramifications losing sight of the main objective in a multiplicity of activities" and undertaking extra material activities like improvement of sanitation and education; but he had no objection to, indeed he advocated, tacking on to credit societies the task of purchase of agricultural requirements and even helping the sale of produce on pledge of the same in the societies' godowns.

5. Report of the Committee on Co-operation in India, p. 9.
6. Madras Evidence (Agri. Commission) p. 639.
7. Report of the Committee on Co-operation in Madras, p. 10.
8. Madras Evidence (Agri. Commission), p. 609.

The Townsend Committee seemed to place more faith in separate societies for non-credit work.

The Views of the Royal Commission on Agriculture.—The Royal Commission on Agriculture have dealt with the subject briefly and pointedly in their report and their view is worth quoting if only for its freedom from doctrinaire notions:

"No hard and fast rule or practice has yet been established in any province. Where the secondary object is of minor importance such as the distribution of seed once or twice a year, or where the work involved is too slight to justify the establishment of a separate society, the credit society has usually undertaken the additional duty. But where the new object is of such a character that it appeals to a different membership separate societies are usually formed. The fact that, under the law, rural credit societies must have unlimited liability is recognised as an impediment to their undertaking business for which limited liability is more suitable, and where the societies with unlimited liability are undertaking such functions, it is usual to keep separate accounts for the latter. We found that on the whole single purpose idea met with general acceptance, and that where exceptions occurred these were based on reasonable grounds. The mutiple purpose society is nowhere advocated on grounds of policy. It is usual to describe the objects of a society in the bylaws in such a general way as to permit of secondary functions being performed without a breach of the law; but this is for convenience only and has not led to societies attempting to combine incompatible activities or risking their unlimited liability in transactions for which it is entirely unsuitable."[9]

The Views of Banking Committees.—The reports of Provincial Banking Enquiry Committees throw some light on the question, particularly on how to foster co-operative sale of produce. The Madras Banking Committee, for instance, did not advocate a combination of functions but co-ordination of activities between credit societies and loan and sale societies. "The correct line of business appears to be for the village society to advance for cultivation loans repayable at the harvest when the produce should go into the godown (of the loan and sale society) and the village society be repaid by a loan on the produce, this loan being repaid in full on the sale of the grain."[10] They considered that "every attempt should be made to foster the growth of such societies. There should be a godown society available for every

9. Report of the Royal Commission on Agriculture in India, pp. 467-8.
10. Report of the Madras Banking Enquiry Committee, pp. 165-7.

group of credit societies and these should in course of time be linked up into a co-operative marketing organisation." The Bombay Banking Committee likewise recommended inter-co-operation between credit and sale societies and Bombay has made much more headway in the latter than any other Province.[11] The Bengal Banking Committee considered "sale societies to be of very great importance to the agriculturists and they have vast potentialities if run on proper lines." But they continued "They must not, however, be allowed to jeopardise the success of co-operation in other branches by an ignominious failure for want of proper guidance." On the other hand as regards supply societies they were "doubtful whether there is any necessity for forming these (supply) societies as separate institutions, as their duties should be performed quite as well and more economically by the credit societies themselves or by the sale societies."[12]

Importance of other forms of Co-operation than Credit.—No one denies the importance of other forms of co-operation than credit. The American Commission on Agricultural Co-operation in Europe reported in 1913: "All the European leaders agree that co-operative agricultural credit is the foundation of a successful and permanent agricultural business. But it is not all of that business. There is not a single country in Europe that has not developed a more or less complete system of agricultural co-operation."[13] It is surely necessary to see that money borrowed is well laid out on agricultural requisites and that the effect of efficient cultivation is not neutralised by defective methods of purchase and sale. The question at issue is whether a comprehensive multipurpose society or a number of separate societies, each for one or two purposes, will best serve the needs of the Indian village. Should the village bank "take up the whole of the village life within its ambit"?

Advantages claimed for Multipurpose Society.—The advantages claimed for a multipurpose society may now be summed up. It makes a great appeal to the loyalty of the villagers by endeavouring not only to supply credit but to cater to their other needs and bringing them into close touch with the society not only on one or two occasions in the year for disbursal of loans, but throughout the year for some purpose or another. By the margins obtained in a variety of transactions, it makes for economical management and enables the appointment of

11. Report of the Bombay Banking Enquiry Committee, p. 168.
12. Report of the Bengal Banking Enquiry Committee, pp. 138-41.
13. Agricultural Co-operation and Rural Credit in Europe, p. 18.

paid employees devoting full time to the society's work. It makes full use of the few men of ability in the village, who are perhaps just sufficient for forming one board of management, while if there were a number of separate societies the village would be hard put to find proper men for constituting a number of boards of management; all and sundry would get into power with consequences one could imagine. It gives an opportunity for almost all villages, whatever their status, whatever their needs, to become members and facilitate the work of social as well as economic improvement by co-operation.

Admitted defects and difficulties.—On the other hand it is not difficult to visualise the defects of multipurpose societies, some of which have been noted already. If the society takes upon itself a multiplicity of functions with financial responsibility for some or all of them, the failure of one line might affect other lines too. Even if there were no financial risk taken, the psychological effect would be bad. A society can make the best appeal to loyalty and bring the members into close and continous contact, not so much when it acts as broker or agent as when it itself sets up depots for sale of goods to members or maintains warehouses for the storing and sale of members' produce or runs factories for processing and conversion of produce into a more readily marketable form. But most of these businesses are admitted by the authorities of the Reserve Bank to be beyond the village bank's sphere or capacity to manage.

The village bank is recommended to get itself affiliated to marketing and godown societies for getting its members' produce sold. Too small quantities, cost of storage and lack of knowledge of price-trends—in view of these, "it does not seem desirable that a village bank should embark on these speculative activities. Some lines of purchase and most lines of processing are equally beyond its capacity. It is advised, none the less, to take an abiding interest in the all-round improvement of members and help them in securing the facilities offered by separately organised non-credit societies—not one for every village, but one to serve a group of villages.[14]

If one function after another were to be discharged as an agent without financial risk and without any external evidence in the shape of a store, a shop or a factory, the village bank could not claim to be a full-fledged multipurpose society. Nor would it demand talents of varied types, of which there is undoubtedly a dearth in the villages. Still we are told: "Village banks of the nature advocated here will

14. Reserve Bank Bulletin No. 2, pp. 44-49.

obviously be more difficult to organise, administer and supervise than mere credit societies. Those who are to be entrusted with this work.. will have to be much better equipped for the purpose."[15] When there is a dearth of men to run simple credit societies, can it be anything more than a pious wish to see comprehensive multipurpose societies set up in every village?

Unlimited Liability.—One fundamental difficulty in tacking on other purposes to village credit societies has often been stated to be the unlimited liability of the latter. The Reserve Bank authorities contemplate separation of risks. "It will of course be necessary to keep separate account for each different section and not to mix up credit, marketing and stores." Again, "crop finance and marketing finance can be kept separate by the bank and in both cases, the bank or any other marketing agency that may be organised for the purpose for a group of societies will, in times of seasonal stringency of money, be able to get its paper discounted by commercial banks or Provincial Co-operative Banks through the Banking Union or Central Bank." With characteristic caution a hope is raised that in this way "a class of agricultural paper will be created which will enable the Reserve Bank to come into the field if and when necessary."[16]

Even if risks are separated, is it wise for an unlimited liability society like the village bank to get itself affiliated to Trading Unions or Loan and Sale Unions which admit not merely credit societies but individuals as members? The latter practice has been in vogue in India for more than a decade, and it is not different from the method advocated by the Reserve Bank. Such a system of loose unions was found in China too, but it has been condemned by the veteran co-operator of the Punjab, Mr. C. F. Strickland. "The methods of these unions are defective in so far as they receive agricultural produce directly from individual members of affiliated societies and sell agricultural and domestic requirements directly to individuals....They also deal with non-members but the profit is divided among members only. . . . The affiliation of credit societies to marketing unions is in fact an error of policy. Being of unlimited liability, the credit society does not attract the prosperous and improvident, yet most of these are fit for admission to a society of co-operative marketing, which cannot succeed unless the quantity is sufficient to facilitate bulking and grading."[17]

15. *Ibid*, p. 61.
16. *Ibid*. p. 58.
17. Year Book of Agricultural Co-operation 1937, p. 55.

Schemes of controlled credit now in operation in Burma, Madras and elsewhere, so much extolled by the Co-operative Departments and the Reserve Bank of India are open to this criticism that they tend to confine the benefits of joint purchase and sale to members of Raiffeisen societies. The Reserve Bank may now exhort every worker in the village to join the co-operative bank and every rich villager to invest his 'idle hoards' as deposits and also become a member.[18] This is no doubt in accordance with the theory and practice of parent societies in Germany. In India the rich have been seldom attracted as members; in fact they would appear to have been specifically excluded by the special appeal made by co-operation in earlier days to "persons of limited means." On the other hand the landless workers were seldom admitted as members on account of their poor material security. No doubt in exceptional cases, as in Alamuru in East Godavari District in Madras, some of the rich and the landless folk were admitted as members, and loans were extended to all. In some other places, the rich got in inadvertently, in ignorance of the implications of unlimited liability, and they had little control over others. In either case, a number of people have suffered on account of the enforcement of unlimited liability. But in almost all such cases there was a reckless abuse of the power to grant loans. Loans were sometimes given to persons without assets or earning capacity, and in a few cases on fictitious pledge of produce. The depression strained the slender resources of the poor who had been helped with the best of motives. So much so in spite of all the serried lines of protection legally available to well-to-do members, unlimited liability has become a veritable scare in the area once very reputed for varied co-operative activities.

The Alamuru Scheme.—No wonder Alamuru co-operators now think only of limited liability societies even for credit. They would not have the myth of unlimited liability and fictitious statements of assets and mere 'moral' control over borrowers. The multipurpose society registered in the area recently, and sponsored by no less a person than the Revenue Minister of Madras, is based on limited liability. It is to serve not one village but a group of villages in the Alamuru firka and undertake varied functions suggested by the Reserve Bank, but by no means new to co-operators in the area. Loans will be granted to members on the mortgage of a piece of land (at least double the value of credit granted to the member over a period), on the pledge of produce stored in the society's godown and on the

18. Bulletin No. 2, pp. pp. 30-31.

pledge of gold. Such security, the promoters think, would be substantial and more real than the imposing unlimited liability of old, and consequently ought to attract deposits from the public in future. Alamuru has always attracted deposits in the past without needing to depend on the Central Bank. And are not many well managed Urban Banks attracting deposits at low rates in spite of the limited liability?

We are not sanguine whether outside Alamuru it would be so easy to attract deposits from the public on the basis of limited liability even with mortgage of lands and pledge of gold which would have to be as strictly scrutinised as in the land mortgage banks. After all unlimited liability offers a wider target to the creditor in fear of losing his deposits, and if ordinary care is taken in the grant of loans it need not scare any well-to-do member.

At any rate the Alamuru scheme of multipurpose society stands greater chances of success because of the wider area it seeks to cover and the wider membership it is bound to attract by the limitation of liability. But it is cutting at the root of the dear old notions: one bank for every village and unlimited liability—the removal of which would, according to some, be taking out the linch-pin from the wheel of co-operation. The Reserve Bank, we think, is silent on the question of liability. We would like to know what it thinks of the Alamuru scheme.

Conclusion.—As for ourselves, we would still prefer the good old Raiffeisen societies with unlimited liability, one for each village or a group of hamlets, to serve the short-term credit needs of villagers. They should use all their good offices to bring their members into contact with supply, sale and other societies in the neighbourhood. Such societies for the purposes of supply, sale, processing, etc., should be organised, singly or in combination as conditions in the locality warrant, on a limited liability basis, one for a group of villages like a revenue firka with canvassers of its own for custom. Wider area can alone bring enough transactions for a non-credit society involving more overhead charges than for credit; while limited liability is essential for the attraction of various grades of members. We feel that the saddling of credit societies with a multiplicity of functions may generally end in nothing more than a pompous paper programme.

REVIEWS

THE PEOPLE'S YEAR BOOK, 1938. Published by C. W. S., Manchester, 2s. 6d.

This year book is the twenty-first of its kind published by the biggest co-operative wholesale society in the world, well-known as the C. W. S. The book is prepared by the Publicity Department of the C. W. S. It serves first of all as a Directory of Co-operative Organisations, particularly of the consumers' variety, spread over a little more than fifty countries. The information packed in as few as fifty four pages provides the background for closer study by students, who can get into touch by correspondence with a variety of institutions, even as it has enabled co-operative travellers to get into personal touch with the officials of important consumers' societies and federations. We have also a short directory of social organisations and a magnificent series of illustrations containing portraits of famous personages and photographs of the new huge productive departments of wholesales in England, Scotland, Finland and Sweden, and exhibiting scenes of interest from China to America, in which is included the first sitting of the Madras Legislative Assembly 'under the new regime'. This is so far as the world is concerned.

Half the work is occupied by topics of interest in Great Britain. There is a detailed analytical and statistical survey of the store movement covering 60 pages. There are some articles of special interest to co-operators: one on 'Planning in the Co-operative Movement' by J. A. Hough, another on 'Retail Distribution in Great Britain' by H. Smith, who is the author of a scientific thesis on the subject and a third on 'Labour in the Distributive Trades' by G. M. Hann. Articles of interest to students of social economics are: "Wages and the Standard of Living" by D. R. Grenfell, and "The Distressed Areas" by Barbara A. Gould. Short sketches of events in the trade union movement, the legislation of the year, the best books, the best drama and the best films of the year—all provide interesting reading to the general public, justifying the title of People's Year Book.

We are, however, constrained to say that some of the errors we pointed out in our review of a previous year book as regards the account given of India in two pages continue in this year-book as well. The T.U.C.S., is still miscalled the Triplicane Urban *District* (instead of Co-operative) Society. It is said to "provide house-to-house delivery of milk" which it does not. It is evidently a mistake for the Madras Milk Supply Union. Loans are said to be granted to rural credit societies by "the special Government banks" of which we are not aware here. Mention is made of a co-operative insurance society in Madras; nothing is said of the one in Bombay and the other in Calcutta. "The Madras Co-operator—issued in three languages" still figures prominently in the Indian Co-operative Press, though it does not seem to circulate in Madras at all. We repeat our suggestion that those who are responsible for the publication of this important year book put themselves in touch with the All-India Co-operative Institutes' Association.

K. C. R.

AGRICULTURAL MARKETING IN INDIA. By B. B. Mukherjee; Thacker Spink & Co., Calcutta. Rs. 4-8.

It has now been realised that as a preliminary to the provision of better marketing facilities to our cultivators a thorough and exhaustive study of the actual conditions under which agricultural commodities are marketed is essential. Recently a number of monographs have been published by the officers of the Marketing Departments of Provinces and the Government of India on the marketing of cotton, wheat, jute, etc., in different parts of India. We are grateful to Prof. B. B. Mukherjee of the Patna University for bringing out a systematic and scholarly study of Agricultural Marketing in India, which gives detailed information about the principal markets and all topics connected with their organisation.

Prof. Mukherjee has presented a vivid and realistic picture of the various drawbacks from which the producers of primary products suffer. He has drawn the attention of the public to the inadequacy of storage and transport facilities, prevalence of high interest rates in market finance and to the exploitation of the growers by middlemen.

The author has great faith in the system of co-operative marketing and he has given some valuable suggestions about the organisation of co-operative sale societies. He also advocates a large measure of State intervention in regulating markets and in making trading smooth and unhampered. This book will prove equally useful to the scholar, the businessman and practical politician.

V. B. MAJUMDAR.

CO-OPERATIVE SOCIETIES AT WORK IN INDIA

BOMBAY

Extracts from the report of the Registrar of Co-operative Societies, Mr. M. D. Bhansali, I.C.S., for the year ending 30th June 1936.

PART I.

The General Progress of the Movement:

Type of Societies.	Number of Societies. 1934-35.	Number of Societies. 1935-36.	Number of Members. 1934-35.	Number of Members. 1935-36.
Central Banks ..	14	15	13,290	14,370
Agricultural Societies ..	3,820	3,911	269,171	261,702
Non-agricultural Societies ..	786	823	279,865	272,520
Total ..	4,620	4,749	562,326	548,592
Unions ..	98	96	...	...
Insurance Societies ..	2	2	2,046	2,521
Total ..	100	98	2,046	2,521
Grand Total ..	4,720	4,847	564,372	551,113

PART II

Type of Societies.	Share-Capital. 1934-35.	Share-Capital. 1935-36.	Reserve & other funds. 1934-35.	Reserve & other funds. 1935-36.	Working Capital. 1934-35.	Working Capital. 1935-36.
Central Banks.	39,36,080	43,26,770	23,92,232	32,57,060	480,76,406	548,51,552
Agricultural Societies.	22,63,955	27,45,650	73,53,375	81,60,884	317,69,786	321,43,307
Non-agricultural Societies.	115,17,440	125,72,969	55,08,906	85,27,924	557,44,372	617,27,129

There is a fall in the total number of members, and a definite increase in the number of societies, working capital and reserve fund. The decrease in membership is due partly to the continuance of the policy of rectification and consolidation and the weeding out of undesirable members.

Agricultural Credit Societies (Excluding land mortgage banks.)

		1935-36.	1934-35.
Number of Societies	..	3,614	3,572
Membership	..	1,99,522	2,02,383
		Rs.	Rs.
Working capital	..	291,31,946	291,95,495
Reserve and other funds	..	72,77,054	66,42,782
Members' deposits	..	38,00,325	44,19,976
Share Capital	..	19,98,233	16,63,193
Bank Loan outstanding	..	138,30,291	144,32,275
Other outside liabilities	..	22,26,043	27,29,674

During the year under review, the total number of societies increased from 3572 to 3614. The policy of restricted registration after careful scrutiny of actual needs was continued. There is a growing and keener demand for registration of societies in the rural areas in spite of stricter scrutiny and limitations imposed on loan operations. The membership shows a slight decrease due to the continuance of the policy of weeding out undesirable members. Where this has not been possible, the societies have been encouraged to form fresh societies from the nucleus of good members in place of the old societies which are taken into liquidation. The slight reduction in the working capital is partly due to more restricted finance and partly to the set off of members' deposits against loans. The marked increase in the reserve and other funds is partly accounted for by the fact that other funds have now been separately included. The marked increase in reserve fund is satisfactory when due regard is paid to the fact that under the concession scheme considerable amounts of rebate have been given to borrowers, or lower rates charged on their debts. The decrease in the members' deposits and the increase in the share capital are due to the fact that many of the rural credit societies have adopted share system bylaws and have converted members' deposits into shares and to the fact that members have in some cases been allowed to set off their deposits against their outstanding loans.

The fresh finance during the year was Rs. 69 lakhs as compared with Rs. 78 lakhs in the previous year. The overdues at the end of the year stood at Rs. 140,67,855—i.e., about 4 lakhs less than the previous year. The heavy borrowings of agriculturists during the boom period followed by the fall in prices have become frozen, and unless there is a marked rise in commodity prices their recovery will require to be spread over a period of time.

Societies for Depressed Classes and Aboriginal Tribes:—There were 100 such societies with a membership of 7923. The working capital of these societies was Rs. 5,89,795 and reserve fund Rs. 1,10,534. Members of these communities are not readily admitted in the ordinary village societies. Such societies find considerable difficulty in making headway for want of adequate assets.

Tagavi Loans.—Loans were advanced to two members of two societies for the sum of Rs. 450 for construction of wells. The allotment received from Government for this purpose for the year under report was Rs. 25,000. In view of the small amounts utilised and in view of the fact that the Provincial Bank has got sufficient surplus resources, Government have finally decided to withdraw the allotment. Loans for this purpose, if required for small amounts, will be made out of the bank's

own funds, treating them as land improvement loans up to the limit prescribed in the bylaws of the society.

The Bombay Provincial Co-operative Land Mortgage Bank Ltd.—The Bombay Provincial Co-operative Land Mortgage Bank Ltd. is intended to function as an apex bank for the primary land mortgage banks. The Bank was registered on 7th December 1935 and its inauguration by His Excellency the Governor of Bombay on 15th January 1936 constituted a distinct landmark in the history of the agricultural credit movement in this presidency. The management of the Bank vests in a Board consisting of 15 directors representing individual shareholders, primary banks and the Government. The first President of the Bank was the late lamented Sir Lallubhai Samaldas. The authorised share capital of the Bank is fixed at Rs. 10 lakhs divided into 10,000 shares of Rs. 100 each. 5,000 shares were offered to the public. 603 individuals and 96 co-operative societies subscribed to 4,208 and 1292 shares respectively. The primary banks have taken up 332 shares. The total share capital thus contributed stood at Rs. 3,63,020 at the end of the year.

The Bank disposed of loan applications involving a total sum of Rs. 2,91,000. The actual amount advanced to primary banks was Rs. 68,325. The bank incurred a loss of Rs. 9,630 which is mainly due to preliminary expenses including a portion of the under-writing commission. The Bank has not yet been able to issue its debenture stock, as the debenture trust deed is under examination by the Government. The Provincial Bank raised the question whether the working of its land mortgage department should not be transferred to the Bombay Provincial Land Mortgage Bank, and this question is under consideration.

Primary Land Mortgage Banks.—No new banks were registered during the year under report, and their number stood at 10. The banks are assisted in their work of land valuation by land valuation officers who are lent by the Department. The Government have agreed to subsidise the banks annually for three years to the extent of Rs. 5,000 to meet a part of their cost and have foregone leave and pension contributions.

The number of members of these banks was 4201 of which 639 were non-borrowing members. The share capital collected from the borrowing members was Rs. 34,515 while that collected from non-borrowing members was Rs. 1,06,455. In accordance with the recommendation of the Land Mortgage Committee, the primary banks admit non-borrowing members with a view to enlist the support of co-operators in urban areas. They have contributed substantially to the share capital of the primary banks. Though loan applications to the extent of Rs. 2,95,953 were sanctioned, the sum actually advanced was Rs. 68,555. All the banks, except one—West Khandesh Dt. Land Mortgage Bank—incurred a loss, the total being Rs. 6,357. This is due to the fact that in the initial stages the banks had to incur considerable expenditure by way of preliminary expenses and no income has accrued except by way of land valuation fees and miscellaneous charges. During the year under report, most of the banks confined their operations to loans for redemption of debts, and the demand for loans for improvement of lands was not appreciable. Attempt was made by most of the banks towards conciliation of dues in their task of scaling down the liabilities of the agriculturists. The primary banks also supply a machinery for securing conciliation of dues without detriment to the legitimate interests of either the creditor or the debtor. During the year under report, conciliation to the extent of Rs. 21,326 was secured by four banks in the course of actual repayment of the dues of the sowcars to the extent of

Rs. 66,480. Similarly, two other banks secured an aggregate remission of Rs. 19,433 from the creditors of applicants.

Agricultural Non-credit Societies.—During the year under review, six more agricultural non-credit societies were registered in the Surat District. The Scheme for the organisation of sugarcane growers also resulted in the registration of 14 cane-growers' societies, which at present supply improved variety of seeds to the growers. The scheme is financed by means of a subsidy given by the Government of India out of the Sugar Excise Fund. The Government of Bombay also have appointed a special staff of four agricultural organisers who concentrate their energies solely in the sugarcane areas.

Cotton Sale Societies.—These societies continue to make steady progress. The number of these societies was 27 as against 26 in the previous year. They sold 365,105 maunds of cotton for Rs. 32,98,996, while the corresponding figures for the previous year were 614,919 maunds and Rs. 52,35,773. The tremendous fall in the total sales can partly be attributed to the fact that in the Dharwar District, the Haveri Cotton Sale Union was wound up during the year and the fact that the sales of the previous year pertained to rabi crop of two seasons. These societies have certain grievances with regard to the seed distribution scheme framed by the Indian Central Cotton Committee in collaboration with the Agricultural Department. They feel that they have not been given the same facilities as private agencies with regard to the supply of seeds of different varieties. This matter is receiving the attention of the Joint Board of Agriculture and Co-operation and it is hoped that the demand of the societies will be met as far as practicable.

Fruits and Vegetables Societies.—The working of the North Thana Fruit Sale Society and Rahuri Fruit Sale Society in Nagar District has not been quite satisfactory. The Ond Group Co-operative Vegetable Growers' Association has made a good start. The Belgaum Gardeners' Society sold all kinds of vegetables valued at Rs. 17,297 and earned Rs. 820 by way of commission.

Purchase and Sale Unions.—The West Khandesh Purchase and Sale Union with its two branches at Dondaicha and Shirpur and a third outside agency at Sahabad which was started recently has good scope for the sale of agricultural produce in the district—particularly cotton and groundnut which are the chief money crops. In the absence of suitable arrangements for marketing finance, the Union is considerably handicapped in its working. To tide over these difficulties a scheme was chalked out at the close of the year and special credits were sanctioned to the members of societies at the rate of Re. 1 per acre for seed and Rs. 2 per acre for weeding and picking subject to the limit of Rs. 50 per member and Rs. 500 per society on the express condition that the produce should be sold through the union only. The union has been doing its best to maintain its popularity and it is hoped that if sufficient loyalty on the part of the members of societies is forthcoming, it would be able to wipe out its past losses. The Nira Canal Purchase and Sale Union in the Poona District is the most progressive institution of this type in the presidency and has been developing its business to a remarkable extent. During the year under report it earned a commission of Rs. 6,420. The Saswad Mali Purchase and Sale Society at Kopargaon, about which great hopes were held out, has drifted into the hands of irresponsible men who have abused their powers and allowed advances in violation of the society's bylaws. The Malegaon Purchase and Sale Union sold 17,766 maunds of cotton and other agricultural produce earning a commission of Rs. 1,512.

Crop Protection Societies.—The activities of the 15 societies are concentrated in Khandesh, and the area covered by them is 52,587 acres and the protection of crops in that area is secured at a total cost of Rs. 14,574, which works out to less than annas five per acre. The utility of these societies as an effective agency for promoting the economic well-being of the agriculturists was recognised by the Bombay Legislative Council which readily assented to the passing of the Crop Protection Bill embodying elaborate provisions in the Co-operative Societies Act facilitating the formation of these societies. This is an important piece of legislation inasmuch as it coerces the dissentient minorities in schemes of crop protection in the interests of the majority.

Land Improvement Societies.—There are in all 9 societies of this type with a total membership of 538 and area of 2,578 acres. Out of this steps have been taken to improve 1393 acres at a total cost of about Rs. 1 lakh. Amongst these, the Yelavigi Waddars' Land Improvement Society in the Dharwar District deserves special mention. The society is catering for the Waddars, a very backward class, and has also provided the members with a school. During the year under report, the society was given a grant by the Collector of Dharwar out of the rural uplift grant.

Taluka Development Associations.—These associations are very popular and their number rose from 71 to 95 during the year. The membership of these associations consisted of 29,371 individuals and 693 societies. The contributions received by them were Rs. 1,06,911 about 60 p.c. of which was from Government. The annual expenditure amounted to Rs. 1,09,474.

Agricultural Improvement.—During the year 95 Taluka Development Associations are engaged in popularising the use of improved seed, manure and implements. The cotton sale societies and sugarcane growers societies helped to organise the multiplication and distribution of pure and improved varieties of seeds. 15 fencing societies and an equal number of crop protection societies helped in stimulating better cultivation. 9 irrigation and land improvement societies helped to exploit the unutilised minor sources of irrigation and to bring fallow and forest or cultivable waste lands under cultivation. 17 cattle breeding societies demonstrated the possibilities of supplementing agricultural income.

The Bombay Provincial Co-operative Bank.—The working capital of the bank was Rs. 243,83,090—an increase of Rs. 32½ lakhs over the previous year, which is mainly accounted for by the fact that the surplus funds of Central and Urban banks, for lack of channels of suitable investment in their respective spheres of operations are passed on to this bank as the Apex bank for the presidency. In view of the increase in its working capital, the volume of its outside investments, viz., investments in Government and other approved securities and in short term or fixed deposits with the approved banks have also increased. The average yield on such investments being low, the bank's profits for the year are on a lower level (Rs. 1,28,808) than for the fifteen months for the last year (Rs. 1,96,940). The Bank declared a dividend of 5 p.c. which is the same as last year.

The amount of short term loans to societies fell by about 2 lakhs. Other advances also showed no increase, with the exception of advances against agricultural produce, which showed an increase of a lakh of rupees and this fact also partly explained the decrease in profits.

Though repayments were satisfactory, advances could not be made on a corresponding scale owing to decrease in the demands of co-operative societies for finance from the bank, due to reduction in land values and repaying capacity of the members. The restrictions placed on registration of new societies have been relaxed in suitable cases and it is hoped that there will be a gradual increase in the demands of co-operative societies for finance from the bank.

The relations between the Provincial Bank and its affiliated banks and societies were cordial. Overdrafts against government securities and fixed deposits were granted to 16 Central Banks and only one Central Bank had arrangements for cash credit. The bank continues to be well managed under the able and distinguished guidance of Sir Chunilal V. Mehta and Mr. V. L. Mehta.

District Central Banks.—With the separation of Sind, the number of district Central Banks in the presidency remained unchanged at 13. There is an all round increase in the paid up share capital, reserve and other funds, deposits and working capital. The loan operations show a slight decrease and the profits a big fall. While the fluid resources of the District Central Banks are undoubtedly strong and their financial stability beyond question, the most disquieting feature of the situation is the growing percentage of overdues. The acid test of the success of the Central Banks lies not in the growth of their working capital, not merely in the development of banking services they provide in the mofussil areas but mainly the extent to which the primaries they finance are taught to become efficient and thrift organisations. To the extent to which their advances to the primaries get frozen and are not punctually repaid, their utility to extend further assistance to the movement and contribute to its development must of necessity decrease. Time has now arrived when the question of the treatment of frozen assets in co-operative societies and banks can no longer be postponed indefinitely. A careful enquiry into the extent of bad and doubtful debts and depreciation of other assets should preferably be undertaken by the Central Banks with the assistance of Supervising Unions and the true surplus as representing the reserve fund should be ascertained. The frozen assets should be separated from current outstandings. The property statements should be carefully revised. In those cases where the frozen debts are backed by adequate security it should be considered if the land mortgage banks might be able to render help. In other cases where eventual recovery is possible but interest charges are expected to eat up the major portion of the repayments made out of surplus of current income over current expenditure, it should be considered if recoveries can be credited to principal, leaving interest to be recovered as and when possible. This will have to be done both by the societies and the Central Banks.

The rates on deposits were still further reduced by most of the banks but the lending rates did not show corresponding reductions, mainly owing to the increase in surplus funds. A number of banks, however, gave rebates to societies which had met their obligations punctually. The cost of management of the district Central Banks has gone down by 14 per cent, and if this represents real economy in management, without prejudice to the efficiency of the staff, there would be no cause for anxiety. Another feature in the working of some of the banks is a tendency to introduce party politics in the working of the bank and for it to filtrate down to the affiliated societies. It is to be hoped that this tendency is a passing phase which will disappear with the advent of the constitutional changes; for if it develops, it is likely to seriously affect the working of

the banks and their primaries and also react on the efficiency of the staff of varies institutions concerned.

Urban Banks.—There were 72 Urban Banks with a working capital of Rs. 233,57,727, share capital of Rs. 28,63,781 and reserve fund of Rs. 24,33,693. The banks earned a profit of Rs. 3,63,233 during the year. Loans due from members were Rs. 122,96,368 of which Rs. 37,48,092 was overdue. The influx of deposits in Urban Banks continues in spite of the low rate of interest offered to the public. The extent of business developed by the Urban Banks in their efforts to find safe channels of investments for their surplus funds is astounding. They have taken up business of advances on industrial and agricultural produce stored in godowns, advances on gold and silver etc. The lending rate of interest in most of the societies is reduced, while the practice of payment of rebate for prompt repayments has helped in stimulating recoveries.

Salary Earners' Societies.—These societies are growing increasingly popular and fulfil an important role as thrift and credit institutions among salary earners. The interest taken by the general body of members, the keenness and enthusiasm of the members of the managing committee combined with the sympathetic and helpful attitude of the administrative head of the department or office, constitute the main important factors contributing to their successful working and progress. Some of these societies have successfully taken up the liquidation of their members' outside debts. Others are actively encouraging life insurance among their members generally and borrowers particularly by grant of interest free loans. The loss of interest is recouped by the commission earned by the societies in acting as agents of the Bombay Co-operative Insurance Society. The development of this activity is beneficial to the borrowers, safeguards the interests of the sureties and strengthens the security of advances made by the societies to whom the borrowers assign their life policies as collateral. Some societies which have enough of long term capital have been also extending financial accommodation to their members to build houses and acquire other immovable property.

The membership of some of the urban banks runs not only into hundreds but thousands. This has created in some cases considerable difficulties in matters of election. In other cases, the attendance at general meetings has been too thin to ensure effective democratic control. The time has now arrived when the bigger urban banks may seriously consider the desirability of creating an intermediate administrative organ in the form of a representative assembly in between the general body and the Board of Directors.

Bombay Co-operative Insurance Society.—The society has only six years' life to its credit, but during this short period, it has achieved good progress. During the year under report, the society enlisted 1,831 new members, thus bringing the total to 3,876. Proposals amounting to Rs. 15,53,300 were accepted. The total number of policies in force is 3,955 covering an assurance of Rs. 28,23,753. The society has extended its agencies to various salary-earners' societies and other credit societies who have adopted suitable provision in their bylaws regarding insurance of their constituent members, particularly the borrowing members. This provision in the bylaws will not only enhance the thrift aspect of the societies but also safeguard the interests of sureties of the borrowing members in the event of premature death. There is, however, no sufficient response from the rural area owing primarily to illiteracy of masses and their failure to understand the implications of life insurance. Possibly, this defect could be removed if a system of group insurance on attractive basis is worked out and put into force.

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Co-operative stores.—There were 28 stores societies with a membership of 6,399, share capital of Rs. 1,15,889 and working capital of Rs. 2,20315. The sales effected by these societies were for Rs. 6,62,518 and the profits earned Rs. 10,609. There was no appreciable progress in the working of these societies during the year. The qualities requisite for the success of these societies, viz., the loyalty of the members to their respective institutions, effective and efficient organisation to withstand outside competition etc., are lacking.

Housing Societies.—During the year under report, 8 more societies were registered and 5 more cancelled, bringing their total number to 80 (as against 77 at the close of the last year) with a membership of 5,617, share capital of Rs. 20,70,477 and working capital of Rs. 90,73,070. The Government loan outstanding against these societies was Rs. 25,32,651. The housing societies which work on the tenant-ownership system show better results than the societies working on the co-partnership system.

Weavers' Societies.—3 more societies were registered during the year and the total number at the close of the year stood at 43. There is an increase in their share and working capital. The total value of sales decreased but profits increased. These societies work more as credit societies than as producers' institutions with the result that most of the capital becomes frozen on account of large outstandings with members. The members themselves work under heavy odds. They are not conversant with latest methods of production. They cannot keep pace with changing tastes in patterns and designs. They are not equipped with necessary technique for manufacturing marketable goods, and their chief difficulty is in the matter of disposal of finished products. Besides, mill competition is hardly allowing them to keep their heads above water. There is also a proposal to reconstitute these societies on the model of producers' societies and to link them to the district industrial associations so that all necessary assistance may be made available to the weavers' societies.

District Industrial Associations.—In the year under report, three of the four district industrial associations established under the scheme sanctioned by the Government, were registered at Poona Nagar and Hubli for facilitating the marketing of handloom products. The objects of these associations are to sell raw materials to weavers as cheaply as possible, to advise them regarding production of new qualities, patterns and designs, to market their finished goods and to sell them improved appliances on hire-purchase system. The associations are controlled by the Department of Industries through the Marketing Officer and the Textile Designer and the Co-operative Department through the Weaving Inspector, Poona. The total turnover of these associations is also encouraging, being Rs. 50,000, and their gross profits are about Rs. 1,000.

Bombay Provincial Co-operative Institute.—With the separation of Sind, the total branches of the Institute were reduced to 25, of which 4 were divisional and the rest district branches. During the year under report, one divisional, five district, five taluka and nine field-workers' conferences were held by the various divisional and district branches of the Institute. The journals published in English by the Institute and the different vernaculars of the Presidency by the various branches disseminate useful information on co-operation and serve as a good medium for continuing co-operative education imparted at the various training classes organised by the institute and its branches.

Of the three co-operative schools all except the one at Poona suspended their work during the year, as the number that applied for admission for training was too low to justify the expenditure involved in conducting a school. 13 district branches organised 19 training or refreshers' classes lasting from one day to six weeks for training of secretaries. 538 persons attended these classes. 13 branches also organised 105 classes usually of one day's duration for training of committee members. An innovation of holding a committee training class of one month's duration has been introduced by the Satara District Branch.

The propaganda officers employed under the various branches of the Institute were 16 of whom 9 were graduates. These officers are expected to spread the gospel of co-operation on the countryside and train the office-bearers and members of co-operative societies in the principles and practice of co-operation. A number of these officers that have been employed have failed in the Co-operative Certificate examination or have not appeared for it, though that test is prescribed as the minimum qualification for the appointment. A teaching body like the Institute should not employ unqualified and untrained persons to teach others. The expenditure on the employment of such untrained staff operates as a heavy drain on the resources of the Institute.

The selfless work in the cause of the movement done by a number of eminent non-official co-operators through the Institute and its branches, the ever increasing share taken by these bodies in the work of rural uplift and the lead given by the Institute in all matters affecting the integrity and development of the movement must redound to its credit. The growing number of better living societies, a considerable part of the propaganda for newer forms of co-operation and the dissemination of the knowledge of co-operative principles on the countryside are also due to the active interest taken by a number of non-officials and some of the officers of the Institute and its branches.

Co-operative Training Scheme.—Out of the Government of India grant of Rs. 15 lakhs set apart for co-operative training and education, the Bombay Presidency including Sind received an allotment of Rs. 2,08,900. With the separation of Sind, the transfer of the proportionate share of the grant and the question of the control and supervision of the Sind School are under consideration. The whole scheme of training has been devised to be worked in three stages, viz. (i) training of the educational inspectors and assistant inspectors; (ii) training of the department staff, honorary organisers and officers of the central and urban banks and educational supervisors; and (iii) training of the union supervisors, secretaries and members of co-operative societies.

The training of the educational inspectors and assistant inspectors was carried on by the Special Assistant Registrar with the assistance of some non-official experts and officials of other departments. The period of training originally contemplated was 4 months but had to be extended by two months in view of the importance of giving as good a training as possible to the educational inspectors and assistant inspectors, who were to carry on subsequently the training of others. The training of this staff was completed on 21st August 1936.

The second stage of the training scheme is expected to cover a period of about three years.

The third stage as contemplated under the present scheme will be the training of 20 educational supervisors who, when trained, will be sent out in the districts to organise and impart co-operative training and education to the Union supervisors and secretaries and members of societies.

In order that there should be real progress in the movement, it is necessary not only that the theory and principles of co-operation should be studied by the staff, but that education with regard to the movement should filter down to the masses. To make co-operation a success, it is necessary to lay importance on the character of the members, and if the character is to be moulded on the right lines, the need for education in the principles of co-operation amongst the mass of members cannot be over-emphasised.

TRAVANCORE

Review of the Report on the working of Co-operative Societies by the Government of Travancore for the year 1111 M.E. (July 1935 to July 1936).

The Co-operative Societies Bill was introduced in the Sri Mulam Assembly and referred to a Select Committee. The Assembly has passed the Bill after the close of the year.

Summary of general progress.—The policy of rectification and consolidation of societies accepted by the Department was continued during the year under report. The results of the Registrar's effort in the direction of pushing through a well-thought-out plan of consolidation are awaited. The total number of societies decreased from 1767 in 1110 to 1766 in 1111. During the year, 17 societies as against 16 in 1110, were registered and the number cancelled was 27 as against 33 in the previous year. Of the newly registered societies, 12 were non-credit ones. Of the total number of 1766 societies on the rolls at the end of the year 22 had not started work. Of these, 9 were purely agricultural credit societies. Of the total number of 1744 working societies, 1655 did purely credit business. An important feature of the development of non-credit activities in the year was the starting of such new types of societies as Thrift, Better Living, Cattle Breeding and House Building.

Expansion of share capital, working capital, reserve fund and deposits.—The working capital of the societies rose from Rs. 87,65,215 to Rs. 91,97,743, the rise being more than Rs. 4 lakhs. The average working capital per society was Rs. 5,274, as against Rs. 5,183 in the previous year. The total share capital in the movement increased from Rs. 35,43,802 to Rs. 35,76,545, the increase being Rs. 32,743. The average paid up share capital per society was Rs. 2,050 as against Rs. 2,095 and per member was Rs. 16 as against Rs. 15, in the previous year. The total receipts and disbursements under deposits were Rs. 21,87,717 as against Rs. 33,19,730 and Rs. 20,67,769 as against Rs. 30,98,996 respectively. The total turnover of all societies aggregated Rs. 1,55,32,170, the decrease being Rs. 29,89,556. The average per member was Rs. 70, as against Rs. 83. The total reserve fund of all societies including the Central Bank was Rs. 10,16,421.

Profit and Loss.—As the mode of calculation of divisible profits enunciated in the Registrar's Circular No. 157 was continued, a large number of societies worked at a loss. The Central Bank, the Central Institute, the Central Weaving Society and the Supervising Unions excluded, there were 1716 societies working at the end of the year. Of these 30 societies were not audited. The total loss sustained by societies amounted to Rs. 3,44,986 as against 3,58,530 in the previous year.

Loans.—Both in number and amount, the loans granted by the Central Bank showed an increase, while there were decreases in the loans granted by primary societies. The latter is stated to be the result of poor recoveries during the year.

Demand, Collection and Balance.—The aggregate overdues increased from Rs. 37,40,875 to Rs. 39,73,356 giving a percentage of 71 against 67.3 in 1110. The increase in the overdues is an alarming feature of the movement. The Registrar has repeated his previous statement that the future is not devoid of hope, and that the co-operators have been awakened to the seriousness of the situation and have begun to tackle the problem of the collection of overdues.

Protector of Depressed Classes.—A total area of 46.51 acres of land was assigned to the depressed classes on concessional terms during the year. Some progress has been made towards the establishment of depressed class colonies. Wells were sunk in the Trivandrum taluk, in the Thiruvalla taluk and in the colonies at Kulathur, Anchamada and Nariculam. A common building for the social and religious congregation of depressed classes was constructed at Pullad in the Thiruvalla taluk. The question of constructing similar building in other places was receiving attention. These are the more important items of work done during the year by the Protector. Government are constrained to remark that his work during the year was rather poor. They hope that more tangible results will be achieved by him during the current year.

The cost of working of the Co-operative Societies' Regulation X of 1089 increased from Rs. 65,394 in 1110 to Rs. 68,722 in 1111. The increase was mainly due to the appointment of additional staff in the Department. The average cost per society is Rs. 38.2 as against Rs. 36.3 in 1110 and Rs. 35.2 in 1109. The cost of working of the department of the Protector of Depressed Classes during the year was Rs. 12,883.

The following are the concluding paragraphs of the Report of the Registrar, Mr. M. Govinda Pillai :—

In my previous report I had made reference to a threefold menace, that of a factious spirit amongst members, a tendency to flout the principle of arbitration and to seek the intervention of Civil Courts, and a craze for maximum dividend and bonus. I had made clear that this growing tendency if continued to develop unchecked and uncontrolled is bound to vitiate and imperil the entire movement. Though such a tendency persists even now, I am optimistic about the future of the movement since signs of a better outlook on the part of co-operators are visible in the horizon.

The economic hardships of the people have resulted in an introspection induced by the failure of the past, and attention is naturally being devoted to the hard problems of improving existing economic life. It is obvious therefore that the whole fabric of co-operation will undergo salutary change, and that the movement will be directed through healthy channels and led to the ideal goal, satisfying its adherents and silencing its critics.

In the development of the movement along healthy lines, the first and most important problem which has to engage the attention of Government and the public is the problem of education. Proper and adequate education and training of the rank and file of the non-official and official co-operators in the principles of the movement, is the greatest need of the hour. This question has therefore to engage the attention of Government. The example of Madras where 3 lakhs of rupees has been earmarked and set apart for education is worthy of emulation by our State.

As already stated by me, along with efforts made to encourage co-operative production, Co-operative Better Farming, and Co-operative Marketing, provision has also to be made for affording long-term financial help to the ryots through the medium of Land Mortgage Banks. The department tried to organise rural reconstruction of societies in certain areas. But I think that unless work in this direction is carried on, on the basis of a well-thought-out scheme wherewith all officers of the development and allied departments would heartily co-operate, it is idle to expect much out of this recent effort. The best and most effective method of rural reconstruction, is to carry on work on a co-operative basis so that the rural folks already in the movement may be induced to harness their resources to the development of rural uplift activities, and thereby ensure the dawn of early rural prosperity.

I feel it my duty to thank all officials and non-officials who have helped the movement in its progressive development. Many members of the Legislature and those of popular bodies evinced keen enthusiasm in the movement. I am constrained to remark, that the sympathy and support from the educated classes are not commensurate with the general level of educational advancement of our State. It is hoped that they will come into the fold of the movement in larger numbers.

COCHIN

Review of the Report on the working of Co-operative Societies by the Government of Cochin for the year 1111 M.E. (July 1935 to July 1936).

255 societies were working at the end of the year. The membership of the societies fell from 25,142 to 23,993. The working capital of all societies including the Central Bank rose from Rs. 25,04,570 to Rs. 25,48,135 and the Reserve Fund from Rs. 4,18,340 to Rs. 4,37,050.

Loans to the value of Rs. 8,58,150 were disbursed by the agricultural and non-agricultural societies together against Rs. 8,54,151 in 1110. Out of this amount, loans for productive purposes amounted to Rs. 3,12,950.

The amount of the loans outstanding at the beginning of the year was Rs. 11,56,969. With the loan of Rs. 8,58,150 issued during the year, the total demand stood at Rs. 20,15,119 of which Rs. 8,46,702 was repaid, thus leaving a balance of Rs. 11,68,417 at the end of the year. Overdue loans amount to Rs. 3,93,256 or 33.6 per cent against Rs. 4,08,711 or 34.4 per cent last year. Every attempt should be made to bring down these overdue amounts.

In the matter of liquidation of cancelled societies, the Registrar should be very prompt in seeing that the liquidators do their work with expedition and zeal. There are many instances of liquidation pending for ever so many years. Government note this with serious concern and direct that no pains are spared to render the work in this line more satisfactory.

The following are the concluding paragraphs of the Report of the Registrar, Mr. K. Narayana Menon :—

Co-operative Enquiry.—Mr. Devadhar passed away before he could submit his report on the enquiry conducted by him in the State. The work of compiling the report from the jottings left by him was taken up by me. I have already submitted the Report to Government and it will be published soon. It has to be admitted that with the busy time that I had, I could not devote that amount of care and attention which the compilation the report deserved. I hope that

with the acceptance by Government of Mr. Devadhar's recommendations, the movement will show greater progress.

Conclusion.—My thanks are in no small measure due to the co-operators all over the State who extended their courtesy towards me during my tours and helped my staff in the discharge of their duties. The Heads of the various Departments of the State have also laid me under deep obligations to them, by the readiness with which they helped the movement. I have to thank in particular the Director of Public Instruction, who has always been ready to help me by the transfer of teachers to work up a village society, by placing school buildings at the disposal of societies for their general meetings and by the general interest that he took in the bigger problems of the movement. To an equal extent, I am indebted to the Director of Public Health and Panchayats with whose help the activities of the Panchayats and the co-operative societies would be ere long identical. The Diwan Peishkar, to whom my Department has been a great source of trouble, has all along helped me most cheerfully and the Director of Agriculture has begun to claim the societies as his own. I cannot omit the new Director of Industries and Commerce, who has been interesting himself by his numerous activities in this Department and whose help I hope to get in the development of cottage industries on a co-operative basis. I have also very great pleasure to record the loyal services rendered by my subordinates both in the office and in the field.

The compilation of the Devadhar report is over and it is about to come out of the Press and Government have decided to take action on the various recommendations. A scheme for the re-organisation of the Institute is already prepared and will take shape very soon. The working of the Central Bank is closely watched. The Land Mortgage Bank has begun to work in full-swing and the new Regulation will be on the statute ere long. These facts are more than encouraging and I have very great hopes for the future.

RESERVE BANK'S REPORT ON THE CO-OPERATIVE MOVEMENT

(Extract from the Statutory Report.)

Present position of the movement.—With regard to the co-operative movement in India it is possible to quote an imposing array of figures about the number of societies, their membership, working capital, loans, etc. These figures, however, do not reveal the real state of affairs and a closer scrutiny shows that the position is far from satisfactory in some of the areas. The figures for the British Indian Provinces for the year 1934-35, which are the latest available show that the number of agricultural societies was 78,253 but about one-third of them were classified as D or E, which means that they were not working properly or were on the verge of liquidation. The total membership of these societies was 2,552,623 which is only 1.06 per cent. of the rural population. Even calculating on the basis of families of 5 persons each, the movement had not reached 6 per cent. of the families. The total working capital of these societies was Rs. 30,75,44,661 of which almost three and a half crores represented paid up share capital and a little over six and a quarter crores reserve funds. Since share capital in primary societies may in certain cases consist only of an inflation of the loans granted to members it is doubtful how much of it represents real savings. The practice of allocating even unrealized profits to reserves obtaining in some provinces makes it difficult to gauge the real strength of the funds. The loans outstanding against members amounted to about twenty-four and a half crores of which ten and three-quarters were shown to be overdue. The practice of granting renewals and the procedure followed in one province of fixing demands every year at the time of harvest and counting as overdues only such sums as fall short of the demand makes it probable that the real arrears are still larger and that frozen loans form a large part of the outstandings. The amounts lent to members and those recovered in 1934-35 were practically identical, being slightly less than five crores. This figure by itself shows what a small part co-operative societies are playing in the finance of agriculture but even this amount probably does not represent the actual cash outgoings and incomings and includes various book adjustments. When the statistics of all the provinces are combined the general picture is undoubtedly unfair to some, such as the Punjab, Bombay and Madras in which the movement is in a better condition, but it also on the other hand serves to cover the correspondingly weaker position in others.

Measures for rectification.—It becomes clear, therefore, that if the co-operative movement is to play in agricultural finance the prominent and beneficent part for which we consider it to be specially qualified, considerable rectification and consolidation will be necessary. It was with this object that in our preliminary report we made certain suggestions which we venture to repeat and elaborate because we do not think that they received the attention which they deserved, and because, in certain quarters, their purport appears to have been misunderstood. They were (i) that the overdues and long term loans should be separated and put on a proper footing, (ii) that in order that the societies should be able to grant extensions or remissions in case of crop failures they should build up strong reserves by keeping an adequate margin between their borrowing and lending rates and (iii) that future loans should be restricted to such sums only as could be reasonably expected to be repaid out of the harvest.

Separation of overdues.—We cannot lay too strong an emphasis on our first recommendation. We consider that the policy of letting things slide with pallia-

tives like temporary extensions and reduction of interest in the hope of better times as well as that of vigorous coercion and liquidation can only result in the gradual extinction of the movement. Where the question of overdues has become serious the co-operative movement has ceased to function as an agency for the supply of agricultural credit and many who are nominally members of co-operative societies are being driven to have recourse to moneylenders. The overdues choke the flow of credit and must be tackled in a practical manner without delay. Our previous recommendation in this respect was that these overdues should be brought down to a level at which there was a reasonable prospect of repayment out of the profits of agriculture within a reasonable period, say twenty years, partly by writing them off from reserve and other funds and partly by recovery from sale of part of the member's assets and spreading out the remainder into instalments and transferring them to some special agency equipped to deal with long term credit facilities such as a land mortgage bank. It may be argued that it is difficult to follow this course particularly when the funds of the society are not sufficient to cover the losses. Where this is the case it is better to face the facts and to decide what agency can best bear the losses. Liquidation of the society is by itself no solution as even after selling up the members, the result may only be the acquisition of land by the society and losses may still be left uncovered. Liquidation also not only kills the society but brings the movement into disrepute and leaves a void in the structure of agricultural finance. It is better to follow the bolder policy of deciding at the outset what losses are inevitable and to make provision for recovering the rest in easy instalments. Side by side with this reconstruction it is necessary that the societies should be reformed on the lines recommended later in this report.

Building up of reserve funds.—Our second recommendation has been criticised under the misapprehension that we desired co-operative societies to increase their lending rates irrespective of the rates at which they were able to get deposits and in spite of their having built up substantial reserves. All that we wish to point out is the danger of working on inadequate margins and the necessity of accumulating proper reserves as a provision for losses so that the society may be able to be of greater service to the members in times of distress and may not be forced into liquidation or a state of suspended animation as at present on the occurrence of crop failures. The attempt to make credit cheap can and has sometimes been carried to the extent of being suicidal. It must be remembered that low margins are possible only when the agriculturist is an economic holder and has been over a long period generally prosperous and creditworthy. Where crops are notoriously insecure and the chances of loss are great the price of credit must inevitably be high if the credit institution is to be worked successfully both as a business and as a co-operative organisation. We consider that the levying of rates of interest fixed in consonance with business prudence will not make such a great difference to the agriculturist as is usually made out. In a society which is really co-operative the members should, by virtue of their co-operative activities and thrift, be able to make sufficient profits to pay a higher rate of interest to make the society self-supporting.

Restriction to crop loans.—Our third recommendation has also been misunderstood and even though we explained at some length that crop loans did not mean loans for cultivation purposes only but included other loans required by the cultivator, so long as they were restricted to an amount which could be repaid out of the harvest and that for such purposes as the purchase of cattle, loans for two or three years might be allowed so long as they were limited to a comparatively small proportion of the societies' business, it has been thought that we overlooked the various needs of the cultivator and failed to allow sufficient latitude to the societies to meet these needs. It goes without saying that if the co-operative societies are to be worthy of their name and not to be mere substitutes for the money-lender they must see that the member borrows as far as possible only for productive purposes and that loans for other purposes which though not strictly productive are absolutely necessary, are reduced to a minimum and do not exceed his paying capacity so that he is not encouraged to live beyond his means. Our object, however, was not so much to suggest restrictions regarding the purpose of the loan as to point out the necessity of co-operative societies confining the major portion of their business to strictly short term finance to lessen the chance of the loans falling into arrears and of the society's ability to finance its members in the future being impaired by the freezing of its assets.

Reconstruction of village societies on sound lines.—An important recommendation which we should like to add is one advocated in our bulletins, namely that the primary society which is the pivot of the whole movement must be re-established and reconstructed on sound co-operative lines, so as to bring the whole life of the cultivator within its ambit. In the bulletin on the village co-operative bank, the Officer-in-Charge of the Agricultural Credit Department has explained at length what he considers the proper functions and organisation of these primary units. We are in general agreement with his conclusions though we do not wish to offer his detailed proposals as more than suggestions for examination in the light of local conditions. We therefore, do not propose to recapitulate his suggestions at length here but we wish to emphasize that no amount of paper organization in the upper structure, in the provincial bank or the central banks, will compensate for the lack of healthy vitality at the roots. The foundations must be sound and the primary societies on which the whole structure rests must be composed of individuals who understand the aims and objects of the society, the liabilities which membership imposes and the rights it confers, and who are imbued with the co-operative spirit and are determined to improve their economic condition by joint effort rather than by reliance on others. The primary societies must realise the necessity of building up their own funds with shares and reserves and of teaching the lesson of thrift and prudence to their members and attracting deposits from them. The society must stand the test which we have prescribed for the agency most suitable for agricultural finance; it must not be merely an agency for supplying finance but an influence for the all sided development of agriculture and the betterment of the life of the villager from every point of view. We realise that where special financial liability is to be incurred or caste and other considerations are involved it may be necessary to have separate off-shoots of the parent society, but the central idea should not be lost sight of. The further suggestion made in the first bulletin, that in order to achieve this purpose the primary societies should be federated into small banking unions of the type recommended there, also in our opinion deserves consideration.

Co-operative marketing. As in the case of credit we consider that for developing co-operative marketing a start has to be made from the bottom. The present co-operative commission shop consisting of members belonging to different villages, many of whom never make use of the shop while the rest sell only part of their produce through it, does not serve much useful purpose. A better plan would be to induce primary societies to take up joint marketing. It should be their duty to ensure the loyalty of the members and they should aim at selling their produce as far as possible in bulk, ensuring uniformity of quality by supplying approved seeds to their members. They should be assisted to build up inexpensive but serviceable godowns not so much for the purpose of holding up the produce as for facility of collection. We consider that both Government as well as land mortgage banks could usefully utilise their funds in making long term advances for the building of godowns. It is only after such organisations have been first gradually built up and are working successfully that it is possible to organise large central sale societies which would be in a position to undertake the much more technical tasks of grading, processing, stabilising prices by orderly marketing and providing against losses by hedging, straddling and similar operations. We consider that such central societies could become one of the best means of ensuring a fair price to the cultivator and establishing contact between him and the money market but we must emphasize the need for preparing the way by small properly organised local beginnings. We wish also to reiterate our previous recommendation that a large marketing organisation if it is to be worked successfully must employ persons with experience and knowledge of the market and cannot be directed by non-experts only.

Central and provincial banks.—As regards the central and provincial banks, there is also large scope for reform. There has been a considerable increase in the number of societies affiliated to some of the central banks; there is one bank which deals with as many as 680 societies. Where such large expansion has taken place the work has become unwieldy and the co-operative character of the bank tends to become slender. In such cases even if the central bank is to be retained it seems necessary that societies should be grouped into banking unions. We also feel that a provincial bank as the apex institution can play a much wider part in the direction and guidance of the movement. It is in a sense the Reserve Bank of the movement. As such it should be responsible for giving a correct lead to the other co-operative banks on banking and financial matters. By insisting on the observance of correct principles it can materially improve the working of central banks. It should also serve as the development department for the co-operative movement, where a provincial institute or union does not exist for the purpose or does not function properly. Where such an institution does exist the provincial bank should work in collaboration with it and should take an active part in helping primary units to broaden their basis, in the reorganisation of the movement and in the extension of principles of co-operation to other spheres. The sound provincial and central co-operative banks at present find themselves in the dilemma that though they are able to attract plentiful deposits at cheap rates they are unable to utilise them to any appreciable extent in making fresh advances to primary societies on account of the heavy overdues outstanding against the societies. It is therefore in the interest of the banks that they should take an active part in the reorganization of the societies so that the old outstandings may be cleared and fresh financing on a much larger scale and for more varied purposes may become possible. We consider that by interesting themselves in all activities calculated to tone up, consolidate and expand the movement, the provincial banks will make themselves far more useful than if they restrict their role to finance only.

Re-organisation on banking lines.—There is another important direction in which the central and provincial banks can be reformed. When the co-operative movement was started in India before the Great War, modern banking was for all practical purposes confined to the larger towns; commercial banking as a means of supplying the interior of the country with credit was in its infancy. Since then, the Companies Act has been passed with its detailed provisions for the regulation of joint stock banking, for the restriction of their business to true commercial banking and for the maintenance and publication of proper accounts. Our own Act also makes provision for the supply of accurate and up-to-date information by the scheduled banks to us regarding their weekly position. We consider it essential that those responsible for the co-operative movement in the various provinces should take account of these developments and should re-model their banks accordingly. We realise that immediate and absolute uniformity is impracticable but the more active progress is made along these lines the better.

In particular, co-operative banks must maintain sufficient fluid resources to provide for the withdrawal of deposits. In some provinces the Registrars have laid down standards for fluid resources but they do not seem to be always followed and in some provinces there seem to be no rules at all. The degree of fluidity of sound commercial banking should even be surpassed by co-operative banks in view of the much longer periods for which agricultural loans are granted as compared with commercial credits. They must also as in the case of primary societies maintain a sufficient margin between their borrowing and lending rates not only to meet their expenses but to build up their reserves. All the amount taken towards income must be actually realised and must not include any unrealised or unrealisable interest which has been added to the capital of the loans. The practice of carrying on bad debts from year to year without any proper scrutiny of the extent of the losses likely to occur on the one hand, and of large nominal provisions for bad debts out of unrealised profits on the other merely hides the real state of affairs not only from the public but also not unfrequently from those in charge of the movement. Much stricter provision must be made for setting out overdues both of principal and interest in the balance sheet which should specify the maturity of the loans by categories, e.g., under six months, six to twelve months, one to two years and over two years. The balance sheet must be prepared in such a way as to present a true picture of the condition of the bank and must be published with the punctuality and promptitude now insisted on in the case of commercial banks. One of the greatest difficulties in forming an objective view of the co-operative movement is the extraordinary diversity in practice between the various provinces in the matter of setting out assets and liabilities. There is no reason why co-operative banks should be in any way less responsible for publishing a properly drawn up and easily understandable account than the commercial banks and it seems to us necessary that the balance sheets of co-operative banks should be prepared in a uniform manner on the lines of Forms F and G under the Indian Companies Act with suitable modifications. We are considering such modifications and will approach the Provincial Governments to take steps to bring these forms into use.

Necessity for developing resources so as to dispense with outside backing.—It is sometimes argued that there is no need for change and that the co-operative banks, even constituted as they are, can attract sufficient funds. To this it may be replied without exaggeration that without the feeling that Government was behind the movement many of them would be unable to attract the deposits required even to maintain their present condition which in the case of some is one of stagnation, much less cope with the increasing requirements of the country. Government backing may have been necessary at the start but the ideal of the movement should be to become self-supporting as soon as possible. Co-operative banks must try to achieve this by organising their business on the lines advocated above. Until they have built up adequate resources, to pass on the low rates, at which Government backing enables them to borrow, to the debtor with margins far lower than those which even the most optimistic commercial practice could condone is as pernicious to the borrower as it is ultimately disastrous to the lender.

Closer connection with commercial banks desirable.—It is a fallacy that because co-operative banks have to serve the needs of agriculturists they cannot be run on strictly banking lines. On the contrary, it is only in so far as the co-operative banks are good business concerns that they will be able to give real help to the agriculturists. On account of their more specialised acquaintance with agricultural conditions, the provincial and central banks are in a position to render useful service but if they are to fulfill this role they should reorganise their activities on on the lines of commercial banks. As we have already explained, we do not consider it practicable in view of the past commitments of these banks that they should immediately recast themselves on exactly the same lines as joint stock banks. The process will have to vary from province to province according to the position of each bank, but we consider that the final object should be definitely set out and if this principle is recognised we will be glad to render such technical assistance as we can towards such reconstruction, having regard to the individual circumstances of the various institutions. We consider that it would contribute greatly to the health of the co-operative movement if closer contact could be established with first class commercial banks throughout and that those in charge of the movement in various provinces should get into touch with these commercial banks and take their advice in reorganising their business. Closer contact can also be established by co-operative banks making more use of commercial banks of standing for investment of their surplus funds as well as for obtaining credit from them on Government paper or otherwise. Commercial banks might also on their part utilise co-operative banks for the collection of bills in small places where they have no offices of their own. Such mutual dealings will promote mutual understanding and bring the co-operative bank more into touch with the commercial.

Training of the staff.—We should like at this stage to emphasise one most important principle namely that sound banking is the result not so much of banking rules as of good bankers. In addition to the large class of those with a hereditary training in banking there is now a large and rapidly growing supply of young and active trained Indian bankers and nothing would be more helpful to the development of co-operative banks on banking lines than the recruitment of such trained staff to a far greater extent than in the past. We feel that several of the deviations from the orthodox banking path which have occurred in the co-operative banks and which have contributed to their present difficulties have been due to the lack of proper banking knowledge on the part of the staff and sometimes even of those entrusted with the direction of the movement. In addition to taking new recruits trained in banking, the co-operative banks must make provision for the training of their existing staff in banking theory and practice. We further think that the provincial and more important central banks would benefit greatly if they could have some professional bankers on their boards. Their presence would not only serve to put a brake on any tendency to deviate from courses dictated by banking theory and practice but would also enhance the credit of the movement in the money market.

Land mortgage banks.—In our preliminary report we have discussed the short term and long term needs of the cultivator separately and in connection with the latter we have referred to the co-operative land mortgage banks. The question of such banks has of late assumed such importance that we propose to deal with it in detail in a separate bulletin which we shall be issuing shortly and we shall therefore indicate our views only briefly here. In the first place we should like to remove a misunderstanding which appears to have arisen over our general remarks in regard to these in our previous report. The statement that the advancing of funds for the liquidation of old debts is not the function of a banking institution as generally understood has been taken to mean that we were questioning the very necessity for long term credit. What we meant to convey was that ordinary banking institutions are not suitable agencies for the supply of long term credit, and that these required special organisations.

Liquidation of old debts.—Our investigations into the working of the land mortgage banks in India reveal that in the liquidation of old debts to which they are at present devoting their almost exclusive attention they are running the risk of falling into the same error which was committed by co-operative credit societies in the past and which is to a large extent responsible for the present plight of the movement, and that there is a danger of the land mortgage banks finding themselves ultimately in the same position as some of the co-operative banks with their assets frozen. A cultivator who is habitually running into debt cannot be saved merely by the grant of longer instalments with lower rates of interest. He must be trained and disciplined in the use of money and if he is living on a deficit economy attempts must be made to increase his margin of profit. The old co-operative ideal was to make a man undergo a period of probation in a co-operative society and to liquidate his old debt only after his fitness for this purpose had been tested. The present system in vogue in many places of taking up debtors without any previous knowledge and looking only to the security offered by them can hardly be said to have any real co-operative element in it. The security of land, as has been demonstrated more than once, proves more an embarrassment than an asset when it has to be realised on a large scale so that even a land mortgage bank must look more to the paying capacity of the debtor than to the mere value of his assets. We consider it highly desirable that arrangements should be made for the person whose debt is to be paid by the land mortgage bank to serve a period of probation with a good primary credit society and that even after the land mortgage bank has advanced him a loan he should continue to be a member of a multiple purpose society so that the regular repayment of his instalments may be ensured by proper supervision of his activities.

Co-ordination of credit societies and mortgage banks.—Such an arrangement will also help the primary societies, which in the past have sometimes felt the necessity of liquidating and paying off previous debts of members before any dealings could be started with them, with the result that the volume of credit required by these societies has been greatly increased. After a debtor has served his period of probation with a village society, if it is found that his existing burden of indebtedness is obviously beyond his capacity to bear and such as to disqualify him for help from a land mortgage bank, Government might appoint conciliation boards which would reduce the capital and interest to a level at which he will be eligible for a loan from the mortgage bank. If this is done, the credit requirements of the primary society would be very materially reduced and could be mostly confined to advances for meeting the current expenses of cultivation. A member who did not show the co-operative desire to improve his position and who could not therefore be assisted by a land mortgage bank could be ejected from the society. In this way the society would not be burdened with the liability for the indebtedness of bad members.

Improvement of land.—Though as we have already said the preoccupation of land mortgage banks with the liquidation of old debts was inevitable in the beginning and was probably a necessary step to clear the ground before any work of a constructive nature could be undertaken we deprecate too exclusive concentration on that object to the neglect of the far more important work of supplying finance for the improvement of land which would be productive of permanent benefit to the agriculturist. After all, the main purpose of a long term loan raised on the security of land should be the improvement of the land itself. It is true that the demand for this kind of loan is small at present. Even the provision which Government has made for the grant of loans for this purpose has not been availed of to any great extent. The decreasing returns from agriculture owing to the slump and the increasing fragmentation of holdings have given a further set back to any desire for effecting improvements which cost money. There can be no doubt, however, that there is need for improvement in many directions. For works of permanent improvement such as the erection of bunds, the installation of power units, levelling, fencing, etc., on a large scale, the digging of wells, reclamation, etc., the expenses of which can only be met out of the return from the increased production over a series of years, long term loans are necessary and land mortgage banks will be failing in their true purpose if they do not undertake this kind of finance. If people will not come to the banks of their own accord for such assistance it will be necessary for the banks to carry on propaganda for the purpose. They should make known the special facilities which they would be in a position to give for works of improvements, the amounts which can be advanced and the instalments with which they can be repaid. Special efforts might be made in selected areas and help might in the beginning be confined to people approved and recommended by co-operative societies. As the lack of compactness of the holdings often makes land improvement works unprofitable or impossible, land mortgage banks should also directly or indirectly encourage schemes for the consolidation of holdings. There are no doubt other difficulties in the grant of loans for improvements. It is for instance not free from doubt whether such loans on the mortgage of ancestral land could be binding on the co-parceners of a Hindu joint family including minors, but this difficulty could be got over by legislation. There are other minor legal hindrances of this nature to the working of land mortgage banks and wherever they are being established special legislation on the lines of the Madras Land Mortgage Banks Act seems essential if they are to function properly.

Co-ordination with Agricultural Department.—The need for the greatest caution in making advances for land improvement is obvious. One important reason for the reluctance of land mortgage banks to take up land improvement finance is their inability to get technical advice and to supervise the use of their loans, and it is here that the co-operation of the Agricultural Department of Government could be of considerable assistance. The Agricultural Department is primarily concerned with the improvement of agriculture and it is on its advice that loans under the Land Improvement Loans Act are at present granted by Government in most of the provinces. In areas selected by land mortgage banks for advancing land improvement loans Government might discontinue granting tacavi loans, and where the Agricultural Department approved of a land improvement loan being given to any landowner it might forward the case to the land mortgage bank. The local officers of the Agricultural Department could then help the banks in (a) propaganda and education of the cultivators in the facilities offered for the financing of land improvement, (b) assistance to cultivators in the preparation of suitable schemes for financing and (c) examination of the technical aspects of schemes submitted and inspection of subsequent progress after they had been put into effect. Before the volume of applications increases it will be necessary for the bank to maintain its own technical department but in the beginning such help should be rendered by the Agricultural Department. Mr. Jenkins, Director of Agriculture in the Bombay Presidency, to whom we are indebted for some of the views expressed above, considers that the financing of such land improvement schemes by the land mortgage banks would materially facilitate and implement the work of the Agricultural Department in the introduction and extension of agricultural improvements, many of which involve expenditure, which under existing circumstances is difficult to obtain.

The Co-operative Department.—In order to infuse new life into the societies, to introduce the various reforms we have suggested and to secure the growth of the movement on right and sound lines a highly progressive, efficient and well-trained staff is a vital necessity. The Maclagan Committee and the Royal Commission on Agriculture have both laid great stress on the intensive training of the staff in co-operation and rural economics. To these we would add the theory and practice of banking. The facilities existing for the training of the co-operative staff in most of the provinces do not yet seem to be adequate and much lee-way has to be made up. Since the Registrar forms the foundation of the whole movement, his training in co-operation, banking and rural economics requires the greatest possible attention. The Maclagan Committee set up very high standards for him:

To the qualifications laid down by the Committee the Royal Commission added some more. Not every Provincial Government has given these valuable recommendations the attention they deserve. The non-observance of these principles has resulted in hampering the progress of the movement in some of the provinces and we strongly recommend them to the serious consideration of the various Provincial Governments. We feel that if the movement in the Punjab is in a better condition than in most other provinces this is to a great extent due to the provision of adequate and well trained staff as well as the appointment of specially trained officers as Registrars who have made a close study of the co-operative movement in India and abroad. In some of the provinces the staff is not only untrained but it is complained that it is inadequate. In one province our Agricultural Credit Department has noticed that the accounts of co-operative societies have remained unaudited by Government staff for nearly two years. Economy in this respect is clearly pernicious and we would recommend the Provincial Governments to consider the necessity of strengthening the staff wherever it is deficient.

The various suggestions that we have made in this Chapter for the improvement of the co-operative movement should not be construed to mean that none of the provinces are at present taking any steps to reform the movement in some of these ways. It is in fact the knowledge of the good effects which some of these measures are producing in several places that has prompted us to advocate their adoption elsewhere. What we wish to draw attention to is the necessity of a comprehensive reform of the movement as a whole based on a broad conception

of the fundamentals of the problem and it is with this view that we have suggested various remedies necessary to strengthen the movement at every point even though some of these are already being tried in particular provinces. We feel that it is only if the movement is reformed in such a comprehensive manner that a real improvement can be brought about.

Demands of co-operative associations.—The Co-operative Associations have from time to time made various demands for the extension of the provisions of the Act. It has been urged that the Reserve Bank should supply normal agricultural credit to co-operative banks. We have already explained that this is impossible. It has also been suggested that provision should be made for giving cash credit facilities to provincial banks. As we have pointed out there is already a provision in the Act for the grant of advances against Government securities for ninety days and for the reason given above we do not think that it is possible or advisable for any further provision to be made in this respect. Another suggestion is that the provincial co-operative banks of Indian States should be brought within the scope of the Act. We consider that this is a matter for the Central Government to decide in the light of the financial and other relationships with the Indian States. Another suggestion is that Section 17 (4) (d) which at present allows advances against promissory notes of provincial co-operative banks which have granted cash credits or overdrafts for financing the marketing of crops should be extended to include promissory notes given for loans and advances granted for the same purpose. Our investigations show that most of such financing is done through cash credits or overdrafts and in any case it seems to us premature to recommend such amendment of the Act at this stage. It has also been suggested that Section 17 (2) (a) should be amended to include the provincial co-operative banks in order that urban co-operative banks dealing with small artisans and traders may be able to approach the Reserve Bank through them. Such business has not yet developed to any great extent except in the Bombay Presidency where the provincial co-operative bank is in a position to satisfy all the demands. There does not therefore seem to be any urgency about this at present. It has also been urged that section 17 (2) (c) which refers to advances for trading in securities should be made applicable to provincial banks. We do not think this desirable. Lastly there has been a considerable demand that the Reserve Bank should invest in the debentures of land mortgage banks and it has even been urged that provisions should be made for enabling the Reserve Bank to give long term rural credit. It is unnecessary to repeat again the incompatibility of long term finance with the functions of the Reserve Bank. Even in regard to the buying of debentures of land mortgage banks the Reserve Bank has to take care to see that they are easily marketable since it cannot lock up its funds and we consider it safer not to purchase them at this stage of our development. Though we have thus not accepted at present any of the suggestions made by co-operative organizations we are bearing in mind their requirements and if we find it necessary in future to approach the Government for any important amendments of the Act we shall consider them at the time.

CO-OPERATIVE CONFERENCES AND MEETINGS

FIFTH INTERNATIONAL CO-OPERATIVE WOMEN'S CONFERENCE, PARIS.

September, 1937.

The Conference of the International Co-operative Women's Guild, held at Paris on the 2nd and 3rd September, under the Presidency of Mrs. Emmy Freundlich (President of the Guild), was attended by 410 representatives of affiliated National Guilds, 26 delegates from countries where the Women's Co-operative Organisation is only just beginning to develop, and 56 guests from National Unions and International Organisations.

The Conference was able to report the steady progress of the Movement, three new National Guilds in France, New Zealand and Roumania having joined shortly before the Conference. The progress of the individual Guilds was also clearly manifested; never before have we heard so many excellent orators and rarely has the Conference showed such discipline as at Paris. The spirit of the Conference was one of friendship and solidarity in action as well as in ideas.

Informative reports were presented to the delegates, and important decisions taken. Apart from questions of organisation and administration, two special papers were read. Miss Jonson (Sweden) introduced the discussion on "Youth and Co-operation" and Mrs. Riedl (German Union, Czechoslovakia) on "The Position of Women in the Co-operative Movement." Valuable material had been collected, and many new experiences were passed on to the National Organisations. The ideas expressed in the papers were clearly defined in the resolutions, but as these contain a whole programme they are too long to be given here, and we must, therefore, confine ourselves to a few extracts.

The resolution on Youth appeals to all National Co-operative Unions and Women's Organisations to do more than ever for the young people, in order to win them for our Movement and our Ideals. The first paragraph deals with the necessity of educating youth in Co-operation, and continues:

> *"It is, therefore, essential for the development of the Movement that those who belong to it, and, above all, the young people who will have to take our future responsibility, should gain an insight into social economy. To ensure this, co-operative instructive and educational work (literature, lectures, courses, press, films, youth groups, etc.), should not only aim at strengthening the co-operative spirit among the members but should also provide for a better knowledge of social economic questions both within and outside the Movement."*

The resolution goes on to point out that co-operative education must begin at home at an early age, and that:—

> *"The spirit which animates school education to-day is not always directed towards education for community life. More often greater stress is laid on knowledge for its own sake than on the necessity of fitting human beings to work together in spirit and in practice, and for this reason it is the duty of co-operatively organised parents to fulfil this task by means of co-operative organisations and co-operative education. To this end all children should be encouraged as early as possible to take part in the life and activity of the Movement. As far as local conditions allow, it is also desirable to establish contact with the schools. In any case, however, the guiding purpose of these new educational methods must be training for life in the community by means of practical action and experience, and to achieve this purpose any methods or forms of organisation should be adopted which have been proved valuable in various countries."*

The desire is expressed for the inclusion of Co-operative Teaching in the curriculum of all teaching-centres and schools, and, finally, that adolescents should be cared for to the same extent and in the same spirit as the young children.

The resolution on the next item of the Agenda—"The Position of Women in the Co-operative Movement"—emphasises the importance and necessity of the collaboration of women:—

> *"1. Within the framework of the National and International Co-operative Movements women must be accorded the degree of autonomy and self-government necessary in order to enable them to form and clarify their opinions and express their common point of view.*
>
> *"2. Women's organisations, both local and national, should have the right to elect their own officers and leaders, and also those who are to represent the Women's Guilds on public bodies or any other organisation. As far as possible the National Organisation should be consulted when it is a question of appointing women to administrative posts in the National Movement. Here it would seem that the best method is to give the National Organisation the right to suggest suitable candidates.*
>
> *"3. So long as women candidates for office do not receive the same consideration as men, owing to traditional customs and prejudices, the men leaders of the Movement should ensure that women's interests are always represented. In cases where it seems desirable and necessary, statutory provision should be made for such representation.*
>
> *"4. As is fitting in a democratic Movement, women must have the full right to defend their point of view and express their opinions, not only on questions that are of special interest to women, but also on all matters of moment to the Co-operative Movement and the community as a whole. In order to get unanimity, joint meetings between the Women's organisation and the central authority of the Movement would appear desirable and these can take place either at regular intervals, or as necessity arises.*
>
> *"If the Women's organisations are given a large measure of independence, and the freedom to carry their own banner in the co-operative army they will be able to exert a greater influence on women still outside our ranks, and so broaden their services to the Movement. Moreover, their enthusiasm and sense of responsibility will increase, and they will develop the qualities that will fit them for high office."*

In conclusion, the resolution expresses the hope that such collaboration will achieve valuable success for the Co-operative Movement.

At the close of the Conference two further resolutions were adopted. Never can women meet in Conference without manifesting their desire for peace. In her opening Address, the President expressed her opinion about the political situation of the world, and outlined the leading principles of the Guild's future work for peace. After a discussion on peace, the following resolution was adopted:—

> *"This Fifth International Co-operative Women's Conference, representing co-operative women in all parts of the world pledges itself to work for Peace and oppose all war and all preparations for war.....".*

The delegates also expressed their profund sympathy with Spanish women and mothers.

Full of new hope and new enthusiasm, the participants have now returned to their homes, but the seed sown by the Conference will bear new fruit for the co-operative idea and for the improvement of the social and economic standard of living of mankind. Women would never serve a movement which could give them only material advantages; they serve the Co-operative Movement because they see in it a means of reconstructing the world and of realising a new and better social order.—By Mrs. Emmy Freundlich in the *Review of International Co-operation, October* 1937.

THE POSITION OF WOMEN IN THE CO-OPERATIVE MOVEMENT*

Women's work in the Co-operative Movement is as old as the Movement itself, for an organisation so intimately connected with family and household could not be built up without the help and enthusiasm of women.

Co-operative Women's Organisations.—The English and Scottish Guilds, inaugurated as far back as 1883 and 1892, have done splendid work in the field of women's education and have served as a model for Women's Guilds in a number of other countries including Belgium, Ireland, Norway and Sweden. Our mothers were fettered by the invisible chains of upbringing, custom and prejudices, and saw something unwomanly in any kind of public work. So at that time only a small band of very courageous women had agitated for equal rights. But the long, horrible years of war opened women's eyes and after the conclusion of Peace many Governments changed their attitude towards women and accorded them full citizenship rights by giving them the Parliamentary vote. A revolution had taken place. The majority of women realised that public work was in no way incompatible with womanly characteristics, and began to try and make the fullest possible use of their newly-won rights.

The International Guild has rendered great service both by its repeated calls to women in different countries to take an active part in the Co-operative Movement and also by making it possible for new and untrained Guild officials to profit by the experience of the older organisations, especially the English Guild. To-day, after 16 years' activity, the International Guild can point to an army of active co-operative women many hundreds of thousands strong. Everywhere women are now collaborating actively in the work of the Movement and we are convinced that these hundreds of thousands will soon become millions. The more closely women are associated with the Movement and the more general the recognition given to the importance of their work, the more rapid will be the development of Co-operation in all countries. If the International Co-operative Movement is to gain the power that it needs in order to exert a decisive influence on economic affairs, it must win the support of the women. To-day every national

*Paper submitted by Mrs. Emmy Riedl to the Fifth International Co-operative Conference, Paris.

Movement needs the brains and energies of its women even more than it did in its early years. The struggle between co-operative and capitalist economy is no longer limited to the narrow circle of the small trader and the local society but has extended to the field of production and has become a fight between the Movement and the Trusts. Often capitalist traders are able to get State help against the co-operative societies and so bring about a state of affairs when the Movement's ability to weather the storm depends on the loyalty and good judgment of the members. And as in the last resort it is the women who decide what purchases shall be made at the Store, what amount of co-operatively produced goods is to be consumed and similar trading questions which are essential factors for the success of the societies, it is absolutely necessary to secure their loyal collaboration.

For this reason it is not enough for women to be willing and convinced co-operators, they must also be trained workers with a knowledge of co-operative affairs and most national Movements strive to educate their women members and give them this requisite knowledge through schools, courses, and conferences. Once a supply of trained Guildwomen is available then their election to official positions must surely follow as a matter of course, but it would be a mistake to imagine that without practical experience and activity in all branches of co-operative work women will be able to develop the ability to fill all kinds of positions. Education and routine work must go hand in hand, for it is only day to day experience that will show what is satisfactory and what needs changing. Theoretical knowledge can never take the place of individual experience.

The Position of Women in the Co-operative Movement.—Our inquiry has shown that it is not possible to give a true picture of the present position of women in the Co-operative Movement. Only a few national Unions have ascertained the percentage of women members, but statistics were received from the following:

Progressive Union of Finland	38% women
Elanto Society, Helsingfors	56% women
Stockholm Society	57% women
Co-operative League, U.S.A.	50% women
U.S.S.R. Rural Co-operative Societies	40% women
Polish Union	13.5% women
Bulgarian Co-operative Movement	15% women

This meagre information only gives a rough idea of the present state of affairs and even if every Union tried to get out exact figures, the position would still be obscure, because a number of countries only admit one member of a family to membership. In these cases the woman may do most of the active work but the share book will be in the man's name.

Reports as to the number of women who are active on the Members and Propaganda Committees, &c., are more complete. Austria reports that there are in the Members' Committees 2,960 women. The Bulgarian Guild has 3,000 members and one presumes that the majority of these are active in the Societies' Committees. The Czecho-Slovakian Women's Organisation reports that [illegible] the Members' Committees there are 3,725 women. The Women's Section of the German Union in Czecho-Slovakia has in the Members' Committee of the Societies 2,256 women. The English Guild has 880 women members who sit on Education Committees. In Sweden there are in local Societies' Committees [illegible]000 women.

The Co-operative League of U.S.A. reports that seven women sit on Propaganda Committees. In Rural Societies in the U.S.S.R. there are 27,000 active women. In the Progressive Finnish Union there are on the local committees 2,500 women.

Unfortunately, in other countries neither the Unions nor the women's organisations can estimate how many women sit on the various Committees mentioned. But the number must be considerable. Here there is little or no difficulty about women's elections; indeed most Societies are anxious that women should serve on these local bodies because they can do more than men to get other women to join the Movement. Moreover, the work is voluntary and the women themselves feel that it is the school which gives them their first experience in work for the community and fits them for administrative posts.

When we examine, however, how many women sit on executive and administrative bodies, we find that conditions are far less favourable. The Boards of Management and Supervisory Committees which control policy and direct trading activities make greater demands on their members' abilities and require technical, business and administrative experience that not even all men possess. In countries where the women's movement is still young it can perhaps scarcely be expected that women should attain immediately to such responsible positions.

The following is a resume of the scanty information received :—

	Women on Societies' Boards of Management.	Women on Supervisory Committees.
Austria (Central Union) ..	4	68
Belgium ..	1	1
Czecho-Slovakia ..	13	58
Czecho-Slovakia (German Movement) ..	6	70
England (Management Committees) ..	396	—
U.S.S.R. ..	10,000	—

In the Rural Societies 569 women are Presidents of their Societies.

As regards the administrfative bodies of the national organisation the positioi is :—

Austria	.. 2 women on Board of the Union. 1 woman on the Supervisory Council of the Wholesale.
Belgium	.. 3 women on Board of the Supervisory Council of the Union.
Bulgaria	.. 1 woman on Board of the Union.
Czecho-Slovakia	.... 2 women on Board of the Union.
Czecho-Slovakia German Movement	.... 3 co-opted women members on the Union's Board, one representing the Press.
England	.. 5 women on the Board of the Union. 1 woman on the Board of the Co-operative Press. (No woman on the Board of the Wholesale since Mrs. Cottrell's retirement).
Finland	.. 1 woman on the Union Board (Progressive Union). 1 woman on the Advisory Committee of the Wholesale.

Switzerland	.. 1 woman on the Board of the Union (elected in 1935).
Scotland	.. 1 woman on the Board of the Union. Woman Secretary to the Scottish Section of the Union.
Co-operative League of the U.S.A.	.. 1 woman on the Board of the Union.

The International Co-operative Women's Guild.—The I.C.W.G. is an independent and self-governing organisation, which is governed by its executive committee and the triennial Conference. It has close and friendly relations with the I.C.A. and the national co-operative organisations, but it manages its own affairs in accordance with its own decisions. The value of the International Guild lies in the fact that it helps co-operative women in all countries to form opinions and take decisions, and acts as a centre for collating women's experiences and voicing their views internationally. The International Co-operative Women's Guild adheres to the tenets of the International Co-operative Movement, but decides itself what attitude it will take up on all social, economic and political questions. Its activities are related to the International Movement as a whole because it is guided by the same principles as regards the development of practical activities and propaganda to spread co-operative ideals. Its rules provide that to be eligible for affiliation a woman's organisation must have a central committee elected by the women themselves and able to take independent decisions on International Guild policy.

The I. C. W. G. includes in its ranks two different types of women's organisation. The Guilds of Great Britain and Ireland, the Scandinavian States, Belgium, Bulgaria, Poland, Polish Ukraine and the Overseas countries, together with the recently formed women's clubs in Switzerland, are self-governing and self-supporting organisations. The donations they receive from the various Unions and Wholesales form only a proportion of the funds devoted to educational and propaganda activities and other work among the members. The balance is collected from the members themselves in the form of subscriptions. The women decide their own methods of work and it is noticeable that as a rule these Guilds are active on social and general questions, as well as on Co-operative and economic matters. They work side by side with their national organisations and through practical activity in the Guild the Members become thoroughly conversant with methods and problems of organisation. Undoubtedly this form of Guild gives women more self-confidence and spurs them on to get the best possible results. The members are careful to elect the most capable rank and file members to office in the Guild with the result that the latter is constantly widening the scope of its activities. Moreover as it grows in strength and influence an independent women's co-operative organisation is able to train an ever-increasing number of capable women who are equipped with the necessary knowledge and experience to enable them to fill administrative positions in the Movement. A notable example of this is the number of outstanding women who have graduated from the English and Scottish Guilds to service in the Movement.

The other form of women's organisation represented in the I.C.W.G. has a women's committee elected by the women themselves which, although it has the power to make its own decisions, is an integral part of the national Movement. This type exists in Austria, the Czech and German Movements of Czecho-Slovakia, Finland, Holland, the U.S.S.R. and in the Women's Commissions of Switzerland. It is a rather loosely knit organisation which is susceptible to various circumstances and so more easily destroyed. Financially, these Co-operative women's groups are entirely dependent upon their national Union and the local societies and often their decisions must be approved by the governing bodies of the Union before they can be put into effect. As, however, the Guild officials usually hold positions in the Movement as well they are able to ensure that close connection likely to lead to the women's decisions being endorsed. The influence of women in the Movement rises and falls according to the capacity shown by those who fill important posts but practical work in the Societies is an advantage because it soon familiarises women with the daily routine and also teaches them to work in healthy competition with others. To ensure that women are properly equipped the Unions arrange Schools and Courses, Conferences and Meetings and the good attendance at these shows that such training is greatly valued.

With a few exceptions the situation in the various countries may be summed up as follows. It is easy enough for women to be elected to the so-called local committees, members' councils, propaganda committees. Everyone is very pleased to see them in these bodies and welcomes the good work they do, for all men co-operators realise the value of women as propagandists and canvassers. When it is a question of winning new members, or bringing disloyal ones back to the fold, of increasing sales of co-operative productions or the amount of paid-up share capital and saving deposits, the women are welcomed with enthusiasm and gratitude. Indeed, without their collaboration these tasks could scarcely be accomplished at all! And the women themselves are willing and eager to undertake them, although the work is not always easy and needs unlimited patience and pertinacity.

It is quite a different matter, however, when it is a question of exercising functions that materially influence the Movement's policy and development. On Boards and Supervisory and Management Committees women are not nearly so well represented. Even where women form 50 per cent of the members' councils only a very small proportion sit on Supervisory Committees or Boards. And this is not because women have failed. The fact is that in these bodies it is more difficult for women to be elected because there are numerous conditions governing the right of nomination. In countries which have family, and not individual, membership, the share book is usually in the name of the husband and the vote for candidates for the supervisory committee, which in turn proposes candidates for the Board, is taken at the members' meetings. In certain cases it is, of course, possible to get over the difficulty by putting the share in the wife's name, but this is not often done. And although in this 20th century men and women are supposed to have equal status, there are numerous other obstacles which only time will remove. Women must know the facts and see things as they are and then do all they can to ensure that all such questions are looked at from a progressive angle. Rights already possessed must be made full use of and women must work together to widen their sphere of activity. This attitude is not the result of mere ambition, which although it often inspires men with the wish to fill important posts appears to many quite reprehensible in a woman, but of the conviction that helping to build up a movement and taking part in responsible administration develops qualities which will be of great value both to Co-operation and to the women themselves.

The number of women who have the right to elect, and be elected, to the governing bodies of the Unions and Wholesales is exceedingly small. These are mostly composed of representatives from sectional unions, or societies, and where there are few women in the Supervisory Committees and on the Boards of Societies, then there will be few or, as is most often the case, none in the regional or district Unions. For this reason it is exceedingly difficult for a woman to hold office in the governing bodies of her national movement. Circumstances must be very favourable, or Unions specially well-disposed towards women, for the latter to be elected to these positions. And in most cases, there is no way of getting round rules framed at a time when organisations could mostly only be directed by men.

The one exception is the U.S.S.R., where conditions can scarcely be compared with those obtaining elsewhere. The fact, however, that in that country women are successfully occupying some of the highest positions is in itself a proof that they are capable of undertaking all kinds of work and filling practically any office in the Movement. It is not desirable that the possibility of women attaining high office should continue to depend solely upon the goodwill and favour of leading personalities. Women's right should be recognised by the whole Movement and that such recognition is needed is shown by the fact that only two women have held important administrative posts on the business side of the Movement.

The International Guild is faced with the problem as to whether this state of affairs is likely to encourage women to work for the Co-operative cause. At a time when more and more women are rising to prominence in politics and public life, when it is possible for them to become Cabinet Ministers, Mayors of their towns, &c., will they be prepared to devote their best energies to a Movement that only gives them very restricted rights? How can we best ensure that women are not only fitted to fill all kinds of posts, but have the chance of being elected to them? Not only must reactionary and old-fashioned ideas about women and their capacities give place to more progressive views, but steps must be taken to overcome the various technical difficulties arising from provisions in the rules of national and local organisations. In the years immediately following the war opinion on the position of women was more liberal and it was comparatively easy to get such principles accepted. But economic depression and the militarist tendencies which are evident in the world to-day have brought about a far less sympathetic attitude towards women's rights. In many countries they have lost the positions they had won in public life and have no longer legal equality with men and this influences tendencies in other countries and makes it more difficult for women to gain new rights, or even to retain those they already possess.

Women have the great responsibility of caring for the physical and spiritual welfare of the new generation, and they are ready to devote themselves heart and soul to any cause that brings peace and progress nearer. The Co-operative Movement does both; it helps to make life easier and points the way towards future security. It unites human beings through the strong ties of common interests and common endeavour and so prepares the way for Peace.

Men and women must build up this Movement in a spirit of true equality. The ideas of the past are of no use to those who would build the world of the future and women must be given equal opportunities with men to share in the responsibility of setting up a new and just economic order.

POPULAR NUTRITION AND THE HOUSEWIFE*

If we wish to improve the general conditions of world economics we must first realise that popular nutrition is to-day the most important factor in national economy and the world economic situation. Direct trading between consumer and producer, e.g. housewife and farmer, is steadily diminishing. It is rapidly losing

* Memorandum prepared for the International Co-operative Women's Guild by Mrs. Emmy Freundlich.

its influence on national economy, and has no effect whatever on international economics. In particular this form of trade does not in any way influence prices or quality; even in villages and small towns it plays an ever smaller role in the general trading system. Prices and the quality of goods are becoming more and more dependent on the international market, and on this the mass of the population can have no direct or conscious influence. All attempts to regulate [illegible] growing national and international market through other means than organisational measures and State control of technique have failed. Several years ago housewives attempted to prevent by a boycott the raising of the price of milk. They demonstrated against taxation of meat, and voiced their determination at great meetings. In this way pressure could be exerted on public opinion, a temporary reduction in prices achieved or better supplies assured, but no lasting alteration in price policy or assurance of more adequate supplies could be secured. Economic conditions can only be permanently affected by organisational and technical methods. A more rational currency system, controlled prices and other measures to change the economic structure of society must be introduced if we wish to improve popular nutrition. The people must be made aware of these questions through publication of the facts, and they must also be shown how conditions can be improved. This realisation early led Co-operative women to demand the representation of women on all institutions and organisations set up by public bodies to study and improve popular nutrition. As a consequence women realised the necessity for measures that can be enforced by the Public Authorities.

Women are particularly concerned with adequate supplies and regulated prices. They have come to understand that it is not only the cost of production that fixes the price of any commodity, but that to-day we can speak of "political" prices. These are determined by indirect subsidies, taxes and import restrictions, and may actually be higher than the costs of production and distribution. All national Co-operative women's organisations, either alone or together with other organisations or the national Co-operative Union, have worked to abolish these "political" prices and ensure that the State budget is balanced by some other method that will not resolve itself into a burden resting entirely on the consumers. In Belgium, Co-operative women fought against the tax on bread, in Austria they urged the raising of the tax on turnover applied to the three most important foods of the very poor, bread, milk and potatoes. The English, Scottish and Irish Guilds have been carrying on for years a struggle against import restrictions, which raise the prices of home produced goods and lower the purchasing power of the population. This struggle has been carried on partly through education of the women and partly through the efforts of women representatives in Parliament and on local authorities. Deputations have also endeavoured to influence the decisions of the Government, and so improve the standard of living of the masses. In Sweden the women's organisation, together with the whole Co-operative Movement, is fighting for free exchange of commodities between all countries, and demanding the removal of all those trading restrictions which must lead to increased prices because they restrict distribution of goods. Moreover, activities are not confined to these particular methods. Co-operative women sit on various commissions or other municipal or communal bodies, and here they can have a decisive influence. Already during the War women, particularly in Central European States and the United Kingdom, took part in commissions for investigating prices, and at the present time there are numbers of women working on such commissions. In Czechoslovakia, for example, the influence of women in these bodies is very great.

Unfortunately, it has not yet been realised in every country that in addition to the producers and those professionally employed in the food trade, housewives must also have their representatives on all public bodies regulating food supplies. For it is impossible to deal with matters affecting the household without consulting its administrator—the housewife. Her influence would prevent legislation becoming too bureaucratic and judicial, and decrees formulated by women would often be more suited to daily life and far better understood by the women who have to put them into practice. The active propaganda which has been made for the idea of having housewives' chamber to represent the consumers, similar to the Chamber of Commerce, arose from this need for housewives to participate in drafting laws and regulations. Many difficulties stand in the way of such a scheme, however. It is not a good plan to *exclude* men from the control of food supplies because this might entail a loss of influence and prestige for this branch of administration. There are also organisational difficulties, for not all women are actually running their own house and therefore many have not the necessary experience. Membership subscription would also be a problem, but the idea is based on a real need, for unfortunately the influence of women in public administration and legislation is diminishing rather than increasing. Whereas during the War women were able to make their influence felt everywhere, so that in Austria, for example, there was even a woman at the head of the Ministry of Food, at the present time women are constantly being displaced from responsible positions, even those of an advisory capacity. In this way the necessary link between the women who actually control the feeding of the family and the measures passed by public bodies is being broken.

Much greater, however, than the part played by the Guilds in general legislation is their activity in purely co-operative fields.

The Co-operative Movement bases its activity on the consumers. The Movement draws these together, organises and educates them so that they learn to protect their interests collectively and thus lays a foundation on which a higher standard of life for all can be built up. Co-operative production, which is not extended in order to make profits but in order to provide for the needs of human beings in sufficient quantity and under proper conditions, can only progress satisfactorily if housewives prefer co-operative productions to all others. Only then will co-operative undertakings be safe from turnover fluctuations and collapse. All co-operative women are very active in this field. In particular, their efforts are directed towards improving service to the members. For example, the Belgian Guild reports that their attention to the question of improving supplies of vegetables had a decisive effect, and that after careful study they were also able to settle difficulties in connection with the making and distribution of bread. The Guild also secured the introduction of travelling Stores, which give better service to outlying rural districts. The Bulgarian Guild was also able to do valuable work in this connection. The English Guild constantly makes suggestions for the improvement of distributive machinery and endeavours to get the Co-operative Movement to produce itself the articles which housewives specially need. It is due to the energetic propaganda by the Czech and German Guilds in Czechoslovakia that, in spite of the economic crisis, co-operative production there has developed very rapidly. By these methods of linking producers and consumers more closely together and cutting out middlemen as far as possible, women do their best work for the rationalisation of distribution. Thus, prices can be lowered considerably, and an increase in the purchasing power of the people ensured. In an ever-increasing number of countries it can be shown that the prices of co-operative productions are lower than those of commodities sold by private traders. In Sweden there are study-circles where tuition is given by correspondence, and guildswomen and other interested co-operators have joined these and taken up domestic questions, such as the nutritive value and content of different foods, how to cook well and economically, what food-stuffs to buy, etc. Propaganda is also being carried on for keeping household accounts and making out a family budget in order to ensure economical and planned housekeeping.

The education of the housewife and the organisation of domestic activities.—Here also the problem at issue is two-sided. After an investigation into present conditions and what measures should be taken to improve them, the schemes deemed most suitable should be made public and instruction given as to how they may be carried out. Examination of household accounts can provide a good index of the standard of living, and some of the national Guilds have conducted successful investigations along these lines. Both the English and Polish Guilds, for instance, tried to collect reliable data as to certain aspects of living conditions. The English Guild set out to trace the effect of higher rents on nutrition, while the Polish Guild sought to show the relation between actual demand and purchases from co-operative societies. In addition, however, both these inquiries gave a clear idea of the general standard of living in the two countries. In Austria, during several years, co-operative women in Vienna and Lower Austria, working in concert with the Workers' and Employees' Organisations, kept household account books that later provided material for an excellent memorandum. These impartial inquiries, like the publications of the League of Nations and the International Labour Office, showed that improvement in popular nutrition was dependent upon a considerable increase in the family income, and as a result of the Austrian inquiry a Memorandum drawing attention to this fact was presented by co-operative women to the Curatorium for Economics. The standard of diet regarded as scientifically adequate for the maintenance of health can only be reached in most families if wages are increased or basic articles of diet like milk, fruit and vegetables become cheap enough to be eaten in sufficient quantities by all.

The people's standard of living, however, is also threatened from other directions. The Guilds, for instance, are constantly conducting investigations into food adulteration, even although such campaigns entail considerable risks owing to opposition of rival traders. In 1927 a detailed and comprehensive report on this question was presented to the International Co-operative Women's Conference in Stockholm and this gave rise to a resolution urging all national Guilds to combat food adulteration to the best of their ability. In such campaigns women get a good deal of help from the national Co-operative Unions and Wholesale Societies, a number of which have their own laboratories where investigations into adulteration and the quality of food-stuffs, etc., are frequently being carried out. Collaboration between Co-operative women and public bodies has also proved very useful. The Viennese Guilds-women, for example, took joint action with the very well organised Market Bureau of the Vienna municipality which put at their disposal valuable material from its permanent exhibition. Similarly, the Belgian Guild drew the attention of the authorities to the fact that the existing control of slaughter houses did not preclude all possible dangers to public health. Other forms of activity undertaken in all countries include courses and lectures, and the publication of pamphlets and news-sheets in order to give housewives information as to the nutritive value of foodstuffs and show them how to prepare scientifically balanced meals. In this way women get their first

knowledge of vitamins and calories, for many housewives either went to inferior schools or have left their schooldays so far behind that modern knowledge was not available at that time. They receive valuable suggestions and learn which food-stuffs are of primary importance for nutrition and what other foods can be used as possible substitutes. In this field the Women's Co-operative Guilds have done really pioneer work. Custom and individual tastes naturally play an important role in all these matters, and that is why it becomes necessary to educate not only the housewife but also the family as a whole.

In the laying out of a small income one of the major problem is what should be spent on each of the various necessaries. Although Co-operative women fully realise that, as one woman put it, the best will in the world and the greatest knowledge cannot make a chicken out of potatoes, still it is advisable for women to learn how, even when the income is very small, economy of time, energy and money will often make it easier to provide for the family needs. All the national Guilds have been active in spreading this kind of knowledge. The Scottish Guild has been particularly concerned with domestic architecture in order that houses built may be of the type that women must agitate for if they wish to be saved unnecessary labour. The English Guild fought for a supply of cheap electricity, the Austrian Guild showed its members how housewives can save their energy by adopting particular methods of work. In Belgium the Guild set up a special Commission to study all these domestic problems. The Polish Guild did excellent work for the establishment of mechanised wash-houses in order to save the housewife labour, while the Bulgarian Co-operative women arranged special courses that proved most successful in bringing new methods to the notice of women even in the remote villages. The same thing is true of the Guild of Polish Ukraine, where a special campaign has been carried through to bring the women on the land and the townswomen—all members of the Guild—into direct touch with one another in order that they may trade together.

Education of the housewife, however, must be supplemented by *Education of the Family* for all the housewife's knowledge and efficiency will be quite useless if her family is wedded to the methods of great-grand-mother and holds fast to all the old ideas. Even children should know what foods are essential to health and everything should be done to give them this kind of knowledge. Here is another field where good work has been done by individual Women's Guilds. For instance, the Bulgarian Guild runs a kindergarten and children's holiday camps, where the children get the habit of eating good, wholesome food. Moreover, the communal life led in these groups and camps develops many useful qualities in the children. Each child learns to look after itself and at the same time to be ready to help others when necessary, and so they become better able to help mother at home and give her more leisure. In Begium a special commission was set up to study questions relating to the education of children and the problem of nutrition. We must begin with the family because it constitutes a little world of its own and reflects all the problems of the world outside. If the whole structure of society is to be changed reform must start in each individual cell.

We hope that this survey, which is by no means exhaustive, may help to prove that the standard of popular nutrition cannot be raised unless the purchasing power of each individual household is increased. This must be achieved not only by raising wages but by rationalising distribution and initiating a system of production designed to satisfy consumers' needs. A different method of fixing prices is also essential. If such measures are to meet with success, however, the housewives' collaboration must be sought. Unfortunately, up to the present only one country, England, has given the king of recognition we are demanding for all women in every country. Mrs. Eleanor Barton, General Secretary of the English Women's Co-operative Guild, was appointed to serve on the national Committee set up to conduct an investigation into popular nutrition on the same lines as that now in progress under the auspices of the League of Nations and the International Labour Office, while Councillor Mrs. Ganley served on the Committee of Inquiry into the cost of living. In this way the valuable experience of housewives has been utilised for the good of the country as a whole. In other countries, where similar committees exist, the housewives have been passed over just as hitherto they have not been called upon to collaborate in this work of the League. For this reason the International Co-operative Women's Guild felt that a survey of what women have been able to accomplish in this field would be valuable and opportune. A special Housewives' Programme adopted by the International Co-operative Women's Guild makes the following demands in regard to the matters under discussion and pledges all national organisations to give the programme their support :—

Recognition, both in family, socially, and at law, of the work of the woman in her home as a valuable social and economic service.

The participation of women in all inquiries and investigations affecting the social and economic position of women or the interests of consumers and their organisations.

Instruction in housewifery and study of the economic and technical aspects of domestic economy, with special courses for the wage-earning woman and the woman at home, in order to promote efficiency in domestic work and to protect the health of the women.

The provision through muncipalities and Co-operative Societies of all technical aids to housework.

Legislative and administrative recognition of the public utility and special social functions of Co-operative Societies. These abstracts from the Programme show that Co-operative women have set themselves to work for the improvement of popular nutrition in three different direction :—

(a) Through active participation in all measures having this purpose in view, (b) by the development of Co-operative Societies, which are democratic organisations, based on the principle of selfhelp, and seeking to introduce new methods of rationalisation and supply, (c) by improving conditions of domestic and family life.

We feel that this programme could be used by the League as the basis for a further inquiry into what women can do in this matter of improving popular nutrition and that the findings of such an inquiry could be recommended for study by all member States.

During the last League Assembly, Lord Astor, Chairman of the Mixed Committee on Nutrition set up by the League, suggested that not only should each country set up a national committee to study this question but that an International Conference should also be arranged. As women are very seldom represented on these national committees we earnestly hope that the women's organisations will be accorded special rights of representation at the suggested Conference. It has been conceded time and again that woman's work in the home is of paramount importance to the community. It cannot be said, how-

[illegible] fact receives full recognition until women are given the right to [illegible] in all activities and express an opinion on all decisions touching this, [illegible] own particular sphere.

The International Co-operative Women's Guild therefore hopes that it can speak in the name and interests of all housewives when it seeks to draw the attention of the League of Nations to these matters and asks for the League's help in securing for the housewives the support of the community in their national and international tasks.

INTERNATIONAL CO-OPERATIVE INSURANCE CONFERENCE, PARIS

September, 1937

Programme of the Insurance Committee.—At the Paris Congress the Insurance Committee was specially concerned with a question of great importance—the Programme of the Insurance Committee with a view to the creation of an International Co-operative Re-Assurance Society. This discussion arose from a subsidiary question—the re-assurance of under-average lives.

It is well known that in Life Insurance, besides those people who are medically pronounced to be in good health and whose lives can, therefore, be insured without any restrictions, there are some who come under the category of "under-average lives," that is to say, invalids and those whose health is no longer perfect but who, nevertheless, can be insured under certain conditions.

It was in support of a discussion on this point that one of the most assiduous members of the Committee, Mr. Ganeff of Sofia, gave it as his opinion that the Insurance Committee did not fulfil the hopes which many had placed in it. The Committee ought not to be content to be merely a bureau for study and documentation ; neither was it enough that it should provide an opportunity for concluding reassurance agreements. It should boldly take the initiative in these international exchanges and establish an International Re-Assurance Society, accepting that share of the risks which the various affiliated societies were not able to bear.

This suggestion was opposed by the majority of the members, who thought the moment inopportune. In many countries an extreme nationalism, or a difficult economic situation, formed, in fact, an obstacle to the smooth working of financial and commercial affairs. In several cases, notably Bulgaria, it is impossible to export money owing unless they result from the sale of goods. For this reason supporters of the other idea think that, at present, Societies ought, individually, to try and conclude re-assurance agreements with other Societies affiliated to the Committee.

Such business relations to-day rest on a feeling of confidence, resulting from a knowledge of the financial strength of the other contracting party. The multiplicity of such agreements would result in establishing a network of business, which would continue to expand and which could be taken back "en block" whenever economic conditions permitted the creation of an International Re-Assurance Society.

These two theses were keenly discussed at a meeting of the Executive and at the Insurance Conference, and the following Resolution was unanimously adopted :—

The Conference of Insurance Societies affiliated to the Insurance Committee of the I.C.A., having discussed the question of the creation of an International

Co-operative Re-assurance Society, considers—without renouncing this idea, which remains one of its objects—that, on account of the monetary and political conditions existing throughout the world, it is not advisable, at present, to create such a Society.

The Co-operative Insurance Societies in the various countries differ greatly from one another, both as regards the scope of their activities and their economic strength, which make a uniform solution of the problem of re-assurance more difficult.

Notwithstanding these difficulties, the Conference considers that positive efforts should be made with a view to reaching a solution of the problem of re-assurance, which would be more satisfactory from the co-operative point of view.

The Conference recommends the Executive Committee, with this end in view, to formulate a collective plan for the organisation of a system of mutual re-assurance, taking into account the world economic and monetary situation, as well as the peculiar characteristics—economic, financial and technical—of the Societies belonging to the International Co-operative Alliance.

Progress of the Co-operative Assurance societies.—It was noted with satisfaction that the financial position of the Insurance Societies in each country showed great improvement.

The following tables give—in £s—the amount of premiums received during the last five years by the affiliated Societies which have supplied information :—

PREMIUM INCOME.

Societies.	1932 £	1933 £	1934 £	1935 £	1936 £
Co-operative Insurance Society.	5,220,660	7,751,943	6,447,958	7,108,856	7,820,061
Belgium : La Prevoyance Sociale	346,813	386,943	452,182	335,742	366,659
Bulgaria : Societe Co-operative d'Assurance et d'Epargne des Fonctionnaires Bulgares.	186,482	182,085	195,779	226,880	211,598
Denmark : Andelsanstalten "Tryg".	234,152	230,925	248,494	255,586	276,657
Estonia : Esthnische Versi-cherungsanstalt	44,401	28,688	31,778	39,532	29,578
Finland : "Kansa".	115,058	114,777	124,401	140,285	155,386
France :					
Great Britain : "La Solidarite".	38,224	43,425	52,001	54,800	29,258

PREMIUM INCOME (Contd.)

Societies.	1932 £	1933 £	1934 £	1935 £	1936 £
Hungary : "Corvinia".	21,185	23,048	34,229	...	...
Latvia : Union Centrale Mutuelle d'Assurances, Riga.	36,921	40,262	48,105	46,021	29,035
Norway : "Samvirke"	21,452	22,900	26,522	28,796	32,274
Palestine : "Hassneh".	2,306	7,491	10,230	14,052	28,535
Holland : De Centrale Arbeiders.	347,238	357,224	404,229	395,395	325,721
Roumania : "Vultural".	19,228	27,717	29,685	...	...
Sweden : "Folket".	395,555	384,537	419,640	455,324	481,121
Sweden : "Sambarbete".	345,620	318,390	343,636	373,527	426,579
Czechoslovakia : "Czechoslavia".	406,293	408,864	396,694	418,809	313,986

Development of International Relations.—Reinsurance agreements concluded between the affiliated Societies have also increased, and now number 15, while new agreements are on the point of being concluded.

Death Insurance Clubs.—A current problem affecting the development of Life Insurance Societies, was introduced to the conference in a report prepared by Mr. Thiele, Director 'Vorsorge,' Prague.

In several countries, people, actuated by feelings of generosity, have formed associations based on solidarity, called "Death Insurance Clubs." Each member pays what is usually a very small sum either weekly or on the death of a member, according to special arrangements, and the total amount is paid to the family of the deceased which thus receives a relatively large sum of money.

In almost all cases the constitution of such a club is undoubtedly due to praiseworthy sentiments, but, unfortunately the founders are usually quite ignorant regarding technical matters. They have no knowledge of mathematical reserves, and at the end of a few years these clubs collapse and thus disappoint the unfortunate members who had placed their confidence in the Directors, and who could have secured some benefit from the amount of their payments by means of Insurance.

In several countries a Supervisory Law has given to these clubs the title of Insurance Societies, because their operations depend on the duration of human life. The result is that they are obliged to establish their payments, etc., on a technical basis.

In other countries the practice is, alas, spreading, and is doing harm to Life Insurance Societies in two ways: (1) Because the clubs absorb those savings which, at least partially, would be placed in well-established Thrift Societies, such as Insurance Societies; (2) Because the failure and bankruptcy of so many of the clubs discourage any feelings of thrift amongst the working classes.

This important question was submitted by Mr. Thiele in an exhaustive report, and, at the close of the discussion, the following Resolution was [illegible]:

The Conference of the Insurance Committee of the International Co-operative Alliance, having heard with interest the report of Mr. Thiele on Death Insurance Clubs, considers these organisations to be open to criticism from the economic and technical points of view on account of the dangers which are inherent in them, and recommends that the Executive Committee should study the dangers and endeavours to find means to combat them.

Finally, it expresses the hope that the affiliated societies will also take all appropriate steps towards the solution of this problem.

The Conference of the Insurance Committee of the International Co-operative Alliance may be said to have accomplished good and useful work on the occasion of the Paris Congress.—By Joseph Lemaire in the *Review of International Co-operation*, November 1937.

THE SOUTH INDIA CO-OPERATIVE INSURANCE SOCIETY, LTD.
FIFTH ANNUAL GENERAL MEETING

Sunday, 12th December, 1937.

Extracts from the speech of the Hon'ble Mr. V. Ramadas Pantulu, President :—

You will remember that along with the previous year's administration report, the first actuarial valuation report was also presented to you and that you accepted at the last annual meeting the recommendation of the Society's Actuary that a reversionary bonus of Rs. 10 per thousand per year on "with profit" Endowment assurances and Rs. 15 per thousand per year on "with profit." Whole life assurances be paid to the policy-holders. Both the Actuary and the Registrar of Co-operative Societies expressed their satisfaction at the results achieved at the end of four years' working of the Society, which enabled it to declare bonus on the above scale. The results of the actuarial valuation and the declaration of the bonuses have naturally increased the popularity of the Society among the insuring public. The business written on the books of the Society in the year under report was a little over Rs. 12 lakhs.

The following statement will enable you to see at a glance the progress made by the Society since the commencement of its business.

Year.		Proposals Received.		Policies Issued.	
		No.	Amount.	No.	Amount.
			Rs.		Rs.
1932-33 (15 months)	..	909	8,74,100	637	6,33,500
1933-34	..	1072	8,96,950	816	6,66,850
1934-35	..	1439	11,77,100	1067	8,62,350
1935-36	..	1753	14,16,750	1357	10,99,150
1936-37	..	1935	15,92,450	1477	12,04,375

In the first months of the current co-operative year (July to November 1937), we have written in our books business to the extent of Rs. 5,31,550. During the corresponding five months of the previous co-operative year, the business written in our books was Rs. 3,14,250. These figures will testify to the growing strength of the Society.

The Society has from the commencement set before it rigorous standards in regard to the cost of procuring business. The by-laws of the Society provide for 10 per cent of the first year's premium and 75 per cent of the subsequent years' premium being compulsorily carried to life fund. It must be a matter of gratification to our members that we have been able to observe this by-law strictly and that we could carry these percentages to the life fund during all these years, as the following statement will show:

Year.		92½ per cent. of single premiums.	10 per cent. of the first and first year premiums.	75 per cent. of the Renewal Premiums.	Amounts carried to Life Assurance Fund from Premium income.
		Rs.	Rs.	Rs.	Rs.
1st year (1932-33)	..	Nil.	2,378 5 1	1,625 7 0	4,003 12 1
2nd year (1933-34)	..	Nil.	2,845 13 1	13,995 10 6	16,841 7 7
3rd year (1934-35)	..	Nil.	4,245 6 8	31,272 4 6	35,517 11 2
4th year (1935-36)	..	265 0 3	4,719 6 8	55,518 14 3	60,503 5 2
5th year (1936-37)	..	Nil.	5,202 12 1	72,061 1 3	77,263 13 4
					1,94,130 1 4

One of the aims which the Society steadily kept in view all along has been the encouragement of small business to serve the needs of people of limited means. Out of the total number of 5354 policies assuring a sum of Rs. 44,66,225 on 30-6-1937, the number of policies for Rs. 500 and below was 2,713 and the sum assured under them was Rs. 12,50,075. But in the bill as passed by the Assembly, except provident insurance companies, all other insurers were prevented from writing on their books policies for Rs. 500 and below or policies undertaking to pay annuities of over Rs. 50. The amendment effected in the Council of State at my instance has put co-operative insurance societies on the same footing as provident societies and we shall therefore be able to continue to write in our books policies for Rs. 500 and below, individually or in groups wherein sums assured under individual policies may be Rs. 500 or less.

The new Insurance Bill has laid down very rigorous standards for the first time in regard to deposits to be made with the Government and also in regard to investments of assets of the Insurance Companies. Our Society has nothing to fear from tightening of the law, because we have satisfied all these requirements already, and the Bill when it comes into operation, does not entail any strain on our resources either in regard to deposits or investments. We have completed the statutory deposit of Rs. 2 lakhs on 10-9-1937. Our life fund as on 30th June 1937 is Rs. 1,83,896-10-10 and we have invested Rs. 1,70,519-7-0 in Government and other approved securities. Under the new Insurance bill a life insurance company is required to invest 55 per cent. of its liability to policy-holders in Government and other approved securities. I am glad to state that our investment in Government and other approved securities is over 90 per cent.

In regard to cost of procuring business also, I am glad to say that our Society has been able to work within the limits which are substantially below those which new insurance law permits. The law recognises that young companies, with standing of less than 10 years, can pay 55 per cent of the first year premium and 6 per cent of their renewal income to their agents. In the year under report, the commission we paid to our agent bears to our premium income ratios of 28.3 per cent. with regard to first year premiums and 3.4 per cent. with regard to renewal premiums. While the expense ratio of the total costs of management to the total premium income in the year 1935-36 was 54 per cent. the ratio for the year under report is 47.4 per cent. It will be thus seen that we have been able to reduce our expense ratio in the year under report.

While addressing you last year, I referred to the stress of the competition which is daily growing among the insurance companies and the necessity of widening and strengthening our organisation which necessarily involves larger outlay. Nevertheless, during the last five years of our working. we have not provided in our revenue accounts and balance sheets any organisation expenses, which have to be written down in future. Those of you who cared to peruse the annual reports published by the Actuary of the Government of India, would have noticed that even some large companies of considerable standing and doing business in this province still show substantial sums under organisation expenses to be written down in future. It must be gratifying to any one who studies our balance sheets to find that we had been able to manage without having recourse to such a procedure, though it is in itself neither objectionable nor uncommon. Any how the absence of such a feature so far is a clear testimony of the firm tone of our financial position and the caution exercised in expanding our business with the aid of our resources in the working fund. What we aimed at was steady and not spectacular business.

The scheme of expansion and organisation included among other items the establishment of a branch at Delhi in May last to tap the Punjab and United Provinces. It is very difficult to make headway there unless we have recourse to chief agency system as most new companies do. But it will prove ultimately highly uneconomical. If therefore gives me great pleasure to be able to report to you that our Delhi Branch is making some headway. The Registrar of the United Provinces has after due enquiry about the working of our Society, issued circulars to all the supervisors and Inspectors of the Provincial Co-operative Union of the United Provinces, to take Policies in the South India Co-operative Insurance Society, Ltd., Madras and the work is in progress. I am hoping that in this co-operative year, we shall be able to secure business to the extent of at least Rs. 1 lakh. But if we want further expansion of business we must spend more on organisation. At present, our resources for organisation are extremely limited. You will find from the balance sheet that we had not very much of working fund after carrying the statutory percentages of our premium income to the life fund. Our income by way of interest accrued and received on our investments (other than life assurance fund) was Rs. 3,078-15-5. Besides this, at the beginning of the last co-operative year, we had to the credit of the working fund a sum of Rs. 1,536-10-0. We drew from these sources our outlay on organisation. The result is that at the end of the year under report, our working fund stands at Rs. 91-12-1. In the current co-operative year, 1937-38, your Board has provided in the budget a sum of Rs. 20,000 for organisation expenses. So, it may confidently

be expected that our organisation will be further strengthened in this co-operative year. We are aiming at having an organiser for each district. We are also contemplating the establishment of Branches of our Society at Anantapur, Rajahmundry, Madura and Coimbatore.

I wish to say a word about the share capital which we now hold. As on 30th June 1937, we had a share capital of Rs. 43,579 which is made up of Rs. 37,050 contributed by co-operative institutions and Rs. 6,529 contributed by individuals. We have not been able to pay so far our share-holders any dividend worth mentioning. In this connection, it might be asked why we did not pay a dividend to share-holders when we earned Rs. 3,078-15-5 as interest on our investment which might have been made available for the purpose. I have already told you that we had to use it for our organisation, which was absolutely necessary for our purpose. Further I would like to point out that the sum of Rs. 3,078-15-5 referred to above was not earned on the investment of our share capital alone. We had other items available for temporary investment also, such as, claims intimated but not paid, premium and suspense deposits and outstanding liabilities which in all amount to about Rs. 30,000. The question as to how we should deal with our share capital in future is one of considerable importance. Under the new insurance law, we are prevented from holding any share capital on which dividend is payable. The availability of the facilities given to Co-operative Life Insurance Societies under the new law depends upon our getting rid of such share capital. But we will have time till about the 1st of October 1939 to comply with the provision of the new Act. Having regard to our financial position, I think we can afford to pay dividend at 3 per cent on the share capital held by us for the two co-operative years, 1937-38 and 1938-39. If we wish to retain among our working funds, the share capital now held by us after the co-operative year 1938-39, we shall have to replace the shares by debentures carrying at least three per cent interest. But that is a contingency which we can consider an year or two hence.

You may perhaps remember that in my address to you last year, I mentioned that arrangements have been completed for starting fidelity guarantee business as an additional activity of our Society. But on second thoughts, your Board considered it wise to defer putting into action that decision until after we know what our position will be under the new insurance law. It has now transpired that co-operative life insurance societies will not get the substantial concessions given to them under the bill unless they confine their business to life. Among these privileges, two may be mentioned, of importance to this Society, viz., the right to insure for policies for Rs. 500 and less and also the right to notify our general body meetings and publish our annual reports and statements in important news papers instead of sending individual notices to the members. Both these are valuable privileges. We cannot afford to lose the small business of Rs. 500 and less. It is a substantial portion of our entire business. In concerns like Co-operative Insurance Societies and Mutual Insurance Societies, where every policy-holder, is a member, the number of members will grow annually by several thousands. This does not happen in ordinary insurance societies, where the number of share-holders, who are the only members, is small and fixed. The privilege of notifying our general meetings through papers instead of posting thousands of notices is really a valuable one and will result in considerable saving of money to the Society. If we start fidelity guarantee business, we shall lose these two privileges. The scheme of fidelity guarantee has therefore now to be definitely abandoned.

CO-OPERATION IN MADRAS AND ELSEWHERE*

By

MR. T. AUSTIN, I. C. S.,

Registrar of Co-operative Societies, Madras

Co-operation as it appeared in the 19th century was a new course in economics. It was the answer to capitalism and was an association necessarily based on equality among the members. If there should be equality in the partnership it is equally necessary that those who joined should do so by their own free will. Compulsory co-operation is a contradiction in terms. It also follows from the very nature of economic co-operation that the results of these combined efforts should be shared by all on terms of equality. Putting all these ideas together one can say, whatever be the origin of co-operation, that when it is applied as a mode of business organisation, it should be a voluntary association of human beings based on terms of equality for the economic well being of the members.

Since the 19th century, the so-called Industrial Revolution as it developed in various directions all over the world brought in its train varied problems in commerce and industry. The enlargement of markets, and the distance between the consumer and the prime producer have necessitated consumers' co-operative societies on the one side and producers' societies on the other. The need for rehabilitation of agriculture as opposed to industry has created an insistent demand for co-operative credit, while the ever-increasing desire for better farming, better business and better living has brought in new types of co-operative organisations like building societies, cattle breeding societies, insurance societies and such like. There is no aspect of human activity that cannot be touched by co-operation.

The development of agricultural co-operation has taken widely different courses in various countries according to their specific needs. The main difference to be observed is between countries which are primarily producers of agricultural commodities for export, and those which produce mainly for home consumption. In the former, the co-operative movement has chiefly concentrated upon the organisation of marketing; in the latter—apart from the development of rural credit and insurance—mainly upon the purchase of farm requisites or the formation of co-operative dairy, bacon or other producing societies. Although this broad distinction holds good, it is nevertheless true that practically all types of co-operation are to be found in the principal agricultural countries.

It is impossible to discuss within the time at my disposal a fraction of the problems of co-operation or of the questions that a study of co-operation arouses. One important question is: *Has the middleman a necessary place in our economic life?* He has been compared by some writers to the Australian rabbit 'very well for cooking purposes but a pest when he grows and multiplies.' Undoubtedly, without this intermediary, services of prime producers cannot be made available to the ultimate consumer. The world is not based on the simple and primitive economy of a man producing for himself alone. Each country tries to produce the particular commodity for which it is best fitted, and sell it in the dearest market. An agency to carry these products to the chief centres of consumption is therefore necessary. The only point for consideration is whether this distributive work cannot be undertaken by the producers as a class or by the consumers as a class, by the formation of a well-organised institution. On the one hand the capitalistic

* Extracts from a lecture delivered at the Rotary Club, Madras on 26th January 1938.

tendency is to form trusts and cartels while the tendency for the co-operative movement is to form stores, wholesale societies and even International Wholesale societies. Where the middleman cannot be replaced, the influence of co-operation as a creed has been wholly for good. Time and again, it has been publicly acknowledged that the reduction in the rate of interest in India has been generally due to the introduction of the Co-operative Societies Act of 1904.

A similar general question arises: In Europe, *co-operation is wholly a non-official movement.* It has had its inspiration from popular leaders; and the vast machinery of co-operation from top to bottom is manned and run by non-officials only. But even in Western countries the State has an important role to play in the development of co-operation. It had to provide a legislative enactment for the safe custody of public funds entrusted with co-operative societies, and for the enforcement of the rights and privileges of members. Where necessary it protects the interests of co-operation against anti-co-operative forces and places at the disposal of this institution the benevolent activities of agriculture and veterinary departments. Denmark is a classic example of a benevolent Government helpful and sympathetic in its attitude towards co-operation. If therefore even in advanced countries State help could not be eliminated altogether, it follows that in India also for a long time to come State help will be equally, if not more, necessary. The State will have to protect the societies against persons who may misappropriate public funds. It will have to place at the disposal of societies staff which the societies cannot afford to maintain. It will have to give free monetary grants and subsides and co-ordinate the activities of these institutions by careful economic planning. But, without the worthy advice of non-officials co-operation will get nowhere.

It is sometimes asked whether *co-operation has a higher purpose.* Is it merely a business organisation? Is it merely to give more loans freely and at low rates of interest to replace the Sowcar? Is it merely a 'grocer's shop?' From the earliest times, co-operators had before them visions of a new world and of a new order of society. Robert Owen was one of them. Visionaries of this type have often dreamt of the idyllic Homeric times, when there was no crime, no famine, perhaps even no Government, and every man was as good and as pure as God made him. History proves that such idyllic times exist only in the fertile imagination of poets and philosophers, and not as a tangible historical fact. This, however, does not mean that man should not try to improve himself morally in some respects at least to justify the common belief that the world is progressing day by day. By its very nature, co-operation brings together men of all shades of opinion, communities and nationalities. Co-operation stands for a higher type of human society based on trust, comradeship and mutual help.

Finally, even though it is really only in its infancy, Co-operation has achieved much in Madras: let me sum up.

1. The Co-operative movement has been the chief factor in reducing the rates of interest throughout the Presidency;

2. There is the training in popular institutions in which all castes and communities can partake on equal footing without distinction;

3. The inculcation of the idea that thrift is very important for the building up of national wealth has been solely due to the co-operative movement;

4. A well-planned economy for the villages has now been set forth by the co-operative movement;

5. The gaps will have to be filled up hereafter by supplementary measures ut the movement has pointed the way along which rural reconstruction should rogress now and hereafter.

These may appear to be small and simple achievements. **When, however, we alk of ameliorative measures for national progress it is to these basic ideas that eformers will have to turn again and again for the bedrock of all economic and ocial institutions in the villages in the years to come. The Co-operative Movement therefore is bound to have a great future before it, and is bound to play** an increasingly important part in the development of the resources of the country.

THE MADRAS PROVINCIAL VILLAGE PANCHAYAT BOARDS' CONFERENCE

Madras, 8th January 1938

Extracts from the welcome address of the Hon'ble Mr. V. Ramadas Pantulu, President, Madras Provincial Union of Panchayat Boards.

This is perhaps the first time in the history of Local Self Government in South India that such a large and representative gathering of the accredited delegates of the village panchayats, from all over the province, has assembled. The village panchayat, under Lord Ripon's scheme of Local Self-Government, as further improved in the light of the recommendations of the Royal Commission on Decentralisation and the famous resolutions of the Government of India on local self-government of 1915 and 1918, is a subordinate institution of minor importance which derived its powers from and exercised them under the control and supervision of the Provincial Government and the district and sub-district boards. There was, therefore, naturally no attempt on the part of the Provincial Government or of the District Boards to convene conferences of village panchayats or to consult them collectively in regard to problems of village local self-government. It was the privilege of the higher local bodies, which financed and supervised the panchayats, to meet and decide what was good for villagers, if ever it was necessary to do so. Attempts made by non-official agencies, genuinely interested in village autonomy, to convene conferences of village panchayats had to be abandoned in the past; for such conferences were not permitted by the authorities, and the panchayats were informed that they would be surcharged if they incurred any expenditure on deputing their representatives to such conferences. There was a ban on even meetings of "Joint Committees" which have a statutory status. This conference has become possible by reason of the better and broader outlook of the present Inspector of Local Boards, Mr. D. N. Strathie, I.C.S., who has given permission to the panchayat boards to participate in this conference through their duly appointed delegates.

The Object of the Conference.—The main purpose for which this Conference is convened is to evolve a scheme for the reform of the village panchayats so as to make them genuinely autonomous units which may "once more participate in real democratic government." The time chosen by us to meet in this assembly is propitious, because the Congress Government which is now in office, is pledged to a thorough overhauling of the present system of Local Self Government and, in that process, to make the villages the foundation of the edifice of the constitution. This is inevitable in any system of popular government.

The conception of the existing statutory village panchayats is that of tiny rural municipalities with specified and limited powers which are derived from various

sources. The resolution of the Government of India dated 16th May 1918 said: "Of the possible functions to be assigned to village panchayats, the most important are village sanitation, village education and jurisdiction in *petty* civil and criminal cases." But the resolution gave some latitude to the Provincial Governments to legislate for village panchayats with reference to local conditions. The Madras Village Panchayats Act, XV of 1920, was the outcome of that scheme. Under that act, the powers which a village panchayat exercised fell under four broad heads: (1) functions which it may exercise on its own initiative; (2) functions which it may exercise when authorised by local boards; (3) management of any institution and execution of any work which will be entrusted to it by any body with its consent; (4) whatever other functions which the Government may devolve on it. It must be evident, to any one who glances at the list of functions enumerated in the Act, that many of the most important of them are now discharged by various departments of the State or by the higher local bodies and very few of them are, in actual practice, discharged by the village panchayats. The success of the scheme of decentralisation, which is involved in the transference of administrative powers to those tiny rural municipalities, largely depends upon the sympathy and goodwill of the departmental officers and on the amount of co-operation between the officers of the several departments in helping the many-sided activities of the panchayats. Departmentalism, which has been carefully developed to increase the efficiency of the various branches of administration, itself acts as a check on the devolution of powers of local administration on village panchayats. The departments which now discharge most of the functions which are enumerated in the Act XV of 1920 are naturally reluctant to part with such powers, for the exercise of a power carries with it not only the implications of authority but also of *prestige*, which is so dear to an official. So, to the extent that the panchayats may claim to trench on such powers, there has been and there is bound to be some amount of reluctance to part with them. It is equally the case with the District Boards where they are required to devolve some of their powers on the village panchayats.

The Royal Commission on Agriculture summing up their conclusion in regard to village panchayats said: "In matters of Local Self Government, the tendency of recent years has been to emphasise the improvement of the village as a unit of administration. Generally, we are satisfied that in the sphere of administration, provision exists to enable the villagers to maintain and develop self-government while participating in the larger life of the provinces. The distance, the size of population and the limited resources in men and money make it difficult for the Provincial Governments to do more than point the way in matters affecting the welfare of the villages."

I find it difficult to accept either the assertion of the Royal Commission that provision now exists to enable villages to maintain and develop self-government or the opinion they express that the duty of the Provincial Governments ends with "pointing the way in matters affecting the welfare of the villages." The present autonomous Provincial Government, if it accepts these conclusions, can really achieve nothing. The present statutory position of the village panchayats does not warrant the assertion that there is really any scope for the villagers to maintain and develop self-government. What little scope there was under the Village Panchayats Act, XV of 1920, was destroyed by the repeal of that Act, the abolition of the office of the Registrar-General of Panchayats and the inclusion of village panchayats within the scope of the Local Boards Act. This legislative reform of 1930 was claimed to be a forward step in the policy of advancement of Local Self Government; but the result has been to put back the clock of progress of village government—even such small progress as might have been possible under the repealed Act, XV of 1920. There is not much in the existing system of Local Self-Government on which the Provincial Government may build so as to transform that system into one of real Local Self Government and the villages into genuine self-governing units of the administration. Nothing short of repealing in toto the Local Boards Act of 1920 as amended in 1930 and drafting an entirely new Act will meet the requirements of the situation. There should be a separate and self-contained simple act to govern autonomous village panchayats. Make the village the foundation of the new constitutional edifice. What we wish to do is to demolish an unnatural structure which was built from top downwards and erect in its place a stable one from bottom upwards, with village government as the base, the Provincial Government as the midstorey and the Central Government as the apex.

Re-constitute village panchayats on modern lines.—The first and foremost question that should naturally occupy the attention of this Conference is on what lines are the new village panchayats to be constituted through such fresh legislation. A great deal has been said about the possibility of reviving the system of village government that existed in the old village communities. A research into the ancient type of village panchayats is, in my opinion, more of academic than of practical importance. All that we know about the old indigenous village panchayat is that it was more or less "a committee of representative elders which administered village affairs either on its own responsibility or as the headman's advisory council" and that such committees seem to have exercised many powers which, in a modern State, are carried out by the departments of the Government. But this system of village government had undergone radical changes even before the advent of the British rule and the panchayat ceased to perform many of the duties originally associated with the self-governing village communities, when the British system of administration was established. Owing to the unsettled conditions of the country when several rival powers struggled for supremacy, the administrative system of the country fell into chaos and, along with it, the village panchayats too. When British power was finally established, most panchayats functioned either as merely religious panchayats which settled caste disputes or as judicial panchayats which exercised some civil and criminal powers in the villages. Their *administrative* powers were mostly obliterated. All that is left to us is fragments of the system in certain localities and evidence of the survival of elements of corporate life in the villages. The fact that certain traditions and institutions have their roots deep down in our ancient polity, survived political cataclysms and still continue to exercise some vague and undefinable influence over our village life is, in my opinion, of very small importance to furnish us with a working basis for evolving our scheme of modern village self-government. I am unable to agree with the assertion of some that those traditions of indigenous institutions furnish "the enduring bed rock" for building the new fabric of village government upon. In the first place, notwithstanding the wealth of material laboriously collected by illustrious writers like Henry Maine, Baden Powell, and Vincent Smith, it is difficult to ascertain, with reasonable precision, for purposes of modern legislation, the incidence of those traditions and the characteristics of those institutions. We cannot afford to ignore that some of the economic and political changes that have taken place in the wake of the British system of administration have practically rendered it impossible to revert to the old type of the village community panchayat. The ancient structure of the village life itself has undergone modifications and the characteristic of self-sufficiency is no longer a pro-

nounced feature of it. Influences which have brought these changes are still at work. The individualism emanating from the "legislator's anvil, the judge's rod and the settlement operator's compass," whether it operated prejudicially or beneficially to the progress of village self-government, certainly completed the disintegration of village community government. This economic individualism has been carried to such an extent as not to admit of the possibility of revival of "economic regionalism," by which agrarian groups in South India will, once again, determine individual rights in property according to communal notions. Again, whatever may have been the merits of the old indigenous community government, we cannot find in it, from the materials available to us, elements of modern democracy. There was ample scope for the expression of *communal* but not of *individual* conscience. There was no *election*, but only *selection* by acclamation or lots. I have not come across any evidence of the existence of anything like the process of division at village meetings with a view to allowing the majority to decide. These and many other features compel us to think on modern lines and constitute our village panchayats on lines suited to the present day conditions. The village Government that we attempt must essentially be of the modern democratic type buttressed by the ballot box (perhaps the coloured box) and majority vote.

Powers over Communal Properties and Incomes.—The revival of some forms of vital activity of ancient indigenous panchayats is, however, both possible and absolutely necessary. Some of the useful functions which old indigenous panchayats exercised have become extinct by causes which can be removed and those functions can be and ought to be revived. For instance, the theory of State landlordism destroyed the foundations of the community right in waste lands, pasture lands, service grants, charity inams, customary fees of various kinds and the like, which were once administered for common purposes like the maintaining of village services and public works or for education, irrigation, recreation, poor relief and other forms of economic help. To-day there are practically no local services or communal properties which in legal theory or customary practice really appertain to village communities, which can be administered by them without control or interference by the Central or Provincial Governments or their agents in the districts. All these can be set right by giving a new orientation to the theory and practice of State landlordism and by conscious and voluntary devolution of power from the Provincial Government to the representatives of the people who constitute the new type of self-governing village councils.

Village Services.—The self-governing village units necessarily require efficient services of various grades. Of the valuable material that is still preserved to us about the features of the old panchayats, the most interesting and useful is that relating to village services. Mr. George Franks who contributed a very interesting article to the "Illustrated Weekly of India" (12th December 1937) has furnished us with some interesting facts. After the defeat of the Maharattas by the British Mr. Elphinstone was asked by the East India Company to preserve all that was good in the village administration of the defeated power. In that connection, he seems to have issued a questionnaire and received numerous answers. It is from those unpublished records that Mr. Franks collected his data. He refers to evidence of the existence of 12 officials and 12 representatives of main trades in the village panchayats of those days. The 12 officials were (1) the Hindu priest; (2) Moslem maulvi; (3) Temple worshipper, (4) the weaver, (5) the barber, (6) the washerman, (7) the shoe-maker, (8) the potter, (9) the carpenter, (10) the smith, (11) the messenger or postman and (12) the watcher or policeman. Curiously enough there is no mention of the headman and the accountant. Probably they were considered to be officials of the State and not of the village community government. In the old days their services were remunerated by grants of land or assignment of land revenue. These offices are treated as hereditary even by the Madras Acts II of 1894 and III of 1895. But the service inams of the village officers were later enfranchised and assessed to revenue, which was pooled in a village service fund, and these officers are now remunerated by cash salaries. While hereditary character still attaches to their offices, their hereditary emoluments, which were inalienable, have disappeared. That was the beginning of the change in the social and administrative prestige of these officers. So long as those occupations and the emoluments attached thereto were hereditary, each succeeding generation inherited the traditions, efficiency and the skill of its predecessors. It is the permanance of those services and of their emoluments that helped to a certain extent to sustain the corporate life and unity of the village organisations. With the disintegration of the village panchayats, many of those services fell into disuse and such of them as were essential for the State were converted into services of the lowest rung of the subordinate ranks of the revenue department. For instance, the village headman, the village Karnam and the village watchman are merely treated as the servants of the Tahsildar or Revenue Inspector. They have lost their status and importance as the mainstay of the village government. As for the rest of the village servants like barber, potter, carpenter and so on, the policy of the Government has been to ignore the communal character of their services and to release them from the obligations of such services by enfranchising their inams and giving them pattas, converting the property into their freehold. This is the reward for the discontinuance of their services. The policy, at least in regard to these minor services other than those of village officials, should be reversed. In a system of autonomous villages, these services must be revived and such of the service grants as still subsist must be preserved and, where they have been unauthorisedly alienated, should be reattached to the services. They will once more become the holders of mirasi services of the village. The panchayat will control them and utilise the services for the benefit of the village community.

Judicial Powers.—The village panchayats of old seem to have retained down to the present day the functions of administering civil and criminal justice at least in petty cases. It is about this aspect of the activities of the old indigenous panchayats that we have most reliable evidence. A British district official, who reported on their working in the year 1822, expressed the following opinion. "There is no doubt that there has been fairness and intelligence used in the conduct of panchayats, that evidence is weighed and considered, that exhibits are duly examined and compared and decrees in cases are just and impartial." But the employment of vakils or legal practitioners before panchayats was never favoured. The views expressed in the old reports were by no means complimentary to the noble profession to which I belong. The following extract from one of the reports of 1822 may excite some amusement among those who now think that the profession of the trained lawyer is an indispensable help for the dispensation of justice. "The employment of vakils as a trade ought to be prohibited. The advantages which are supposed to follow from the vakils being able to set forth in a clear point of view all the merits and bearings of a case are more than counterbalanced by the mischief they occasion! They are great exciters of brawls, and acquire, after some practice and experience of any code, much skill in embarrassing and entangling judicial proceedings. They serve also greately to enhance the expenses of courts of judicature, and on this account alone may be considered a

rievous evil which has been found to excite the litigiousness of persons possessing ery slender claims who have entered upon actions in the hope that the uncertainty f the expense might deter parties from defending even just rights."

But the conditions have changed considerably since then and the administration f justice has become much more complex and technical than what it was in those ays. A less expensive and a better system of rural legal help may have to be volved to suit the conditions of rural tribunals. So far, we have experience only f a costly system of administration of justice through courts situated in cities and owns. When the scene of operations is shifted to villages, the system of judicial dministration, of which a regulated and trained legal profession is now an integral art, should be adapted to rural conditions. I am of opinion that the jurisdiction f village courts, both civil and criminal, should not necessarily be confined to a ingle panchayat even where it consists of a group of villages. It may be made to xtend over a group of panchayats. This arrangement will also minimise the evil f village faction and local influence to a certain extent. In a tribunal having urisdiction over such an area, impartiality can be secured in a large measure. he committees, which discharge such judicial functions, may be composed of the lected representatives of the various village panchayats in the area of operations.

Land Revenue and Village Panchayats.—The land revenue system of the rovince on its purely administrative side is the result of development of over a entury. The fixing of the revenue demand and its collection is now a function lirectly discharged by the State through its Revenue Department. It must be onceded that it is one of the most efficient and well administered departments f the Government. Land revenue administration has now acquired a special echnique of a high order of its own. Any attempt to displace the revenue lepartment, either in its upper grades, or, in the village establishments, by nother agency will prove highly detrimental to the welfare of the people as well s the efficiency of the administration as a whole. The fixing of the revenue demand ayable by a pattadar and its collection must be in the hands of the village officers ontrolled by well-trained, efficient and honest paid establishments of the Government. In the land Revenue Administration of the State there should be uniformity vhich is impossible to attain if it is in the hands of small and differing units. Entrusting of this function to village panchayats will, in my opinion, result in the itter chaos in the revenue administration. Any dislocation in the revenue administration will have its far reaching effects on all the other branches of the dministration of the Government. Any idea of reverting to the system of fixing he land revenue demand jointly on the village, as a whole, and not on the individual pattadar, is, in my opinion, reverting to feudalism or mediaevalism in the evenue system. Is the village panchayat to collect land revenue under such system on the basis of individual liability of the pattadars in vogue for about a entury, or, joint and several responsibility, which means undoing a system of and revenue settlement with individual pattadars?

But this does not mean that with regard to discharging functions other than hose attached to the collection of land revenue, the village officers should not be made part and parcel of the village administration. I have already referred to the necessity of reinstating common properties and common services of the villages and entrusting them to the village panchayats. In the discharge of these functions, the village officials, not as *ex-officio* members or even as elected members of the village panchayats, but as integral parts of the village administrative system, may play an important role.

Village Education.—In a scheme of autonomous village government, the main functions of the village panchayat are the education of the villagers, the improvement of conditions of rural life, inculcation of ideas of health and sanitation and the development of a united community spirit for the management of village affairs such as the maintenance of communications, rural water supply, rural medical relief, street lighting and the promotion of other rural amenities. Simultaneously with the advent of the autonomous village panchayats, the scheme of free and compulsory elementary education should be introduced and there should be only one agency for education in the village under the control of the village panchayat and educational effort should not be dissipated among various institutions managed by various bodies, like committees, religious organisations and so forth. In a system of Self Government, democracy cannot thrive unless the illiteracy of the villager is liquidated. So, the expenditure on elementary education should be the first charge on the revenues of the Provincial Government and the resources of the village panchayat.

Panchayat Finance.—The weakest point in the plan of village panchayats is the scheme of finance. They have so far been treated in a most niggardly fashion and no scheme of panchayat can succeed without adequate financial aid. The idea that the financial help given to village panchayats is a gift from above must disappear wholly. In actual practice, what is done is that the State collects the revenue from the village, pools it in the centre, and when it is required to spend some portion of it on the village considers such a demand as a request for a bounty.

In regard to the willingness and capacity of the villagers, to supplement the sources allocated to them by the Government under suitable conditions, a former Registrar-General of Panchayats testified to the readiness of the villagers to tax themselves for their real benefit. In his last report, that officer, before relinquishing his office, said. "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 sacrifices if it is needed for sub-serving the common welfare and to furnish fresh evidence 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 villages; (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 for which the Government or the Local Boards are now bound to find money." I draw special attention to this testimony as well as to the conditions he has laid down in regard to the principles of village taxation.

The District Boards.—In the scheme of village panchayats I have sketched above, many municipal and some administrative functions of the Local Self-Government will devolve on the panchayats with the exception of maintenance of Secondary Schools and the main roads and perhaps a few other items. These functions can, in my opinion, be usefully taken up by the Provincial Government through its own departments of education and public works. Then, the necessity for the existence of District Boards in their present form will disappear. They may be reconstituted mainly as advisory bodies to Government in regard to matters of Local Self-Government and where necessary for the discharge of a few residuary functions of Local Self-Government which the panchayats may not be able to take up, such as distribution of electric power, transport services, protected rural water supply and land drainage schemes which require the co-ordinated effort of the Provincial Government and larger local bodies.

Panchayats and Co-operative Societies.—There are some vague suggestions about the village panchayats taking charge of the co-operative societies in rural areas. The exact implications of this proposal are not clear. If all that is intended is that the village panchayats should take active interest in the good working of the village co-operative societies and collaborate with them in promoting village industries, improving agriculture and establishing economic democracy in the sphere of production and distribution of rural wealth, it is unexceptionable, indeed, welcome. But if it means that a village panchayat should run a co-operative purchase or sale shop or a co-operative bank or a "multiple purpose society" into which all kinds of co-operative endeavours are pooled, somewhat after the fashion of the famous Malabar dish *Avial* in which all the products of the vegetable world are cooked together, I am opposed to such a scheme. I am not a believer either in "State Trading" or in "State-managed Co-operation." State managed Co-operation is a contradiction in terms; it is a misnomer; it is equally so in a democratic State and an autocratic State; it is immaterial whether the managing agency is a local self-governing unit or a provincial department of Government. Management by village panchayats is management by State. I do not want the village panchayats to manage a village co-operative society any more than I want a district co-operative central bank to be managed by the district municipality or the district board or the Madras Provincial Co-operative Bank by the Corporation of Madras. The whole idea of village panchayats managing or conducting village co-operative societies is irrational and fundamentally opposed to the essential principles and practice of Co-operation.

The Structure of the New Panchayat.—In conclusion, the old system of voluntary organisation must now be replaced by a compulsory system. The experiment of personal appeal to civic patriotism and inculcation of the need for establishing self-reliant and self-governing village bodies has been usefully tried and it has familiarised people with the benefits of these institutions. We must now cover the whole province with these village republics and there should be no non-panchayat area. *Secondly,* these panchayats should be elected on the basis of universal adult franchise, preferably on the system of proportional representation by single transferable vote, to protect special interests and minorities. There should be no communal electorates. In the alternative, there may be reservation of seats for such communities which may require that safeguard. The electorate of the village must be kept in touch with the panchayats by means of an annual gathering to which an administration report is submitted. *Thirdly,* I consider that it is inadvisable to make our panchayats too small. One panchayat for each revenue village is not a right ideal to pursue. The area of a panchayat must be fairly large both with reference to its population and financial resources. I think that one panchayat for a group of villages with a population of at least 5,000 should be the normal size. Where human material for carrying on its work and its monetary resources so require, the area may be larger. This arrangement will make our panchayats robust and healthy. *Fourthly,* the existing agencies for supervision and audit must be overhauled and considerably strengthened. The panchayats in each revenue district should be divided into convenient groups of, say, forty or more according to requirements, and their supervision and audit must be entrusted to competent officials appointed by the Government. There must also be a works overseer or a corresponding officer attached to each group to help the panchayats to prepare estimates and get the works executed promptly and efficiently. The panchayats in each group may also be enabled to form a regional union of their own to co-ordinate their activities. These unions will be wholly unlike the old taluk boards. They will not have administrative control or separate finances. Even election to them may be avoided by making the presidents of the component panchayats the members of the regional union or by providing for each panchayat to send one or two representatives to it.

The real success of any scheme of village self-government depends, after all, not so much on the written constitution of the panchayats and other local bodies, but, on the way they are actually administered. More than one writer on the success of Britain's Local Government administration attributes the high standard it has attained, mainly, to the excellent tradition developed by the staff of the local administrations and the general integrity of the elected public representatives of the local bodies. In other words, the success of the scheme I have sketched out or any other scheme, will depend, therefore, on our ability to run the administration of our panchayats on non-party, non-factious and non-communal lines with a true national outlook.

Extracts from the presidential address of Mr. T. A. Ramalingam Chettiar.

Most of the taxes which maintain the Government are paid by the villagers. Still the amenities available in the villages are little or nothing compared to what are available in the towns. There was a time not very long ago when the village formed the basis of administration and was the centre of all life and activity. The village Government is the oldest institution in India. Whatever the Central Government they never interfered in the village Government and in the village life. They only utilised the village as the unit and a convenient unit and the village organisation as the medium for all the governmental functions. The political philosophers of the West who thought of representative institutions and democratic administration as evolutions of western philosophy and experience do not know that these were in vogue in the villages of Southern India long before these were even dreamt of in the West. The Utharamerur inscriptions and the Velvikudi grant, to take only two records of the past, show how the village administration was carried on. The village people gathered on the basis of what we now term adult franchise and elected, by show of hands, their elders who conducted the village administration. Committees were formed, some by election by this general meeting and some as sub-committees of the village panchayat. These committees were in charge of different departments of work and an elaborate system of contribution towards the common administration and control was in practice. Administrative, as well as judicial functions were all carried out by the elected panchayats and the Committees. There was self-reliance, self-help and co-operation which are the basis of all human advancement.

Unfortunately, the old order of things was changed by the British after their advent. The British Government was a centralised Government. Everything emanated from the top and went downwards. The old economy of the village outlook was changed into the new economy of foreign ideas and foreign goods penetrated into the country through the ports which became seats of Government. In the old days it was the village which produced its goods whether in the form of agricultural produce or industrial produce and some of them had to be sent outside for sale and barter. Things got in exchange for these in foreign lands went back to the village. The arrangements made by the British Government who started as merchants were made more for finding an outlet for the foreign produce in the country. The villages were neglected and the village institutions were allowed to languish and die. The Government dealt with individuals in the villages direct and the village as a unit was no more. The coming in of the foreign Government, the new economic policy and the importance given to English and the large salaries attached to offices under the Government compared to the agricultural income, all led people, especially the intelligent ones, to leave the village, settle down in towns and look for jobs or urban occupations. So, the villages were depleted of leadership and intelligence. The amenities available in the towns began to increase both on account of the wealth concentrated in the towns and the fact that the rulers lived in the towns and they, following the western standards, wanted to improve the towns. The net result of all this has been the decadence of village life in all its aspects.

While the villagers do not object to the convenience available in towns and the facilities available for education, sanitation, medical relief and other amenities, the villager wants that the same conveniences and facilities should be made available in the villages also. The District Boards and the Taluk Boards were constituted to look after some of the administrative functions of an ameliorative character, like education, sanitation, public health and communications, while other functions like irrigation, communal lands, village forests and cattle pounds were directly administered by the Government. The villager had no voice in the village affairs. The communal life in the village suffered. Litigation increased and there was no co-operation for any common object. There were village roads which, though they could have been repaired by a single cooly or two in time, had to depend for repair on a Taluk Board overseer and deteriorated and required an expenditure of several hundreds to be put in order after some months, if not years, of suffering and hardship to men and beasts. There were wells dug at an expenditure of nearly a thousand rupees each with nice looking parapet walls and pulleys, but with not a drop of water inside. Small sites required for communal purposes urgently took sometimes years to be assigned for the various purposes, while the service required suffered.

Attempts were made by the constitution of village panchayats and co-operative societies to revive the village life and to help the villagers to have a voice in ordering their own affairs. These were voluntary institutions. The functions entrusted to them were of a very limited character. The funds available were also very little. By these two institutions the village life was kept alive in a few areas. Where the co-operative institutions worked well under proper supervision, or where village panchayats worked well under the supervision of joint Committees, there was a little revival of village life. Taluk Boards which were in charge of the village panchayats looked on Panchayats as rival institutions and as the Taluk Boards had to part with money for the administration of village panchayats, they considered them as enemies rather than friends. The Taluk Boards were supposed to administer all the areas; where there were no village panchayats, the funds available for use in those areas were at their own disposal, while those available for areas covered by village panchayats had to be surrendered to the respective panchayats. So there was very little chance of the Taluk Boards helping and fostering the village panchayats. When the Taluk Boards were abolished, the position became worse. The District Boards, being too far away, could not be expected to study or attend to the needs of the villages. Too much work has been thrown on the District Boards and they are too centralised for efficient village work. The District Boards, and when they existed, the Taluk Boards, have always looked on the village panchayats as usurpers of their own functions and as competitors taking away money from them.

Under these circumstances, it is not strange that the village panchayats did not thrive in the province. It is on the other hand, a matter for satisfaction and wonder that we have at present over 6000 village panchayats constituted and working in this province. The credit for this is due to the Inspectors of village panchayats and we have been fortunate in the Inspectors we had, especially Dewan Bahadur N. Gopalaswami Aiyengar, Mr. Rutherford and the present Inspector Mr. Strathie. They have done what they could under the galling restrictions imposed by the Local Boards Act and by want of allotment of funds by the Government. If we are to revive our old village life and if our nation which lives mostly in the villages has to advance, all these will have to be changed and we have to bring the old self-reliance, self-help and co-operation as live factors in the village. This cannot be done except by proper organisation of village life and village administration. It is a common saying, but very little respected in actual practice, that it is only the actual exercise of responsibility that brings a spirit of responsibility to the people. People complain about factions in the village, want of leaders and proper guidance. They complain of ignorance, sloth and want of public spirit. But all these are there to be overcome and not merely to serve as reasons for inaction. We have allowed things to come to the present pass by thoughtless actions and neglect. It is up to us to awaken and make up for the past misdeeds and negligence. I believe in democracy. I believe in people doing things for themselves. It may be that they require guidance and supervision in the beginning until public spirit and watchfulness are developed in the villages. But that is no reason for denying to the villager his due. It is only by developing democracy in the village that we can organise democracy in the whole country.

The village life has to be organised under two heads. One, the economic aspect and the other administrative and social aspect.

For the first, the village co-operative society is the best medium. It is because, we feel that the uplift of the village on the economic side depends on the co-operative society, some of us are devoting all our time and energy to co-operation. Similarly for the social and adminstrative improvement of the village, the village panchayat is necessary and it should comprise all the activities in the village. It will be necessary to provide for the constitution, the powers and functions and the funds necessary for the purpose, in a self contained legislative enactment. This enactment should be conceived on a liberal democratic basis with trust in the people as the guiding factor for, otherwise, it will be only hampering the village life and bringing into existence some phantom which will serve as a sign post of what to avoid rather than as the central pivot for the whole village life to gather round.

The village panchayat should be an elected body. Every adult villager should have a voice in electing the panchayatdars. For convenience of administration as well as for common action, a convenient area comprising a village or more than one village will have to be constituted into a panchayat. The whole country should be divided into village panchayat areas on a compulsory basis. There should be no area not covered by a village panchayat. The area may be divided into wards for the purpose of electing the members of the panchayat, so that each adult resident is in touch with and has got a voice in the election of his representative. The strength of the panchayat may vary with the area of the panchayat and the population. It may be fixed between 7 and 12, as requirements of each area may demand.

The village panchayat should be entrusted with all the functions that can be carried out by the panchayat which should comprise all local matters. The conduct of the village school, the looking after of sanitation including village water supply, village communications, irrigation, village grazing ground, etc., should all be entrusted to the village panchayat.

All the functions in the village should be entrusted to one panchayat and not to several separate bodies, like irrigation, panchayat and so on. All the communal lands in the village and the functions relating to them should be in charge of the village panchayat. Judicial powers of dealing with petty cases and, even big cases, where both the parties agree, should be vested in the panchayats. It should be the aim to make the panchayat a strong institution having the necessary prestige and functions to deal with all affairs of the village. Communal lands in the village, trees on porambokes, cattle pounds and irrigation tanks should all be vested in the panchayat, and there should be no restrictions; if these are used for common purposes, no outside sanction should be necessary for such uses. When other interests are affected, the sanction of some Government authority may be made necessary.

The village panchayats should be given sufficient finance and financial powers for carrying out the functions entrusted to them. Out of the local cess collection, ¾th should be allotted to the village panchayats with the condition that the present educational cess may be earmarked for elementary education. The village panchayat should be empowered to levy contributions in kind, in labour or in money from the residents for common purposes. Wherever contributions are raised in the village an equal amount at least should be contributed from the provincial exchequer for the purpose for which the contribution is raised in the village, Local income like market fees, avenue receipts and rents for sites occupied permanently or on occasions like festivals and income from cattle pounds, village forests, ferries, etc., should also be placed at the disposal of the village panchayats, making special provision where necessary and possible for the maintenance of market feeder roads out of the income. The maintenance of the services like markets will naturally be a charge on the receipts. Without adequate finance, the village panchayat cannot carry out its functions. The method followed by the Government of adding to the responsibilities of Local Bodies without giving them the necessary finance has been in the way of the progress of the local bodies. The same policy should not be repeated in the case of the village panchayats in the new arrangement.

It is necessary to provide for the guidance and supervision of the village panchayats along with the constitution of the panchayats themselves. There will be different grades of panchayats and in the beginning many of them, out of ignorance or apathy, may not function properly. It is absolutely necessary that we ought to secure the proper working of these panchayats and infuse public spirit and a sense of responsibility into their working. A band of paid qualified workers each in charge of ten or twelve village panchayats will be necessary. We have any number of competent young men without employment. If they are given training in the rudiments of agriculture, sanitation, public health and village administration and placed each in charge of a group of villages, I am hopeful that in a very few years, we will see a very different state of things in our country-side from what we have to-day. It ought to be the duty of these guides and supervisors to visit each village at least once a month to see that the functions entrusted to the panchayats are all carried out, meetings are held, proper accounts and books are kept and advice given wherever they are wanted. They can ask the agricultural demonstrators, co-operative Inspectors, veterinary assistants and other Government Departmental officers to visit the village and render help to the villagers.

These guides should be attached to Regional Boards, as Supervisors are attached to co-operative supervising unions. The work of the Regional Boards should be the co-ordination of the activities of the village panchayats, supervision and bringing into existence common facilities, serving the whole area or more than one village with contributions from village panchayats on some agreed scale. They will have to employ overseers for preparing estimates and supervising work. They will have to provide for rural dispensaries and arrange the work of the rural doctor, midwife, etc. They may have to look after roads, middle schools, veterinary dispensaries or other institutions serving more than one village and service common to more than one village.

These Regional Boards will have to be formed for convenient areas taking into consideration the extent of the area to be served, the population and the income of the village panchayats concerned. They will be joint committees of the village panchayats with power to take by co-option two or three individuals whom they may consider will be helpful or useful to them. The finance at their disposal will be money specially allotted for institutions or services by the Government and contributions made by village panchayats.

If the above proposals are accepted there will be no need for the District Board or any other outside authority being given the power of ordinary supervision over the village panchayats. The Government Officers dealing with the various services like public health, medicine, agriculture, co-operation and the Inspector of village panchayats will all inspect, supervise, advise and otherwise help the village panchayats. Beyond that there is no need for a regular hierarchy of local board institutions in the district. The District Board will then have only secondary education, and the first and the second class roads to look after. It is not necessary that the District Boards should maintain separate establishments for the purpose of looking after these. The Government departments concerned, viz., the Public Works and the Educational department can well look after the District Board's works also. There will be a large saving on this score. There will be also no need for a Secretary of the stamp of an executive officer. It will be the duty of the District Board to frame the budget, sanction the works, but the execution and maintenance will be in the hands of the Government departments. This will also remove the charge of corruption and inefficiency often thrown at the District Boards. While this retains the democratic control of policy in the elected District Board, the District Board may also be utilised for the purpose of giving advice to Government on matters relating to the District and it may also serve as the medium through which the requirements of the district may be voiced and sent up to the proper authorities. It can also serve the purpose of dealing with special matters which the Imperial Government or the Provincial Government may want a district agency to perform. There will be no need for duplicating and triplicating agencies either in the district or in the village. If for instance, the educational policy in the district has to be decided, there is no need for a separate agency like the District Educational Council. If the actual management of the elementary schools is vested in the village panchayats, subject to control by Educational Department authorities, and the main policy is decided at Madras by a special committee or any other body that may have the power vested in it, the mere expression of views of the district as regards, for instance, the places where the educational institutions should be located, the particular vocational instructions that should be provided for and things like that, can well be left to the District Board. In short, the District Board can serve as a local parliament dealing with all matters in the district, both in an administrative, as well as in a consultative and advisory character.

This is the scheme I would suggest for immediate adoption by the Government. The Government is already considering the reformation of Local Bodies' administration. Instead of wasting time in amending the present Act and introducing changes in the constitution and functions of the various bodies, they will do well to frame a wholly new arrangement for the carrying out of the functions. The Taluk Boards have been abolished. There is no use reviving them. The District Boards cannot be expected to be efficient except in looking after big institutions or roads and other things serving large areas. The line of best economy and least wastage lies in the constitution of village panchayats as suggested above with the District Board restricted in its scope and functions and powers in administrative matters, but extended in other ways.

Resolutions passed at the Conference

CONSTITUTION FOR VILLAGE PANCHAYATS.

1. This Conference is of opinion that the Madras Local Boards Act now in force should be replaced *in toto* and legislation should be passed to place Village Local Government on a sound and satisfactory basis.

2. (a) This Conference resolves that every village or group of smaller villages should be constituted into a panchayat. The grouping of villages should be so effected as to secure the smallest unit possible with due regard to local conditions.

(b) The election of the members to the panchayat board should be on the basis of universal adult franchise. Provision may be made for co-option or reservation of seats to secure due representation to minorities and women.

3. (a) Village Government should be vested in the village panchayat and its functions should comprehend all spheres of local interest of the village including judicial. All the powers hitherto entrusted to different panchayats or committees and all matters of local concern should hereafter be vested in village panchayats. The distinction made in the Panchayat Act XV of 1920 between *obligatory* and *optional* functions should be abolished. Provision may be made for the distribution of work among the members of the panchayat and appointment of sub-committees. A meeting of all the adult residents of the village should be convened once a year and a report on the work of the panchayat board for the year should be presented to it for information and suggestion.

(b) This Conference resolves that religious and charitable endowments in the village should be placed under the management of village panchayats.

(c) Village services of artisans and the like are essential to the well-being of the residents of the village, and of late there is a tendency on the part of the service-holders to alienate the inam grants and to discontinue the services; this Conference, therefore, resolves that these services should be placed under the control of the panchayats and that the Government should refuse to recognise alienations of service lands and to enfranchise them in favour of the alienees.

(d) This Conference is of opinion that the village Karnam and Munsiff be brought under the control and supervision of the Panchayat.

4. (a) This Conference is of opinion that District Boards, as at present constituted, do not serve any useful purpose and should be reconstituted as district councils to discharge such residuary administrative functions as may be specially

entrusted to them, but mainly to serve as consultative and advisory bodies for the purpose of eliciting public opinion in each district.

(b) This Conference is of opinion that as under the scheme of village panchayats embodied in resolutions 1, 2 and 3 above, all important functions like the management of elementary schools, village sanitation including water supply, village roads, rural medical relief, etc., will be looked after by the village panchayats, and that main roads, secondary schools and large enterprises like railways alone will be left out, the execution and management of these may be placed in the hands of the concerned departments of the Government.

5. The administration of village panchayats should be vested in a separate department of the Government. The control and supervision of the village panchayats should be entrusted to a Registrar-General of Panchayats.

6. (a) This Conference is of opinion that the present system of providing finance for village panchayat boards is wholly unsatisfactory and that the financial aid given to panchayats to enable them to discharge their duties is utterly inadequate, and resolves that provision should be made in the new Act itself for transfer to the panchayats of the whole of the local cess besides education cess and of not less than two annas in the rupee of the land revenue collected and for contribution from the provincial revenues of not less than fifty per cent of the deficit not covered by the local cess so transferred. This Conference further resolves that in case of panchayats in Zamindari areas a provision of 0-2-0 in the rupee of kist collected should be made.

(b) All remunerative undertakings, waste lands, avenues, cattle pounds, fisheries (in village tanks, ponds, drains, rivers and P.W.D. canals) ferries, markets, fruit trees, all kinds of grass on communal lands P.W.D. canals, tanks, river bunds, ponds and drains and unreserved forests should be vested in village Panchayats, in both Zamindari and ryotwari areas. Village Panchayats should also be allowed to levy contributions in money, labour or other form in the village.

(c) The communal sites, porombokes and other properties belonging to the Government in villages in ryotwari and zamindari tracts should be vested in the village panchayats for use of public purposes and no special or formal application for transfer should be required. In cases where large areas are covered or tracts adjacent or connected with existing Government sources are involved, a general consultation with the divisional officer, executive engineer or other concerned officer should be sufficient and no elaborate technical official procedure should be insisted upon.

7. This Conference is of opinion that joint committees or regional unions of panchayat boards should be formed for supervising and guiding the panchayats and co-ordinating their work. These supervising bodies should be constituted for suitable areas, having reference to local convenience, the number of panchayats to be covered and other factors and should be conceived on an entirely different basis from the present district boards or the old taluk boards. They should have no separate taxation powers or administrative control over the village panchayats and should resemble the local supervising unions of co-operative societies. The supervising and guiding paid staff, having jurisdiction over more than one village panchayat area, will be controlled by the joint committees, subject to the ultimate supervision of the Registrar-General of Panchayats.

8. This Conference requests the Executive Committee of the Madras Provincial Union of Panchayat Boards to frame a bill for the constitution of statutory

village panchayat boards in this Province in accordance with the resolutions of the Conference, and to submit the same to the Government for necessary and speedy action.

OTHER RESOLUTIONS

1. This Conference is of opinion that the existence of various schools managed by different bodies in a village is prejudicial to the efficient conduct of elementary education besides involving unnecessary expenditure and avoidable duplicate, and therefore requests the Government to adopt necessary measures to amalgamate all the schools now existing in a single village and entrust elementary education to the village panchayats.

2. This Conference resolves that the control over the P.W.D. irrigation channels and tanks both in ryotwari and Zamindari areas, which are sources of supply of water to the village should be handed over to the village panchayats.

3. This Conference resolves that the panchayats should be given power of kudimaramath, control of village irrigation channels, and power to levy rates for the efficient discharge of these duties.

4. This Conference is of opinion that the present system of requiring a legal transfer of communal propoerties such as village site, porombokes etc., to the village panchayats for the execution of works of public utility results in such works being unduly delayed and grants in respect thereof not being spent to the benefit of the village, and, therefore, requests the Government to pass orders vesting or transferring without any necessity for an application and other complicated formalities all such properties in the village to the panchayat.

5. Whereas panchayats have not been able to get proper and quick service from the District Board Engineering staff in the preparation of estimates, bills and check-measurements of works done, whereas owing to the delay caused thereby panchayats are not allowed to utilise their funds for the improvement of village streets or wells and whereas this state of affairs is causing great inconvenience, this Conference resolves that the Government should sanction separate Overseers for a group of villages and an Assistant Engineer for a Taluk for solely attending to the work of panchayats.

6. Whereas the existence of separate forest panchayats is causing friction and difficulty, this Conference resolves that separate forest panchayats should be abolished and their duties vested in the village panchayat boards as also the income derived therefrom.

7. This Conference resolves that there is no necessity for the constitution of any separate vigilance committees in villages and that this duty should be entrusted to the panchayats.

8. Whereas the establishment of veterinary and rural dispensaries is very essential for the health and welfare of villages, this Conference resolves that the Government should encourage panchayats to open rural and veterinary dispensaries and necessary grants should be made available for the purpose.

9. Whereas recently a number of G. Os. have been issued fettering (in fact removing) all discretion of the Panchayats in sanctioning and executing work of benefit and necessity by notifying that all expenditure by Panchayats should get

the previous sanction of D. P. O's., and A.P.O's., and whereas these G.Os, have created a deadlock in the efficient working of panchayats and made the panchayats solely dependent on the goodwill and pleasure of these officers this Conference requests the Government and the Inspector of Local Boards to revise all the G.Os. and circulars and give wide discretion to panchayats, and making their existence useful to the villagers.

10. This Conference resolves that in the interests of independent and autonomous growth of panchayats without any official connection it is necessary that the village officers, both Karnam and Munsiff, should be debarred from standing for election to the Panchayat Boards.

11. Whereas by virtue of the G. O. passed by the Government directing Revenue officers to conduct sales of all fisheries, sales of fisheries in villages are being held by the Revenue Department, whereas the sale proceeds of these sales are not being promptly paid to panchayats and it is taking years for the proceeds being paid; also whereas at the auctions held by the Revenue Officers proper bids are not being realised, this Conference resolves to request the Government to cancel the G. O. and permit panchayats to hold auctions.

12. Whereas Government is not consulting panchayats in matters concerning the village such as Famine Relief etc., this Conference resolves that the Panchayats should be consulted in all matters concerning the village.

CO-OPERATIVE NEWS AND NOTES

To orient the co-operative movement on new lines, it has been proposed to establish 10 multi-purpose societies in the Central Provinces as advocated by the Reserve Bank of India. These societies will take within their ambit every possible aspect of the cultivator's life and will endeavour to help him not only with credit but in all matters, which make farming uneconomic at present. Each society will be organised in a group of villages within a radius of five miles. A few villages will be selected to begin with, and activities will be extended to all villages, if the experiment is successful. Each society will be linked with a Central Bank financing.

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The first case under the Madras Debt Relief Act was decided by the Principal Subordinate Judge of Nellore (Madras) in which a decree for Rs. 1,415 was given against a claim of Rs. 9,864. The agriculturist-defendant it is stated borrowed Rs. 3,000 in 1919 on mortgage and paid Rs. 1,585 towards principal.

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A Press Communique of the Government of Sind in connection with the Sind Provincial Co-operative Bank states that the Government invited Mr. V. L. Mehta, Managing Director of the Bombay Provincial Co-operative Bank, to report on the position of the Bank; and after a thorough enquiry he submitted an exhaustive report which is under the consideration of the Government. A Committee consisting of nine gentlemen has been appointed to manage the affairs of the Bank for a period of two years. The communique adds that Government will be prepared to give the necessary guarantee on terms to be settled between themselves and the Bank, and also to state that should there be any necessity for further financial help to the Bank beyond that already given, they would be prepared to do so. Mr. Mehta's recommendations regarding revitalising primary credit societies in Sind are engaging the attention of the Registrar.

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It is understood that the Government of Bihar have decided to help the Co-operative Movement in the province by making available a sum of Rs. 1 crore for rehabilitating the co-operative movement. This amount will be raised by authorising the Bihar and Orissa Provincial Co-operative Bank to issue debentures, the interest on which will be guaranteed by the Government.

* * * * * *

The welfare of the vast masses of the rural population is definitely accepted to be the concern of the new Governments and it is sought to be promoted (a) by increased amenities of various kinds like water-supply, rural dispensaries and hospitals, village roads, broadcasting, etc., (b) by definite plans of economic improvement by which better seed, fertilizers, improved cattle and implements are sought to be provided to the ryot, and (c) by provision for financing scaled down debts of the ryots to the extent possible. The Punjab has been able to set aside a reserve of Rs. 61 lakhs for a six year plan of rural development. The U. P. have planned out a scheme for providing 500 training centres for rural uplift workers, and each centre is to have a seed, fertilizer and implement store. Ryots are to be given credit to buy these requisites and loans are to be recovered in instalments. Madras has a plan of granting loans to agriculturists to pay off the scaled down debt and Rs. 50 lakhs have been provided for the purpose. The Central Provinces have constituted a reserve fund for economic development and improvement of rural areas, etc. Bihar, Orissa and Sind have also done their bit.—By Dr. P. S. Lokanathan in the *Indian Review*.

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A portion of the excise duty levied on sugar for the last four years has been set apart by Government of India for distribution among the provinces where white sugar is produced, for the purpose of assisting the organisation and operation of co-operative societies among sugarcane growers so as to help them to secure fair prices and for other purposes directed to the same end, says a Press communique issued by the Ministry of Public Information, Madras.

A total sum of Rs. 1,32,000 has so far been allotted to Madras. The Government of India decided to make grants only for such schemes as were approved by them. The scheme which this Government formulated has been accepted by the Government of India and its main features are:

The scheme will cover a period of five years and be administered by the Registrar of Co-operative Societies or by the unions of co-operative societies of the sugarcane growers in the factory areas. The Director of Agriculture will give the necessary technical advice to stimulate the cultivation of cane.

It is proposed to employ eight demonstrators, sixteen maistries, four senior inspectors, two junior inspectors and four clerks. Besides, provision has been made in the scheme for the grant of a cash subsidy for use as capital for the purchase of implements, seed, manure, rubber-tyred carts and the necessary apparatus and equipment. A sum of Rs. 17,485 has been set apart for this purpose.

There are at present 10 sugarcane factories in the Presidency. Government hope that the cultivators of sugarcane in the factory areas will take the fullest advantage of the scheme and make it a success.

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The Twentieth Session of the B. & O. Co-operative Congress meets at Patna on the 6th April 1938 under the presidency of the Hon'ble Mr. V. Ramadas Pantulu The main subject of discussion at the Congress is the Rehabilitation of the Co-operative Movement in Bihar. Extracts from the proceedings of the Congress will be published in our next issue.

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The Standing Committees of the Indian Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association will meet at Vizianagaram on the 16th and 17th April 1938. The Committee will discuss a fairly long agenda, which mainly relates to the recommendations made by the Reserve Bank of India in their Statutory Report and Bulletins. There is a proposal before the Standing Committees to request the Government of India to appoint a committee, with a majority of co-operators, for inquiry into the working of the Agricultural Credit Department of the Reserve Bank and to make recommendations in regard to its working in order to make it more efficient and popular. The proceedings of the meeting will be published in our next issue.

SELECT CONTENTS OF CURRENT PERIODICALS

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ACKNOWLEDGMENTS

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