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Editorial Notes.

Hon'ble Mr. V. V. Giri on Co-operation.

In welcoming the Chairman and the members of the Committee on Co-operation at their first meeting on the 18th April last, Mr. V. V. Giri made a speech, which is printed elsewhere. Though short, the speech sets forth the main problems that confront co-operators in our Province. The most important of them is to avoid evils of over loaning and under loaning and keep the credit movement living and usefully functioning in the villages. The Hon'ble Minister then discusses the repercussions of the Madras Agriculturists' Relief Act on the co-operative movement. He also pleads for a fuller integration of co-operative activities and for the encouragement of thrift without which the benefits of cheap credit are nullified. We are glad to be assured by him that the deliberations of the All India National Planning Committee and their possible recommendations will not be prejudicial to the co-operative institutions or in any way retard the growth of the co-operative movement. He explained the procedure adopted in gathering information which is now easily available to the members of the committee and paid a richly deserved tribute to Sir T. Vijiaraghavachariyar, Chairman of the Committee, whose knowledge of men and things gathered through his long official life and wide travel all over the world are a real asset to the Committee. The opening address was in every way worthy of the great occasion and the learned audience.

Trichur Taluq Co-operative Conference.

The co-operators of Trichur Taluq in Cochin State are to be congratulated upon their being able secure the services of Prof. S. Subbarama Iyer, M.A., Dip. Econ., of the Madras Christian College to preside over their Taluq Co-operative Conference. His Presidential address which is printed elsewhere will repay careful perusal.

After discussing the merits of co-operation as a *via media* between the two extreme forms of capitalism and communism, he points out the special features of the co-operative movement. After briefly tracing the history of the movement in the State which was in many respects an imitation of the movement in our own province, he takes up the vital question of rehabilitation of the movement which, owing to its confining itself to the credit side exclusively, has not been able to confer upon the agriculturists, the benefit that was expected of it. He puts in an eloquent plea for organising all the economic activities of the villager on a co-operative basis as the Agricultural Commission has recommended and advocates the formation of a *multi-purpose* society in villages on the lines of the recommendations of the Reserve Bank. Not being satisfied with the theoretical advice pased on *a priori* consideration, and like the good student of economics that he is, he takes up for study the economic survey of a particular area within the taluq conducted by Mr. Sankara Menon and subjects it to a co-operator's analysis. He concludes his learned address with an eloquent plea for an integration of the movement so as to touch every aspect of rural life. Specialization, in his opinion, is not called for at the present stage of the development of the movement and he being a native of the State, may be presumed to know full well the economic condition of the villagers for whose benefit he was prescribing this remedy of *multi-purpose* society.

Opinion among co-operators has been somewhat divided about the advantages and the possibilities of a *multi-purpose* society; but we have always held the view that in economic matters experimentation is necessary. There is no harm if we withdraw from a particular line of action, if experiment along that line proves unsuccessful. We recommend that the Cochin Co-operators should try the experiment in select areas where, as Mr. Subbarama Iyer has rightly pointed out, they could get the necessary human materials to run these institutions successfully.

A First Class Co-operative House Building Society.

The Madras Government Servants' Co-operative Building Society, Ltd., Gopalapuram, Madras, is the first co-operative building society to be registered. It was registered on the 30th April 1923 with 16 members. It had to experience considerable difficulties in the early stages of its existence, but it has since been able to overcome all obstacles and started on a smooth path of steady progress. They celebrated their annual day recently with Sir T. Vijayaragavachariar of the Madras Co-operative Enquiry Committee in the Chair. Their report submitted on the occasion affords interesting reading. They started their colonisation scheme at first in what is known as Gopalapuram where they purchased 114 grounds which, after setting apart some portions for roads, etc., they divided into 51 plots of varying sizes. They purchased another bit of 38 grounds to the south of Lloyds Road and this has now developed into Lakshmipuram colony. Very recently they purchased another bit of 200 grounds at the southern end of Mowbray's Road and this has developed into the colony of Sriramanagar. On the whole the members of the Society have built 217 houses and the value of the houses so far built exceeds 11 lakhs. 125 members have repaid their loans taken in full and at the end of the year 1937-38 nearly 5 lakhs of rupees are outstanding against the members. The Reserve Fund of the society exceeds Rs. 15,000. The society was fortunate enough in getting the services of able administrators like Dewan Bahadur Sri N. Gopalaswami Ayyangar and selfless workers like Rao Sahib Sri P. K. Subbier. It lends to its members money taken from the Government at the same rate at which the Government lends to the society, that is, 4¼ per cent. and the share capital of the members given back as loan is charged only 3⅛ per cent. The society owns its own building where the office of the society is located and where they have been able to put up a separate building in which a local Girls' School is being conducted.

The first society of this kind continues to be easily the best of this kind also and we wish this excellent institution greater success and more opportunities for service to its members.

House Building and Insurance.

In the course of a lecture on co-operative House Building Societies, delivered on the occasion of the annual day celebration of the Madras Government Servants' Co-operative Building Society

Committee on Co-operation.

The press of our Province has been reporting the proceedings of the meetings of the Co-operative Committee of Enquiry, though no official report has been published by the committee. The committee had one continuous session from the 20th upto the 26th of April last and during that session they considered in a general way some of the fundamental problems of co-operation. From the reports of speeches of some of the members of the Committee, one would gather that each member was allowed not only to say whether the movement has progressed well or not, but also to assign reasons for his view and suggest methods of reform and reorientation. There was unanimity of opinion among members that if the movement was to be described as having failed, that was because the movement was started with the main object of reducing the indebtedness of the ryot and it was found that this aspect of the ryots' economic life could not be isolated. More and more functions have been brought within it and the movement has been gradually attempting to adjust itself to the additional problems that have crept into it; but one thing every body admitted:—it was that the movement has done a great service in reducing the rate of interest in the Province.

The question was discussed whether the people of the Province are not too individualistic and hence not good enough material for co-operative enterprise, or even if the people were fit material whether proper education in the fundamentals of co-operation was imparted to them before a society was organised amidst them. The ideal of an economic self-sufficient village with no one starving for want of occupation was held up as the ultimate ideal to be aimed at and the co-ordination between this plan and the plan of the Revenue Minister, who is also aiming at autonomous villages was stressed upon.

Going into details, it was pointed that co-operative societies are fitted only to handle short-term loans or at the most intermediate loans of five years and not fitted to tackle the prior indebtedness. Separate organisations have to be devised for removing this heavy load.

Controlled credit which is claimed to have been successful in Salem and other places, where it has been tried was recommended to be extended further.

The need for the proper human material which the father of the co-operative movement, the late Sir Frederic A. Nicholson expressed in his immortal words 'Find Raiffeisen' was also emphasized upon, and a corollary of that, namely, that a society works satisfactorily only when the proper persons are at the helm of affairs and a change in the management for the worse gets soon reflected in the administration.

That every person in our Province should be brought with the purview of co-operation was declared to be the ideal to be aimed at whether it be by the starting of a co-operative society in every village or in a small group of three or four villages within the easy reach of one another.

The problem of supervision is to be tackled, it was stated, either by the District Bank that has interest in the societies that borrow money from it or by the formation of a small federation of primary societies which might function both as a supervising union and has a *multi-purpose* society.

It was pointed out that the Imperial Bank and the Reserve Bank have not been of much use to the movement. The Imperial Bank is said to be a rival in the matter of lending money by the District Banks and Provincial Bank to the agriculturists on the pledge of produce. The Reserve Bank was charged with giving wrong advice to the co-operative movement. That the unlimited liability acts in some cases as an obstacle to the free growth of the movement was emphasized though it was pointed out that this cannot be taken as true of all the districts in the Province.

Thus it would be found that some of the fundamental problems were tackled from the various points of view, each member naturally laying emphasis upon his personal experience and generalising from that. We find from the report that there is enough talent in the committee and we hope that after mature deliberations they will give helpful and constructive suggestions for the rehabilitation of the movement and setting it upon smooth path of progressive realisation of its high ideals. The committee has begun well.

A New Provincial Society.

On 28-2-39 a new society was started called the Madras Central Co-operative Stationery Stores, Ltd. It is intended to serve as a wholesale to the various stationery and book supply societies working in the educational institutions of our Province. There are 89 such societies, according to the latest report of the Registrar, having a strength of membership exceeding 12,000. They had during the last

year sales exceeding a lakh of rupees and effected a saving of more than Rs. 5,000 and distributed as bonus amongst their customers more than Rs. 3,000. There is, therefore, every justification for the starting of a wholesale to supply the needs of these various societies scattered over the whole Province.

A Wholesale can perhaps get articles like paper, pencils, etc., cheaper than the various retail societies can and one important service that the Wholesale can do is to collect all the orders of particular retail societies and despatch the books as one parcel to them. As it is, these retail societies are, each one of them, addressing as many publishers as have their books prescribed in schools and getting from each of these publishers the books to the extent required by the school. The Wholesale working in the city of Madras can act as a clearing agent and execute the orders of these retail societies more quickly and satisfactorily than would be the case if the primary societies themselves apply to various publishers individually. In these and in other ways the wholesale is bound to be of service to the various school societies, all of which are expected to become its members.

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To start with, as in the case of all societies, this Wholesale also has taken a few individuals as members and we are glad to be told that about 20 societies of the Province have affiliated themselves to it already. The Registrar has been pleased to nominate a few Directors from among the individual share-holders and in course of time representatives of member societies would also be nominated. We are glad to learn that Mr. S. V. Venkateswara, M.A., L.T., Retired Professor, Presidency College, Madras, who, as the Principal of the Government Brennen College, Tellicherry, was responsible for the successful working of the Students' Co-operative Society of that institution, has been elected as the President of the Society. On the Board there are veteran co-operators like Prof. S. K. Yegnanarayana Iyer, Sri R. Suryanarayana Rao of the Servants of India Society, and Prof. K. C. Ramakrishnan of the Economics Department of the University. Mr. Rajasekaran of Christian College, Tambaram, who has been running a Students' Co-operative Society in his own institution, has been elected as the Secretary. The Government have been pleased to lend the part-time services of a Senior Inspector of Co-operative Societies to help the society in the early stages. Things, therefore, augur well for the new society. We shall watch with sympathetic interest the working of this experiment.

Annual Report on the working of Co-operative Societies in our Province for the year 1937-38.

The Annual Report on the working of co-operative societies in the Province submitted to the Government by the Registrar of Co-operative Societies is an important official document giving facts and figures about the working of co-operative societies in general. The report for the year 1937-38 to hand is a very interesting document that deserves detailed study, which would be done at a later stage. On this occasion we confine our attention to a few salient features of the movement as summarised by the Registrar.

(1) We are glad to see that the over-cautious policy in the matter of starting new societies which was followed by the Department during the days of economic depression, when all attention was concentrated upon the rectification and consolidation has been now given up and a cautious policy of expansion is now adopted. Of 1,360 applications pending for registration, nearly one-third (actually 446) resulted in registration, which is very satisfactory. These new societies were registered owing to the efforts of both the departmental officers and non-officials and they include credit as well as non-credit societies. We are glad to be told that 205 of the new societies are for non-credit purposes and out of them 18 Better Living Societies and 15 Thrift Societies for women.

(2) During the days of over-caution, credit was practically frozen and there was no flow of money from Central Banks to societies and from them to individual members. All attention was concentrated upon collection. We are again glad that this one sided transaction has been given up and money is made to flow through well regulated channels to individual members. This is done most efficiently in the case of loan and sale societies, through means of which the agriculturist is made to sell his produce at an advantage and which are being financed by the Central Banks and the Provincial Bank.

(3) The Registrar gives detailed statistics to show that there has been a little fall in the overdues, fall in central banks and in agricultural and non-agricultural societies. Though the fall is not considerable, still great credit is due to the workers in the field, both official and non-official, because the fall, however small, indicates that the tendency of economic degeneracy has been arrested. The crisis now is over and under the proper care of disinterested workers, the movement can be expected to regain its normal health in course of time.

(4) An exhaustive survey has been made of the loan transactions of the Central Banks and every attempt has been made to secure loans standing upon inadequate securities. In spite of these attempts at rectification, the Registrar is of opinion, that the Central Banks may have to write off a portion of their loans as bad and irrecoverable, but they are so strongly placed on account of their Reserve Fund and Bad Debts Reserve, that the Registrar is confident, that their financial equilibrium will not be affected.

(5) Another matter for satisfaction is that the Reserve Funds of various societies and banks have been separately invested. Sometimes these Reserve Funds would be merged in the working capital and will not be available as a true Reserve Fund when the call upon it comes. It is only when it is separated and invested in a easily available form that it can be depended upon as a Reserve Fund to come to the rescue of societies when an emergency occurs.

(6) It is again a matter for gratification to be told that the working capital of all societies rose from Rs. 18½ crores to over Rs. 20 crores. The capital owned consisting of paid-up share capital and Reserve Fund comes to over 4 crores or little over one-third of the owned working capital deducting investment of one society in another.

There are improvements in disposing of disputes and in the execution of decrees. The problem still looms large of the properties held by societies and liquidators. As the Registrar remarks, these properties are in most cases unremunerative to societies. The question of disposal of such lands has been under consideration for some time and the Registrar reports that his scheme of the Provincial Bank taking over the lands and entrusting their management to Central Banks has not fructified. Another scheme in contemplation is called (Rent Purchase system) according to which the land will be given back to the owners themselves and the cost of the land considered as a loan advanced to them which they are expected to repay within 20 years and from them the land may at any time be taken away, because the land has been only leased to them. This system also has not yet been given a trial. It is a matter of some satisfaction that the lands so owned by societies are not so extensive nor the situation caused by them so serious as in some other Provinces.

We shall take up later the working of important provincial societies and the various classes of societies for further study.

Unlimited Liability.

In his presidential address at the United Provinces Co-operative Conference Dewan Bahadur K. V. Brahma gave a prominent place to the discussion of unlimited liability, which he considers unsuitable to the conditions prevailing in this country. He said: "Our experience of working during the last 25 years, and specially after the effect of economic depression which is persisting since the last eight or nine years, shows that this unlimited liability principle which is our guide in forming credit societies in villages is unsuited to Indian conditions and that the same should be replaced by some other principle. The object of having a society formed on that basis is that every member would exercise a check and supervision over every other member before money is advanced and that the society as an organisation would under no circumstances suffer by any imprudent advance. In actual practice, however, a member seldom acts as a check on another and the members help each other in getting advances and the society becomes a combination of individuals for getting loans on easy terms." In the place of unlimited liability he suggested that a member should have to pay his own debt and as much again towards the satisfaction of the debts of the society, and if a member be not indebted to a society his liability should be limited to a sum of Rs. 100 or so. He thought that some such change was necessary to get good and new men to join the movement. He dealt with this subject as many provinces were overhauling the Co-operative Societis Act and suitable provisions should be made in the new Act to enable this being done.

As Mr. Brahma has pointed out, the need for a change in respect of liability has been brought home to co-operators, at any rate to some of them, as the result of liquidations due to the recent depression. In our own province opinion is divided both among the officials and the non-officials as to the suitability of unlimited liability. In districts where unlimited liability has been enforced to any extent and contributory orders passed against non-defaulting and non-borrowing members the opinion of co-operators is generally against the continuance of unlimited liability. But where the Central Banks have written off amounts due to them rather than enforce unlimited liability it is considered advisable to retain it as a means of getting influential members of societies to help in the collection of dues. The questions whether unlimited liability has prevented many people from joining the societies and whether societies have thereby suffered and whether it is desirable to alter the liability are raised in the Questionnaire issued by Government in connection with the Committee on Co-operation which is now sitting under the chairmanship of Sir T. Vijyaraghavachariar. We dare say that these questions will receive the earnest attention of the Committee. Meanwhile we may point out that the 9th Andhra Provincial Co-operative Conference, which met recently at Tapeswaram and the proceedings of which are published in this number, definitely expressed the opinion that "the unlimited contributory liability of members of societies which arises only on liquidation is prejudicial to the further progress of the co-operative movement and that it should be abolished as early as possible." Dr. P. Gurumurthi in his welcome address condemned unlimited liability outright. Messrs. V. Ramadas Pantulu and Jogiah Pantulu who urged the expansion of the movement on a sort of five-year plan to such an extent that every village either has its own society or shares a society with the neighbouring villages, expressed the view that such an expansion was possible only if the unlimited liability basis was given up. We believe there is much force in this argument. If we want all the villages to get the benefit of co-operative organisation for production, marketing and other purposes within a few years, we should be content with some workable substitute for unlimited liability, whatever may be its advantages.

Reconstruction of Rural Credit Societies and Limited Liability

BY THE HON'BLE MR. V. RAMADAS PANTULU.

Why was the issue of unlimited liability *versus* limited liability pressed to division in the Committee on Co-operation? Was it not possible to arrive at an agreed solution, especially because the advocates of either form of liability were prepared to give freedom to the other to have societies with the form of liability they favoured? These were the questions put to me after the decision of the Committee on Co-operation in favour of limited liability being made the rule and unlimited liability the exception, as a matter of local option, was announced in the press. I shall try to answer these questions in the course of this article.

There is widespread desire among all sections of the people of this Province to give a new orientation to the Co-operative Movement. The main objective of this awakening is to organise as many activities of the villager as possible on a co-operative basis and to generally re-integrate our disorganised village life. The belief that credit should form the centre of our co-operative activities has given place to the conviction that co-operative credit should merely be a part of the economic reconstruction of rural life. As an eminent author on co-operation puts it, "the three B's hold, but the order is reversed—better living, better farming and better business." He proceeds to say, "it may be that the successful reversal of the order is destined to be India's distinctive contribution to the co-operative idea." In any plan to reconstruct the Co operative Movement, the remodelling of village society becomes the most essential factor, for it is the foundation of the entire structure. It is a matter for gratification that the Committee on Co-operation which is appointed by the Government of Madras and which is now sitting, has started its enquiries with the village society and tentatively adopted a scheme for the reconstruction of village society which will not merely have far-reaching results but will change the whole face of the Co-operative Movement in this Province. The following is the scheme referred to:

> "Agricultural credit societies should be reorganised on a wider basis, both in regard to their functions and area of operations. The whole province which consists of over 50,000 villages, should be covered with co-operative societies in such a way as to bring every village within the area of operations of the society.
>
> On a five, seven or ten year plan, the reorganisation of village societies should be undertaken. The most convenient way of

covering the province with such societies will be the amalgamation of the existing smaller societies as are unable to function properly individually and are fit to be amalgamated into groups, and organising new societies on a group basis. The area of operations of such reorganised societies will depend upon local conditions, but a radius of three to five miles according to convenience, and other conditions should be the normal feature.

The ideal of combination of various functions in the same society so as to deal, as far as possible, with the several economic needs of the villager through one organisation in the village should be the aim of our planning.

The village societies should actively pursue the functions which are now comprehended by the model by-laws of societies, such as supply of manure, seed, improved implements, joint purchase on indent system, supply of electrical and other mechanical power on a co-operative basis and even farming on co-operative basis and such other allied functions as may be decided upon by the Committee. These functions should be so conceived as to achieve the ideal of the Irish co-operators, namely, of co-operative societies helping the villager in the triple programme of better farming, better business and better living. The fundamental idea underlying the scheme is rural reconstruction or rural betterment in order to deal with the village and the life of the villager as a whole.

Simultaneously with the enlargement of the functions of the village societies there should be an intensive drive for enlarging the membership of these societies so as to bring every family residing in the area of operations of the village society within the ambit of the society. There should be scope in all village credit societies for all sections of the community each of which has its own economic and social needs.

The success of co-operative organisation of rural population will depend to a great extent upon the improvement of their income and purchasing power mainly by taking steps to make agriculture pay better and by development of subsidiary and cottage industries. This programme must be linked up with the working of village credit societies.

To those who have no tangible property against which loans can be advanced, facilities must be created to turn their labour into an economic asset. The creation of work, the fixing of minimum wage, and such other functions can be accomplished only by statutory bodies like village panchayats, and their activities must be co-ordinated with co-operative societies.

Societies reorganised on a wider and more intensive basis require trained and paid agency to carry on their day-to-day administration and the enlargement of business will result in creating the necessary working funds from the margin of business. It is necessary to have at least one paid official for each of these larger societies.

The agency for dispensing long term credit must be kept separate from the village credit societies.

The liability of a society whose primary object is the creation of funds to be lent to its members and of which the majority of members are agriculturists shall ordinarily be limited. But if, in the opinion of the Registrar, having regard to local opinion and other circumstances, unlimited liability is more suitable for any society, the liability may be unlimited.

The adoption and implementing of this scheme will give an entirely new colour to the economic life of the village and when the activities of the co-operative society so remodelled are co-ordinated with those of the statutory village panchayats broad-based on the ideals and traditions of Indian rural life, we create in the villages a live form of village administration, covering the entire field of the social, economic, industrial and political life of the village. The institutions of the people, thus constituted, will be more truly representative of genuine local opinion and more largely responsive to healthy popular influence. The co-operative credit society will then cease to be looked upon as a minor economic activity chiefly designed to lend money to the agriculturists. Indeed, as this scheme of reorganisation of the co-operative movement develops and fructifies, co-operation assumes the form of a movement for promotion of rural welfare and rural betterment. As Mr. D. N. Strathie, one of our distinguished Registrars, said, "some years hence co-operation would be a movement devoting itself more to reconstruction and general economic rehabilitation than to credit—in the hands of a body of unselfish workers, missionaries or servants of India, not turning over vast sums in the way of loans but spreading the gospel of brotherly love and mutual help in the villages and bringing nearer the day when a loftier race than ever the world has known shall rise with flame of freedom in their souls and light of knowledge in their eyes." The present Revenue Minister, the Hon'ble Mr. Prakasam, as the Committee must have seen from the admirable address he delivered to them on the 19th May, is inspired with these very same ideals and it is my sincere hope that the Committee will eventually be able to implement his spirit in the recommendations which they will make.

One of the most serious questions with which co-operative reformers are confronted is whether this remodelled village society should retain its existing fundamental features, which are copied from the Raiffeisen and Schulze Delitzsch type of societies in Germany, namely, tiny societies confined to single villages and built up on the foundation of unlimited liability of the members that composed them. There is a school of thought which holds that agricultural credit societies whether reorganised for a single village or a group of villages should retain the basic principles of mutual knowledge and mutual trust among members, which are reflected in and worked out through unlimited liability. This school of thought seems to be now in a minority, so far as this province is concerned.* There is an ever-growing section of co-operators which is definitely of opinion that the old model has outlived its utility or failed, that it must be completely changed and that there is need to enlarge the area of operations, membership as well as functions of the rural societies to make them subserve the needs of the villagers all round and more effectively, and that for such societies unlimited liability is wholly unsuitable. The question of the form of liability has thus assumed real importance in the formulation of the scheme for the future organisation of rural societies. As this question of the form of liability is raised to the dignity of a principle and life-giving faith, it may not be out of place to re-examine the question in some detail at this juncture.

Societies which were constructed on the basis of unlimited liability naturally laid great stress on the moral aspect of the movement. There was no other way of the immaterial asset of mutual knowledge and mutual trust being mobilised to create credit for small agriculturists. But those virtues required many external influences to prop them up. For instance it is said that Raiffeisen who constantly kept the moral aspect before him owed his success to the full use he made of the one intelligent power in rural districts, the parish priest or pastor. Again, personal credit on unlimited liability basis was gradually made to rest more and more on "material caution" in the shape of substantial share capital and security of land mortgage. In areas in this province where unlimited liability societies are said to be working well mortgage securities even for loans for short and intermediate term are a common feature. It is difficult to equate this material caution with the moral transaction based on mutual trust and mutual knowledge, which are said to be at the bottom of personal credit. Again, in order to mitigate the rigors of unlimited liability many curious devices are adopted by way of safeguards. Members are allowed to withdraw their share capital and leave the societies if they are not willing to shoulder the consequences of unlimited liability. But in order to protect the interests of the remaining members, the liability

* The questionnaire issued by the Government has raised this question specifically. The answers thereto are analysed in the Blue Books supplied to the members of the Co-operative Committee. The following is the result of the analysis :

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of a past member is kept alive for two years after he withdraws his membership and enforced against his personal assets and properties in the hands of his heirs or representatives. It is hardly a sensible way of doing serious business. The adoption of an inconvenient expedient has led to indefensible anomalies. Moreover, we must remember that the legal characteristics of unlimited liability itself have undergone a radical change. At one time unlimited liability was enforceable by the creditors against any member of a working society. But the Maclagan Committee pointed out, "it was merely intended to be ultimate contributory liability by which the ultimate deficit due by the society to the creditors should be secured by a series of levies per capita on members, direct proceedings by any creditor against individuals being forbidden." But the Committee was not clear about the stage at which it could be enforced. It was Mr. Calvert who made it clear that it was merely contributory liability and could not be enforced when the society was a corporate body. A Full Bench decision of the Patna High Court reported in A.I.R. 1931, Patna-321 (F B). and the Bombay Co-operative Societies Act (1925) have now settled the position in favour of Mr. Calvert. Section 4 of the Madras Co-operative Societies Act (1932) also lays down that this liability arises only on the liquidation of the Society.

How has this new form of unlimited liability been worked since then? In the wake of the economic depression and the general deterioration of the credit movement, the number of societies which were liquidated has gone up. At the end of 1937-38, the number of societies under liquidation was 1376 and the amount involved was Rs. 48.35 lakhs. There have been distressing tales of the way in which contribution orders have been issued against non-borrowers and solvent members to recover sums which indigent or dishonest borrowers failed to repay. A formidable list showing the number, amount and classification of unlimited liability contribution orders passed in the last three years is furnished to the members of the Committee on Co-operation, and it does not make a pleasant reading. The number of the orders in these three years alone comes to 4,667 and the amount covered by such orders is Rs. 5.90 lakhs. It is impossible to believe that men with property are not scared away by the enforcement of unlimited liability in this manner.

Mr. G. R. Cahill, with whose famous report co-operators must be familiar, stated the position correctly when he said : "the question of unlimited liability is not a matter of principle but of expediency."

This is my conviction too. Those who swear by Raffeisen and Schulze Delitzsch must remember that while unlimited liability was an article of faith with Raiffeisen, Schulze Delitzsch valued it as an aid to attracting deposits and putting members on their guard. They should further remember that neither of them, when they started their societies, had any choice in determining the character of the liability, for the law of Germany had not then accorded the privilege of limited liability. After the law in Germany was changed and limited liability was permitted, the followers of Schulze Delitzsch went over to limited liability. Where unlimited liability was adhered to, its feasibility still rested there on two factors, which are both absent in India, namely, the local deposits and working funds of the rural societies which came from the members and other residents of the village and the more or less even status of the farmers that composed the society and among whom the credit percolated. We must also remember that in other European countries like Denmark, Holland and Czechoslovakia, where unlimited liability still holds the field, not only credit societies but a variety of other kinds of agricultural societies such as creameries, bacon factories, purchase and sale societies covering large areas of operation, besides central societies and land mortgage banks extending over a whole province or even an entire country are also based on unlimited liability. It is unnecessary to go into these perplexing features of the Austrian, German and other European societies in any detail, for so far as I know, no one in this province advocates unlimited liability for group societies with large areas, those engaged in activities other than credit and secondary societies.

The experience of Irish farmers deserves to be mentioned. Societies which have failed in Ireland more than any other type were the unlimited liability credit societies, on which Sir Horace Plunkett set great store. The Commission on Agricultural Credit of Ireland noted "the difficulty in attracting the better off farmers to a credit society with unlimited liability" and recommended limited liability. In this connection it is interesting to recall what our illustrious countryman, the late Mr. G. K. Gokhale said in the Imperial Legislative Council in 1903 when the Co-operative Societies Bill was under consideration. He said, "unlimited liability is a principle which our raiyats in many parts of India can scarcely be made to understand...this is to them an entirely foreign idea and in most parts, it is to be feared, would deter people from joining such association."

There is really better scope for the exercise of the virtues of mutual knowledge and mutual trust in a limited liability society through the development of surety loans for short and intermediate periods. If the rules of the society prevent one member standing as surety for more than one or two, then most members will have the privilege and the pleasure of helping his fellow members by standing surety for them, dispensing with insistence on land

mortgage security. Here is a better application of the principles of mutual trust and mutual knowledge.

As for the fear that if unlimited liability is abandoned, the confidence of the money market will be lost and the inflow of deposits will diminish, the answers to the questionaire furnish an almost complete refutation of this contention. Many of those who have advocated unlimited liability for other reasons have said in their answers that a change in the liability will not interfere with the inflow of the deposits and that the confidence of the money market depends to some extent on the belief that the Government through inspection, audit and other forms of control is behind the movement and largely on the good management of the societies.

The advocates of continuance of unlimited liability in agricultural credit societies in this province should remember that the Government never intended to force unlimited liability on agricultural credit societies in this province at the outset. Societies which were organised in the first two years in the Madras Presidency were in fact all on limited liability basis. They were gradually changed into unlimited liability by persuasion based on the supposed efficacy of Raiffeisen model. This practice has in due course been elevated to a principle enforced by law.

The law as it now stands requires that rural credit societies *shall* be registered on unlimited liability basis unless the Government by general or special order otherwise directs. Those who wish to re-shape the co-operative movement and give it a new life and a new start feel that unless there is a definite reversal of this overdone principle of co-operative law, the reform and expansion of the movement along the lines of the scheme tentatively adopted by the Committee on Co-operation will be impossible. Therefore they are not content with merely amending section 4 of the Madras Co-operative Societies Act so as to provide for registration of rural societies in future either on unlimited or limited liability basis. Such a non-committal attitude will not give any lead nor will it create the necessary momentum for the reconstruction of the Movement and rebuilding the village society on the new model which attempts to comprehend the whole of the village life and the entire village population. The reformers are therefore insistant on the new doctrine being incorporated in the amended Co-operative Societies Act as unequivocally as the old doctrine, in which they no longer believe, is now embodied in section 4 of the Co-operative Societies Act. This is the reason for the issue of limited *versus* unlimited liability being pressed to a division in the Committee.

It is a matter for gratification to find that co-operators of international eminence and fame, like Dr. C. R. Fay, who visited India in recent times, are impressed with the anachronism of unlimited liability as they find it to-day in our rural credit societies. I desire to quote a short passage from Vol. II of Mr. Fay's *Co-operation at Home and Abroad* (1939). Listen to what he says:

> "The detail of Indian co-operation will reveal an intensive effort to *acclimatise* the co-operative village bank, carrying unlimited liability. The necessity was the scourge of moneylending, which is as widespread and endemic as malaria. The deputies of Raiffeisen were the provincial Registrars of Co operative Societies, who specialised in co-operation as a contribution to good Government......The nominal indebtedness of the Indian peasant is astronomical; and since India took over from Germany the rule of unlimited liability **without the more fundamental attribute of deposits derived from the same social stratum as that to which credits are issued,** co-operative credit tended to become a channel for the loan of money by substantial to indigent persons—a subdued form of moneylending."

Comparing India with China, where greater stress is laid on direct provision of communal services without intervention of money, the author says:

> "India's case contrasts with that of a pioneer community, which is new to money and feels for its creditors neither respect nor fear. Co-operation has to take root in a country that has been monetised for centuries. The moneylending castes are among the most respected. To declare war on them would be mere bravado. It is only by their consent that the problem of indebtedness can be loosened, and it is therefore in activities where money is subordinate that co-operative autonomy is most within sight. That this is being realised is shown by the change of mind among co-operative officials in regard to village reconstruction."

These observations are extremely illuminating and show what hold the moneylending profession and the moneylending classes had not only on the people who were the victims of moneylending but also on the Governments, both Central and Provincial, as well as the course of the progress of the Co-operative Movement in India. Fortunately, times are changing if they have not already changed. The Provincial Governments in most Provinces are no longer inspired either by respect or fear for the moneylending classes. The Debt Relief Acts which have already been passed by some Provinces and which are on the legislative anvil in others will dethrone moneylending from its present pedestal. To that extent the enslavement of agriculture to moneylending will be checked, if not removed. Compulsory licensing of moneylenders and stringent regulation of moneylending will I hope drive out moneylending as a profession and that all individual moneylenders will be eventually displaced by institutional moneylending. We, in our turn, as co-operators should aim at displacing commercial credit institutions by co-operative institutions. It is therefore an opportune time for the Committee on Co-operation set up by the Provincial Government of Madras to take full note of the time spirit and release Co-operative Movement from the shackles to which Mr. Fay pointedly draws attention.

Competition in Co-operation

BY MR. S. K. YEGNANARAYANA AYYAR, M.A.

It is very necessary that the ideal for which co-operation stands should be clearly visualised at least by a few leaders and thinkers. Whether it is only a clever economic device by which the less successful amongst us in the keen struggle for existence can fare better or whether it stands for a new economic and therefore social principle by following which a better social order can be built up has to be discussed and conclusion arrived at. In the economic order prevailing in the world "Each for himself and the Devil take the hindmost" is the motto and keen competition unmitigated by any ethical consideration is the prevailing principle. Co-operators often speak of sacrifice and service as their ideals and the motto of the movement is "Each for All and All for each." But very often it is interpreted as "All for Each and Each for Each" also. That is, the competitive principle prevailing in the world is to be found in an active form among the co-operators also. I shall make my point clear by some examples—one from our own City and the other in the far of Baroda which I had the privilege of visiting in the year 1933.

The Triplicane Urban Co-operative Society (T. U. C. S.) imports rice to the tune of 3,000 bags a month from the district of Nellore and now they have appointed their own agent to purchase paddy at the proper season, mill it and send it according to monthly requirements. Some years back when I was connected with that Society, I induced the T.U.C.S. to become a member of the Nellore Paddy Producers' Co-operative Society so that the two arms of the movement—the Producer and the consumer might be brought together. But unfortunately this experiment did not succeed. The T.U.C.S. was bent upon getting its rice as cheap as possible and the Nellore Society was equally bent upon its produce being sold with the maximum benefit to its members. Both were actuated by motives of selfishness and competition and there was no manifestation of "give and take" and of the motive of service and sacrifice, so often preached from co-operative platforms.

Secondly, in the city of Baroda I found two co-operative societies working side by side, one, Milk Producers' Co-operative Society and the other, Milk Consumers' Co-operative Society. One would naturally expect that these two were admirably fitted for mutual service. But the actual fact was otherwise. The Consumers' Society was anxious to get its supply as cheap as possible and the Producers' Society was equally anxious to get the highest price for the milk of its members. The result was that milk was being brought into the city of Baroda from the adjoining villages and sold to its people by two rival organisations both sailing under the Co-operative Flag, but both following the principle of cut throat competition.

Another glaring instance of competition in co-operation may be seen by any one who takes a walk to the beach along Pycroft's Road. The Madras Provincial Co-operative Marketing Society has opened a depot in a big house in that street and it is selling to any and every body articles like rice, sugar, chillies, tamarind, butter and so on. Within a 100 yards of this is the famous T.U.C.S. the premier Consumers Society in *India* with its 26 branches and it is also dealing in these identical articles. The justification for the existence of these two separate organisations may be that the producers' society is trying to get the maximum price for the articles it has secured from the producers and the consumers' society is attempting to get things as cheap as possible to its members. If the prices in the marketing society is *higher* than the store one can understand the competition, but as a matter of fact the price in the marketing society was *lower* than that in the store. On the day I went to the Provincial Marketing Co-operative Society I found them selling butter at Rs. 1-5-6 a viss and on the same day I found the store selling butter at Rs. 1-7-0 a viss. *This shows that both the producers and the consumers are cheated.* There is something wrong with the machinery that we have evolved and instead of benefitting them, the institutions that are supposed to work in their interest are carrying competition and do not in any way benefit the parties they are supposed to represent.

Lastly another and a more glaring instance of competition. The Bombay Co-operative Insurance Society has its wholesale agent in Madras, Messrs. Ravi & Co., and they have advertised for agents throughout the districts of the Province and the neighbouring Indian states. The South India Co-operative Insurance Society was started just one year later than the Bombay concern and both are doing excellent business in quality and quantity as well. They are on a par with each other and may be described as a running a neck-to-neck race. What then is the justification for the Bombay Society to open a branch and try to secure business from Madras? There are provinces that have no separate co-operative insurance societies of their own and Bombay and Madras may well come to an understanding and divide the area between themselves. Instead of that if Bombay were to carry on business in Madras and if Madras were to retaliate by establishing a branch at Bombay, they will be making themselves a laughing stock of the world.

I have given enough of concrete instances to show that not only is there competition between producers' organisation and consumers' organisation, but there is competition between two similar organisations carrying on identical sort of work. This shows that the co-operative movement has not been permeated by the true spirit of co-operation but is only carrying on business like any other economic organisation with success as its goal and competition as its method. Co-operators will do well to think on this aspect and try to improve matters.

Liquidation of Co-operative Societies

By Rao Bahadur Sri A. Rajabhadar Mudaliar, B. A.

The work of liquidation of co-operative societies is performed by a staff working under the Registrar. The progress and results of this work have been far from satisfactory and measures to improve the same appear to be urgently necessary. The delays in taking the various steps prescribed by Rules have been so unreasonably long that the accounts of such societies remain unclosed for as many as five years and more, though with the powers of the liquidator and the restrictions provided by Law against suits or other legal proceedings against such societies it should be possible to deal finally with them much more expeditiously. The collections by liquidators have also been miserably poor. How far the poor collections can be traced to the dilatoriness of action taken seems well worth investigation. According to the Registrar's Administration Report for 1937-38, there were 1,601 societies under liquidation in that year, of which the accounts of only 225 societies were finally closed as against 270 in the previous year, leaving 1,370 societies at the end of the year. Of these 1,376 societies, 112 have been under liquidation for over three years, 167 for over four years, and 582 for over five years. As 'over five years' may mean any length of period, it would be interesting and useful to know for what periods exactly these 582 societies have been under liquidation. The total collections in all the liquidated societies during the year amounted to Rs. 6.59 lakhs leaving Rs. 69 lakhs uncollected at the end of the year. The assets written off during the year amounted to Rs. 6.83 lakhs. In other words, more of the assets were written off than were collected. In the previous year also the collections amounted to Rs. 6.4 lakhs while the sum written off was Rs. 6.9 lakhs. Long intervals in taking action help debtors to alienate or screen their properties and resort to fraudulent transactions to cheat societies. The work of liquidation is so intricate and full of difficulties that the men selected for it from the department must possess the capacity to tackle promptly and effectively the difficulties cropping up in the course of their work and to create the impression that attempts to cheat cannot succeed. But the men ordinarily put on this work are, I fear, of the class who have no sufficient experience of men and things and find it easy to transmit like the post office whatever information interested persons may give them to the effect that the debts due are irrecoverable. The Deputy Registrars are so overwhelmed with their other works that they cannot possibly find the time to make their own investigations to verify the correctness of the reports of their subordinates or examine their work as often and as closely as is necessary to instruct and guide them on right lines. When I was President of the Conjeevaram Central Bank some years ago I persuaded the Registrar to appoint a retired Tahsildar and also a tried co-operator as liquidator of some societies with the result that collections there were far better than in other liquidated societies though those societies were handed to the non-official liquidator at a late stage. Apparently encouraged by that experience Diwan Bahadur Sri. K. Deivasigamany Mudaliar, who succeeded me as President, appears to have moved the Registrar to hand over the liquidation work to the Central Bank and I do not know what became of that propasal. I have since learnt that in a few successive months recently the collections in the liquidated societies in that District were no more than about Rs. 300 per mensem for a demand of some three lakhs.

It is of obvious necessity, therefore, to put this work on a more satisfactory basis to yield more encouraging and helpful results.

The Co-operative Movement

BY MR. P. K. SRINIVASARAGHAVA ACHARYA, B. A.

One is tempted to ask as to whether any good has resulted from the co-operative movement. If no good has resulted the reason is to be sought for. The movement set on foot with the best of intentions for the material uplift of human beings has failed in its object. It may even be said that it has in certain instances brought about the economic ruin of persons that came within its influence.

Concrete examples are not wanting to prove the above fact. In or about 1916 a society was started at Perumbakkam, Villupuram Taluk. Its avowed object was to improve the material well-being of the persons who became its members. Panchayatdars were chosen from among persons of influence in the village. As in most cases, their influence was proportionate to the debts they had. Property statements taken from them ought to have contained untrue averments about the solvency of the panchayatdars. The society was made use of by them to raise loans which ordinarily bankers would have refused to advance. 'Benami loans' were raised when the maximum borrowing power of the panchayatdars had been exhuasted. Neither the panchayatdars nor the other members of the society understood nor cared to understand what a society meant. They only understood it as a banking concern run by the Government who had surplus money at its disposal and wanted to invest it through the medium of the influential members of the locality. The Assistant Registrar and the Inspectors who came to organise the society had no more meaning for the villagers than the agents of a rich sowcar. The members were subject to the influence of the panchayatdars and allowed themselves to be led by them. The inevitable result followed. The loans were not paid up. The society was discovered to be unable to pay its debts. It went into liquidation. When the amount due to the Central Bank was sought to be recovered by the enforcement of the unlimited (vicarious I may be permitted to call it) liability it was found that many of the members had not enough to eke out a livelihood. Innocent members who had not a pie to repay as loan to the society were harassed for the realisation of dues to the Central Bank. I am personally aware of an instance where advice was sought for by a member as to how best he could save at least a portion of his property from being taken for the debts of the society. However unlawful the attempts of the member might have been he certainly did not commit any sin in trying to protect his property from being taken for the debts of others. If I am not much mistaken the dues to the Central Bank have not yet been fully paid up. This took place long before the economic depression set in.

This is only one of the many instances where societies have not done anything good to its members but have brought about a state of affairs which could not have been possible but for them. The responsibility for what has happened in the above case should not be laid entirely at the doors of the panchayatdars or of the members. In their anxiety to start societies the gentlemen that were deputed to organise them did not explain to the people and make them realise what a co-operative society was intended for. The people were not advised that they would have to suffer for the misdeeds of their leaders. The society was not *properly* supervised. Those persons whose sacred duty it was to protect the interests of the members even from the panchayatdars do not seem to have paid that attention to the affairs of the society as was expected of them. Affairs would not have drifted from bad to worse if they had been properly attended to from the outset.

Feelings of co-operation and love cannot be taught in schools or classes. No amount of legislative laws, by-laws and subsidiary by-laws can make men love one another. Fear of law can make men desist from harming their neighbours. The existence of Penal law and courts to administer them prevents neighbours from flying at one another's throats, but it does not certainly make a man love his neighbour. So also legislative enactments with respect to co-operation cannot make men like one another. The training that is being given to officers of the department makes them capable of detecting frauds in the maintenance of accounts by panchayatdars but it really cannot and does not make them capable of converting men from self-seeking to selfless beings. Unless and until men are made to realise that they have to love their fellow beings there cannot be any progress achieved in the co-operative movement. Reform should come from within and not from without. Unless members are taught to cut down their expenses and to live within their means any amount of loaning out to them cannot lift them out of indebtedness. We are having the Madras Agricultural Relief Act and the Debt Conciliation Act. In many instances they have reduced the amount of debts due by agriculturists. In no case have these enactments made the agriculturists save and live within their means. The causes that led to their indebtedness have to be removed. So also statistics may be

furnished for proving that certain types of societies have been 'progressing' in the sense that they have been able to make profits. I would ask the gentlemen concerned with the movement as to whether they can honestly cite a single instance where societies have been able to inculcate into the minds of members a feeling of love towards one another or heartily co-operate with them out of affection. 'Better living societies' spring into existence but how far their members are living better on account of them is a question which has to be considered. Contentment and peace are what people want. Happiness cannot be brought about by eating nourishing foods or by wearing better clothes or by changing the name of one community. Many of the so called uncivilised classes are happier and more contented than those who offer to uplift them.

The reason is not far to seek. Unless we want to close our eyes to hard facts we cannot but feel that the innate desire of every human being to acquire power and influence over his fellow beings and retain them when they are once so acquired is at the root of the whole evil. A man who once tastes of power is as averse to giving it up as a confirmed drunkard to give up drink. He may even feel at times that what he is doing is wrong but he is unable to resist the temptation to retain that position. The so-called non-official leaders of the movement can be taken as examples. How many of them, I may venture to ask, are willing to retire and give place to the rising generation? It cannot be stated that we are wanting in men of outstanding ability who cannot be good substitutes for them. It is not as if the co-operative world wants the retention of these 'leaders' at the posts which they hold. I may not be incorrect if I state that it cannot be possible to remove them. Some of them may not even be wanted but their position is such that they are very 'influential' in getting themselves retained. Divest the post that they occupy of the influence that it enables its occupant to wield and an occupant would have to be sought for. Any reasonable man may ask himself whether the movement was ever intended to create such a state of affairs.

Next to power, 'money' is an attraction held out by societies. Call it honorarium, sitting fees or anything. Make an office really honorary and see whether it attracts men, whether those, that want to 'serve their fellow beings' by getting into societies, think of doing any service at all.

There is only one remedy for all this. Officers of the co-operative department should go out as priests of co-operation to every nook and corner of the country. They should forget that their only duty is to audit it, draw up balance sheet and find out whether any credit item is not supported by a receipt and a debit entry is not evidenced by a voucher. They should preach and make people realise what co-operation is and what benefits can be derived from the movement. They should advise the masses what they have to guard against. Societies or a number of them should be placed under the control of efficient departmental people. Outgoing officers should be rendered ineligible for the elections immediately succeeding. Persons who are members of the local bodies within whose jurisdiction the societies are situated and honorary Magistrates having jurisdiction over the area should be disqualified from standing for elections. I would even go to the length of suggesting that there should be a periodical supersession of committees of societies and the administration of their affairs by officers of the department without the intervention of and without being influenced by the leading members of the society. The refresher courses for the Inspectors and for the Panchayatdars are but a poor substitute for this sort of reform. For the last 3 years the refresher courses are being gone through. Will any one of the sponsors of such courses say as to whether any one has been benefited by them? No doubt the panchayatdars participate in grand feats for a day or two but that does not in any way educate them on the right lines. It is an unpardonable waste of public money that the Government are incurring in this respect. It is incurred in the hope that things may improve and because men in power want it.

The Government of Madras have formed a committee to enquire into the present condition of the co-operative movement and to make recommendations for its improved working and development. Will the gentlemen forming the committee be pleased to bestow a moment's thought over what has been stated herein?

Co-operative Irrigation by Electricity

By Rao Sahib Sri M. S. Seshachalam Iyer,

Tiruvannamalai.

Electric energy is now made available for a large portion of Salem, Coimbatore, North Arcot, South Arcot and Chingleput Districts, and in many Municipalities and Panchayat areas street lighting is now undertaken by the electric department. Motors and pumps are installed for irrigation purposes and the electric department is giving wire connection even to remote villages provided sufficient number of installations are arranged. Ryots in villages welcome the scheme and are ready to avail themselves of the opportunity and understand the advantages of irrigation by electric power over their mhote or piccota. A mhote with two bulls and one man will give about 1,500 gallons of water in one hour and a piccota with three men about 2,700 gallons. An oil engine 3″ pump by 3½ H. P. will lift about 9,000 gallons. A pumping set with 3½ H. P. motor will also lift about 10,000 gallons in an hour. The cost of electric energy consumed in an hour is said to be about 2½ annas. The motor 3½ H. P. and the pipes will cost about Rs. 300. The ordinary ryot can operate on the motor and it requires no expert handling.

In each village there is scope for at least a dozen installations to be put up even in the beginning. Want of finance is the main factor that stands in the way. Members of co-operative societies have not been able to repay their loans and there are very heavy overdues in each society. The reason for non-payment is said to be failure of crops and the poor return got in agriculture. The co-operative movement is organising marketing of produce in order to save to the cultivators middlemen's profits. Want of irrigation facilities is the chief cause of failure of crops. Mr. Zinda Sahib, the Collector of North Arcot, in a ryots' conference, expressed that he would give any amount of loan to ryots if it is to be utilised for digging wells. It enhances his earning capacity. Especially, in rain-fed districts well irrigation is the only source for regulating the agricultural operations.

If loans are given to agriculturists for installing motors and pipes for irrigation in their lands and if the cost is recovered in annual instalments, many new wells may be sunk and every villager may take advantage of the scheme. The existing primary societies may grant loans for this purpose on mortgage of immovable properties over and above the present borrowing power fixed for the individual, the society getting the loan from the Central Bank. But, in the present state of the rural societies, the Central Banks may not lend to them at all as there are heavy overdues to the Bank due from the societies. A separate organisation with all persons intending to have installations of irrigation plants, as members in a compact area of a taluk or a division, on the limited liability with shares and with power to borrow on the security of mortgage bonds got from members, may be tried for this scheme. Every installation requires from Rs. 300 to Rs. 500 as cost of plants and installation charges. Instead of individual purchases, if the society can arrange for a wholesale purchase from a manufacturer direct, there will be good savings in the cost. A paid mechanic may be maintained by the society to attend to the proper maintenance and repairs of the several installations wherever necessary. A common well among a number of partners of lands irrigated by it may also join the scheme and pay proportionate costs. Likewise, baling from rivers or public tanks etc. may also be helped by installing irrigation plants and the number of ryots participating in the installation may proportionately pay the cost thereof. The Electrical and the Agricultural Departments may render necessary help in the matter. The Central Banks in each district may take the initiative to organise such societies in its area and it will help to the revival of the existing societies.

Dutch Co-operative Auction.

BY MR. K. C. RAMAKRISHNAN.

We in India hear so much of the glories of the rural co-operative movement in Denmark—thanks to the literature available in English--that many of us are likely to imagine that there is little to learn of the progress made in any other European country. But equally wonderful is the progress made is some aspects of co-operation in certain other countries, each of which has some original contribution worthy of study. The French Syndicat and the Belgian Boerenbond were dealt with by the writer in some previous issues of this Journal. It is proposed to deal now with a novel development of co-operation in the post-war years in Holland.

Holland is a small country in the north-west of Europe, with an area of 15,760 square miles, or a little over 10 million acres, which is one-ninth of the size of the Madras Presidency. One-fifth of the total area is under water, another fifth is not available for cultivation, being occupied by roads, houses, buildings, etc.; and of the other two-fifths, 50 per cent. is pasture land, 35 per cent. is bearing field crops, 10 per cent. is covered by forests and 5 per cent. is under garden cultivation. It is in the production and disposal of garden or horticultural crops that greatest progress has been registered in recent years. It is in this field that Holland has made her special contribution to the agricultural co-operative movement.

The Dutch are a very clever and enterprising people. Though politically they are at present a small nation in Europe, they have a very flourishing empire in the East Indies. They are making the best use of the land available for cultivation in their precious little home country. They have great engineers who have long been engaged in draining the big expanse of water, the Zuider Zee, and reclaiming more and more land for cultivation, a marvellous piece of engineering achievement—and profitable unlike the Back Bay Reclamation of Bombay! Much of the soil of Holland is heavy clay or sand, requiring careful treatment before crops can be raised with profit. The country is studded with canals carrying heavy traffic cheaply, some of them running right in the heart of cities, which visitors are invited to see round from boats. Roads well made run side by side with canals, and the faster traffic is carried by motor vehicles. The Dutch have for centuries been noted for their commercial acumen and they have started a number of large scale industries of the most modern type. Next to Belgium, theirs is the most thickly populated country in Europe. They are eight millions on the whole. A third of this population are directly supported by agriculture and rural industries.

Holdings are naturally quite small. More than half of them are between 2 and 12 acres; some are smaller than these. A large number, especially pastures, are between 12 and 120 acres. But very few holdings are bigger. Quite indicative of the intensity of cultivation, we find the minimum economic holding prescribed as 1 hectare or 2.47 acres for field crops, while for garden land as little as .05 hectare, *i.e.*, only 5 cents, would seem to suffice for an individual farmer. But it needs high capital investment to start a garden and keep it up. An acre of garden land sold for £ 200 before the Depression, but values have not tumbled down so miserably as in other countries. Over half the area is owned and tilled by peasant proprietors. Others are tenants fairly well protected. Wheat and other cereal production had been rapidly declining and giving place to animal husbandry, particularly the keeping of milch-cattle for butter and cheese, of pigs and poultry for bacon and eggs. But most remarkable is the progress made in recent years in market gardening, in which the Dutch have had an enviable reputation for long. Any visitor from India is bound to be amazed at the miles and miles of glass house cultivation stretching on either side of roads and railways, and harbouring a variety of fruits, flowers, vegetables and shrubs. The writer who went into one of the gardens under glass house cultivation, a few miles from the Hague, was told that it would cost about £ 280 to erect a glass house structure measuring 252 square yards. The glasses were removed from the frames during summer and put on again during winter. Artificial heating by steam pipes running all through the structure was resorted to on particularly cold days.

There are special horticultural supply societies undertaking the supply to farmers of fertilisers, tools, frames, glass panes and heating apparatus. There are schools teaching youths the theory and practice of horticulture. Sixty per cent. of the gardens are said to be quite small, each occupying anything from 10 cents to 5 acres. All sorts of vegetables are raised, but particularly potatœs, cabbages, onions, tomatoes and cucumbers. Those raised in glass house and reaped early in the season fetch comparatively high prices in the Dutch and foreign cities to which they are despatched every week and sometimes more frequently. Due to the fall in prices of vegetables, the cultivation of flowers has been taken up extensively in the last 7 or 8

years. Pot flowers like the rose and the lilac and cut flowers like the tulip and the chrysanthemum are despatched in the season every day and some of them are destined for export to cities in neighbouring countries.

The agency for the disposal of garden produce is the Co-operative Auction as it is called, corresponding to our sale society here, but incomparably more active and alert and helpful to the growers. There are more than 150 Co-operative Auctions in Holland. One such Auction designed for the disposal of flowers was visited by the writer of which an account is given below.

Co-operative Central Westland Cut Flower Auction Society is located at Houselersdyk, about 20 miles from the Hague, on the bank of a canal. The premises is quite large, with a big central hall, at least 10,000 square feet, with a number of apartments at one end serving as office, lunch and other rooms, and a big compound for parking lorries which carry the flowers sold, while the flowers arrive by boats on canals, which are within easy reach of gardens. The building was constructed and opened for auction only in November 1931. The cost of the ground was met by a loan from the land mortgage bank of Utrecht, while the building itself was constructed by loans from current sources. Like almost all agricultural societies in Holland, this is also based on unlimited liability, and the excellence of management is a guarantee to creditors advancing loans. The loans incurred for building were being fast discharged from the income earned.

The actual place where auction is held is an enclosure in the centre of the hall with a gallery to accommodate about 120 buyers. There were at the time about 80 registered buyers (paying each a fee of 20 gilders (42 sh.) for the year) and 30 or 40 more unregistered buyers could attend and bid. The flowers to be sold of any particular grower are arranged in bunches on a trolley-table, which is pushed on to a platform in front of the buyers assembled. Facing the gallery is a structure at the top of which is placed an electric dial looking like a big tower clock with figures of prices rising in value clockwise noted at the circumference while a hand runs round in the opposite direction pointing to prices in the descending order and stops at a figure acceptable to the buyer in the auction seated in the gallery pressing a button near his seat. The number of the seat of the buyer is lit up in the centre of the dial so that there is no mistaking as to the buyer who would accept the flowers at the particular price. The curious thing about a Dutch auction is that it starts with a high figure and goes down, the highest price acceptable to any buyer being the price at which each bunch of a particular set of flowers is sold. Except for the clerk's announcement of the name of the grower whose flowers are sold, one hears no cry or noise which is proverbially associated with auctions all over the world.

The daily auction begins at 8-30 a.m. and closes at 12 noon. Packing in special trays and wicker baskets and even in paper packets goes on briskly soon after the flowers are sold ; and they are despatched by lorries or boats or by railway parcel according to destination. The writer was told by Mr. W. G. Sweeris, the Cashier, who kindly showed him round, that flowers were then selling at a low price and most of them found their way to the cities in Holland and not so much abroad. A noteworthy feature is that if the highest price offered by the buyer is lower than the minimum fixed by law, the sale of such flowers is withheld, and the flowers are destroyed as they cannot be preserved and sold later. The Government is said to pay the minimum price for such flowers. The writer actually saw the destruction by a sharp knife of a number of bunches unsold.

Ninety per cent. of the growers of flowers in the area are said to be members of the Auction Society and they have all agreed by contract to deliver their flowers for sale to the society. By a recent legislation, analogous to the Marketing Acts in Great Britain and the Dominions Overseas, the writer was told that every one of the growers of flowers and vegetables would be obliged to sell the produce through the co-operative auction in the area.

'Compulsory Co-operation' is at present a much canvassed topic in our province. But compulsion is difficult to enforce unless the vast majority of our agriculturists are as co-operatively minded as the Dutch or the Danes.

Recent Utterances.

The following is the speech delivered by the Hon'ble Mr. V. V. Giri, Minister for Industries and Labour, while opening the proceedings of the first meeting of the Committee on Co-operation held in Madras on the 18th April 1939.

Sir T. Vijayaraghavachariar and Gentlemen,

It gives me great pleasure to meet you and welcome you to-day and before you settle down to your work, permit me to say a few words on behalf of the Government. Let me say at once how much Government appreciate the willingness with which the Chairman and members have agreed to serve on the Committee and the great personal sacrifice and discomfort to which you have put yourselves in undertaking the journey to Madras during this part of the year. The Government are looking forward with expectation to your deliberations and I am sure that notwithstanding the heat, you will find your stay in Madras enjoyable and your work pleasant.

2. It is needless for me to state how much importance the present Government attach to the co-operative movement as a vital factor in the rebuilding of our countryside and a solvent of the many economic troubles from which our villagers have suffered and are still suffering. As the members of the Committee are undoubtedly aware, a Committee was appointed by the Government in 1927 to examine the progress made by the co-operative movement in this province since the Maclagan Committee's Report and to suggest suitable measures for effecting necessary improvements. The recommendations of that Committee were given effect to as far as possible, but since then there have been considerable changes in the economic world which have had serious repercussions on the co-operative movement as well. The single major factor, which affected the lives of men and countries and which has been world-wide in its scope and unprecedented in its character, has been the economic depression which, so to say, shook the foundations of agricultural economy in every clime and country and it has given rise to a number of economic problems for which economists, statesmen, administrators and politicians have been attempting to find a solution. The co-operative movement, being essentially economic in character, has not escaped the effects of this depression and has found itself in great difficulties. On one side, it has had to face difficulties in the recovery of advances from members (most of whom are agriculturists) without undue hardship to them and consistently with the low agricultural prices and their reduced repaying capacity; on the other, it has had to regulate its loaning policy with an unusual degree of caution and circumspection. In other words, there was a justifiable fear of the loans getting frozen if adequate steps were not

formation of multi-purpose societies and banking unions. The Government notice that opinion in regard to these proposals is divided and they consider that it is necessary that these suggestion should be examined in detail in order to see how far they can be adopted in the present-day conditions and to meet the further expansion of the movement in this province.

7. Lastly there are important matters in regard to audit, supervision, co-operative propaganda and education, which have been agitating the minds of some of the co-operators and on which also difference of opinion seems to exist.

8. Gentlemen, I have just indicated in the broadest outline some of the matters which are of great consequence to the co-operative movement and in regard to which it has been the intention of the Government to obtain the expert opinion of the Committee. Such periodical stock-taking of a growing movement like the co-operative movement is, I consider, both necessary and desirable.

It is a matter of common knowledge that for some years the Government have been engaged in studying the various changes necessary in the co-operative law and, as you are all aware, these changes have also been drafted. The Government request you to go through the changes and offer practical and useful suggestions to enable them to introduce an amending bill as soon as possible.

9. A word about the procedure the Government thought it best to follow may not be out of place. The Government appointed a Special Officer who was asked to gather all possible and available material from every source. The questionnaire he prepared and examined by the Government was carefully scrutinised by some co-operators who were easily available before it was issued. The mass of written evidence obtained is printed in three bulky volumes. If after a careful perusal you come to the conclusion that certain aspects are not covered by the questionnaire or the information collected is insufficient, your are at perfect liberty either to call for it or elicit the same in oral examination. The Government feel, the procedure adopted, though it may appear novel, has the merit of saving time and energy and will enable the Committee to get through its work without undue delay.

10. You will all agree we are fortunate in securing the services of Sir T. Vijiaraghavachariar as the Chairman of the Committee and on behalf of Government I thank him whole-heartedly for the readiness and the spirit of sacrifice with which he has agreed in the midst of his other work to give his services in the interests of the movement which is bound up with the welfare of a large class of people of his own province. Though old in age he is young in spirits; he has travelled far and wide in Europe and America and has thus an intimate knowledge of the economic conditions

not only of this country but of the other countries as well; with his shrewd commonsense and knowledge of men and things, he combines tact and humour which most of us would envy; and I am sure that with him as Chairman, you will find your deliberations not only serious, but pleasant.

11. About the other members of the Committee I need not say much. The Government have intended the Commmittee to be representative of all shades of thought and opinion and there are, amongst the members, leaders of the movement, administrators—past and present—businessmen and men of public affairs and an expert in economics. The Government feel no doubt that the issues arising will receive fullest consideration from all points of view and that your decisions will be informed by the idealism of co-operators, reconciled with the exacting requirements of businessmen, moderated by the practical considerations of administrators, harmonised with the economic theory of the professor and will be broad-based on the popular demands of men of public affairs and let us hope that the conclusions of the Committee, as they finally emerge, will be valuable both to the Government and the people at large.

I once again offer you my thanks.

TRICHUR TALUQ CO-OPERATIVE CONFERENCE, ANTHIKAD.

The following is the Presidential address of Mr. S. Subbarama Iyer, M.A., Dip. Econ., delivered at the Trichur Taluq Co-operative Conference, Anthikad.

In a recent review of co-operation in Cochin we read that the movement has made remarkable progress during the last few years so much so that 261 out of the 275 villages in the State are served by the movement to-day. The review continues that the total working capital amounted to Rs. 37 lakhs and the share capital and the reserve fund amounted to Rs. 9.5 lakhs. The total of all transactions per year was nearly a crore and the net profits amounted to about Rs. 43,000. Loans to members amounted to over 9 lakhs of which nearly 3 lakhs were for productive purposes.

While all this is cause for legitimate pride to Cochin co-operators as a whole, I feel that we should not feel elated by success or be self-satisfied with what has been done. I would rather emphasise on what is still to be done so that we may look to the goal steadily and as a whole; and adopt at every stage such ways and means as lie in our power to achieve the goal which is nothing more and nothing less than the establishment of a Co-operative Commonwealth touching every aspect of village life in Cochin State.

First let me place before you the aims and objects of the co-operative movement. When it was first introduced into Europe it was offered as an alternative to capitalism; since then it has been offered as an alternative to socialism also. These three may be briefly compared. In capitalism the functions of business are ultimately controlled by the owners of capital, industrial property is privately appropriated and profits of business are distributed to owners of capital according to the number of their shares; and production is undertaken for exchange in anticipation of demand, i.e., to be sold to those who need and are prepared to purchase the goods by paying the price fixed by the producers. Socialism seeks to abolish private appropriation of property and with it the sharing of profits by capitalists. Some socialists (communists) would abolish private property in everything; while others (less revolutionary) would abolish private property only in the means of production such as land used in agriculture, and machinery in industries. Socialisation of industrial property, it is believed, will put an end to accumulation of wealth in single hands which is held to be responsible for the existing economic and social inequalities which cause distress for the poor. Co-operation is a *via media*. It seeks to retain private property in individual hands but disperses it as widely as possible, so as to avoid the extremes of concentration of wealth on the one side and its total absence on the other. It also aims at socialisation of industrial property but it is to be jointly owned by those who contribute to its growth. It abolishes profits as such and the surplus of business is used for the promotion of social welfare and the accumulation of social capital which is used for production for members' use. The wastes and worries of capitalism are thereby avoided. Individual ownership and social control are harmoniously blended in a co-operative society as the motto, 'Each for All and All for Each' clearly embodies.

There are broadly speaking two classes of persons engaged in any business, those who put forth efforts to produce things and those who wish to enjoy satisfaction from their use. In the capitalistic form of business these are camped on opposite sides with irreconcilable aims and separated by an impassable barrier; the one trying to take as much as possible and the other trying to give as little as possible, the actual quantity of things shared depending on chance and the bargaining capacity of the two classes. Exploitation, in one word, is the watch-word of the parties; chaos is the prevailing atmosphere; and success is measured by the volume of spoils that each side is able to appropriate at the expense of the other.

The co-operative movement seeks to bring the two classes on a common platform, to train them to import consideration for each other in their dealings and generally to induce them to pull together instead of against one another. This is the moral aspect. The business aspect seeks to vest control of business in the hands of those who need goods or services; helps the accumulation of capital needed in each enterprise from out of

the payments of members at the time of purchase and vests the control of labour and the task of organisation in the hands of the committee of management of the co-operative society. The raising of non-transferable shares, the dispersal of voting power—one man, one vote—, the accumulation of Reserves and the building up of a Common Good Fund are among the other features by which this form of business organisation seeks to distinguish itself from other forms.

The co-operative movement was introduced into this Province in 1904 with a view to improve the credit of the agricultural borrowers so as to enable them to borrow cheaply and pay back in easy instalments—a very limited but a very useful and urgent need at the time. The progress of commerce, internal and external, had brought money into good deal of prominence in business transactions and the agriculturists were the worst sufferers as they had to depend for accommodation on the whims and fancies of individual money-lenders. Their unbusinesslike habits and the risky nature of their trade sent up the rates of interest to abnormal heights which cut deep into their wages and profits. To give some relief in that direction Nicholson recommended the introduction of Raiffeisen types of societies and these were accordingly formed under the auspices of the State. It may be remarked in passing that though numerous societies of the Raiffeisen type have been established in all the provinces it is doubtful whether we have succeeded in following Nicholson's advice which was to "find Raiffeisen" or to discover village leaders who would work to help the village ryots in a spirit of love and self-sacrifice and help them to organise business with a view to revivify village life.

It is common knowledge that the co-operative credit movement has succeeded in this Province to draw within its fold a good deal of capital and deposits and issuing loans to members on approved co-operative principles. In the best managed societies—and they are limited in number—the economic and moral condition of members, in so far as cheap loan money and savings habits could do it, has been improved. But credit at best can touch only the fringe of the agriculturists' problem; unless an all-round help is given in joint production, in marketing their goods and in purchasing agricultural and domestic requirements, the problem can never be solved. In his existing condition easy and cheap credit has its own dangers. He will be tempted to borrow even though there is no adequate need; and even under the best conditions what he saves by way of interest on loans will be lost in other ways. And above all, what is aimed by the co-operative movement—to create a sturdy class of independent farmers and artisans imbued with the real spirit of self-help and mutual help capable of solving their own economic problems as and when they arise—can never come to pass by creating mere "credit societies". Judged by this test, viz., the co-operative knowledge and enthusiasm among the rank and file of members and their ability to improve their economic condition by joint action and mutual help in an organised way, the movement, I am afraid, has not been much of a success. But then this is not the fault of the movement itself. The entire social and economic fabric of the country, the ignorance and illiteracy of the masses, the prejudice and superstition prevailing on a large scale, their fatalism and factiousness provide a sort of barrier to the spread of the co-operative movement. Co-operation is one of the means of eradicating these obstacles to social and economic progress; unless it is presented as an all-round movement intended to help the ryots and artisans in all their economic and business activities the momentum will not be great.

This is the central theme of my address to-day, viz., the reorientation of the co-operative movement on an all-round basis so as to touch at every point of village economic and social life in a co-operative way. The first task in this process is to discover village co-operators who will have to make up their mind, through thick and thin, through gains and losses, to hold together in all forms of co-operative endeavour. This can only be done by selecting proper village leaders and by means of constant and consistent propaganda in the ideals and practice of co-operation. When the members who think co-operatively are got together, a society for them is to be started which will satisfy all their common needs (credit, production and sale, and purchase). For one thing such a comprehensive treatment of the villager's needs is needed to safeguard all his interests and promote the true co-operative spirit, and secondly, this is the only way of getting up sufficient business within the co-operative society in the village itself. Some have called this form of society a *multi-purpose* society and the pros and cons of its usefulness have recently become a subject of some controversy. I do not propose to take you through the controversy itself, but I wish to pass on to you my conviction that a co-operative society which will deal with all the business needs of villagers is the need of the day, and not one that will cut them up compartmentally. I am aware of the special difficulties connected with the running of an institution of that kind, such as the conflicting interests of the several groups of co-operating members, the problem of fixing the form of liability, the problem of bringing to bear on the task of management the special qualities of skill and judgment peculiar to each type of business comprised in the co-operative society and the problem of federating societies of this kind into larger aggregates so as to strengthen the movement as a whole. I submit that these problems are not insoluble; but, of course, the success of this form of co-operative society, as of any other, would depend on the capacity of the executive and the loyalty of co-operating members. One of the aims of the co-operative movement, we saw, is to resolve the conflicting interests of the producers and the consumers and it can only be done on the joint platform of a co-operative society pledged to deal with

their claims and interests in a fair and equitable manner. Those who are engaged in production must receive an adequate price and those who consume those articles must get maximum satisfaction for their purchase. The task of management is both difficult and delicate, but it must be done if co-operation is to fulfill the function for which it is intended. Secondly, a co-operative society of this kind can adopt a limited liability for members. In fact unlimited liability is very largely a myth in our co-operaitve credit societies as nobody thinks of enforcing it or is willing to submit to it when any contingency arises to wind up the society. Thirdly, the skill, such as it is, needed to manage the multiple needs of villagers—for money, for purchase of goods and sale of commodities—is not after all so specialised as to need a separate class of men. In fact the talent in our villages to manage business is limited, and the best use could be made of it only by enlisting it to the service of co-operators in a comprehensive manner. And lastly, the federation that I envisage is an aggregation of these units somewhat on the lines of the big departmental 'chainstores' made familiar to us in the modern world. The village co-operative society itself could be run on a departmental basis, each branch catering to the special needs of the co-operating members, be it for money or for goods or services.

After declaring my faith as to the future course of the co-operative movement in our midst let me turn to some of the problems with which we are confronted in Cochin State. In some ways our State offers the best field for experiment in all forms of co-operative endeavour. We have, first of all, a Government (now happily set on the road to responsible self-government under the aegis of an enlightened and sympathetic Royal House) which can respond to the wishes of the people easily and quickly as it is near and as it is human and as it is manned by our own kith and kin. Secondly, we have a literate population, enlightened and discriminating, deeply conscious of its interests and able to realise them if they so wish; a well-to-do and cultured aristocracy which is extremely simple in its habits and considerate in its dealings with others; a very industrious population; and a very fertile soil and natural facilities of all kinds for the promotion of economic prosperity. In the State we have a well-balanced economy of agriculture, handicrafts and trade which can feed the rapid circulation of wealth among the people. What is needed is organisation, discipline, and the spread of business habits, which, I predict, the co-operative movement alone can impart to the seried layers of the Cochin population from the aristocratic Nambudiri who claims all the land in the State to the most depressed of all depressed classes, the Cheruma and the Pulaya who work throughout the year on the soil to produce the food supply of the population.

I shall try to illustrate what I mean by referring to some of the special problems of your Taluk from which are drawn in conference the co-operators assembled to-day and the lines on which they may be tackled in a co-operative way. The Taluk of Trichur is essentially rural with the town of Trichur perched about the centre acting as the bottleneck through which the village produce flows outside and outside products (some of which produced beyond the State and outside the country) flow into the villages. There is, as you know, a very flourishing commercial community in Trichur whose riches are made up of the middlemen's profits arising from this exchange of rural products for outside goods. It is so well entrenched and organised on capitalistic lines that co-operators can only leave it alone for the time being. The villages on the other hand are more congenial for co-operative work because they are so compact and so small and because the problem of organising their business is well within the competence of rural talents. Let me explain how this may be done by referring to the economic conditions of Anthikad culled from the Economic Survey Report published by Mr. Sankara Menon and his associates. I note that the main features of economic life in Anthicad are as follows :—(1) The unique density of population (1632 per square mile) and the undoubted pressure it is bound to exercise on the resources of the soil ; (2) Out of the total annual income of four lakhs of rupees estimated for the village, about one lakh is derived from land ; industries and transport account for Rs. 58,000, trade brings in nearly two lakhs (nearly double of what agriculture brings in) and the balance of nearly half a lakh is credited to other occupations ; (3) The total indebtedness of the village is estimated as nearly 3½ lakhs (for an income of nearly 4 lakhs) a rather high percentage ; of this amount nearly 2¼ lakhs is secured on the mortgage of land and the rest nearly a lakh and a quarter is on personal security. (4) The net income available for household expenses is about a lakh (or one-fourth of the total income) the balance being used to produce that income. This works out on an average, Rs. 120 per year per family or Rs. 10 per month (a rather low figure). The Surveyor further notes that 25 families in the village show a balanced budget, their net income being just sufficient for their domestic expenses ; 122 families have a surplus budget and this surplus amounts to Rs. 9,936 ; the remaining 699 families show a deficit budget and are obliged to default payment of rental, interest on debts, and kuri instalments or borrow considerable sums to meet their household expenses. Their total deficit is Rs. 45,298 and deducting the surplus of Rs. 9,936 the deficit of the village as a whole is nearly Rs. 35,000 which can only be met by an increase in net income.

(5) As regards the standard of living, expenditure on food as usual occupies the first place (nearly 60 per cent.); clothing takes up 7 per cent.; lighting and washing 7 per cent. ; drink, drugs, tobacco and betel 8 per cent. (a rather high percentage); education and children 1.2 per cent. (a rather low percentage).

These general features have been picked out with a view to discuss the problems which those engaged in the task of rural reconstruction have to face and the manner in which they may be tackled in a co-operative way. (1) The first task to which the co-operators in the village should address themselves is to organise the village trade on a co-operative basis. The aim should be to let all the materials that pass out of the village and all materials that enter the village pass through the village co-operative society. This cannot be accomplished without getting the help of the businessmen or the traders in the village who now carry on trade on their own account. It is unfortunate that the co-operative movement started with a prejudice against middlemen of all kinds and wanted to eliminate them altogether. Even to-day there are eminent co-operators who regard that as the end and aim of co-operation ; but this is a great mistake. By all means reduce their number as much as possible, but you cannot afford to do away with their services. Try to make them paid servants of co-operative societies by making the service as attractive as possible. The business of retailing goods to members is to be first tackled on the approved Rochdale principles with suitable modifications. The village co-operative society should cater to all the needs of villagers in this respect. (2) Secondly, the society should organise the joint purchase of materials useful in production as it will cost less for those engaged in production. (3) It should arrange for the joint sale of products which will bring more income to those who sell. This is the only way of avoiding the spectacle of having to spend 3 lakhs in production to get an income of 4 lakhs in the village of Anthicad. (4) A part of the trouble in production is the habit of uneconomic borrowing of money in the open market at exorbitant rates of interest. Here again a total debt of 3½ lakhs seems to be quite unnecessary to produce a total income of 4 lakhs. The co-operative banking or credit, if properly organised, will certainly reduce the burden and put it on a more economic footing. It may be mentioned that this is the one branch of work to which the co-operative movement in Cochin, as elsewhere, has addressed itself from its inception ; but this piece-meal attack on the rural problem, you can now see, cannot yield satisfactory results. But even here, the Survey, to which I referred, notes with regret that the two co-operative credit societies then existing could contribute to the short-term debts of the village only 6½ per cent. ; 93 1/2 per cent. of it is still provided by private money-lenders. (5) One of the defects in Kole cultivation noted in the Report is the parcelling out of land into small plots among small proprietors and the fragmentation of their holdings ; this is also the case in all forms of agricultural land in the State. A co-operative society can bring about a consolidation of holdings periodically as it has been doing in certain tracts in the Punjab. Then there is the question of pumping out of water in Kole lands. Here again I want you to listen to the words of the Report:— "The initial expenditure involved in the pumping out of water from the whole area of the lake and the repair and the maintenance of bunds is too big and costly an item to be met by one cultivator or even by a few combined. And yet, instead of joining together and undertaking the whole work on a co-operative basis, the cultivators engage a contractor who agrees to pump out water and maintain the bunds for a stipulated amount. And the contractor who receives his payment in advance is perhaps the only person who stands to gain anything from Kole cultivation as carried on at present. Of course, he makes his gain at the expense of the poor cultivators. It will undoubtedly be to the advantage of the ryots if they displace the contractor and undertake his functions on a co-operative basis. Indeed in the field of agriculture, an ideal field for co-operation is to be seen in the Kole lands of Trichur Taluk."

(6) The Economic Survey Report is equally positive as to the benefits which the ryots stand to derive from a co-operative marketing of paddy. "Many of the Kole cultivators generally receive advance payments from rice mill owners at Trichur with the result that they are obliged to sell their paddy to the mills immediately after the harvest at low prices previously agreed upon. It is for the co-operative movement to help them in this difficulty. If there are sale societies to meet the immediate requirements of the ryots by advancing loans and to undertake the sale of the paddy in the best market available, the price realised by the ryots will be much higher."

(7) As regards industries, we read that "there is every facility for organising and developing industries on co-operative lines."

(8) As regards the standard of living too, there is scope for improvement and the growth of public opinion which can only be fostered by means of a co-operative society can bring about the desired change. It strikes me that 8 per cent. of the total expenditure spent on drink, drugs and tobacco is an avoidable waste; and the 1 per cent. or so spent on education is quite inadequate to raise up the intellectual tone of the population. One could wish that these proportions could be reversed and this can be done only by the establishment of Co-operative Better Living Societies.

I hope that this analysis would convince of the need for promoting the co-operative movement in a comprehensive manner. Co-operators have so far worked at different aspects of the movement independent of one another. We have heard of Co-operative Credit Societies, of Stores, of Sale Societies, of Purchase Societies, of Better Living Societies and so on. This separate approach has unfortunately divided co-operators into different camps often fighting one another or fighting shy of each other. I plead for a complete integration of the movement so as to touch every aspect of rural life and a complete understanding among co-operators who work in different fields that they are all engaged in the same task of rural uplift on co-operative lines. And I feel that a single co-operative society, attending to the varied needs of villagers, working in departments, if necessary, will be better able to achieve this purpose than separate societies formed to satisfy each one of the different needs. At a higher stage specialisation will no doubt be necessary, but not until the movement has made such a firm grip among the masses. The harvest is rich and the workers are few and the difficulties are many; but it is my sincere hope that a sufficient number of leaders will be forthcoming who will make the spread of the co-operative movement the task of their lives and undeterred by failures and disappointments they will go about their task in the same spirit in which Hanuman is said to have searched for Sita in Ravana's Palace.

SPEECH IN THE COUNCIL OF STATE ON TARIFF BILL

By The Hon'ble Mr. V. Ramadas Pantulu.

"I shall deal first with the cotton clause and next with the other preferences. So far as the cotton clause is concerned, I must say that I am against any agreement with any country for the import of the foreign cloth into this country. I am not a believer in the system of barter of cotton for cloth. If the cultivation and production of cotton in this country is to be regulated, it must be on principles other than barter of cotton for cloth. I am one of those who believe that every yard of foreign cloth on the backs of the people of this country is a badge of slavery. I am for excluding all foreign cloth, be it Japneese or British, from entry into this country. We have built the textile industry at considerable sacrifice. To-day there are 370 mills working in this country on which a paid-up capital of 40 crores has been sunk. There are, I think, about 2 lakhs of looms working to-day, employing more than 4 lakhs of workers in these mills. These mills produce about 4,000 million yards of cloth. It is such an industry that is sought to be burdened with further handicaps by this Indo-British Trade Agreement. Therefore, I am wholly against the principle of this agreement and I do not favour the import of any Japanese or British cloth into this country by any trade agreement. Sir, besides the factory industry in this country, there is also a very important textile industry namely, the handloom industry, whose interests have not received sufficient attention in the making of this agreement or in the course of debates over the agreement and the Bill. Sir, the entire quantity of cloth produced by the factories is about 4,000 million yards, as I find from the memorandum of Government. It is said that the handloom industry in this country produces about 1,800 million yards, or nearly 2,000 million yards, which is 50 per cent. of the production of factories. It is a very growing and important industry. It is only next in importance to agriculture. In the province of Madras we derive a very large quantity of our supplies from handlooms, and Provincial Governments; especially the Congress Provincial Governments are now pledged to a definite policy of encouraging the handloom industry by all possible means. So, Sir, if I had say in the matter of a trade agreement like this or in the future development of the textile industry in India, what I would suggest is this. You should impose an excise duty on all Indian mill-made cloth and subsidise the handloom weaving industry in order to improve it and at the same time impose an additional countervailing import duty on all foreign cloth corresponding to the excise duty imposed on Indian mill-made cloth. By that way you will prevent effectively the importation of foreign cloth into India and also encourage the handloom industry by subsidising it by a levy of an excise duty on the Indian mills. That is the line of development which I would suggest if I had any say in the matter of these agreements. The whole basis of this agreement seems to be vicious and India should not be a party at any time to enter into a trade agreement which provides for the import of foreign cloth into this country even in exchange for certain amount of cotton taken by these countries. These countries which want cotton will take it in any case. If they do not take it, we will find other means of regulating the production of cotton and absorbing the surplus cotton in this country."

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"Sir, I refer to paragraph 4 of Art. 10 which deals with cotton. It says that if in any cotton piece goods year the import into India of British cloth does not exceed 350 million yards and until such time as the import exceeds 425 million yards, the duties shall not exceed the basic rates reduced by 2½ per cent. *ad valorem* and a proportionate reduction shall apply to the alternative specific duty on United Kingdom grey cotton piece goods. The words are:

'If in any cotton piece goods year, the quantity imported is less than so and so, then the duty shall not exceed the basic rates reduced by 2½ per cent. *ad valorem*'

* * *

May I ask if it implies that it will be automatically increased if 425 million yards are imported into India? Applying the ordinary legal standards, it does not. When the import is less than 350 million yards, until it reaches 425 million yards, the Article says that the duty shall not exceed the basic rate reduced by 2½ per cent. *ad valorem*. But the Article does not say that when the import of British cloth into India exceeds 425 million yards, the duty will be automatically increased. In the absence of any such legal provision in the clause it is not permissible

to increase unless the Government of India choose to do so, of course, of its own will. Read paragraph 5. It says:

'If in any cotton piece goods year the total quantity of United Kingdom cotton piece goods imported into India exceeds 500 million yards, the duties charged on imports of such goods into India in the following cotton piece goods year may be increased above the basic rates...'.

* * *

Mark the word 'may'. The word 'may' does not stand isolated. Something follows:

'...may be increased...for the purpose of restricting imports of such goods during the year to the 'maximum yardage figure' for the preceeding cotton piece goods year, but shall be reduced to the basic rates (or, where the provisions of paragraph 4 are applicable in accordance with those provisions) after the end of any cotton piece goods year in which the total quantity of such imports into India has not exceeded 425 million yards'"

* * *

"Much has been said about the advantages that this agreement gives to the cultivator of this country. Fairly and honestly, if I were satisfied that this claim is well-founded, I would stretch a point in favour of the agreement and would vote for it, even if it involves some sacrifice on the part of the textile industry. But I do not think the claim is justified. In fact the clauses relating to the taking of cotton by the United Kingdom are so elusive and elastic as not to commit England to anything definite, except that in their own interests, they may be expected to take more and more cotton so as to increase their exports to India. I hate both these propositions. Of course, the Bill itself does not contain any obligation on the part of England to take any amount of cotton from India. It cannot be put in a Tariff Bill."

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"Sir, the details of these exports have been dealt with by the unofficial advisers and therefore, I do not wish to go into details, but to my mind it is doubtful whether some of these Indian exports to England are at all beneficial to the agriculturist; I frankly dislike any idea of getting preference in England to exports of bone for manure purposes or of oil-seed-cake and meal. I have for long advocated total prohibition of the export of such articles from India in the interests of agriculturists of India. When I was a member of the Agricultural Research Council I brought forward some resolutions before the Governing Body asking the Council to take action in regard to prohibiting the export of bones, oil-seed-cake meal and such other things, because we want them for our own manure purposes as well as for feeding our cattle. Again if we examine this list carefully, we find that it is not India alone that gains by the export of these articles. England wants them as raw materials and is bound to buy them. Therefore, I do not think the claim, that India gets effective preference for 50 crores of her exports to the United Kingdom, can be substantiated by an examination of the details of this agreement.

"Sir, before I conclude, I would refer to one strong argument adduced by the Indian Chambers of Commerce against the recent imposition of a higher duty on raw cotton imported into this country. I might have mentioned it in connection with the cotton clauses but I have reserved it for the end for the reason that this is the high handed act of Government of India which spoiled all chance of the agreement being examined on merits. Sir Cowasji Jehangir said in the other house that what little chance the Government had of their agreement being examined on merits has been spoiled by their own ill-conceived action in doubling the duty on raw cotton. It is said that it will help the agriculturist. Again I have examined that very carefully and I am inclined to agree with Mr. Jinnah in this matter that it is not going to help the agriculturist. As to the effect of this duty, one conclusion seems to be irresistable namely, that so far as the manufacture of the finer counts of cloth in this country is concerned it enjoys to-day practically no protection after this agreement. The doubling of the duty on raw cotton imposes an additional burden of 8 per cent. on the manufacture of finer counts of cloth. The duty is effective under the agreement and this Bill will be 15 per cent. minus 2½ per cent. because in the second year the basic duty will be reduced by 2½ per cent., because the import of British cloth in this country will not exceed 425 million yards. So the effective duty is 12½ per cent. of which 8 per cent. is consumed by the doubling of the duty on the raw cotton and the other 4½ per cent. is more than covered by the cost of dyes, other materials and machinery used in the process of manufacture of finer counts of cloth. So the effect of this agreement, so far as finer counts of cloth are concerned, is that the entire protection has been wiped out. The textile industry of India will not give any protection at all in regard to the finer counts of cloth with the doubling of duty of raw cotton, the reduction of 2½ per cent. in the basic duty on inability of England to import 425 million yards of cloth in this country and also taking 10 per cent. duty on the materials used in the manufacture of finer counts of cloth. Therefore the Indian textile industry is certainly hit by this agreement. The preferences which India enjoys in the United Kinkdom are not substantially such as to counter balance the advantages given to England by this agreement and the preferences given to England have got a distinctive tendency to interfere with the development of Indian manufacture. Both on merits, as well as on the ground that the Government of India have adopted a very particular obnoxious procedure in regard to the forcing of this agreement down the throats of the representatives of the people and certifying this Bill, I oppose this motion with all the emphasis I can command."

"Spirit of Co-operation."

(A radio talk by Mr. A. Palaniappa Mudaliar, Assistant Registrar of Co-operative Societies, Madras.)

Co-operators and Friends,

"I am sure most of you will be familiar with the working of co-operative societies in your villages. You might perhaps know them well as institutions wherefrom you can get loans for agricultural and other specified purposes at low rates of interest repayable over a certain period and in easy instalments. You might also probably be aware that these institutions have been established by Government and are receiving attention and help at their hands. But I am not sure whether most of you have realised the true significance of a co-operative society, the spirit which it embodies, the philosophy underlying it and the principles for which it stands. I do not know how many of you have fully realised the far-reaching uses to which the society can be put, the vast changes it is capable of bringing about in the rural life of our country and the great opportunities which it affords for service to our fellowmen. I shall, therefore, briefly explain to you this night what a co-operative society is, the principles upon which it is founded, and the spirit which ought to animate members of co-operative societies.

2. Co-operation in ordinary language means to act together. Instances of such co-operation are the lifting up of a weight, the cutting of a tree, the weaving of a garment, etc. In this form of working together or acting together co-operation has existed from time immemorial. Man is first and foremost a social being. He lives and works in groups. From the outset, man has co-operated with his fellowmen for various purposes. He has recognised from the outset the fundamental principle of life, *viz.*, that 'union is strength'. "United we stand, divided we fall" and it is the application of this fundamental principle to business which is known as co-operation in scientific language. Co-operation as now understood is a method of doing business. It is an association of persons who join together on a footing of equality, animated by a common economic object. In this sense the idea of co-operation is new and had its origin in the middle of the 19th century in European Countries.

3. Co-operation in Western Countries came in as a reaction against the evils of capitalism. Capitalism in spite of its achievements brought in its train several disadvantages to the community. There was no just distribution of profits among the various agencies employed in the business. The rich were becoming richer every day and the poor poorer. Again, the persons who were engaged in the industry had no voice in its administration. While nations were striving for self-government in administration, there was *devoid* in economic matters any element of

Self-Government. The system resulted therefore in discontent amongst the labourers. Plenty and poverty existed sharply side by side. It also brought class hatred and fomented discontent against the rich. Several theories were propounded to check these evils, of which co-operation was one. But it differed fundamentally from other rival theories such as socialism which aimed at revolutionary changes in the structure of society. Co-operation aims at harmonising the conflicting interests in society. While on the one hand, it avoids the serious conflicts between labour and capital, on the other, it shuns revolutionary methods. It brings within its fold people of all classes, rich and poor, weak and strong, and high and low. There is no distinction of caste, community, creed or wealth. Each has got equal share, equal rights, privileges and responsibilities. It is a common platform where everyone meets on an equal footing, the principle animating all of them being service to fellowmen. In the act of joining together, each person helps not only himself but others. This is the principle that underlies co-operation, the motto being "each for all and all for each." Its object is not gain but service. The joys as well as the sorrows are shared by all alike. It is an association which enables persons to meet in a spirit of brotherhood, of comradeship, of love and of sacrifice.

4. Let me briefly explain each of the principles on which a co-operative society is based.

(1) First and foremost, a society is an embodiment of the fundamental principle of life namely, 'Union is strength.' What an individual cannot achieve, a number of men joined together can. For instance, a body of men can raise credit more easily and on more favourable terms than an individual. An association can bargain and secure for supply to its members goods of better quality and at reasonable prices. A group of men can more easily find the capital and the wherewithal to carry on an industry than an individual. An association can secure a better market for the produce of its members than an individual owner. But the common principle of unity running through them all is the same. The exact nature of the society varies according to the object in view and the co-operative movement in several countries developed on different lines according to the most pressing needs of the people. In England, for instance, it took the form of store societies, in Germany credit, and in Denmark agricultural marketing and in India it took the form of credit.

(2) Secondly, a society is essentially a business organisation. It is primarily concerned with improving the economic condition of its members. It is not an association for the sick or the wounded. It is not a relief centre. It is not an alms house. It does not dole out charity, but it is first and foremost an association of men who come together with a definite object of working together, enabling them thereby to achieve a

common economic object whether it be supply of goods, credit, production, or sale of goods, etc.

(3) In a co-operative society there is no element of compulsion. It is purely a voluntary association. It extends its arms to anyone who tries to enter it in a spirit of mutual help and whose object is common along with others. Men join the society of their own free will.

(4) It is an association where people meet on a footing of equality. Its doors are open to any one willing to join it and prepared to work along with his fellowmen. It does not make any distinction between the rich and the poor. It does not hate capital, but it hates the dominating influence of capital. It recognises the usefulness of capital, but would not allow capital to obliterate the man. The capital contributed by the members earns a fixed income while the profits are distributed to them in proportion to the services rendered by them to the society. The society does not aim at profit but in securing the best conditions of service to the members. It thus lays its emphasis upon man than upon the capital. All are equal in the eyes of the society and each of them has got an equal voice in its administration. One man has one vote.

(5) Co-operation stands for peace. It is not destructive. It is constructive. It does not advocate class hatred. It does not seek to destroy or demolish anything. It seeks to harmonise the various interests of lender and borrower in a credit society, producer and consumer in a stores society, capitalist and labourer in a producers' society, etc., and seeks to give each of them their due share in the business. It is eminently a pacifying force.

(6) Though co-operation is primarily concerned with the material advancement of man, yet its essence and its origin are of the spiritual order. It is based upon the doctrine of love. It is as much a faith as an economic organisation. If you enter a society, it must be with a full realisation that you do it in a spirit of brotherly love. Self-sacrifice is essential to love and therefore to co-operation. If societies fail, it is because the individual imports into the society ideas which are inconsistent with it. The basis of the co-operative faith is that by helping others you will help yourself and it is only when you help yourself in this way that God will help you most. For, remember, 'God helps those who help themselves.' Again, if you have faith in your society, you will also be loyal to it. If you have no faith in a society, you should not join it. Be it a credit society or stores society or any type of society, you must cultivate the spirit of being loyal to it so that its success may be ensured and its objects fulfilled.

(7) Co-operation has also a moral and educational basis. It is the altar where the lessons of thrift, punctuality and self-help and self-reliance are not only taught but put into practical application. Co-operation

7

is an enemy of waste. One of its greatest virtues is that it inculcates the habit of thrift. It takes a paternal care of its members, encourages them to avoid waste and to practise thrift. For example, a credit society helps you not only to borrow, but in the very act of borrowing you are induced to put the loan to the most profitable use to avoid extravagance and to practise punctuality in repayment. Similarly, purchase in a stores society results in savings to the members in the form of annual dividends. Co-operation thus stands out for moral uplift, for honesty and for the homely virtues that count for so much in the daily lives of the people. From an educational point of view co-operation develops the latent business capacity of the people, produces leaders, and makes every member to take a larger view of things and gives him training in the running of institutions.

The call of co-operation, therefore, is the call for love. It is obedience to the golden rule ethically 'Love thy neighbour as thyself.' 'Do unto others as you will be done by.' This is the soul and essence of all ethics. In our ancient scriptures we read that he who realises the soul which is in him as the same which is in all others can harbour no ill-feeling towards another person and if this is realised, there will be no greater service than service to the society. Service to the society means service to fellowmen, service to country and service to God, not to speak of service to himself. It is a path noble and simple where each in his own way, humble though it may be, has an opportunity to serve his fellowmen and his country and there can be no greater service to God than service to his comrades.

5. Co-operation in India as understood above as a method of business is of recent origin. But the ideas which inspired it are not foreign to our country. The practice has been known to us from time immemorial. Our joint family system is based on co-operative principles. It is in itself a restricted form of co-operative society, each individual family being a small unit. It may be unsuitable for the present conditions, but the existence of such an institution for such a long time shows that co-operation is not foreign to this country. We possess the tradition of mutual assistance which is the cardinal principle of a co-operative society. The ancient village communities had also for their basis the principle of co-operation. If the village communities of the old are revived on the modern principles of co-operation, they will offer untold benefit to the village community.

Co-operation in India took the form of credit. The movement came from without and not from within i.e., it was initiated by Government to tackle the problem of rural indebtedness and the uplift of the lower agricultural classes. Credit was the principal form in which it could appeal to the general masses and rightly so because the indebtedness of

the ryot was a crushing factor in the Indian village life. Moreover, the activities of the credit societies are simple and easily understood. In the Madras Presidency alone there were 11,691 credit societies out of a total number of 13,138 on 30-6-1938. But it is necessary, however, that this spirit should permeate all aspects of village life so that it would be possible to bring about 'better farming, better business and better living' in the villages.

6. The movement has been in our country for a period of nearly 30 years. Undoubtedly it has to its credit a number of achievements. It has cut down the rates of interest. It has in a small measure tackled the question of rural indebtedness. It has increased and fostered the spirit of mutual assistance and self-reliance. It has sought to inculcate the habit of thrift. It has emphasised that honesty and integrity are paying propositions to the cultivator. It has induced him to take a larger view of the village problems. It has also served as a training ground in the higher types of self-governing institutions. But with all that if the movement has not achieved as much as was expected by the pioneers of the movement both on the economic and moral side, the chief reason is that the true spirit of co-operation which is so essential for the successful working of the society, the spirit of self-sacrifice and of love to the neighbour, has not been forthcoming in an abundant measure. That spirit, as I have aforesaid, is not new but one which has been ingrained in our ancient civilisation in the system of village communities, joint family, etc. It is the revival of the old spirit in the new form that is needed to the present-day conditions and there is no better agency which can bring about the regeneration of our villages than the co-operative societies. There is no part of rural life which co-operation cannot tackle, and it has been recognised on all hands that no agency is better fitted to revive village life and make it pulsate with vigour and joy than the co-operative societies. And an illustration of this is afforded by what has been achieved in Salem district where the co-operative method has been largely employed for the amelioration of the rural population. No jewel can better adorn the village than the society working on right lines and this together with other agencies as the village panchayat and the village school are potent factors in bringing about the building up of better villages which are the nurseries of civilization and the foundation of better India. The only hope for the vast teeming millions of the country lies, therefore, in the organisation of life on co-operative lines and if this is to fail, in the words of the Royal Commission on Agriculture, not only "the best hope of India will fail" but the only hope of India will fail. Is it therefore too much for my humble self to ask of my brethren to keep ever aloft the torch of co-operation and to foster that co-operative spirit which is so essential to civilization so that the flame of co-operation may ever keep on glowing, radiate its light throughout the length and breadth of our land, and bring light, peace and happiness to our countryside?"

Reviews.

I

The Co-operative Central Bank, Ltd., Kumbakonam, has brought out an attractive Souvenir about the Silver Jubilee celebrations held last year. It contains a brief history of the Bank with the successive changes in the constitution of its Managing Board and the struggle that went on between the Unions and the Board. The progress of the Bank, from its foundation till 1920, when it was the only bank in the district and after 1920 when another Central Bank was started at Tanjore, upto 1931, is given separately and the state of affairs from 1931 upto the present date is also shown by tabular statements.

The Bank was fortunate enough to secure the services of eminent public men like Diwan Bahadur Sri V. K. Ramanujachariar, Rao Bahadur Sri N. Krishnaswamy Aiyangar and the present Chairman of the Board Rao Sahib Sri C. S. Srinivasa Mudaliar.

The volume contains a large number of photographs of all most all connected with the Bank and the managing bodies of the various supervising unions. The messages sent on the occasion by co-operators all over the country are also published. This attractive volume deserves to find a place at least in the library of every district co-operative central bank in our province.

S.K.Y.

II

International Bibliography of Agricultural Economics is the name of a new serial quarterly publication by the Institute of International Agriculture, Villa Umber to I Rome. It is published in three languages—Italian, English and German. The subscription is 6s. 6d. per annum. Names of publications in less known languages are given in French. The number under review is Vol. I, No. I. It contains an introduction which tells us that this work of cataloguing books and articles on Agriculture and connected topics began as early as 1909. As time passed, the work was divided. All literature on plant diseases and pests came to be separately indexed; and a Bibliography of Tropical Agriculture has been published since 1932. Bibliographies about Agricultural Economics have formed part of '*Berichte iber Land wirtschaft, published by Parey, Berlin*'. There are already 13 such series.

This publication covers the economic and social aspect of agriculture, such as agricultural economics, agricultural policy, settlement, credit, co-operation, insurance, marketing, prices, statistics, farm organisations and management, valuation, labour, accounting, rural sociology, agricultural history and geography, legislation and education so far as they are considered from the economic and social points of view. All publications,

whether books, bulletins, phamplets or articles in magazines, are indicated. There are 2,228 items. The work is done under the direction of Dr. S. Von. Fravendorfer.

The publication is a mine of reference under every aspect of agricultural economics concerning al! countries in every language. India comes in with 23 items and about half of them are writings by Madrasees, Mr. Giriappa contributing the largest number. The Madras Journal of Co-operation should be proud of the place it is given in the International Bibliography. Seven contributions to it or mentioned—30 per cent. of the total Indian references.

The advantages of such a publication to Governments, learned bodies and serious students in country are inestimable. Almost every conceivable problem concerning agricultural economics has its literature—the practical experience of learned men connected intimately with it in one part of the world or another. The fact that India is a very backward country is painfully clear to one as one goes through the number. But the experience of others must be useful to us. Take agricultural marketing and co-operation. There are nearly 40 books, bulletins, pamphlets and articles on this question in English alone. We are now talking about the subject pretty much. And yet your Journal, the Co-operative Mirror of the Madras Province, has only one contribution to make and that about France by Prof. K. C. Ramakrishnan. How many of us can say that we have studied or have the means of studying this question well if not in its entirety? A body of students devoting their time to this subject are sure to welcome the references in this Bibliography and find it exceedingly helpful in the work of understanding world conditions.

C.S.R.

News and Notes.

To stimulate cottage industries, it is learnt, the Government of Baroda have sanctioned Rs. 500 to the Pipodra Village Industries Society for a period of one year. The aim of the society is to establish subsidiary occupations in the Pipodra and the adjoining villages.

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A society, which has as its objects the starting of cottage industries for the production of articles of food like hand-pounded rice, etc., based on the principles of the All India Village Industries, Wardha, has been started at Coimbatore on the 14th of April last.

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We are glad to understand that the Delhi District Board had sanctioned a sum of Rs. 10,000 for the purchase of bulls for cattle-breeding. The cost of up-keep of bulls, it is learnt, will be met by the District Board itself. A sum of Rs. 3,000 will be spent on the purchase of Hariana bulls, and the rest will be utilised for the purchase of bulls from the Hissar Government Farm.

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Pupils of the Local Women's Training and Model School, Bapatla, staged some few days ago in the premises of the school a Telugu drama entitled 'Pana Pisacha Vimochanam' or ('Freedom from drink demon').

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Mr. S. A. Venkataraman, I.C.S., Registrar of Co-operative Societies, Madras, performed the pleasant function of inaugurating a co-operative society for women a few days back in Jaggampet Gardens, Luz, Mylapore. While doing so, he observed that the members should make it a point to purchase their requirements jointly and to distribute them among the members. The object of the society, it is said, is to enable compulsory saving of small sums every month and to carry on joint purchase and distribution of domestic requirements besides production and distribution of Indian made goods.

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While delivering a lecture, recently at the annual day celebration of the Triplicane Urban Co-operative Society, on Consumers' Co-operation, Mr. R. N. Iyyangar said that one thing which struck him curiously about the work of the society is the absence of women in its activities. He further observed that co-operation, if rightly practised, is bound to increase the standard of living of the people. Speaking on the same occasion, Mr. P. N. Marthandam Pillai suggested that two of the branches of the society should be left solely in the hands of women as an experiment in order to introduce lady members into the management of the society.

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S. A. Venkataraman Esq., I.C.S., Registrar of Co-operative Societies, had the pleasure of presiding over the first annual day celebration of the

thrift campaign in Belur Village. There were rural games and variety entertainment songs and Kolattam by girls. The Belur Co-operative Society has started the hundi-box system only in March 1939 and the savings so far amounted to Rs. 1,111-15-0. Mr. S. A. Venkataraman pointed out that the 44 hundi boxes which were distributed were inadequate when compared with the population of the village and the members of the society which were 3,000 and 305 respectively. He observed that the number of boxes distributed must rise at least to 400 during the course of the following year. A peculiar feature is that there were entertainments and recreations provided for the villager including Kolattam and music every month when the collections from the hundi-boxes were credited to their accounts.

* * *

The Kaveripak Co-operative Union commemorated its Silver Jubilee on 5-5-1939 at the Arcot American Mission School Building under the presidentship of Rao Bahadur Sri C. Sambasiva Chettiar. Sri S. A. Ramanatha Iyer, B.A., Retired Superintendant of Development Department, Madras Secretariat, who declared open the function, stated that the co-operative movement is the only source of remedy to our country at this juncture of economic depression. Rao Bahadur Sri C. Sambasiva Chettiar who next spoke at length about the benefits of co-operative movement, pointed out that co-operation is the only tonic to the indebted agriculturists. Several other prominent men also spoke on the occasion.

* * *

Mr. A. F. W. Dixon, I.C.S., Collector of Salem, presided over the anniversary of the thrift campaign started under the auspices of the Mallur Co-operative Society. It was stated that the thrift campaign, which was inaugurated in the wake of prohibition, had been very successful. It was also said that the campaign had resulted in saving deposits worth Rs. 1,595-15-9 by 51 members by hundi-box system. For a small village like Mallur the amount collected was really valuable. Further it was stated that 103 members had agreed to save regularly for the new year. Mr. Dixon returned the savings amounts with interest to the depositors and urged them to reinvest the savings as fixed deposits and to continue to save for the future.

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The Travancore Brahmanjana Co-operative Society, Ltd., Trivandrum, is one of the best societies in that State, though, as the name indicates itself, a communal organisation intended for the benefits of one community living in that State. As a business concern it has been doing its work quite satisfactorily as the latest annual report to hand shows. Overdues are carefully analysed and shown. Contributions were made for social religious purposes and we are glad to learn that the society is thinking of owning its own premises. We wish all success to the institution.

Manapparai Co-operative Union Ltd., Manapparai.

The annual report of the work of the Union for the year 1937-38 shows that the authorities of the Union, namely, the members of the Board of Management are very much alive to their duties and that they have been going round and visiting village societies and pulling them up to the proper level of efficiency. About 15 societies of the Union work at a loss. The report contains specific instructions to its constituent societies as to what should be done by them with regard to their respective societies. We agree to the general remark of the Union that even though it is 34 years since the movement was started, its proper spirit is not understood nor has its good message reached villages. We hope that with the co-operation of selfless workers like the members of the Managing Body of this Union, the gospel of co-operation will spread to the every nook and corner and its true meaning understood by all.

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The 26th Annual General Body Meeting of the Madras Government Servants' Co-operative Bank, Ltd., Madras, was held on the 12th March 1939 at the T.U.C.S., Silver Jubilee Hall, Triplicane. After the adoption of the Annual Report and the election of the Directors the meeting adjourned to a later date for the consideration of the unfinished items of the Agenda. Rao Sahib Sri B. Ramakrishna Iyer, Sri T. A. Varadachariar and Sri N. Srinivasan were re-elected as President, Vice-President and Secretary respectively. The Bank celebrated its Silver Jubilee in November 1937 with Hon'ble Mr. V. V. Giri, in the chair. The Bank was located in a rented building all along and in this year it purchased its own building in Big Street, Triplicane, which was declared opened by Hon'ble Mr. C. Rajagopalachariar, Premier, on the 5th January 1939. The Bank has been classed in "A" class societies by the Registrar of Co-operative Societies.

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It is gratifying to note that the Executive Committee of the Allahabad Rural Development Association, at a meeting held recently, has decided to create one model rural development village in each tract of the district, namely, at Jumnapur, at Gangapur and Duaba. The success of the scheme will have to be watched with interest.

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In the note published on page 561 in the March issue of our 'Journal of Co-operation' on the transactions of the Co-operative Central Bank, Ltd., Kumbakonam, the following correction is necessary:

'The rate of interest on loans granted to rural credit societies continued to be at 6¼ per cent. till the close of the first half and was reduced to 5¼ per cent. thereafter in the case of the fresh loans, and to 6¼ per cent. on outstanding loans. The interest on loans to sale societies was reduced to 4 per cent. from 4½ per cent. in the later half of the year.'

The statement in the Journal that "the Bank's lending rate was reduced in the later half of the year from 4½ per cent. to 4 per cent" is thus applicable only to loans to Sale Societies.

An Appeal.

The committee of the International Co-operative Women's Guild, at its meeting held at Freidorf on 16th February 1939, resolved to send the following appeal to co-operative women in all countries:

The economic and political relations between the various nations are becoming so critical that although the peoples of the world dread war there is a growing fear that present difficulties will inevitably lead to world conflict unless the will of the people compels Government to achieve a peaceful solution of international problems.

Co-operators, whose convictions are based on a brief in individual freedom and mutual co-operation for the common good, must try to convince the world that enemity between nations is unnecessary, if each country strives first and foremost not for power and domination over others but to assure the happiness and security of its people. In making this its aim every nation will come to realise that no one people can achieve prosperity at the expense of another and that world security can only be built up on a co-operative economic system.

Co-operative women must recognise that at this critical time co-operative principles are more important than ever before in the world's history and that by doing all in their power to strengthen the co-operative movement they can render the greatest service to the ideals of Peace and World Understanding.

The International Guild, therefore, makes an urgent appeal to co-operative women the world over that they should:

(1) intensify their efforts to achieve a wider recognition of the social and economic value of the co-operative system and so lead to greatly increased membership.

(2) educate those already within the movement so that they can understand co-operative principles and put them into practice.

As these tasks cannot be accomplished without the collaboration of co-operative women in all parts of the world, the I. C. W. G., while adhearing strictly to the principles that have always guided its activities and those of its affiliated members, will strive to keep in touch with the co-operative women of all countries and do its utmost to help them to serve co-operative ideals under all conditions and circumstances.

Circulars.

B. No. 7988/38.

OFFICE OF THE
REGISTRAR OF CO-OPERATIVE SOCIETIES,
Madras, dated 5th January 1939.

SRI G. VISWANATHAM CHETTY, B. COM. (Edin.), F.R.E.S.,
Joint Registrar of Co operative Societies, Madras.

CIRCULAR

Sub:—Supervision Fund—Primary Societies—Calculation of—Procedure—Instructions issued.

Ref.—1. Registrar's Circular No. 3406/22, dated 21st June 1922.
2. Registrar's Circular No. B-2932/37, dated 28th September 1937.

Certain practical difficulties have been pointed out in following the instructions issued in the Registrar's Circulars quoted regarding calculation of Supervision Fund due to the following reasons:—

(i) Difference in the rates at which accrued interest has been calculated in successive years; and

(ii) Exclusion of interest earned on loans classified as bad for purposes of calculation of Supervision Fund.

As a consequence, the income to Central Banks under Supervision Fund has fallen considerably, with the result that many of them had to contribute large amounts to meet the expenditure on supervision.

2. In order to overcome the difficulty, the Registrar suggests that the product system may be adopted for calculating Supervision Fund, instead of the formula prescribed in Registrar's Circular No. 3406/22, dated 21st June 1922. According to the by-laws governing the payment of Supervision Fund, a society will have to pay Supervision Fund of Rs. 0-8-0 on every sum of interest earned on Rs. 100 of loans outstanding, irrespective of the rate at which interest has been earned. If products of the outstanding loans and the period for which they have been outstanding during the year (from 1st July to 30th June) are worked out, the total of such products will give the necessary data for calculating the total interest earned for the year. The products can be converted at Rs. 0-8-0 for every 100 yearly products or 1,200 monthly products, etc., and the result arrived at will give accurately the Supervision Fund payable by the Society. The products in respect of bad debts may be omitted so far as calculation of Supervision Fund is concerned, as Supervision Fund is not payable on them.

3. This method is more scientific and is independent of the variations in the rate of the interest from year to year. Further, it has got the advantage that the products can be made use of in calculating accurately the interest earned on the individual loans also. In fact Auditors in many districts adopt this system. All Deputy Registrars and Assistant Registrars are requested to issue necessary instructions to the Auditors and see that Supervision Fund is calculated in future according to the product system.

(By order)
G. CHANDRASEKHARAN,
Manager.

List of Societies Registered in April 1939.

Serial No.	Name of the Society.	District.
1	The Nilambur Co-operative Urban Bank ...	Malabar.
2	The Addada Co-operative Egg Production and Sale Society, Ltd.	Kistna.
3	The Kaza Co-operative Society ...	,,
4	The Mulakalapalle Co-operative Society ...	,,
5	The Nibhanapudy Co-operative Society ...	,,
6	The Umamaheswara Co-operative Society ...	Vizagapatam.
7	The Patpatanam Co-operative Land Mortgage Bank, Ltd.	,,
8	The Sompeta Co-operative Land Mortgage Bank, Ltd.	,,
9	The Brahmanathorla Co-operative Society ...	,,
10	The Dommuganigadabavalasa Co-operative Society	,,
11	The Vijinigiri Co-operative Society ...	,,
12	The Palligandredu Co-operative Society ...	,,
13	The Vizagapatam Port Employees' Co-operative Society, Ltd.	,,
14	The Vadrapalli Co-operative Society ...	,,
15	The Duppalapudi Co-operative Society ...	,,
16	The Etikoppaka Sugarcane-Growers' Co-operative Society, Ltd.	,,
17	The Koyyam Co-operative Society ...	,,
18	The Gidituru Co-operative Society ...	,,
19	The Halavagalu Co-operative Credit Society ...	Bellary.
20	The Muddapuram Co-operative Credit Society.	,,
21	The Tanjore Municipal Menial Employees' Co-operative Society	Tanjore.
22	The Tanguturu Adi Andhra Spinners' and Weavers' Co-operative Purchase and Sale Society	Guntur.
23	The Karkal Co-operative Mahali Prevention Society, Ltd.	S. Kanara.
24	The South Kanara District Co-operative Advancement Society, Ltd.	,,
25	The Vilangadu Co-operative Credit Society ...	North Arcot.
26	The Vadathinnelur Co-operative Credit Society.	,,
27	The Nandalur Co-operative Thrift Society, Ltd.	Cuddapah.
28	The Kamalapuram Co-operative Thrift Society, Ltd.	,,
29	The Bhakarapuram Co-operative Society, Ltd.	,,
30	The Sidhout Co-operative Thrift Society, Ltd.	,,
31	The Rayachoty Co-operative Sale Society, Ltd.	,,

Serial No.	Name of Societies.	District.
32	The Badvel Co-operative Thrift Society, Ltd....	Cuddapah.
33	The Jammalmadugu Town Bank, Ltd. ...	"
34	The Proddatur Municipal Menial Employees' Co-operative Society, Ltd. ...	"
35	The Lakshmi Insurance Employees' Co-operative Society, Ltd.	Madras.
36	The Triplicane Hindu High School Students' Co-operative Stores, Ltd.	"
37	The Paranai Co-operative Credit Society ...	Trichinopoly.
38	The Vellodu Co-operative Credit Society ...	"
39	The Adanur Co-operative Credit Society ...	"
40	The Thannirpandalpalayam Co-operative Society	Salem.
41	The Bommepally Co-operative Society ...	"
42	The Jagadat Co-operative Society ...	"
43	The Balethotanapalli Co-operative Society ...	"
44	The Beemandapally Co-operative Society ...	"
45	Thathampatty Adi Dravida Co-operative Society	"
46	The Ghattu Co-operative Thrift Society, Ltd.	Chittoor.
47	The Yalakallu Co-operative Credit Society ...	"
48	The Gollapalle Co-operative Credit Society ...	"
49	The T. Sadam Co-operative Credit Society ...	"
50	The Chinnatippasamudram Co-operative Credit Society	"
51	The Kalahasti Sri Lakshmi Metal Factory Labourers' Co-operative Thrift Society, Ltd.	"
52	The Nandagopala Co-operative Milk Supply Society, Ltd.	"
53	The Gandlapalle Co-operative Milk Supply Society, Ltd.	"
54	The Nellore District Non-Official Co-operative Subordinates' Co-operative Society, Ltd. ...	Nellore.
55	The Pedaputtidu Co-operative Consolidation of Holdings Society, Ltd.	"
56	The Ramarajulanka Co-operative Credit Society	E. Godavari.
57	The Sri Rameswara Co-operative Credit Society, Ltd.	"
58	The Anternedi Co-operative Credit Society, Ltd.	"
59	The Pedapatnam Co-operative Credit Society.	"
60	The Mudis Co-operative Stores, Ltd. ...	Coimbatore.
61	The Gomangalam Co-operative Credit Society.	"
62	The Vilamarathupatti Co-operative Credit Society	"
63	The Kuloor Co-operative Credit Society ...	"

Serial No.	Name of Societies.	District.
64	The Mahalingakunthasappai Co-operative Credit Society	Coimbatore.
65	The Punjaikilambadi Co-operative Credit Society	"
66	The Kongalnagaram Co-operative Credit Society	"
67	The Veedampatti Co-operative Credit Society...	"
68	The Ragalubavi Co-operative Credit Society ...	"
69	The Sittepalayam Co-operative Credit Society	"
70	The Thudupathy Co-operative Egg Production and Sale Society, Ltd.	"
71	The Satyamangalam Harijan Co-operative Society	"
72	The Puthoor Co-operative Credit Society ...	Madura.
73	The Kadamangalam Co-operative Credit Society	"
74	The Musuvanoothu Kallar Co-operative Credit Society	"
75	The Parapathy Kallar Co-operative Credit Society	"
76	The Vadugapatty and Sedapatty Lakshmi Weavers' Co-operative Sale Society, Ltd. ...	"
77	The Molapadiyoor Co-operative Credit Society	"
78	The Kodaikanal Public Servants' Co-operative Society, Ltd.	"
79	The Vandiyoor Co-operative Credit Society ...	"

List of Societies Cancelled in April 1939.

S. No.	Name of Society.	District.	Date of cancellation.
1	The Trichinopoly Milk Supply C.S. ...	Trichinopoly ...	3-4-39
2	The Cedacal Christian C.S. ...	Malabar ...	4-4-39
3	The Virinchipuram Scheduled Class C.S. ...	North Arcot ...	7-4-39
4	The Arkonam Taluq Board Teachers' C.S. ...	do. ...	9-4-39
5	The Sayamalaivalasai C.S. ...	Tinnevelly ...	15-4-39
6	The Ayyampatti Koravars C.S. ...	Salem ...	20-4-39
7	The Mangadu C.S. ...	Chittoor ...	21-4-39
8	The Kolappallur Co-operative Credit Society ...	North Arcot ...	21-4-39
9	The Sivagiri Thevamars' C.S. ...	Tinnevelly ...	25-4-39
10	The Peddanagapudi C.S. ...	Chittoor ...	25-4-39
11	The Vaiyakavandanpatti C.S. ...	Tinnevelly ...	25-4-39
12	The Saduvalai Adi Dravida C.S. ...	North Arcot ...	28-4-39
13	The Rayavaram Christian C.S. ...	Nellore ...	29-4-39

Edited by Mr. V. Venkatasubbaiya, B.A.