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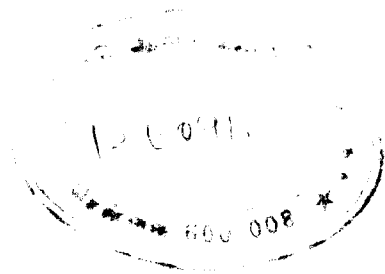
CONTENTS

761

	PAGE No.
I EDITORIAL NOTES	1
II ARTICLES:	
(1) FUNDAMENTALS OF CO-OPERATION	9
(2) ECONOMIC DETERIORATION OF AGENCY TRACTS —By K. V. Serabheswara Rao	15
(3) LEGAL PRACTITIONERS OF ACT VI OF 1932—By Mr. P. K. Srinivasa Raghva Acharya	22
III WORKING OF THE CO-OPERATIVE SOCIETIES—	
(1) TRIPPLICANE URBAN CO-OPERATIVE SOCIETY...	24
(2) CENTRAL CO-OPERATIVE PRINTING WORKS ...	25
(3) SOUTH INDIA CO-OP. INSURANCE SOCIETY ...	26
(4) RAJAPALAYAM CO-OP. LOAN & SALE SOCIETY.	27
IV RECENT UTTERANCES	29
V REVIEWS	44
VI CONFERENCES	45
VII EXTRACTS	49
VIII NEWS AND NOTES	52
IX P. C. U. CIRCULAR	55
X P. C. U. EXAMINATION	56
XI LIST OF SOCIETIES REGISTERED	57

SUPPLEMENT—

Index for the last Journal.



THE
Madras Journal of Co-operation

VOL. XXXII.]

JULY 1940.

[No. 1

The Editorial Committee do not hold themselves responsible for views expressed by contributors. Contributors are requested to write legibly and on one side of the paper. Manuscripts will not be returned unless stamps are sent to cover postage. Matter intended for the issue of any particular month should reach the Committee before the 15th of the previous month.

Editorial Notes.

Payment for Co-operative Service.

Sir T. Vijayaraghavachariar, the Chairman of the Madras Committee on Co-operation, has often expressed his disappointment at the fact that members of the younger generation are not coming into the Co-operative Movement as rapidly as one would wish. Mr. T. A. Ramalingam Chettiar expressed the same idea at a Conference of Inspectors and Supervisors of the Districts of Coimbatore and Nilgiris held early this month, and he gave a possible explanation for this. He was of opinion that to expect all workers to render honorary work was not proper and that workers should be paid at least living wages.

Many people who have been taking part in the movement for years and who realise the great changes that have taken place in the economic life of the country would sympathise with this view. About 35 years ago when the movement was started general education was confined to the classes and most of those who had attained prominence in one or other of the learned professions were very well off and could afford time during their leisure moments to be devoted

for the propagation of the co-operative gospel and for the running of co-operative institutions. But times have changed and changed very much for the worse. General education has now percolated further down and very few in the learned professions command now lucrative practice as before. Judges of the High Court solemnly advise young recruits to the bar to take a realistic view of the situation and not to think of fabulous income as in the days of the old, but to lead a life of "plain living and high thinking" and be content with living wages. These young advocates are advised to go to smaller towns and settle there and become leaders of society. This is only one symptom indicating the change in the economic condition. In the light of this fact it will be cruel on the part of those well established in life to expect young men to come into the movement without any prospects except to acquire "Punyam" by doing honorary work. By doing so these young men cannot keep their body and soul together. Mr. Chettiar therefore advocates payment for services and there is ample scope in this line for hundreds of young men who after receiving adequate training would settle down in villages as village guides. Primary societies in villages have to be run by villagers themselves, but the working of such societies have to be supervised and that efficiently and moreover new forms of co-operative activities have to be chalked out. The villager has to be taught to buy his requirements co-operatively and to sell his produce co-operatively and all these new lines mean a good deal of planning and hard spade work. Young men who are willing to dedicate their life for social work cannot choose a better field than co-operation. It is hoped that the movement will find it possible to employ these young enthusiasts promising them adequate wages if not alluring prospects.

The Problems of Consumers' Societies.

Such of our readers as are interested in Consumers' Stores in our country will derive some consolation from the fact that the difficulties that have to be encountered in the successful working of the stores are the same all over the world. An extract published elsewhere* sets forth the difficulties experienced by our fellow co-operators in the Southern hemisphere and if certain slight modifications are made the extract would be an admirable statement that might be made by any director of the T. U. C. S. or of any co-operative store in our country in answer to the oft-repeated question why stores are

* See page

not popular and why they do not progress as rapidly as one would wish.

The realisation of the fact that difficulties are the same all over the world does not solve our own. It ought to encourage us in our honest attempt to tackle them and in our determination to overcome them. In this connection another extract printed elsewhere† gives us a clue regarding the method of work. Every store must have its own education and propaganda committee and money spent by this committee in organising lectures, shows, demonstrations, discussions etc. will be money spent very usefully. London has been every year making a successful membership campaign and every year there is a determined attempt on the part of those responsible for running these big societies that the years record should beat the previous year's. Though London's records of achievement seems to be very satisfactory judged by our standard, the London co-operators evidently are not satisfied and every year they succeed in doing better than during the previous year.

In such an attempt at recruiting members and increasing the volume of business, the T. U. C. S. the premier Consumers' Stores in the province, has to set an example to other societies in the land. Most of the 29 branches of this Society are celebrating their day once a year. It would be very good, if the Panchayats of these branches make up their mind to run their own membership campaign in their own limited areas and make a public declaration of their achievement on the day of the celebration. An other good thing they can do is to establish a sort of healthy rivalry among the various branches with regard to the attractiveness of their stores, their achievement in recruiting new members, their total sales and many other items of activity which would make their branches popular among their clientele. We hope the illustrious example of London, the biggest city in the world, will be imitated to the extent possible by the premier stores of Madras, the biggest city in this province.

Co-operative House Building Societies in the City—Their Difficulties and a way out.

Next to food and clothing shelter is the most important need of man and co-operators all over the world have naturally turned their attention to this department of man's economic needs. Co-operative

† See page

House Building Societies in our province also form an important branch of the movement. Most of the societies are owners' societies and not those organised on Tenant Co-partnership system. In fact they are another form of credit societies the creditor being the Government and the debtors the members, the money borrowed being used for construction of houses only. The by-laws of most of the societies are so framed that they can borrow only from the Government, and if for any urgent purposes they raise a loan from some other source, they are expected to repay it as soon as the Government loan is sanctioned.

There are about 126 societies of this type functioning in the province with a membership exceeding 4,500 and with a paid up share capital of over Rs. 10 lakhs. The loans outstanding to Government exceed Rs. 20 lakhs and the number of houses completed exceed 2,000 with an estimated value of over Rs. 78 lakhs. All these figures are some what impressive and indicate that this aspect of the movement has been getting on well. No doubt it was getting on well till last October when the Government expressed their inability to finance these societies further; and this G. O. came like a bolt from the blue with regard to most of the societies. Construction of houses cannot be put a stop to, and if the Government be not able to finance this form of co-operative activity some other way has to be found for resuming the activities of Co-operative House Building Societies.

In our sister city of Bombay, the Saraswat Co-operative Housing Society was organised on the Tenant Co-partnership plan and has been working successfully for over 25 years. Recently they celebrated their Silver Jubilee. The fundamental difference between the two plans is given in the following extract from the speech of Mr. G. P. Murdeswar, the Chairman of housing society delivered on the occasion of the Silver Jubilee.

"The Society is worked on the Tenant Co-partnership system, which is the distinguishing feature of societies formed by persons who are not in a position to own houses or flats independently and therefore join together to own them in common. The occupying members hold as tenants and pay the rents fixed by the Society in accordance with rules approved by the Registrar of C. S. The tenants are required to contribute a definite portion to the capital of the Society, namely, from 1/5 to 1/3rd of the cost of the tenements occupied by them. The remainder is raised by the society by way of loans,

deposits or debentures. The rents are so regulated that the net income after providing for all outgoings such as the ground rent, Municipal taxes, repairs and Sinking Fund would be just sufficient to pay a dividend of not more than 5 per cent. per annum. The tenant members who always remain tenants are called Tenant Co-partners for the reason that in so far as they pay a monthly rent they are tenants and in so far as they hold a substantial portion of the share capital they are Co-partners or Co-proprietors of the buildings.

"Tenant Co-partnership Societies differ from what are popularly known as the Owners' Societies. In societies of the latter type, the members join together for the purpose of acquiring a large plot and parcelling it out among themselves for erecting their own houses thereon. Where the members are not able to pay the whole cost of their houses at once, they take loan from the society on the security of the houses and repay it by instalments."

From our own experience in the City of Madras it may be said that though the upper middle classes would like to own their houses, many of the lower middle classes would like to have a system according to which they can be tenants in a decent house without the Damocles' sword of one month's or 15 days' notice hanging over them, and the Tenant Co-partnership system seems to be admirably suited for this purpose. These lower middle class members look upon the city as merely a place where they can earn their living and many of them look forward to go back to villages or smaller towns in the mofussil where they can, with their reduced income, lead a simpler and cheaper life. If societies be organised for city dwellers on this basis, we think it must be possible for them to attract money by way of long term deposits or by debentures for 10 years. Though the present method of repayment by equated payment system extended over 20 years is very convenient from the borrowers point of view, yet a similar system for 10 years may not be felt to be very harsh by some at least of the intending house builders and money at the present rate at which the Government has been lending, i.e. at 4 per cent. must easily be available for a 10 year period.

We congratulate our co-operative brethren of Bombay on their successful working of this system and we hope their good example will stimulate some co-operators in our own city to start a scheme similar to them.

We are not unaware of the difficulties in running societies on the Tenant Co-partnership basis. In fact Mr. Murdeshwar himself points out these difficulties when he says :

“ The Tenants' Societies, however, represent a higher and truer form of Co-operation, the service to be rendered by them to members being throughout of a uniformly onerous character. Failure is comparatively unknown in the case of Owners' Societies, while Tenants' Societies are exposed to danger at every unfavourable turn of events and demand great circumspection, ability and resourcefulness from their Committee-men in tiding over difficulties arising from diverse causes.”

But difficulties are there only to be overcome, and we hope some young men with true pioneering spirit in them will join together with the real co-operative spirit in them and try the scheme of house building in this city on the Tenant Co-partnership system.

The Pioneering Spirit.

We have heard it said by some members of the younger generation of co-operative workers that there is not much scope for their youthful enthusiasm and above all for their spirit of adventure in the co-operative movement as it is to-day, because the task that awaits them is mostly to step into the shoes of the older people and keep going the machinery they have set up. They find this task rather dull and not worthy of their enthusiasm. They have not realised that to keep the machinery going and prevent it from being stopped through minor obstruction itself does require certain amount of capacity to manage things. Moreover there is always scope for bettering in any institution its own record of the previous year. Even taking credit institutions we cannot say that it has expanded so much as to comprise within its fold all those who require help in the matter of credit accommodation. There are vast tracts in every district not affected by the co-operative movement and even in places where there are co-operative societies there are hundreds of persons not brought within the ambit of the movement. To expand judiciously, cautiously avoiding chances of failure, that is one field which the youthful co-operator can take up as specially his own.

But there is another field within the co-operative movement where there is real scope for the pioneering spirit. The young need not complain that the older generation had been before them in the field and have taken away all the prizes. The new vision placed before

us by the reported proceedings of the Co-operative Committee to bring the movement within the reach of every villager and to make it subserve all his economic needs is such that it can employ the most ardent co-operator and give him unlimited scope for work. It is not the mere extension of credit work that is called for but to make co-operation serve the complete need of the villager. The agriculturist should be trained to sell his produce through a co-operative society and buy his requirements not merely his clothing and household requirements, but the requirements of his agriculture, his improved seeds, his implements and his animals all through a co-operative society. The bringing together of the producer and the consumer and making them supplementary to each other by starting co-operative concern for the sale of milk, eggs, vegetables, fruits etc. is a new line of activity which awaits workers. Popularising knowledge that is every day growing about dietetics and making people use more and more hand pounded rice, to revive this in our villages where, thanks to mill, it has died out and make men and women take part in this healthy exercise of pounding rice and make such rice rich in vitamin available to the urban consumer, that again is a department which, properly organised, will give ample scope for the pioneering spirit of the most enthusiastic young co-operator. To go to the rescue of the handloom weaver who is struggling hard like a ship-wrecked sailor to keep his foot hold on a slippery rock against the competition of mill owners, to revive the skill of the handloom weaver who could impress his individuality on every piece of cloth or saree he weaves as against the mechanical uniformity of machine products, to create or revive popular taste for such articles of simple beauty and bring these products of the handloom within the easy reach of the consumer in the village or in urban areas by means of a co-operative organisation, that again is another field for the young co-operator.

In short, if the young co-operator has only the necessary enthusiasm and determination to serve, there is ample scope within the Co-operative Movement for his strong pioneering instinct and his most buoyant spirit of adventure ; but his spirit of adventure should not be vitiated by a desire to be always in the limelight. The young co-operator must learn the discipline to do some honest substantial work before he can aspire to get his meed of praise and if he is endowed with this proper mentality co-operation more than any other field of

public activity gives him ever increasing opportunities for useful service.

Sri Krishna Sinha's Address.

The Presidential Address at the 22nd session of the Bihar Co-operative Federation Congress held at Hazaribagh on the 15th June 1940 delivered by Shri Krishna Sinha the Ex-Premier of the Province which we have published elsewhere deserves to be read carefully by every co-operator. Though it deals mainly with the movement in the province, yet Mr. Sinha succeeds in enunciating so many general principles applicable to the Co-operative Movement as a whole that co-operators in other provinces also will stand to gain by reading the address and by following his advice.

Mr. Sinha claims very little first hand acquaintance with the Co-operative Movement, but his address belies that statement. He assesses its proper achievement inspite of drawbacks and failures when he states that "the movement has brought hope and comfort to millions inhabiting this globe and by the remarkable success it has achieved, it has demonstrated its great usefulness and potentiality." He is not daunted by the failures of the movement; on the other hand as he puts it "wisdom lies in taking a lesson from the past and so guiding the movement in future that it may steer clear of the dangers which beset it and may grow and serve the high purpose which it is meant to fulfil."

Assuming that the Co-operative Movement is essential for small men and small enterprises, he believes that it is admirably suited to an agricultural province like Bihar. He points out the mistakes committed by co-operators in the province and these remarks have an all India applicability, namely, that attention was concentrated only upon credit and even that was developed in an indiscriminate and uncontrolled way. There was no understanding of all the agriculturist's economic requirements much less of his life as an integrated whole. No attempt was made by co-operators to help the agriculturists to increase his wealth by improving his method of cultivation. Nor was he helped to make his purchases and sales through co-operative institutions. Subsidiary occupations were not emphasised upon and he was allowed to continue to have small holdings. Thrift side was not emphasised and the co-operative society was merely an agency for giving cheap loans. To add to the confusion there was

over-hasty organisation without members being properly educated and qualified to run their own institutions.

Mr. Sinha then discusses the recommendations of the Board of Experts who have suggested a scheme of rehabilitation of the movement in the province and directs his own criticisms on these recommendations. They are mainly these :

Firstly, the Board of Experts have not recommended the scaling down of debts. They merely recommended that the past interest may be wiped off and in future interest may be charged at 6½ per cent. But Mr. Sinha argues convincingly that the burden of debt under which many of the agriculturists groan is much more than they could reasonably bear and hence there must be a scaling down of debts by an impartial authority which will take the repaying capacity of the agriculturists into consideration more than his nominal assets.

Secondly, he objects to the recommendation of the Board to eliminate certain class of members who are hopelessly involved in debt and whom it may not be possible for a co-operative society to save. These members are asked to repay their debts in 5 years. Naturally Mr. Sinha asks if in the case of members retained they are given the concession to repay the existing debts spread out through a period of 20 years, how could these members who are to be eliminated and who are presumably economically worse be expected to repay their dues in 5 years.

Thirdly, regarding the suggestion of the Board to convert short term loans into long term loans, Mr. Sinha suggests the desirability of having a separate organisation like land mortgage banks for dealing with long term credit. Experts in other provinces also have advocated such a step. He then puts in an effective plea for charging interest upon loans advanced to agriculturists at as low a rate as possible. He concluded his address with an effective appeal to strengthen the Federation which is the chief educational agency in the province, because as he truly observes co-operation in our country has been imposed upon the people, brought into existence by Government authority and fostered and taken care of by Government officers. Members have not had enough training in the principles of co-operation and the movement has not grown from below. If we are to

rectify the mistakes already committed and to see that these evils do not reappear again, it is necessary that a central educational agency like the Federation should function effectively, preach the principles of co-operation to the people at large and continue to be an effective agency for education and propaganda. He also complains against the frequent changes in the staff of the department which is not made a self sufficient one. People from the executive are often dragged into it and the experience they gain is often lost to the Department as very often these officers go back to their departments and the movement becomes the poorer for it. He ended his eloquent address with this effective appeal:

“Spread the true principles of co-operation throughout the length and breadth of the province, infuse the ideal of self-help, mutual goodwill and sympathy and community life amongst the people and inspire them with the urgent desire to get out of the mire of poverty and ignorance.”

Co-operators cannot have a better ideal than this.

Fundamentals of Co-operation.

Out of ninety-five years of concrete and varied experiences, the co-operative movement has evolved principles which command the thoughtful attention of all open-minded people. While the ground-work for these principles was laid in the democratic soil of England and Scotland, the development of the movement in the Scandinavian countries including Finland, in Western Continental Europe, in Canada and the United States, and in the Orient has tested co-operative principles under a variety of severe and far-reaching conditions. These principles have emerged where nations have respected personality, where they have striven to achieve democracy, where they have sincerely sought to put the religious concept of brotherhood of man into real operation, and where peace and good will, not force, violence or revolution are honored.

A Bulwark of Reliability.

Virtually a century of diversified experiences in many lands gives co-operative principles a bulwark of reliability. Most of the criticisms of these principles underestimate the experiences out of which they have naturally grown, and hence they reveal superficial thinking and ulterior motivation. They come in large part from directions which seem to ignore Franklin's emphasis on thrift; our Constitution's concern for establishing justice, insuring domestic tranquility, and promoting the general welfare; Washington's stress on "the perfect security of liberty"; and Lincoln's devotion to a Government of, by, and for the people. With these expressions of our forefathers, co-operative principles are in harmony, in fact, in closer harmony than the principles and the practices of the movements which have not yet examined co-operatives with open minds.

In making an analysis of the principles which explain the achievements of the co-operative movement, one may find at least five trends that have wide sanction.

Universal Participation.

1. The first may be called *universal participation*. The true co-operative is open to everyone who will study its nature, join, participate, and co-operative. There are no exceptions. Apparent exceptions are represented by those members who become inactive or who join in order to undermine the movement or who wish to use it

as a tool for promoting the advance of some other social movement in which they are more vitally interested.

Participation is as universal as the consumer. Since everyone is a consumer, the consumers' co-operative, which is the basic type of co-operative, may include everyone. The co-operative movement is as universal in its opportunities for participation as the entire nation and as humanity itself.

The co-operative maintains neutrality with reference to classes. It never pushes one class ahead at the expense of another. It refuses vested rights for itself or for any class in society. It works against class consciousness. It undermines class hatred. It even builds the co-operative spirit between classes.

The co-operative is neutral also with reference to races and religions. It is an antidote for many of the racial and religious prejudices that so torment mankind. It enables people of different races and religions to see each other in the best expressions of their common human nature, namely, where they are co-operating one with another.

Universal participation in the development of consumer welfare, of ownership attitudes, and in the accompanying sense of social responsibility, of working together by members of all classes, races, religions—this is the realistic picture of what happens when the Co-operative movement enjoys life liberty, and the pursuit of co-operation.

Democratic Organization.

2. The principle of *democratic organization* is innate in the co-operative movement. The co-operative movement extends the idea of democracy as expressed in our political framework into our industrial life. In giving every shareholder one vote per person instead of one vote per number of shares that he holds, it helps to make industry democratic. In allowing no proxies in voting it emphasizes the importance of personal participation, and it prevents power from being concentrated in a few persons who might be tempted to act dictatorially rather than democratically.

In extending democratic procedures such as discussion, the free expression of personal judgment, and the rule of the majority, the co-operative movement makes a wide human appeal. Moreover, in refusing to stoop to the use of force or of violence it gains its greatest support in democratic countries. Significantly enough it is suppressed in authoritarian nations of all types. In the United States

the chief opponents of the co-operative movement appear to be persons who either have lost faith in democracy or never had any such faith. They are persons who are dictatorially inclined and not in full sympathy with American principles of democracy as defined in terms "of the people, by the people, and for the people."

The co-operative will not inaugurate false propaganda or indulge in whispering campaigns. It acts above board, puts its cards on the table, has no hirelings to misrepresent anybody or anything through the press or over the radio. Its methods put to shame anything that is not open and democratic.

Co-operatives accept the prevailing way in the United States of free enterprise. All they ask is to be treated fairly and on their merits. They perform above not below the rules of the game.

Co-operatives carry the democratic principles to the point of not confiscating property and of not planning to overturn the social order. They begin with their own funds, and build co-operative activities from the ground up, relying on their own strength. They ask no subsidies from the government. They demand no tariff protection. If any phase of American life practices real self-reliance, the co-operatives probably head the list. Moreover, they work for the widest possible distribution of wealth. No country has ever had to pass anti-trust laws because of any activities of co-operatives. Co-operatives break not make monopoly prices. As far as the cost of Government regulation is concerned they are least expensive form of economic enterprise.

In the co-operative movement employees are also employers and owners, as well as consumer members. As such, they vote on business policies the same as do other members. Business experience and ownership experience give co-operative employees a breadth of view and a democratic insight found in no other major type of enterprise.

The co-operative practices democracy as well as talks about it. Its members learn the real meaning of democracy through doing democracy. This procedure is much better than to profess democracy but not to practice it.

The co-operative dignifies the individual. His needs and rights are both respected. The personal liberty which our forefathers made the foundation of our national life is honored and respected by the co-operative movement. The co-operative hitches personal liberty

to the star of national and human welfare, and democracy takes on a living meaning.

When operating in line with its innate nature the co-operative functions not from the top down, but from the ordinary citizen up. It is persona non grata among dictators everywhere. It devises no autocratic schemes. It does not resort to intimidation. It does not frighten people into compliance. On the other hand, it invites action, co-operative action, creative action, zestful action.

Industrial Efficiency.

3. The principle of *industrial efficiency* provides a fair wage to both capital and labour alike. While small and young co-operatives may not live up to these standards, yet nowhere is there any deliberate attempt to treat labour as a commodity to be bought and sold or to beat it down to a slave level.

Since each co-operative is owned by its members including its employees each member as he becomes efficient learns the rudiments of business methods. At least he insists on business-like methods, and in so doing couples the co-operative spirit, which may take an idealistic turn, with business-like procedures.

In insisting on buying and selling for cash and in developing a business on a cash basis, the co-operative avoids the problems of instalment buying and the accompanying evils of high pressure salesmanship. Being less wasteful and less riskful, a cash co-operative business is able to weather falling markets and depression storms. It opposes speculation and promotes security and sanity.

A co-operative does not aim to sell to each individual as much quantity goods as possible, but to help each purchaser to buy as much quality goods as his needs and circumstances will justify. It inflicts no high advertising costs. It would save the average American household a large part of its present advertising bill.

The co-operative lays claim to efficiency in the sense that it keeps the money in the community where it is spent. It increased local purchasing power. It pushes up the returns to the producer and lowers the expenses of the consumer. It is "the shortest cut between producer and consumer." It restores the producer-consumer relations of the early days of our republic.

Thrift in the original American sense is re-instated. It gives a spending philosophy a natural setting within a savings philosophy. It increases economic security without calling upon government for

large annual subsidies. It lowers the proportion of national wealth required for taxes and at the same time raises living standards.

Continuous Education

4. The principle of *continuous education* energizes the co-operative movement. The more one understands co-operative principles and lives them the more easily co-operatives thrive. Likewise, the more freely one participates in a co-operative the greater becomes his understanding of co-operation.

The natural sequence is to play together, co-operatively not competitively, then to think co-operatively together in a study circle and then with members of other study groups to start a buying club and a co-operative business. In the study group a dozen members become acquainted with the history and philosophy of co-operation. In it they study carefully what is involved in each proposed co-operative step before they take it. In discussions they evolve new co-operative developments and devise ways and means of procedures before undertaking new co-operative advancement.

Co-operative education is accompanied by and sometimes preceded by recreation as an integral phase of its activities. Learning comes easiest through playing. Co-operative recreation includes singing together, folk games, folk dancing, social dramatics, and games in which the object is not to beat but to boost.

Informative education takes the place of duplicatory, misrepresentative, and pressure types of advertising. The co-operative instructs consumers in how to buy efficiently. It sets forth its wares simply, conservatively, and inexpensively. It considers the "co-op. label" its best advertisement. It substitutes three grades, A. B. C., for "a hundred brands."

The co-operative vocabulary has no need for terms, such as "cut-throat competition," "charging as much as the public will bear," "monopoly prices," "selling an idea," "high pressure salesmanship," "insecurity," "speculative gains," "gambling." It emphasizes terms such as "participation," "Co-operation," "savings refunds," "democratic behavior," "freedom of personality."

Peaceful Evolution.

5. The fifth principle is that of *peaceful evolution*. Co-operatives avoid mushroom growth. They lay foundations deeply. They evolve slowly. They practice evolutionary development.

Since the co-operative movement generates the co-operative spirit between persons, between groups, between nations, it makes unnecessary the dread terror of wars. Within the co-operative framework, nations find negotiation and arbitration adequate. They have everything to gain by helping each other and nothing to lose, which is something absolutely beyond the authoritarian mind. They gain their greatest strength from helping each other to solve their respective problems, nor by fighting and destroying one another.

The co-operative movement logically begins with the retail consumers' co-operative. The credit union co-operative closely follows. The wholesale is next in line of development. Production co-operatives come next. Then the various utility co-operatives are called for, and at the same time a wholesale series of welfare co-operatives, such as insurance, housing, and health. Although the order may be varied considerably the method is always by peaceful evolution.

The co-operative movement begins with the individual, the consumer. It moves on to the household and through its co-operative spirit restores to the family a nationally valuable unity. It brings communities together, and gives democratic national morale a new birth. It reaches to the farthestmost parts of the earth with its constructive and dynamic reorganization of society. It promotes calm and collected activities, not hatred, war, and destruction. It builds personalities through peaceful and evolutionary enterprise.

(Consumers' Co-operation.)

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Economic Deterioration of Agency Tracts.

By K. V. SERABHESWARA RAO,

Co-operative Propagandist, Agency Tracts of East Godavary District

CAUSES AND REMEDIES.

In this article an attempt is made to expound the obscure delapidated condition of the natives of Agency and to descant the complicated socio-economic condition of them. I do not profess, however to have absolutely correct knowledge, but I shall try to deal with the subject with the facts and figures I could gather after an experience of three months tour in the taluks of Bhadrachalam, Polavaram and Chodavaram.

The chief characteristic feature of these parts is illiteracy which lies at the root of all evil. Moreover the argument that their object poverty is partly responsible for not sending their children to the schools cannot be totally discharged without consideration. For, the peasant by himself, is so extremely poor that he cannot afford to engage a faam servant and so he naturally utilizes the labours of his children and wife in his own farm activities. So it is a dual problem to eliminate illiteracy and poverty because unless the condition of the ryot is bettered his children cannot be educated, and unless and until they are educated it will not be possible for them to come up from their desparate condition. Therefore both the problems require equal attention for the eracement of their evils from the society. Constant propaganda from the ranks of the social workers, is a dire necessity for improving their condition.

Let us now examine the economic condition of the people;

The lands are generally dry and therefore the crops depend entirely on timely rains. The soil too is poor and requires much manure for which the ryot at present is not in a condition to invest much. There are innumerable cases where the tribal people cannot use the plough even for tilling the soil since it is so rocky. The farmer with his wife and children, goes to the field which lies on a hill and sows the white cholamseeds or 'konda zonna' here and there. The crops, as they are situated on hills, are liable to destruction by winds and wild beasts and the farmer has to protect them all along at the risk of his own life. The breed of the cattle, they use, is so extremely low that owning a pair that costs Rs. 100 is entirely a

utopian programme for the average agriculturist. Hence the cultivation is inefficient and yield very low. The condition of the agriculturist can be assessed when it is mentioned that he has to borrow seed, obtain bullocks for hire, and borrow money for labour charges. These borrowings coupled with his inadequate marketing facilities for disposing what he could produce at the mercy of rain, reduce the agriculturist to indebtedness.

Now let us examine the various kinds of loans and their evil effects which reduce the agriculturist to poverty and misery. The loans are of two kinds *viz.* 1. Cash lending. 2. Kind lending.

As it is the same case with the farmers of other parts, the ryots here require money at every stage of cultivation *viz.*, at the time of sowing, weeding, and harvesting. Usually the villages sowcar who owns a grocery shop also lends petty amounts for purposes mentioned above, at the rate of quarter anna upto four annas per rupee per month. The ryot out of sheer necessity, and due to want of any other public agency, borrows at such abnormal and extortionate rates of interest. The sowcar manipulates usually false accounts taking advantage of the illiteracy of the farmer and when once the ryot borrows from him, he keeps him under perpetual bondage by lending philanthropically something more or by not crediting the amounts paid by the debtor towards the redemption of the debt. The few acres, the debtor owns, ultimately go into the hands of the sowcar reducing him to a petty wage earner. There are ever so many cases where the lands of illiterate tribesmen have been usurped by the sowcar, in spite of the Legislative measure the Government had taken by the Act I of 17. The tribesmen are so entirely ignorant of the act that they were not able to avail themselves of the safeguards conferred upon them. A committee consisting of Members of the Provincial Legislature should be appointed by the Government to investigate such usuries of the sowcars and the lands of the tribesmen should be returned to them.

i. The sowcar sometimes lends money on condition of repayment in kind. He takes the grain in return at the rate of Rs. 2 to Rs. 5 less than the then prevailing market price.

ii. In some cases money is lent on 'petchu' system where the borrower has to sell the produce to his creditor only and pay in addition 4 to 6 seers to every rupee worth of grain.

iii. In some other cases the ryot enters into an agreement with his creditor that he would sell the produce to him, say, at the rate of two 'pots' per rupee. (This pot generally holds 2 to 3 measures of grain). At first the creditor agrees to leave off say, 2 seers in every rupee worth of grain (*i.e.*, the sowcar purchases at the rate of two 'pots' minus 2 seers) but when he actually comes to purchase the grain, he shows no such concession but takes full pots.

The fear that he would not lend once again in future when occasion comes, makes the ryot yield to him.

iv. Another scheme of lending worth mention is this. The sowcar when approached by the ryot for seed lends in kind when the price is high on condition of repayment in kind for the amount lent since the time of repayment usually falls in the harvest season when the price is low. He lends cash when the price of a certain grain is low and collects the same grain when the price is high. Thus the sowcar exploits the illiterate ryot, who do not know these complications of business and implications of his words.

Now, the system of lending kind can be divided into two types, *viz.* 1. 'Sari Nagu' system 2. 'Thoka Nagu' system.

1. In 'Sari Nagu' system the ryot has to pay twice the amount of grain borrowed at the time of repayment. If the debtor fails to pay a part of the debt, he has to pay twice that quantity in the next harvest. Thus the sowcar is squeezing interest at the rate of 100 per cent. compounded annually.

2. In the case of 'Thoka Nagu' system the rate of interest is 50 per cent. *i.e.*, if the ryot borrows one bag of grain he has to pay in the next year 1½ bags. Again in this system also the borrower has to pay twice the unredeemed part of the debt. If he cannot pay anything he has to pay twice the principal plus interest in the third year.

After thus obtaining seed and some money, the ryot toils day and night with his family and cattle, sows the seed and protects the crop from wild beasts at the risk of his own life and what reward does he get for his toils after harvest? The battalion of Zamindar's servants headed by Sumuddar or the rent collector make their appearance in the threshing floor for collecting the rents retrospective and sometime prospective too. They keep the produce under their seal until the dues are paid. The sowcar enters the theatre from another direction and begins his bargain with his characteristic miserliness. The helpless ryot swings between the pressing demand of

the sumuddar and miserly bargain of the sowcar and finally succumbs to the rate fixed by the sowcar and disposes his produce. The sowcar who is no other than his creditor deducts his dues and pays the remaining amount only. Thus the agriculturist is compelled to part with his produce at low rates of the in-season.

Now let us see how the Labourers are pushing on. In spite of the bundance of Forest, P. W. D., and agricultural labour, we see the labourer in rags, emaciated and helpless. It rouses ones curiosity to dive deep into the causes of their chronic poverty.

With regard to the Agricultural labour, the wages are very low since the agriculturist himself is extremely poor and in the cases of Forest and Public works labourers, though the wages are higher, the net income of the labourer hardly exceeds the normal agricultural wage.

It is sufficient, I think, to quote one instance where it can be seen how usurous the P. W. D., and Forest Contractors are and how they exploit the illiterate labourer. During my tour in the taluks of Upper Godavary, I happened to come across a band of tribesmen breaking stones at the foot of a hill. When enquired they narrated that they are given as 10 per cent yard and that 10 people would prepare 2 per cent yards of metal per day. To my utter bewilderment they said that, by thus working, they were receiving Rs. 0-1-6 per head per day. In addition to this they are further victimized and cheated in the processes of measurement and calculation.

In the case of forest works too, the Coup contractors also exploit the humble labourer in ever so many ways through false accounts and calculations. In addition to this they receive the services of the labourers free for one day in the week. The wood and bamboo dealers are another set of exploiters who do not disburse the wages in cash but in kind, usually in such kind of rice which the lowest creatures like donkeys and dogs refuse to consume even in the state of highest appetite. Thus they obtain additional profits in their dealings in rice also. The same fate befalls the people engaged in carting also. The sowcar generally advances small sums in advance to the labourer for keeping him in his grip.

So, the labourer never refuses to take that worst kind of rice nor does he discontinue his services the sowcar for fear of immediate demand of his debt.

The climax of official zulum can only be seen in these parts and especially the forest officials are objects of terror and sources of

menace to the people here. The poor labourers cannot go against the dictated of the officers for fear of being penalized when they get a bundle of fuel or a plank of wood for an agricultural implement. The people of these areas are not allowed to get timber for their houses or fuel for their fire.

Marketing facilities in these parts are inadequate due to lack of proper communications. To add to this the indebtedness is an insurmountable impediment to the ryot for placing his produce direct in the market. Now-a-days the ryot disposes his produce to local sowcar who generally happen to be his creditor. The rates fixed by the sowcar are considered to be the rates of the nearest market as there is no other agency which keeps the ryot in touch with the fluctuations in prices. Furthermore the ryot is cheated through false measures as can be seen from the different sizes of measures used in each village and by each sowcar.

The last but in no way the least agency which badly affects the economic condition of the rural population is the grocery shop, owned by the village Baniya. Throughout these Agency tracts barter system is prevalent which is a source of inestimable profit to the sowcar and involuntary loss to the customer. These tribesmen purchase the domestic requirements like oil, salt, jaggery, rice etc., from the village sowcar and sell forest products like tamarind, soapnut, karakkaya, shykaya, and fruits like kamala and batavia. The sowcar purchases their produce at discrecional rates with false measures and again when he sells he uses the same doubled-edged weapon of wrong rates and false weighments and thus makes high profits. Naturally the customers of these villages will not be well acquainted with the rate and even supposing they are aware of the rates, they do not care to calculate as their purchases and sales are very small. The merchant too does not make any regular measurements in such cases.

I had the opportunity of witnessing the dealings of the sowcars in a shandy of Bhadrachalam Taluk. Merchants dealing in grocery, fishes, cloth, brass and bronze ware, pots etc., come to the shandy from long distances like forty to fifty miles.

The cloth merchant's dealings are altogether a different tale to tell. Gandy coloured cloths, undurable and cheap varieties of silks, readymade shirts and coats, are generally sold by them. The merchant demands, say, Rs. 2 for a certain dhoti which actually costs Re. 1

and innocent koya bargains and purchases it for 1-12-0. Thereby the merchant gets a profit of 0-12-0 i.e. 75% on his outlay.

Another variety of pests on the tribal society are cloth merchants of Nellore and Kabul who deal for credit only and they advance small sums also at the rate of 0-0-6 to 0-4-0 per rupee per month. In the months of December, January and March the Nellore merchants come to these parts and dispose of their cloth (when the people generally purchase new clothing for festive occasions like pongal, Newyear's day etc.) The dues are collected in the next year and the methods of collection they pursue are inhuman and tyrannical and there is no check, indeed, over the atrocities committed by them. Since the Kabul wallah and Nellore merchants are physically stronger, they do not hesitate to use brute force in their collection campaigns. It was told that the Kabul wallah compels the koya to purchase the cloth by throwing it on his shoulders and saying "you have polluted my cloth, I cannot have it again in my bag, so purchase it".

Generally these merchants go to the houses of the debtors and sit in the gateways with their cudgels confining the debtor until the dues are paid. It was reliably stated by responsible men of these parts that the kabulwallah snatches at his mustache (debtors) and detains him on the spot until one of his relatives come to his rescue. In some cases he holds the nose or throat of his victim. It was authentically stated by a gentleman of Dummugudem that when the Kabul wallah held the abdomen of a man tightly in his grip, he fell down in a swoon. There is absolutely no check over these inhuman brutalities and unhesitating atrocities and even the Department which is claimed to have been instituted for preserving public peace and tranquility does not seem to take steps against the tyrannical behaviour of the people mentioned above.

Remedies.

If there is any agency which can ameliorate the condition of these masses it is only Co-operation. In the first place the Sowcar who was already proved to be an abnoxious pest on the Society should be exterminated from these tracts with the aid of the State and a Co-operative Society of the multi-purpose type should be substituted in his place. The society thus started should assume all his functions and if it cannot meet all the necessities of life, the consumer may have again to approach the sowcar.

There are people who think that literate men with sufficient business knowledge may not be forthcoming for rendering honorary services in the societies. But this difficulty may be overcome by appointing paid workers in the societies which serve a wider area comprising 8 to 10 villages. It may be argued that the paid workers would enter into dishonest dealings, but the financing agency like Central Bank may keep constant supervision and thus avoid such things happening.

The forest products like Tamarind, shikaya, karakkaya, honey, wax, skins and horns of wild beasts, ginger, turmeric, etc., and fruits like batavia and kamala can be purchased and the Domestic requirements like rice, oil, salt, chillies etc., can be sold by the society.

If the co-operative spirit is fully propagated there is vast scope for starting typical societies like wood and bamboo cutters societies which can take up the business of selling such produce. So there seems to be bright future for Agency tracts if co-operation is introduced for solving the complicated economic condition of the tribesmen.

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Legal Practitioners and Act VI of 1932.

By MR. P. K. SREENIVASA RAGHAVA ACHARAIYA.

Can legal practitioners appear as a matter of right before Courts constituted under section 51 and before Registrars of Districts or their subordinates when they act under section 57-A? This is not a question of merely academical interest.

It may appear at first sight that the answer to the above question is contained in sub rule 6 to rule XV. The rule reads thus 'In proceedings before the Registrar, the Arbitrator or body of arbitrators or other persons deciding the dispute legal practitioners shall not be entitled to represent parties.' This rule is construed as conferring powers on the registrar, or arbitrators to use their discretion in permitting legal practitioners to appear before them.

This rule is the outcome of the desire on the part of the Government to save the parties to an arbitration proceeding under the Act from expense and to see that the arbitrators many of whom may be innocent of even the rudimentary principles of law are not troubled by the protracted arguments of lawyers. It should not be thought that I am speaking ill of any member of the profession to which I myself belong. The Act wants to do rough and ready justice and this cannot be done unless lawyers are effectively prevented from appearing as such before tribunals having no working knowledge of law. No doubt safeguards should be provided for parties by way of right of appeal from the decisions of arbitrators.

Rule XV (6) corresponds to some extent to section 24 of the Madras Village Courts Act but that section is more comprehensive than this rule. That section reads thus 'No legal practitioner, qualified or unqualified shall be allowed to appear before a Village Court on behalf of any party to a suit or proceeding'. That section does not give any discretion to the court in permitting legal practitioners to appear whereas this rule seems to give discretion to arbitrators.

The Act and the rules as I have often pointed out are not the outcome of mature thought of persons trained in law. The rules have been framed by the Government purporting to act under section 65. Unless rule XV (6) can be brought within any of the powers conferred on the Government by section 65, the rule should be held to be *ultra vires* of the powers of the Government and as such of no effect. It may be said that sub-section (e) can be invoked as vesting the makers of rule XV (6) with powers to make it. That sub-section

LEGAL PRACTITIONERS AND ACT VI OF 1932

enables the framing of rules providing for the procedure to be followed in proceedings before the Registrar, arbitrator or arbitrators, or other persons deciding disputes including the appointment of a guardian for a party to the dispute who is a minor or who, by reason of unsoundness of mind or mental infirmity is incapable of protecting his interests. It is to be wondered whether the right of appearance of a legal practitioner before a judicial tribunal is a mere question of procedure.

Under section 14 (i) of the Bar Councils Act an advocate shall be entitled as a matter of right to practise (a) subject to the provisions of sub-section (4) of section 9, in the High Court of which he is an advocate, and (b) save otherwise provided by sub-section (2) or by or under any other law for the time being in force, in any other Court in British India and before any other tribunal or person legally authorised to take evidence and (c) before any other authority or persons before whom such advocate is by or under the law for the time being in force entitled to practice. Similar rights are conferred on pleaders. To deprive the legal practitioners of such valuable rights by framing rules, there should be statutory authorisation to the Government in very unambiguous terms and in my humble opinion sub-section (a) ii of section 65 cannot and does not confer any such right. I would in this connection refer to the principle underlying the decisions of the Privy Council in 60 M. L. J. 179 and of a Full Bench of the Madras High Court in 55 M.L.J. 551

Rule XV as it stands applies to cases enquired into by courts constituted under section 51. No provision is to be found restricting the appearance of legal practitioners before Registrars of the District or their subordinates functioning under section 57-A. They have been declared to be Civil Courts for a special purpose. They are Courts since they are authorised to enquire into and decide claims that may be preferred for properties attached. By virtue of the right conferred on them by statute legal practitioners I think can at present successfully insist on appearing before them. If so, are the sale officers enquiring into claim proceedings to sit listening patiently to the arguments of lawyers without in almost all the cases being unable to follow those arguments? I think that the legislators who were responsible for the act ought to have anticipated such a contingency. Surely the legislature ought to have come to the rescue of those unfortunate sale officers and arbitrators and declared that no legal practitioners shall be allowed to appear before them. If the legislature wanted that legal practitioners should be allowed to appear, the Department should see that the sale officers and arbitrators are persons who have got a working knowledge of law.

It is to be hoped that our present Registrar will be pleased to consider this question.

Working of the Co-operative Societies.

Report for the two half years ending with 31-12-39 of the Triplicane Urban Co-operative Society, Ltd.

1. *Branches.*—There were in the beginning of the year 26 Branches. During the period under report three depots were opened, all of them working for half a day only. The total number of Branches including depots was 29 at the end of the year.

2. *Management.*—General Elections to the Board of Directors were held early this year.

3. *Meetings.*—There were two meetings of the General Body for considering the 46th and the 47th Reports. The Board of Directors met 22 times. The four Standing Committees met very often and transacted business.

4. *Membership and share capital.*—There were 6,021 members with a share capital of Rs. 84,174-6-2 on 31-12-1939, as against 5,865 members with a share capital of Rs. 87,742-14-8 on 31-12-38.

5. *Sales.*—The sales amounted to Rs. 4,29,322-6-5 during the half year ending 30-6-39 and Rs. 4,72,385-11-10 during the half year ending 31-12-39, as against Rs. 4,53,352-13-11 and Rs. 4,45,091-1-11 during the corresponding periods of the previous year.

6. *Profits.*—A statement showing the gross and net profits during the year under report together with the figures for the five half years just preceding is given below :—

Half-year ended.	Gross Profit.	Percentage on Sales,	Net Profit.	Percentage on Sales.
	Rs.			
31-12-1936	38,732	8.6	9,316	2.1
30-6-1937	36,879	8.6	7,516	1.7
31-12-1937	39,659	8.2	10,413	2.1
30-6-1938	38,150	8.4	8,459	1.9
31-12-1938	45,070	10.1	15,204	3.4
30-6-1939	37,685	8.8	6,303	1.5
31-12-1939	51,916	10.9	17,431	3.6

9. Amounts to the credit of the Reserve and other funds with particulars of additions and withdrawals during the year under report are given below :—

WORKING OF THE CO-OPERATIVE SOCIETIES

Particulars.	Reserve Fund.	Common Good Fund.	T. L. S. Fund.	Reserve for Bad and Doubtful Debts.	Dividend Equalisation Fund.
	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Opening Balances on 1-1-1939	1,01,502 12 3	36,904 2 11	1,267 2 9	2,616 11 1	4,197 10 5
Additions during the half years ending 30-6-39	845 14 5	1,061 3 5	19 12 9	100 0 0	420 14 3
31-12-1939	1,526 8 3	1,565 5 11	19 14 7	250 0 0	204 12 11
Total	1,038,875 3 11	39,501 12 3	1,306 14 1	2,966 11 1	4,823 5 7
Withdrawals during the half year ending 30-6-39	...	1,339 7 0	...	...	...
31-12-39	...	784 10 0	39 0 0	1,091 15 7	...
	1,038,875 3 11	37,377 10 6	1,267 14 1	1,874 11 6	4,823 5 7

10. The Board recommended and the General Body accepted the following distribution of profits :—

	Rs. *
(i) Reserve Fund	2,405
(ii) Interest on Share capital at 3½%	2,594
(iii) Dividend Equalisation Fund	756
(iv) Common Good Fund	1,514
(v) Dividend on purchases at 2 pies per rupee in the first half year	4,432
Do at 4 pies Second half year,	9,670
(vi) One month's pay as Bonus to the Staff	3,315
	24,686

For the half year ended 30-6-40 the sales amount to Rs. 4,82,504 and the membership has come to 6,128.

Review of the C. C. P. Works for the year 39-40.

This is the twenty-first year of the working of the Society. There are 255 members with a paid up share capital of Rs. 15,172 as against 248 members with a paid up share capital of Rs. 15,182 at the end of the previous year.

The management of the Press which was in the hands of a Special Committee from 1936 has been handed over on 1-1-40 to a Directorate elected by the General Body as per bylaws. The work of the Press has considerably increased as could be seen from the fact that about 1400 orders were executed during this year, whereas about 1170 only were executed during the preceding year. Steady progress is seen on the income side, about Rs. 26,000 being the bills issued figure.

* In round number.

The Press hopes to get a profit of about Rs. 4,700 (unaudited figure) for this year, despite the increase in cost of all materials owing to the war. Improvements are being made in the Press by the addition of new types and machinery.

Provident Fund for the employees was introduced during this year. One note-worthy feature about this year is that the Press has published a Co-operative Diary for 40-41, containing all useful information. The financial condition of the Press has improved considerably and the Press is being patronised by many Co-operative institutions and individuals and all necessary help is being rendered by the co-operative department.

Extracts from the Eighth Administration Report of the South India Co-operative Insurance Society, Ltd., for the half year ended 31st December 1939.

This is only a report on the working of the Society for a period of six months. This is necessitated by the new Insurance Act (IV of 1938) under which all insurers are required to close their annual accounts for the calendar year without exception. We amended our bylaws, and obtained the permission of the Registrar of Co-operative Societies in this behalf; and hereafter our official year will be the calendar year and not the co-operative year. It is a matter for gratification to note that the Society was able to secure a substantial volume of new business and was able to reach a land mark in its career by completing a crore of Rupees paid up business since its inception.

The Society returned the entire share capital held by it as required by the Insurance Act, retaining the minimum amount required towards membership fee, which is Rs. 25 in the case of institutions and Re. 1 in the case of individuals. The Madras Provincial Co-operative Bank Ltd., the Madras Provincial Co-operative Union, majority of the Central Banks and other co-operative institutions continue to be members of the Society. The share liability of the Society is wiped out and whatever profits that are disclosed in each valuation belong in their entirety to the policyholders, the necessity for payment of dividend having ceased to exist.

The Society obtained from the Superintendent of Insurance certificate of Registration under section 3 of the Insurance Act.

Board of Directors.—The term of the Board of Directors having expired in September 1939 elections to constitute a fresh Board were held and the new Board came into office from January 1940. All the old members were returned to office once again for which the Directors express their thanks to the general body of members for the continued confidence placed in them.

Membership.—The entire share capital, as already stated, has been refunded and hereafter there is no liability to the Society under this

head. The membership fee is not returnable. The Society had 10,462 members as on 31-12-1939.

New Business.—The Society received 1464 proposals aggregating to a sum of Rs. 13,11,275 during the period of 6 months under report. Out of these and the proposals pending at the end of the previous year, 1,192 policies of the face value of Rs. 10,53,675 were issued. The rest of the proposals were either rejected, postponed or awaiting completion. The total number of policies issued up to 31st December 1939 amounted to 11,805 to the face value of Rs. 1,00,40,200.

Claims.—23 claims to the extent of Rs. 21,339-2-0 were intimated during the half year, of which 5 claims to the extent of Rs. 5,000 were found inadmissible under the rules. The amount taken under claims paid and outstanding in the Revenue Account is Rs. 16,339-2-0. 10 claims to the extent of 9,548 were paid off during the half year, and 40 claims including those of the previous years amounting to Rs. 32,226-2-0 were pending settlement. Provision has been made in the balance sheet to meet these claims fully.

Income and Life Fund.—After meeting and providing for claims and adding the sum of Rs. 18,586-11-0 to the investment fluctuation fund, the Life Assurance Fund on 31-12-1939 stood at Rs. 4,84,983-5-5.

Investments.—The bulk of the assets of the Society has been invested in approved and Trustee securities.

A short history of the Rajapalayam Co-operative Loan and Sale Society Ltd.

It was on the 21st of July 1935 that this society was registered with 20 members. Its area of operation was the taluks of Srivilliputtur and Sattur. Its main object was to give credit facilities to agriculturists on the pledge of their produce so that their urgent need for money at the time of harvest may not be exploited by the capitalists. The society started its work on 24-7-36, as some difficulty was experienced in collecting share capital in the early days when the proper aim of the society was not understood by members. In 1937-38 a branch was started at Sattur, and in that year 12 members received loans to the extent of Rs. 6,000 on the pledge of their cotton. In 1938-39 another branch was started at Ethirkottai Reddiapatti.

During the current year 108 loans to the extent of over Rs. 77,000 have been given. Among the members of the society there are 10 merchants, but they are agricultural merchants. They were admitted because their presence was felt necessary. The pure agriculturist was able to see the advantages derived by this class of members (Agriculturist-cum-merchants) and they came in larger numbers only later on.

Agriculturist members are advanced Rs. 9 on one kota of paddy (120 Madras measures) to enable them to pay the kist immediately after

harvest. They are also given smaller loans according to their needs. Loans over Rs. 1,000 are advanced to members on pledge of produce such as paddy, ragi, wheat, chilly, tamarind, cotton, cotton-seed, tobacco, jaggery, gram etc. The society worked at a loss in 1936-37 and with a small profit in 1937-38.

We are convinced of the need for getting the produce of members sold through societies and for giving them godown facilities as well. Then only will the real purpose of the society be achieved. We are glad to note that agriculturists of these areas have started a co-operative stores for the purchase of their necessities and also have registered a co-operative society for the consolidation of holdings. The Provincial Bank lends to Srivilliputtur Central Bank at $3\frac{1}{4}$ per cent which in turn lends to Loan and Sale Society at $3\frac{3}{4}$ per cent and the Society lends to members at $4\frac{3}{4}$ per cent. We are grateful to the Madras Provincial Co-operative Bank and the District Bank at Srivilliputtur for their co-operation and we hope it will be continued.

Considering the low margin of profit and the small extent of transactions the M.P.C. Bank was pleased to give us for two years Rs. 500 as grant and the Government was pleased to give for one year Rs. 531-5-0. It is hoped that this financial assistance will be continued for some more years.

During the two years of severe drought in 1938-39 and 39-40 agriculturists of this place found it very difficult to maintain their cattle and through the efforts of Mr. A.R.C. Westlake, I.C.S., Collector of Ramnad, we were able to get fodder from Tanjore and sold them at cost price to the agriculturists.

The need for a separate building for the society was felt and an attempt was made in 1937-38 to have a building of our own. The Government was approached and they were pleased to give us a free grant of Rs. 1,875 from the Rural Uplift Fund, and a loan of Rs. 5,625 to be repaid at 30 annual instalments. The foundation stone for the building was laid by Mr. P. S. Kumaraswami Raja, M.L.A., President, District Board, Ramnad, and the building has been completed at a cost of Rs. 7,841. It is a good augury for the future of the society that the head of the co-operative department himself has consented to come here and to declare the new buildings open.

Recent Utterances

BIHAR CO-OPERATIVE FEDERATION CONGRESS

Twenty-second Session Hazaribagh, 15th June, 1940.

PRESIDENTIAL ADDRESS

BY SHRI KRISHNA SINHA

Chairman of the Reception Committee, Ladies and Gentlemen.

Co-operation is so well-established in public esteem and faith as the cement which holds together and consolidates the edifice of rural reconstruction that it is unnecessary to plead its cause, specially in an assemblage of gentlemen who are professed co-operators. This movement has brought hope and comfort to millions inhabiting this globe and by the remarkable success it has achieved it has demonstrated its great usefulness and potentiality. But unfortunately, for reasons which I shall touch upon later, it has suffered a set-back in several provinces of this country including Bihar. This has dimmed the faith of many in its efficacy. Let me utter a word of caution against the danger of allowing pessimism to take root. To one who has taken the pains to study co-operative literature the reasons why such a useful movement has passed or is passing through a period of crisis in some of the provinces, will be apparent. Wisdom lies in taking a lesson from the past and so guiding the movement in future that it may steer clear of the dangers which beset it and may grow and serve the high purpose which it is meant to fulfil.

Co-operation is a system and has a philosophy behind it. Due to the unrestrained play of the forces of capitalism there grew up swiftly and silently an army of the destitute. Such a thing was natural in a system of which profit formed the core. It was as a protest against the blighting effect of unalloyed capitalism that co-operation was born. In this system capital was deprived of its predominant role. It was made a mere wage-earner. Capital was to be given a mere wage and profit was to be eliminated. Any surplus that remained was to form a common fund or was to go to those who contributed to the earning of it. The honest worker, and not capital, was to be the pivot of this system. This form of economic organization depends for its success not on capital, but on work honestly done by all in its fold, on their thrift, on their spirit of self-help and fellowship and on their desire to sink individual opinions and interests to such an extent that a group of men can work together for the common interest of all. Such a system while giving each man the just reward for his work brings out at the same time the finer instincts in him. Capital is not eliminated, but it is made the hand-maid of those who, in order to create wealth, willingly come together as perfect

equals with the ideals of self-help, social service and community life before them. Such a system opened a wide field to those millions of honest men who had the ability to create wealth, but could not make full use of it because of the peculiar system under which they lived. The various forms which co-operative organization has taken and the rapid stride it has made in the different countries of the world, fully justifies the soundness of the intrinsic basis of this system.

But co-operation possesses a special importance and value for us. Co-operation is the form of organization most suitable for small people and small enterprise. In agriculture it appears to be the only form that is of practical value, for most cultivators are men of limited means, and, from the nature of their calling, are unable to combine their efforts on the factory system. If we judge from this standard we shall find that in co-operation lies the hope of our rural population.

After dealing with the condition of agriculturists in the Province he went on :—

Here I think there is a very great scope for the working of co-operation on sound lines. The serious handicaps under which the agriculturists are suffering have to be removed, a spirit of thrift, self-help and fellowship has to be invoked in them and the agriculturists and their lands are to be so brought together that agriculture instead of being a mere mode of life, which it has come to be in the case of a vast bulk of our people, may become a profitable occupation. Of course much will have to be done by Government in the form of sound land laws, financial help of some type and sound expert advice on matters concerning the well-being of the rural community, but it is the co-operative organization which possesses the greatest potentiality for good in this direction.

Co-operation has taken different forms in different countries according to the exigencies of the situation. In India naturally it has taken the form of co-operative credit. The greatest need of our rural community is credit. Credit occupies a very important place in the economic structure of to-day. Eliminate credit and the entire economic machinery may come to a standstill. Naturally it occupies a very important place in the economics of agriculture too. The nature of agricultural industry is such that the peasant has often to depend on credit. It is much more so in the case of a country and a province where the raiyat lives on the margin of subsistence and in a state of chronic indebtedness. He has to borrow even to purchase his seed. But scientific discoveries and technical improvements have made great strides in the field of agriculture too and if he is to be taught to give up his empirical methods and ancestral traditions and adopt new techniques recommended by experts, he will have to borrow more. So credit must occupy a very important place in our rural economy.

Hitherto the rural credit organization has been principally provided by the money-lender. But money-lending methods like farming methods are out of date and require modernizing. Presiding over a session of the Bihar Co-operative Federation Congress I need not waste breath and time in elaborating the point that the ideal method of financing and organizing small holders and villagers generally is the co-operative system. Indeed the truth of this proposition is admitted universally. I do not know that there are two opinions about it.

But credit in order to be useful must be very carefully regulated. Cheap credit carelessly given may do harm instead of good. It proved so in the case of Egypt and it has proved so in our case too. I must be pardoned if I say that careless distribution of credit in many cases has been one of the contributory causes of the crisis through which the co-operative movement is passing to-day. It is said that many rushed to the movement as it was easy to get cheap money by doing so. Proper care was not taken in selecting the man to whom and scrutinising the purpose for which credit was sanctioned and it was natural that credits so granted should become frozen. I hope, once the movement is rehabilitated and put on sound lines, care will be taken to see that in the granting of credit principles of co-operation are strictly followed.

Though credit must continue to occupy a very important place in the co-operative movement, yet in order that it may serve its purpose fully and well, it is very necessary that attention should now be paid to the non-credit side of the movement also. The aim of the co-operative movement is to increase the general prosperity of the people and a great deal can be done in this direction by means of non-credit societies. I have already mentioned the serious handicaps from which agriculture suffers. The agriculturists have to be taught the use of good seeds, manure and implements and these have to be made available to them. The advantages of co-operative sale of their produce have to be inculcated. A great portion of their time in the year is wasted in idleness. Some subsidiary occupation like spinning etc., has to be found for them so that they may add a little to their small income. Let us remember that village industries and handicrafts can only hope to survive in competition with mass production and power machinery if they are organised co-operatively, both for, the supply of implements, raw material, and finance, and for the improvement of methods and processes and for marketing. Their holdings are small and lie scattered in strips. They are to be taught the benefits of consolidated holdings and co-operative farming and encouraged to make a move in these directions. They are to be taught the principles of hygiene and sanitation and made to observe them in their life. Co-operation is applied rural economics and the more a co-operator will think of the needs of the rural population the more the directions he will find in which there is scope for planned co-operation

to improve the lot of the people. All these things can be done by means of non-credit co-operative organizations. These, if accomplished, will add to the wealth of the people and increase their creditworthiness. The task will doubtless be uphill but a real effort must be made because the objective can be most successfully achieved through the agency of co-operative organization alone. Our great experts are there to give advice on these points but they have not the means to approach and influence the agriculturists who lie scattered in the villages. Even if it were possible for the experts to establish contact with them they will come up against the solid mass of conservatism which makes the farmer impervious to all notion of change. The peculiarity and beauty of the co-operative movement, on the other hand, is that it works from below. It appeals to the moral side of man and wakes in him the finer instincts which make him alive to his own needs and to the needs of those around him and make him realise the necessity of working in common to further his lot. If genuine non-credit organisations for such purposes are started, then in most villages we shall have men ready to seize, with avidity, the advice of the experts, take to modern methods of agriculture and adopt subsidiary occupation which will go to substantially increase their income. As I have said, the task is difficult but difficulties are meant to be overcome, not to frighten into inaction.

He then dealt with the consolidation of holdings effected in the Panjab and said :—

In consolidation alone can increase yield by not less than 10 per cent., the increase will be very much more if other activities in the directions suggested above are also carried out. The ultimate aim of the co-operative movement must be to so increase the productive power of the people that by a proper exercise of thrift sufficient capital may accumulate and the co-operative credit societies may be saved the necessity of relying mostly on borrowed capital. I do not exactly know the percentage of the working capital of the co-operative societies at present which is derived from the members. But I apprehend that it must be a small percentage. This aim I have spoken of can be achieved only by slowly and cautiously but steadily expanding the non-credit activities of the movement.

A movement which possesses such a great potentiality for the amelioration of the condition of rural population cannot and should not be allowed to die out.

I shall now discuss some of the reasons why co-operation has not been the success in Bihar it should have been. In the first place, people used the new system to obtain cheap credit. They swallowed the lessons of thrift and co-operative effort with a gulp and rushed to obtain cheap credit. No discrimination was made as to the object or purpose of loans.

Consumption was financed more often than production. Whereas borrowing should have been confined to productive purposes, farming and land development and other absolute necessities, money was borrowed for all purposes. What is more, from out of short-term deposits loans were advanced to members to repay their old debts. The burden of past indebtedness is no doubt a drag upon productive enterprise. But it is long-term credit that is required for repayment of past debts, and for long-term transactions only such funds should be employed as can be relied upon for a period of at least equal length.

Another handicap from which the co-operative credit societies suffered was the absence of any further policy or machinery to enable the agriculturist to repay his debts. The co-operative societies were content by merely lending money. They did not pursue the matter further with a view to strengthen the agriculturist and make him better able to repay his debts. They took no interest in improving his earning capacity, in increasing his credit worthiness.

Thirdly, the co-operative societies have worked more or less on the line of loan companies with only a structural difference. One set of people, mostly non-members, have deposited money and it has been borrowed by a quite different set of people. Within the societies the borrowers and the lenders have constituted two different classes whose interest being different there has been no common urge for them to co-operate. One mark, and alas only too rare a mark, of a good co-operative bank is a number of debt-free members who have joined not for what they hope to get out of it but to help their neighbours and village.

Above all, endeavour was made to sow the province within a short time with as many societies as possible. It was not realized that co-operation is not merely a matter of registers and entrance fees. Until it begins in the heart it can never hope to be a success. It is a slow and difficult growth depending on the absorption of the stern principles of self-sacrifice, self-help, and mutual help, and it is the anxiety for quick results that has in some cases given the movement a bad name by starting a large number of societies which had no roots in the hearts of their members.

But these internal difficulties are not the only cause of the sad plight in which the co-operative credit movement finds itself in our province. Those who point to the failures and say they have no use for co-operation are speaking in ignorance of its principles, of its history in other countries and of what it has done and can do in Bihar itself. Co-operation was not the only financial structure that found itself in trouble when the post war (1914—18) boom came to a sudden end. A principal cause was the depression and the crisis caused by the fall in prices. Prices dropped to half in a night, debts doubled, credit went, crops were unsaleable and except for a box of trinkets the villager had little except

THE MADRAS JOURNAL OF CO-OPERATION

debts to show for a period of prosperity which he had never seen before. The sharp fall in agricultural prices, the shrinkage of markets, and more generally the severe economic depression that affected agriculture placed by far the large majority of debtors in an extremely awkward position, and in more cases than not made it impossible for them to discharge their liabilities at the rates originally fixed.

When we remember that the main assets of a Provincial Bank consist of its investments in loans to Central Banks, that the assets of the Central Bank consist of outstanding loans advanced to their affiliated societies, and that the assets of the societies consist of the loans due from their members, we realize at once the disastrous consequence of the inability of the ultimate borrower to pay, on the societies' the Central Banks and the Provincial Bank. A deterioration in the position of the borrowing societies has led to new business with them being stopped. There is thus a state of stagnation in the credit movement in the province. The need of the moment is the revival of the movement. It is not yet too late to revive, but that does not mean that it will never be too late. Time may stand still for those in whose hands the decision rests, but it certainly is not standing still for the movement whose position is daily growing worse. The question has been hanging fire for a long time now. Every day makes rehabilitation more costly, and what is quick decision.

He then explained what the Congress party attempted to do when in power and said—

The first consideration which any scheme of rehabilitation must keep in view is the economic rehabilitation of the members of village societies. It is essential to bring about an immediate lightening of the debt burden of the members of village societies so as to make it possible for them to carry on while awaiting an improvement in economic conditions. With debts at their present nominal totals they are technically bankrupt. They cannot possibly meet their liabilities in full. But they must be kept on the land. They must be able to live a reasonable life and bring up their family, and they cannot live for ever on a minimum subsistence, as perpetual debt-paying serfs. There must be a possible end of their debt, within a reasonable time, for the members who work hard and well. The process of alleviation may be three-fold: (a) reduction of indebtedness through a lowering of the rate of interest, (b) reduction of the capital amount of agricultural debts, and (c) conversion of short-term loans into longer term liabilities. The recommendations of the Board of Experts on this point are easily stated. They are three-fold—(1) The entire balance of outstanding arrears of interest on the loans should be written off. Of course, they mentioned interest only up to the date of the report. Naturally the remission should be up to the date of enforcement of the scheme. (2) The outstanding amount of the loans, after the remission

of accumulated interest, should carry interest in future at 6½ per cent. (3) Debts should be repayable within a maximum period of 20 years. It will appear that out of the three processes of alleviation that I have mentioned the Board did not consider that the seriousness of the situation warranted reduction of the capital amount of debts.

The Board approved of the classification of members into retained and eliminated. Some percentage of the debts is even now irrecoverable and as time passes is likely to become more and more so, and the recommendation is that members from whom debts are irrecoverable should be eliminated and that steps should be taken to recover from them as much of the principal with interest in future at 6½ per cent. as can be realized within a period of time not exceeding 5 years. The result will be that most of these eliminated members, if not all, will be sold up, but the Board seems to have taken the view that there is no help, that if the representation or their condition is not inaccurate they are bound to be sold up one day or another, and regard for them, though justifiable on other grounds, would be entirely out of place in any scheme of reconstruction.

I now come to the Central Banks. Just as the primary societies will have to reduce the amount of their outstandings by writing off a portion of their dues, the Central Banks would have to write off their dues from the societies *pro tanto*. If the assets are thus written down the Central Banks will be unable to pay of their depositors and other creditors in full. Who is to bear the loss? The amount is found to be large and it is neither possible nor desirable for Government to come to the rescue and pay the depositors and other creditors in full. The only course left is for the creditors to agree to a rateable reduction. The recommendations on this point may be summarized as follows:—

- (1) Where the loss is less than 4 annas in the rupee the creditors should forgo their claim to the extent of the loss.
- (2) Where the loss is 4 annas in the rupee or more, Government should grant a subsidy to the Central Banks concerned to enable it pay its creditors in cash to the extent of a sum represented by 2 annas in the rupee of their claims. The creditors should forgo their claims to the extent of the balance of the deficit.

Since the primary societies will have to agree to an instalment basis of repayment of their loans the Central Bank will have to arrange a similar basis with their creditors. This would involve hardship to the creditors who would naturally require some mode of immediate payment of at least part of the balance. But what is more important is that unless the Central Banks are enabled to meet their settled obligations in cash, they would not be able to attract deposits for their day-to-day working, and the endeavour to resurrect the movement will have an insuperable hurdle to frustrate its success. The Board, therefore, recommended a loan to

Central Banks not exceeding 50 per cent. of the amount estimated as recoverable from retained members of reconstructed societies to be utilized for immediate repayment to all their creditors, other than the Provincial Co-operative Bank, on a *pro rata* basis.

The Board of Experts did not feel called upon to make any recommendations in regard to the losses of the Provincial Bank as it felt that Government had already realised the necessity of maintaining its position unimpaired and had assured its creditor that they need entertain no fears as to the soundness of their deposits and investments in this apex bank which is the nerve-centre of the whole movement. Nothing short of this guarantee would help in rousing the confidence of the depositors, and in view of the fact that its resources are derived almost entirely from the deposits that the bank receives would be suicidal to do anything which would sap the vitality and vigour of the only source from which money flows.

But the story does not end here. Rehabilitation does not consist merely in mitigating the burden of rural indebtedness or in providing for the adjustment of losses that the past working has resulted in. The aim must be to infuse life and vigour into the moribund bones of the decaying movement, and if this aim is to be achieved money will have to be found to supply productive credit to eligible members of reconstructed and new societies. With this end in view the Board recommended that Government should take steps to provide fresh finance in case and to the extent the Provincial Bank may be unable to command the requisite resources.

To start with, great caution will have to be exercised in granting loans out of this fund. The limit up to which the societies can advance money to the members will have to be very carefully determined with reference to the value of the crop yielded by their holdings and the surplus available to them after meeting all necessary expenses out of which to repay the debt within the stipulated period. In judicious loans will involve considerable risks, but certain precautions can easily be taken. For example, the sum lent may not exceed a certain proportion of the probable value of the crop. The debt should be required to be repaid in the course of a year. The societies might even insist upon a member disposing of his crops through his society so that recovery could be made from the proceeds, refusing a loan to a member who was not prepared to do this. Experience in other countries has shown that loans granted on the security of standing crops do not usually give rise to an unfortunate consequence for the lenders in the countries in which they are granted. This method of guarantee might, therefore, be adopted here also.

I have given you a brief resume of the recommendations made by the Board of Experts. It is unnecessary to make any elaborate comments

upon them. But I should like to say a few words about one or two points that emerge from the recommendations. The first point I wish to make relates to the burden of debt which the members of primary societies have so patiently borne. This indebtedness has not been recommended to be scaled down to an amount which members can pay. All that the Board recommends is that past interest should be wiped off and that future interest should be reduced to $6\frac{1}{2}$ per cent. I am not competent to say off hand whether these twin palliatives will meet the seriousness of the situation fully. I should have preferred a thorough assessment by competent and independent persons of the actual paying capacity of members and of the reduction of the capital amounts of debts, if necessary, having due regard to the ability of the individual borrowers to pay. That would really set the farmer on his feet, and writing down the capital is a normal procedure all over the world during times of depression. If agriculture slumps, capital must slump, and the lender has no more right in slump times to repayment of capital at boom rates than the farmer has to sell a bumper crop at the high rate he paid for the seed. A very promising scheme for the reconstruction of debt-loaded co-operative societies in Burma was described in a bulletin of the Reserve Bank of India. An essential feature of the scheme was debt conciliation by bringing down the outstandings against members to the present market value of their land. But in any case past interest must be written off up to the date of coming into force of the scheme of reconstruction, and I hope no endeavour will be made to deny to the members the full benefit of this very modest recommendation.

Another point I have in mind is that of eliminated members. Of course, in accordance with the recommendations of the Board they would be entitled to the remission of interest, but, assuming that they are beyond redemption, what I have not been able to understand is how these members can liquidate in five years the debts that the more solvent members are expected to take 20 years to repay. It is virtually tantamount to their extirpation. I quite appreciate the necessity of weeding out undesirable members who are a source of weakness to the movement. But I am not pleading for their continuance as members. What I am pleading for is some device which would, if possible, save these eliminated members from the prospect of certain ruin which faces them. It should not be beyond the resources and sagacity of the co-operators to think of a solution, and if the depositors of these banks which are to be liquidated could be persuaded to face the situation boldly and agree to a reorganisation on the basis of the slimming down of the balance sheets, I am not sure that some satisfactory scheme could not be devised. The outstandings against members could be brought down to the present market value of their land, surrenders of land could be obtained from

and leased back to them, and the conciliated debt spread out into instalments fixed as lease money and recovered in kind. I commend the matter to your attention. I feel that, after all, the real aim should be the economic rehabilitation of the members as far as it admits of rehabilitation, and I cannot contemplate with complacency or equanimity the total destruction of a large number of them without exploring all measures for redeeming them from the abyss into which they have fallen.

The third point to which I wish to draw your attention is connected with the question of the conversion of short-term loans into longer-term liabilities. In some cases it has been thought better to entrust short-term credit transactions on the one hand, and medium and long-term transactions on the other, to separate bodies. It is very difficult to say whether a distinction between agricultural credit institutions according to the nature and length of the loans they grant is desirable or not. It depends on circumstances. The strict enforcement of banking practice would imply such a separation but there are at the same time practical objections to it. The farmer prefers to apply to a single institution for all the forms of credit he requires. Moreover, a single organization is better able to judge the general position of an agricultural borrower. But what I am anxious to advocate is not the superiority of one system or the other. It is something different. It is the need of organizing agricultural credit institutions in such a manner as to offer farmers each of the various forms of credit they may require. These are:—

- (a) Short-term or seasonal credit providing farmers with the working capital they require to run their farms efficiently, to obtain crops in the best possible circumstances, and to carry on until the harvest can be sold; to be paid back within a year;
- (b) Medium-term credit, affording farmers the means required to purchase live-stock and agricultural implements as also to carry out improvements of an average duration; to be paid back over several years;
- (c) Long-term credit, affording the farmers the means required to repay their past indebtedness to purchase holdings or to effect lasting improvements; repayable over a longer period.

Of the needs for which long-term credit is required the repayment of debts is perhaps the most important. The burden of indebtedness is bound to be a drag on productive enterprise. It will not do only to institute measures for the compulsory scaling down of debts. It will be necessary to set up an agency for the provision of long term credit. Such an agency will serve many useful purposes. In the first place, if composed debts can be paid in cash, the process of scaling down of debts

RECENT UTTERANCES

will be greatly facilitated. In the second, if provision is made to enable the debtor to repay his debts over a long period of time the annual charge he will have to bear for repayment of his debts will be much lowered. This should not only increase his ability and willingness to repay but also leave a balance in his hands which may contribute towards making his existence a little brighter. He can then be gradually weaned from the tragic fatalism he now suffers from and in course of time develop into a more efficient productive agent. At present, however, when even the agency for short-term credit has to be rebuilt this is a distant dream, but if we keep the ideal before us and work to achieve it we will get nearer to it every day.

I have a word or two to say about the interest that should be charged. In the past it has been not only heavy, but considering the yield on capital invested in agriculture, exorbitant. We must remember that agriculture is a special form of activity owing partly to the nature and length of the operations involved and partly to the rate of yield on the invested capital. It produces living organisms under conditions of uncertainty due to the weather against which man is for the most part powerless. Many of its products are highly perishable. The farmer does not fix the prices of his produce. They are imposed upon him so that his profits are limited and he often suffers a loss. Consequently the rate of interest on loans granted to him should be low and commensurate with the degree of remunerativeness of agriculture. If interest is too heavy in proportion to the income earned, the credit, instead of being of benefit, will only make the position worse. As long-term capital brings in an even lower yield than short term capital it is necessary that the rate of interest on long-term loans should be lower than on short-term loans, although this may be contrary to normal banking practice.

After the movement has been rehabilitated, every care must be taken to see that it does not again fall in difficulties and here we should take a lesson from the past. Sound co-operation is a matter of growth from within and it cannot be successfully imposed from above. In order that co-operation may succeed, it is necessary that the members comprising it should understand the principles of co-operation and work accordingly. Here in our country the urge for a co-operative organisation did not come from below, but it was rather a Government anxious to solve the problem of rural credit, which initiated it. Co-operative organisations were founded, but most of them artificially. Gentlemen possessed of money were invited or persuaded to deposit money and people in chronic indebtedness who found here an easy means of obtaining credit rushed to it. There arose, no doubt, a structure of co-operative organisation, but the spirit of co-operative ideology was almost entirely lacking. The natural result was the difficulty in which we find ourselves to-day. I am not minimising the part played by depression. But the main reason was

this lack of spirit of co-operative ideology. If we are to save the movement from a similar fate in future, it is necessary that endeavour should be made to inculcate the proper spirit in those who are already within the fold of the movement or may come within it. The members of primary societies must be educated in the principles and meaning of co-operation. Unless this is done members of primary societies cannot manage their societies in the way required by the philosophy of co-operation. But before this essential training is imparted to the members of village societies, the organizers and administrators must be fully trained in the basic principles of co-operation.

The Royal Commission on Agriculture made a similar recommendation while suggesting remedies for putting this movement on a sound basis. And if after rehabilitation we want to have a flourishing co-operative movement in our province we must arrange for co-operative education and competent teachers. I do not think that at present there is any adequate arrangement for training competent teachers and imparting co-operative education. This is the thing which could very well be done by your Federation. A perusal of the report of your Federation makes me feel that whatever arrangement for it there might have been in the past, there is no arrangement for it present.

This naturally makes me come to the question of the Federation itself. In European countries co-operation is more or less independent of Government. They have strong central organisations which serve as a bureau of information, undertake the work of organisation and inspection and in many ways strengthen and stimulate the movement. This example has been followed in India. A number of public-spirited men have given valuable time and energy to the movement and in our country too we have got provincial Federations. There is a Federation in this province also. But if our movement is to develop and prosper this Federation must become a really live organisation. In the words of the Royal Commission on Agriculture its object should be "to promote the co-operative movement in all possible ways by serving as a centre of co-operative activity, by carrying on propaganda and publicity work, by organising and developing diverse types of societies, by organising training classes, by acting as an information bureau and by ascertaining and representing the views of the co-operators on questions of general and public importance relating to the movement". We see here at a glance what an important role your Federation has to play in the healthy growth and development of the movement. As I have not been in touch with the movement I am not in a position to say what part it actually plays at present but from the budget of the Federation and report it appears that its condition is anæmic and requires looking after. As I have said, it should be the business of the Federation to make arrangements for

co-operative education and competent teachers, but at present it seems there is no arrangements for this. Only two magazines, one in Hindi and the other in English, are published, but their circulation is not encouraging. It seems to me that the development training and propaganda activities of your Federation are almost at a standstill. This must give a cause for despair to those who want to see the movement flourish and prosper in the interest of the poor of this province. It seems finances stand in the way and the resources of the Federation are not sufficient to make its achievements commensurate with its aims. Now that we are talking of rehabilitation it is necessary that we must think of rehabilitating the Federation too. Our ultimate aim must be to see this un-official agency occupy its proper place in the movement and an attempt must be made to reinvigorate it from now. To do this some aid from the Government may be necessary but if Government make up their mind to rehabilitate the movement, they should not grudge an aid to the Federation to enable it to carry on those activities a proper discharge of which alone will insure the movement against failure in the future.

Another point that has often been lost sight of is that a specialised personnel is a most important factor. This involves creation of a special cadre for co-operative service. The present position is not very satisfactory and the administration of the Co-operative Department is constantly in danger of being put in the hands of people who had no training worth the name. At the top the Registrar is liable to be transferred before full benefit of continuity of policy has been assured. He has had generally no experience as Assistant or Joint Registrar before he is called upon to shoulder the responsibilities of the head of the organisation, and if the present Registrar has proved equal to the duties and responsibilities of the post, it is not because the system is sound but because he is dowered with qualities that will make him a success wherever he is placed. The Deputy and Assistant Registrars are similarly drafted from the Executive Service, and before they are well in the saddle they begin to strive for a reversion to the general line where prospects of a promotion appear to be brighter. At the bottom recruitment is made regardless of any specialised training and it is a pity that the only training institute we had has largely ceased to function. The selection of the right type of men constitutes the essential preliminary of efficient administration, and the need for the training of a highly educated, efficient and intelligent staff can scarcely be exaggerated. The organisation and supervision of co-operative societies is a technical business and those who have not been fully trained in its principles and practice and should not be allowed to meddle with it.

I have done. I have already taken too much of your time and I do not want to take any more. The time has come when we must pause and think as to what should be done to save our people from ruin and

THE MADRAS JOURNAL OF CO-OPERATION

destruction. Most of you come from the rural areas and you have seen the ill-ventilated mud houses, the dirty lanes and the insanitary surroundings in which villagers live. Poverty and disease and squalor stare them in the face. Despair is writ large on their face. Education and more wealth are the need of the hour. We must think out a planned system of rural reconstruction and we must earnestly set about this work of reconstruction. The one great agency through which this can be done is a genuine co-operative movement. Without co-operation our efforts will be but temporary, and any building we erect will sooner or later disintegrate. The progress of the province could be built on no surer foundation than that of co-operation. You who are assembled here today represent the cream of that movement. You have to perform a noble part in the uplift of the province. Spread the true principles of co-operation throughout the length and breadth of the province, infuse the ideal of self-help, mutual goodwill and sympathy and community life amongst the people and inspire them with the urgent desire to get out of the mire of poverty and ignorance. This is what the province expects of you. I hope you will go out from here with a determination to fulfil the noble mission which as a co-operator is yours.

PAYMENT FOR CO-OPERATIVE SERVICE.

Mr. T. A. Ramalinga Chettiar opening the conference of Inspectors and Supervisors of Coimbatore said that at such conferences those engaged in the co-operative movement could exchange notes and correct ideas and take stock of the changed situation. Agriculturists should be persuaded to grow better crops, and they should be given facilities to sell their produce for a better price. If this was not done, the co-operative movement could not make any progress. Planning and organisation were necessary to achieve better results in any enterprise.

Referring to the effect of war on prices, Mr. Ramalingam Chettiar said that the war had falsified all their expectations. Prices of commodities instead of rising were going down. Commercial crops suffered for want of markets; tobacco was not at all in demand, and the price of cotton had gone down considerably.

Referring to the working of co-operative stores, he said that only the middle class people, especially salaried men, resorted to these stores, while the rich and the poor classes did not go there.

He doubted very much whether the prices of articles sold in co-operative stores were lower or their quality was better. Commodities should not only be of good quality, but also be sold at cheaper rates in order to attract a larger number of people to co-operative stores.

The most striking change in the movement was that it did not attract a devoted band of non-official co-operators comparable to the

RECENT UTTERANCES

workers of the previous generation. Young men with sufficient education were not forthcoming to work in the movement.

People were not prepared to render honorary service. If they were not paid directly they would take payment through other means.

Young and enthusiastic men, he said should come forward to take up the work. The nature of work in the movement at present was such that it was no use depending upon voluntary services alone. Village societies should be managed by the villagers themselves. Big schemes should be supervised by paid officers of the Department. The speaker was not satisfied with the present system of supervision; he wanted a more efficient supervision.

There should be persons equipped with up-to-date and comprehensive information about the working of the movement and they should visit villages, meet the agriculturists and explain things that would interest them and improve their economic condition. The ryots should be taught methods of improving the yield from their land and getting reasonable prices for their produce. If they expected good results from the working of this great movement, they could no longer depend upon voluntary agencies alone.

The time had come, the speaker added, when they should select the right type of men having the missionary spirit and zeal, give them training and send them to different villages. Such workers should not only attend to co-operation, but also look to the general administration of villages.

Concluding, Mr. Ramalingam Chettiar observed that the Co-operation Committee set up by Government would shortly publish its report. One of the chief recommendations of the Committee related to audit. He hoped that the Government would agree to separate auditing work from the other activities of the Co-operative Department. If that was done, Deputy Registrars and other officers of the department would be in a position to pay greater attention to develop societies.

With proper planning, the movement had great prospects. They had not done all that they should have done to widen the movement. What little was done in Madras was due to the individual efforts of certain people.

"The Mail" dated 8-7-40.

Reviews.

The Path of Roses or a Man of No Sorrows.—By N.M.A. Siddiki, B.A., (Hons.), Registrar of Co-operative Societies in Sind and Published by A. G. Chainani, the Chief Propaganda Officer for the Sind Provincial Co-operative Institute, Hyderabad—Sind. Price Rs. 0-2-0 Pp. 30.

This book originally written for the benefit of the rural people of Sind, has been translated into English, because, the translator adds "the truths contained in it are so equally important for and applicable to the urban public."

The fundamental question dealt with is the economic problem of how to earn wealth, how to spend it wisely and how to save it. Very many truths of useful information regarding good health are introduced, because good health is necessary for hard work which is the foundation of a happy and prosperous life.

After dealing with the material ways of increasing one's health the author describes the spiritual ways of protecting one's health, such as, prayerful attitude, readiness to forgive enemy, temperate life, living in peace with entire world and so on.

Dealing with the methods of increasing one's wealth the author enumerates the various cottage industries in good deal.

On the whole of the pamphlet contains very useful information on health, wealth and general happiness.

S. K. Y.

Co-operation in Sind. As It Stands To-day.—(30th June 1937) By N. M. A. Siddiki, B.A. (Hons.), Registrar of Co-operative Societies in Sind. Published by A. G. Chainani, Chief Propaganda Officer, Sind Provincial Co-operative Institute, Hyderabad-Sind.

This is a reprint of a pamphlet by the Registrar of Co-operative Societies in Sind, giving an account of the movement in that province.

The interesting feature of this pamphlet is a note of the Registrar about his schemes to make the co-operative movement more popular and efficient. He has schemes for radio broadcasting and propaganda through magic lanterns and he wants the department officers to meet more often than they do now, compare notes and discuss plans of work. He has worked out the details of cost and is confident that these schemes can be made self-supporting with contributions from important co-operative institutions. There are notes on attacks made on the movement and the Registrar's reply and on certain defects in the running of the movement and their remedies.

We hope that the Registrar will be able to realise his ambition of making his province a model province from the co-operative point of view.

S. K. Y.

Conferences.

I

The Third South India Rural Workers' Conference Gandhi Ashram, Tiruchengodu, Salem District.

The above Conference has not been given as much publicity by the Press as it deserves and hence this note. The first conference of this kind was held at Periyanaickenpalayam in Coimbatore district in the Ramakrishna Mission School conducted by Mr. Avanasilingam Chettiar, M. L. A. (Central). The Second conference was held at Kengeri near Bangalore where Sri Ramachandra is running a residential school. The Third conference was held at an another important centre where silent constructive work is going on in the matter of Rural Reconstruction.

Rajaji's Ashram at Tiruchengodu is about nine miles from the nearest railway station and two miles from the nearest bus route. It is located in a fine place where much Khadi work is going on. It was in every way, an ideal place for rural workers to meet. The main theme for discussion this year was "Non-Violence and The Social Order" and all the topics that were taken up were related to this main theme. There were more than 30 delegates come from various parts of South India and they were mostly Hindus and Christians and to the best of my recollection there were no Musalman representatives.

On the morning of the 19th July the session was opened by Dr. S. Subbarayan who in the unavoidable absence of Mr. Rajaji welcomed the workers to the Conference. Proceedings were conducted almost entirely in Tamil and such of the delegates who could not express themselves well were allowed to talk in English. The first day's opening address was by Dr. T. S. S. Rajan who dealing with the subject "These Days and Their Challenge to the Social Worker" traced the history of social work in this country from the time of Buddha onwards and said that most pressing problems in the Indian villages of today were poverty, fear and coercion. In the afternoon Mr. K. Santanam, M.L.A. and Sri N. Lakshmanan of Coimbatore spoke on "Conditions in Villages and Their Immediate Needs," and in the evening all the delegates visited some of the neighbouring hamlets. At night I gave a lantern demonstration and exhibited the Provincial Co-operative Union series of lantern slides dealing with Thrift, Evils of Drink and Benefits of Co-operation and Prohibition & Co-operation in Salem. This was very much appreciated not only by the workers assembled, but also the villagers who had come in large numbers to the show.

The 2nd day's address in the morning was on "The Social Worker as a Social and Religious Reformer" by Mr. A. Vaidyanatha Iyer of Madura. He recounted the work of the Tamil Nadu Harijan Sevak

Sangh in the cause of Temple Entry and narrated the difficulties that were experienced in achieving the object, namely to get the famous Meenakshi temple at Madura thrown open to Harijans. He was followed by me, who said, that the social worker must have a "divine discontent" in him and he should never be satisfied with the existing state of affairs in social or in religious matters, but must always work for the ideal of perfection. This was followed by Mr. N. S. Varadachariar and Sow Sara Ittyerah who spoke on "Village Industries: A Way of Non-Violence". Mr. Varadachariar described his ideal village and the economic structure of that village where human labour will be valued much more than machine labour and where men would lead a simple and contented life which is certainly not a poor and famished life. In the afternoon Mr. G. C. Spittler, Special Development Officer, Salem, gave an account of the work that he is doing in the matter of improving village life after the introduction of Prohibition in Salem District. He gave an account of the progress achieved in the first six months and the programme chalked out for the next six months. At night the various workers assembled gave a brief account of the work they were doing each in his own sphere and locality. I presided on that occasion.

The 3rd day Mr. G. Ramachandran (in the unavoidable absence of Mr. K. G. Mashruwala) and Mr. T.S. Avinasilingam gave short addresses on "Non-Violence Today". The discussion centered more round the recent decision of the Working Committee as against the programme of Mahatmaji. The supporters of Rajaji in the course of the discussion made it clear as Dr. Subbarayan had done in his opening address and as Rajaji himself had done in the letter that he sent to be read on the opening occasion that there is no difference with regard to the fundamentals between Mahatmaji and Rajaji and that the present step taken by the Working Committee is a means of achieving the end which both had in view. This was followed by a talk on "Basic education and Adult Education".

Among the delegates present may be mentioned Mr. G. K. Puranik, Editor of "Rural India" who had come all the way from Gwalior and he gave us the benefit of his experience in Gwalior in particular and generally in North India. There were about five or six lady delegates who together with the lady residents of the Ashram formed a picturesque section of the audience. Srimati Venkalakshmi Ammal who is running Vegavati Ashram in Madura, contributed much to the success of the Conference by a statement of her work which has been slowly expanding and improving. Dr. Soundaram and Srimati Manon Mani of Madura and Sri Sarah Ittyerah of Travancore who has just returned after a long stay at Wardha, all these contributed their own share to the success of the Conference. Co-operation was represented by Mr. Lakshmanan, Editor, Kootturavu Coimbatore and by the present writer.

CONFERENCES

For 3 full days all the members assembled a simple rural life without any distinction of caste or creed as if they were all members of one big family. The programme was so arranged that there was plenty of time for members to meet each other outside the lecture hall and make acquaintance with each other. The Prarthana conducted by the members of the Gandhi Ashram every morning and evening was a source of much spiritual strength and consolation. On the whole the Conference was a great success and everyone felt the better of having attended the Conference. Much credit is due to R. R. Keithahn the organiser. The Ashram people deserve to be congratulated on the excellent arrangements they had made for the boarding and lodging of delegates for a very nominal contribution from them.

S.K.V.

II

Proceedings of the 9th Co-operative Conference of Sattur and Srivilliputtur Taluks, held at Srivilliputtur on 23-6-40 under the auspices of the Srivilliputtur Co-operative Banking Union.

The conference was presided over by Sri Medai Dalavoi Kumaraswami Mudaliar, M.L.C., Tinnevely, and among the distinguished visitors were S. A. Venkataraman Esq., I.C.S., Registrar of Co-operative Societies, Madras and Sri K. Rangaswamy Naidu Deputy Registrar of Co-operative Societies, Mudura.

Just before the conference, Sri Medai Dalavoi Kumaraswami Mudaliar, unveiled the portraits of S. A. Venkataraman Esq., I.C.S., Registrar and Sri P. S. Kumaraswami Raja, M.L.A., a member of the special committee of the Srivilliputtur Co-operative Bank, in the Central Hall of the Bank Buildings. He made a short speech about the career of both the persons.

The Conference was well attended and in welcoming the President, Delegates and distinguished visitors Sri Rao Bahadur R. V. Ramasundaram Pillai, Chairman of the Reception Committee and the President of the Central Bank, Srivilliputtur, pointed out certain special features of the Co-operative movement in Sattur and Srivilliputtur Taluks and requested the delegates to come to an unanimous decision on these subjects. The most important are among them (1) the condition of bad societies in the area and the only way of reviving them by adjustment of their share capital and reserve fund to loan account of the Central Bank (2) the abolition of the unions which are useless and a burden on the slender resources of the Bank (3), and that the Madras Provincial Co-operative Bank should come forward, with a subsidy for continuing the group clerks system to carry out intense rectification work.

The conference was opened by S. A. Venkataraman Esq., I.C.S., Registrar of Co-operative Societies, Madras and in the opening speech he remarked that the prospects of the co-operative movement will be all the more brighter if only communal and political fights are not allowed to enter the field. He emphasized with reference to Srivilliputtur Bank that the management should canvass more deposits. Sri Medai Dalavoi Kumaraswami Mudaliar, M.L.C., in his presidential address dealt with the points raised in the welcome address and gave his considered views

on them. He concurred with the Registrar in his advice and emphasized that canvassing of deposits in a financing institution is its primary function.

Music was played at frequent intervals with Tamil songs specially composed on co-operation by Sri R. S. Subramaniam, B.A., Secretary of the Srivilliputtur Co-operative Banking Union. With a vote of thanks to the chair and the delegates the conference came to a close.

III

Celebrations at Rajapalayam.

The Registrar of Co-operative Societies presided on both the occasions, and said in connection with the celebration of the Silver Jubilee of the Rajapalayam Co-operative Urban Bank, that the Urban Bank should show a better progress and canvass more deposits and increase its lending transactions. He emphasized also that politics and Communal rangle must be kept aloof. In opening the Sale society buildings the Registrar remarked that in keeping with the name of the society the transactions should be encouraged. He wished the society all success and thanked the management for the opportunity given to him to meet the Co-operators of this area.

The Registrar and the distinguished visitors were entertained to "Tea" in the evening.

THE INDIAN CO-OPERATIVE REVIEW

(Journal of the All India Co-operative Institutes' Association)

Published Quarterly

January, April, July and October

Edited by SRI V. RAMADAS PANTULU.

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Extracts.

I

15 Years' Co-operative Progress in London.

The London Co-operative Society, the world's biggest Consumers' Society, has made unparalleled progress in the past 15 years. From 1924 to 1939 membership rose from 1,17,000 to 7,94,000, a success which is largely attributable to the annual membership campaign, which have, unfortunately, been suspended as a result of war conditions. Last year's campaign, for instance, brought no less than 44,000 new members. Turnover has risen in the last 15 years from £2,800,000 to £16,100,000, and the number of workers and employees from 3,600 to 18,000.

The two other large London Societies, the Royal Arsenal and the South Suburban Co-operative Societies, have made great progress in the past 15 years. The Royal Arsenal Society increased its membership from 110,000 in 1924 to 382,000 at the beginning of 1940, whilst its annual turnover rose from £3,340,000 to £9,840,000. The South Suburban Society, which numbered rather more than 31,000 members in 1924, increased its membership up to the beginning of 1940 to almost 202,000. Turnover rose from £820,000 in 1924 to more than £4,580,000 in the past business year. Total membership of these three Societies at the end of last year was about 1,400,000 and their annual turnover exceeded £30 million.

II

Failures of Co-operative Stores in Australia.

The following analysis of the cause of failure of co-operative stores in Australia wherever such failures have occurred will be found to be true not only of the land of the Southern , but will be found to be of universal application. Those in charge of the Stores in this province will do well to study the list and will find out whether any of these causes are operating with regard to their stores and try to remove them.

1. *Lack of a True Co-operative Spirit* :—Apathy would play a big part in this lack of the true co-operative spirit. The average purchaser is not a very careful buyer. Moreover he has become a creature of habit. He rather likes our present stores. They are attractive, and he enjoys the variety of goods which they offer. Even all co-operative society members do not buy everything they could at their own store. The Australian, too, does not really resent advertising, and he does not feel that the proprietors of chain stores are making the enormous profits that, in fact, they are. It will need a very definite and obvious motive to make him change this attitude.

2. *Dividend Hunting* :—Joining a co-operative society, just to secure a dividend, means an insecure society, with an entire lack of interest both in the stores administration and in the co-operative movement generally. At the first sign of trouble, the dividend hunters depart, leaving the co-operative ship to founder.

3. *Lack of Education* :—Most people are entirely ignorant of the nature of the co-operative movement. Propaganda and education go mostly to present members, leaving the prospective outside member completely untouched.

4. *Poor Management* :—Co-operative managers need to possess a combination of both honesty and business ability. Too many co-operatives have failed because of poor and dishonest management. The ignorance and apathy of society committees have often helped these regrettable occurrences.

5. *Opposition of Private Firms* :—Boycotts, price-cutting campaigns and house to house rumors are the usual methods employed by private firms in dislodging an annoying co-operative. Education is the obvious remedy.

6. *Lack of Standardised Groups in the Population* :—Except in mining districts and the like, the types of population are not homogeneous enough. City, suburbs and most of country towns are heterogeneous masses of people from different kinds of occupations. There are few large groups of persons with common characteristics common thoughts, and common aspirations, suitable for co-operative effort.

7. *Existing Indebtedness to Local Tradesmen* :—People already in debt often have a pronounced aversion to getting out of debt, and to cash payments generally. Especially is this so with chronic users of time payments, hire purchase and cash order schemes.

8. *Middle-class Snobbery and Personal Indolence*.—The middle class are consumers, but pass by the obvious advantages of co-operation, due to a curious mixture of class pride, snobbery and social timidity.

9. *Trading on a Credit Basis*.—The British co-operative were built up on a system of cash payments, but most Australian societies encourage bad debts by working on a credit basis.

10. *Members Too Scattered*.—A scattered membership means difficulties and irregular sales.

11. *Public Policy and Tradition*.—Australian public policy and tradition are both established in terms of a system of competitive and private enterprise, and only extensive co-operative education can modify this state of affairs.

—(*The Co-operative News*).

EXTRACTS

III

Co-operation Between Urban and Rural Residents :—

Endorsed without a dissenting vote at the annual meeting of the Pennsylvania Farm Bureau and its co-operative affiliates, in Hershey, Pa., March 12, was a resolution with this significant preamble : —

"We believe the foremost imperative of the Co-operative Movement is a broadening of its base so that urban people may share with farmer-folk in its benefits."

"Unless this is done, the Movement will lack balance, and fall short of its founding ideal, that the Consumer is the common denominator of economics."

"Unless the man on the farm and the man in the town come to understand that the plight of the one is the plight of the other, both classes will continue to suffer more and more keenly, for each is the others best customer, and the collapse of one will mean the collapse of the other. The long range, but sure, remedy of this condition we believe rests in Consumer Co-operation, in which the urban man and the farmer meet each other at the city gate and bargain democratically to process and distribute the vital necessities of life. By such Co-operation, the healing economics of our Movement would bring the farmer a living return and the consumer a price he could well afford to pay."

(*Midland Co-operator*).

The Lighthouse of Co-operation.

The Co-operators' Book Depot,

(Estd. 1935.)

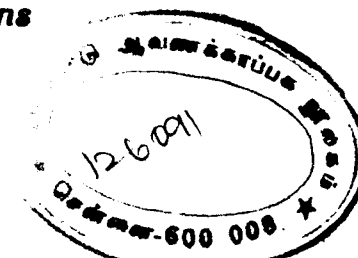
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News and Notes.

S. A. Venkatraman Esq., I.C.S., Registrar of Co-operative Societies Madras, opened the newly constituted building of the Rajapalayam co-operative sale society.

The South Arcot District commercial and Industrial museum was opened at Cuddalore by Mr. V. N. Kudva, I.C.S., Collector of South Arcot and president of the museum association, in the District Board Hall.

The development of Co-operative Societies among women on a large scale is an important feature of the programme in U.P. A refresher class for the lady supervisors of Co-operative societies has subsequently been opened at Women's Institute Lucknow.

The employees of the Tinnevely District Co-operative Central Bank and certain allied co-operative institutions have agreed to give half-a day's Pay Per month to the War Fund.

A special provision is made in the finance Bill of 1940 that in respect of co-operative Societies the rate of super tax for the year 40-41 will be one anna in the Rupee on the total income above Rs. 25,000. Prior to this the Co-operative Banks were paying up to seven annas in the Rupee.

Three Co-operative medical aid and Public health Societies have been organised in Montgomery District of the Punjab. The service of a qualified medical practitioner as a family doctor and the supply of medicines necessary—all at a cost of one Rupee per mensem, this is the happy experience of the members of the above societies.

Under the auspices of the Tirupur Co-operative Union a meeting of the Co-operators was held under the presidency of Mr. P. Muthuswamy Gownder, Prof. S. K. Yegnanarayana Iyer Secretary of the Provincial Co-operative Union spoke on the principles of co-operation and the rights and duties of Panchayatdars. Mr. P. V. Krishna Ayyar Dy-Registrar of Co-operative Societies, Mr. N. Subrahmanya Iyer, Mr. A. Ponnuswamy Pillai and N. Lakshamana Mudaliar also spoke.

A similar Training class was held at Bhavani also.

"In April 1936 when I was appointed Director of Public Instruction in his Province, I vowed myself that I would strive my utmost for the educational Uplift of the masses, of the poor, of the backward communities and in particular of girls. I may say that the coming into the existence of this has been one of my most cherished desires during the last four years." So declared Mr. R. Statham Director of Public Instruction, opening Government High School for Moplah girls at Pudiangadi a village near Tirur.

NEWS AND NOTES

Opinions on the draft Banking bill published in November last are understood to have been received by the Reserve Bank who are examining them in order to ascertain how far the draft requires reshaping in the light of criticism. It appears that the central board of the bank will consider the final draft of the bill before it is sent to the Government of India. The bill is expected to be ready for introduction in the next budget session of the Central assembly.

Delivering the inaugural address of the cultural association of the Co-operative Central institute S. A. Venkataraman Esq., I.C.S. Registrar of Co-operative Societies Madras, stressed the need for trained and efficient staff in every co-operative institution and appealed to the students of the institute to become better employees and an asset to the co-operative movement. He also suggested that the students should keep up their study of the movement in other provinces and other countries.

The Registrar of Co-operative Societies and the Director of Rural development Bombay, has Published model By-laws for Co-operative thrift societies the formation of which is encouraged by Bombay Government. The object is to enable the people to save their earnings in safe and convenient way for old age and at the time of death. Every member getting 25 Rs. and below should contribute 4 as. a head and the minimum subscription is 25 Rs. for those getting 250 Rs. They also act as agents for Joint Purchases of domestic requirements.

The decision to start a Co-operative sugar factory in Coimbatore with a capital of 7,50,000 Rs. was taken at a meeting of the sugar cane growers Mr. S. A. Venkatraman, I. C. S. Registrar Presided. Rao Bahadur T. S. Venkataraman sugar-cane expert to the Government of India, explained the Potentialities of the industry and said that Coimbatore offered all facilities for starting a co-operative sugar factory.

A meeting of the Teachers and students of the R. V. M. High School Venkatagiri Town was organised on 2-7-1940 by the Head Master and Sri U. V. Gopala Rao, B.A., special co-operative officer whose services have been lent to the Venkatagiri Estate by the Government of Madras.

At the outset Mr. Gopal Rao conveyed to the Assembly the message of H. H. Rajah Sahab and Maharajkumar Bahadur expressing their pleasure at the early registration of The High School Students' store by the Registrar for the benefits of the students and their wish that the stores should be made a model one in the District. The Non-credit Inspector, Nellore who has been camping here started the stores on its work.

With a vote of thanks to the Department and the Samasthanam, the function came to a close.

Mr. S. A. Venkataraman, I.C.S., Registrar of Co-operative Societies paid a visit of inspection to the Tenkasi Co-operative Bank Ltd., on Friday the 5th evening accompanied by Mr. M.D.T. Kumaraswamy Mudaliar M.L.C., President of the Tinnevely District Central Co-operative Bank.

The Registrar urged the employment of qualified full time Secretary with large powers over internal administration, the directorate reserving appellate powers and general control. He deplored that working capital Rs. 25,000 is terribly low for Town of the size and importance as Tenkasi, and asked the members to make vigorous efforts to increase the working capital to a decent figure. He said that he had received complaints about mal-administration of this Bank due to inefficient Secretary and insufficient attention of the Directorate who got themselves mixed up in the Local Panchayat Politics. He hoped that now as these reasons have disappeared, the Bank will give better account in future.

Then he formally opened the Co-operative Stores and wanted at least 200 effective Members by December.

He was entertained to tea and group Photo was taken.

On Saturday Morning after been entertained to coffee by Rao Bahadur I. C. Eswaran Pillai at his residence at Ellangi, He left for Tinnevely.

The validictory address of the Co-operative Inspectors conference was held at Coimbatore in the office of the Deputy Registrar of Co-operative Societies when Mr. S. A. Venkataraman, I.C.S., Registrar of Co-operative Societies Madras addressed the Inspectors.

In the course of his address he said that the co-operative department is purely non-official of all departments. The position of the department was mainly that of an adviser and a co-ordinating agency. He further said that with his 15 months experience in this Province he could say that the movement in this Province was certainly not inferior in any manner to the movement in any other part of India. It was distinctly sounder and more

P.C.U. Circular 1940-41.

No. 1.

We think of publishing brief accounts of the working of important Non-credit Co-operative Institutions so as to give the students of Co-operation and workers in the Movement some idea as to how the movement is progressing from day to day. At least a few months elapse after the end of the co-operative year before the audit orders regarding the working of co-operative institutions for that particular period are issued and these official documents do not tell us much. It is therefore proposed, from this month onwards, to publish reports on the working of important Non-credit Co-operative Institutions for the co-operative year ended 30th June 1940.

The main types of institutions whose working would be chronicled in the pages of this journal are (1) Co-operative Stores, (2) Students' Stationery Stores, (3) Milk Supply Unions, (4) House building Societies, (5) Loan and Sale Societies and any other interesting type of non-credit activities.

The secretaries and persons in charge of these institutions are requested to be so good as to send to the undersigned brief accounts of the working of their societies during the year ended 30th June 1940, drawing special attention to any noteworthy feature.

OFFICE OF THE
PROVINCIAL CO-OPERATIVE UNION,
MYLAPORE, MADRAS.
4-7-1940.

S. K. YEGNANARAYANA IYER,
Ag. Hon. Joint Secretary.

Provincial Co-operative Union Examination.

No. II.

Last Chance!

Last Chance!

Failed students of the Co-operative Institutes in this Province are hereby informed that a **final chance** is given to them to sit for the examination to be held from 9th to 13th September 1940 and thus qualify themselves.

Coimbatore, Rajahmundry, Anantapur and Mangalore will be centres for the examination.

The examination comprises of two parts :

Co-operation—Historical and General.	}	Part I.
Co-operation—Law and Principles.		
Banking.	}	Part II.
Book-keeping.		
Auditing.		

Candidates who have failed in any one of the subjects of either parts have to sit for the subjects comprising that part or parts.

TIME TABLE.

Date.		Time.	Subjects.
9-9-40	Monday	7-30 to 10-30 a.m.	Co-operation—Historical and General.
10-9-40	Tuesday	"	Co-operation—Law and Principles.
11-9-40	Wednesday	"	Auditing.
12-9-40	Thursday	"	Book-keeping.
13-9-40	Friday	"	Banking.

LIST OF SOCIETIES REGISTERED AND CANCELLED

List of Societies Registered in June 1940.

Serial No.	Name of the Society.	District
1	The Vengili Co-operative Jaggery Society	Arcot North,
2	" Thanur Co-operative Credit Society	Arcot South
3	" Kallakuruchi Board High School Students' Stores Ltd.	"
4	" Harpanahalli Co-operative Stores Ltd.	Bellary
5	" Bellary Government Women's Training School Student's Co-operative Stores Ltd.	"
6	" Popanaidpeta Weavers' Co-operative Sale Society, Ltd.	Chittoor
7	" Satyamangalam Board High School Students' Co-operative Stores Ltd.	Coimbatore
8	" Poosariyur Co-operative Credit Society	"
9	" Pollachi Municipal High School Students' Co-operative Stores Ltd.	"
10	" Rajalakshmi Mills Co-operative Stores Ltd.	"
11	" Vellachettipalayam Co-operative Credit Society	"
12	" Kollegal Board High School Students' Co-operative Stores Ltd.	"
13	" Pothumerka Sri Sitaramaswami Co-operative Society	Guntur
14	" Thummala Co-operative Society	"
15	" Chintalapalem Padmanayaka Co-operative Society	"
16	" Thimmayapalem Sri Ranganayakaswami Co-operative Society	"
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