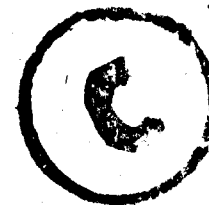


The
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VOL XXXII



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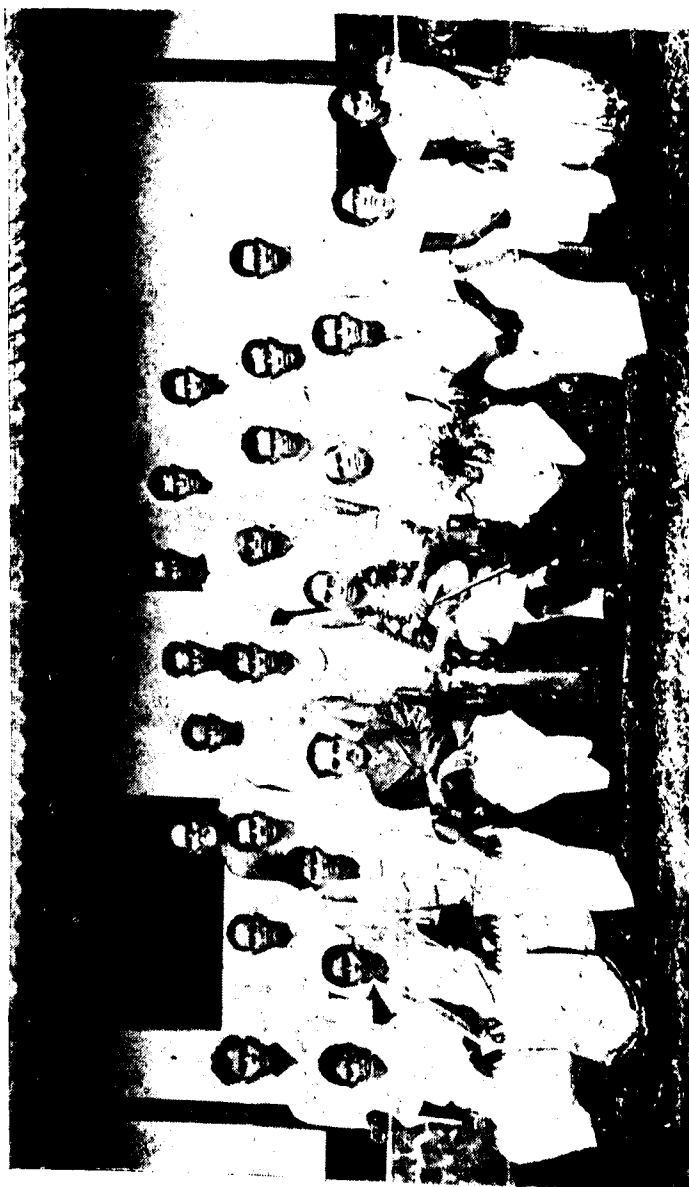
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HIS LATE HIGHNESS THE MAHARAJA
SIR SRI KRISHNARAJA WADIYAR



"APART FROM THE MATERIAL RETURN WHICH IS THEIR IMMEDIATE OBJECT, SUCH SOCIETIES HAVE, IN EVERY COUNTRY, WHERE THEY HAVE TAKEN ROOT, PROVED GREAT MORAL EDUCATORS, AND PROMOTERS OF MUTUAL CONFIDENCE, SELF-RELIANCE AND HONEST ENTERPRISE."

—Dasara Exhibition, 1907.



AJJANUR FISHERMEN CO-OPERATIVE SOCIETY, (SOUTH KANARA.)
VISIT OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES.

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Editorial Notes.

Rural Congestion.

The Provincial Co-operative Conference of the United Provinces was held at the end of last month, under the presidency of Sri. T. A. Ramalingam Chettiar, M.L.C. The conference was opened by Mr. G. M. Harper, I.C.S., Senior Member of the Board of Revenue. Both the chairman of the Reception Committee, Rai Bahadur Madhusudan Das and Mr. Harper made pointed reference to the miserable economic condition of the agriculturists and to the fact that Gorakhpur had become the permanent abode of various infectious diseases responsible for appalling toll of life. It was stressed that this heavy toll is due to low vitality caused by chronic malnutrition which in turn, is due to the fact that the means of subsistence had not kept pace with the growth of population. Mr. Harper observed that all schemes of rural development 'seem deemed to comparative futility by the increasing pressure of population on the soil.' It is no exaggeration to say what was said of Gorakhpur is true of most parts of the country. We had occasion to comment on the Resurvey of South Indian Villages carried out under the auspices of the University of Madras and ventured to remark that the picture presented was by no means 'quite bright.' It is stated that 'deterioration or stagnation in some vital points overshadows' such improvements as might have been made. "The central problem we have to face is the growing rural congestion in relation to rural resources available."

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How best to tackle this problem is the vital need of the hour. 'Industry or perish' is a slogan uttered in some quarters. While there is need to improve agriculture, provide subsidiary occupations and adopt such other measures calculated to increase 'rural resources,' there is also urgent necessity to organise large-scale industries to relieve rural congestion. We are in entire agreement with Mr. Harper that unless the problem of rural congestion is satisfactorily settled the schemes of rural development are doomed to comparative futility. It has been suggested in some quarters that the movement for social reform for the abolition of early marriage and of marriages 'not justified by their economic condition' should be inaugurated. This is also a direction in which a great deal of educative propaganda is necessary and no agency is better suited to undertake it than the co-operative movement which attempts at economic regeneration of those joining it. We commend this to the serious consideration of co-operative institutions.

Plight of Co-operation

In the thoughtful and well-informed address at the Gorakhpur Conference by Sri T. A. Ramalingam Chettiar, M. L. C., published as a supplement to this issue, many subjects of topical interest have been dealt with, some of them exhaustively. However enthusiastic he may be in the cause of co-operation, Mr. Chettiar never flinches to disclose facts nor minces words in exposing defects. Mr. Chettiar recognises plainly that most of those who join the co-operative institutions understand little about the work or the principles of the Movement and that this gives a decided advantage to the few who join and obtain control of these institutions with the ostensible idea of service. On the sense of responsibility exercised by these few depends the success or failure of the Movement. But enlightened and eternal vigilance and informed public opinion are absolutely necessary to keep some of these straight in the path of rectitude. "Unfortunately we have been slow to develop public opinion which will be effective", declared Mr. Chettiar, and therefore he was of opinion that necessity had risen for devising some method of supervision from outside of small as well as big institutions. He said:—

"To speak of the experience of other countries where the members know their interests and are able to understand the working of societies and keep a watchful eye on their doings without giving due weight to the conditions of the members of co-operative societies here and expatiating on the evils of

government interference or the interference of other institutions is not really the way to deal with the question. In other countries each society manages its own affairs, finds its own capital and where necessary for limited purposes combines with other societies for doing common service. Here we have a different condition of affairs and history. Co-operative movement is itself an extraneous movement imposed from above by government action. We have an hierarchy of institutions one above the other and so also an hierarchy of officials who start and control the societies. In my humble opinion the theory of *Laissez Faire* has no place in the organisation and working of co-operative societies in this country. The power of correction, setting right things and in extreme cases of liquidation of societies and rendering justice to all have to be vested in some authority and at present there is no authority except the co-operative officials in whom it can be vested. There have been complaints that some officials have been interfering in individual cases. This cannot be avoided in any human agency, but for the purpose of checking the evils of bureaucratic ideas and ideals, I would suggest the association of non-official workers with officials in cases of importance. How this should be devised is a matter for consideration and adjustment in each province, taking into consideration the institutions and individuals available for such co-operation in each province."

Everyone interested in the Movement and is fully cognisant of the facts of the situation cannot but recognise that all is not well with the Movement. These views, coming as they do from an experienced co-operator who has always in all walks of life been as zealous of non-official independence as any ardent tyro in public life, deserve every consideration.

The pronouncement from Gorakhpur though uttered by a veteran of Coimbatore may be considered a far cry. But the Rt. Hon. V. S. Srinivasa Sastri, with his wide experience, ripe wisdom, unbiassed judgment, with no partisanship in the controversies of the day in the co-operative world, gave expression to similar remarks, provoked by Prof. S. V. Aiyar's observations in his lecture on 'Co-operative Movement and the New Social Order.' Mr. Sastri observed,

"In the beginning of the movement, people were animated by a true spirit of devotion. Professional people had now got in and they seemed to turn co-operation to their own benefit.

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Co-operation was, therefore, passing through a dangerous phase. It wanted at every stage the aid of the Government; but it would not frankly acknowledge it. It would still say that the Government must be a hand-maid, just doing sweeping work, wherever dust had accumulated, and then retire. That was not Government's way. When they gave money, they would insist on having a say in the management. If a strong dose of medicine had to be taken, it should be taken. Let the Government come in. When once again unofficial life in our country was vitalised by genuine patriotism, combined with a desire to help the people instead of individual members of the organisation, when that desire was once again abroad, visible and active, we might talk of imbibing a little dose of independence.

Co-operation or education had certain ends in view. So long as those ends were remembered, he would not mind. But when the ends were forgotten and selfishness and greed and the desire to oppress other people and to take advantage of other's weaknesses gained ground, those things must be adjusted on a radical footing. Was this the condition we had reached? He dared not say yes or no to the question. With the rise of the Pakistan movement and communal riots everywhere, with the leaders of the co-operative movement only thinking of their own pockets and advantages and doing nothing else, and when the services of the teachers were used for election and other ignoble purposes, when he saw all these things, he felt that public virtue was at a very low ebb and what might be called public vice was in the ascendant. So, just to keep the movement alive, Government aid might be necessary. Genuine interest might again become the order of the day. He hoped that time was coming. Then everything might be reversed and the Government would be glad to be put in its place. Till then somehow or other, let these great institutions get on and be kept alive.—*The Hindu*.

Time and again it has been emphasised that the Movement must have a natural growth nourished by the spontaneous enthusiasm and support of the people and anything foisted upon by an extraneous authority would not promote this natural growth and only such measure of State assistance and interference as is absolutely necessary is worthwhile. We adhere to this view and wish the extreme necessity for interference of any outside authority would cease to exist. We may also venture to submit that it is equally

true that such vices as have infected the Movement have existed in spite of and not for absolute lack of Government control. It is difficult to apportion the blame or prescribe any absolute remedy. Everyone regrets, as Mr. Sastri does, the existence of the evils complained of and is often inclined to take the pessimistic view Mr. Sastri has taken. But all are agreed that power to interpose should be vested in some authority and according to both Messrs. Chettiar and Sastri, Government appears to be the only authority fit to exercise the power of interposition.

* * * *

In commenting on Mr. Sastri's speech, the *Indian Express* draws the conclusion that this standpoint is vitiated by distrust of democracy. We shall be pardoned if we venture to state that the conclusion drawn is hasty and unwarranted. As everyone who is for official supervision may appear in the eyes of our contemporary as people vitiated by distrust of democracy, we are forced to refer to this criticism. Extracts given from Messrs. Chettiar's and Sastri's speeches do not show at all that they or those who think like them are for needless official interference. They are, as our contemporary says, for the Government 'to oversee, facilitate, encourage and guide, reserving interposition in emergencies.' No one suggests the need for interference at every stage, except when the 'interaction of democracy and power' causes serious damage to public good. We are sure even our contemporary in its zeal for democracy would not tolerate Tamany Hall methods which it had occasion recently to expose courageously. 'Public vice' wherever it exists and in whatever form it is ascendant should be ruthlessly put down before it proves a canker, eating the vitals of public life.

Small-scale Industries.

The speech delivered by Sri. K. Subramanyam, Deputy Registrar of Co-operative Societies, on the occasion of the opening of the Bezvada Industrial and Commercial Museum contains a good survey of the economic needs of the country and an unanswerable case for the growth of industries and creation of subsidiary industries as a solution for poverty and unemployment or under-employment of a large mass of people. The part played by industrial and commercial museums in enabling the people to realise the possibilities of economic development has been rightly stressed. When an emporium is also attached as an adjunct to these museums to find market for the industrial products, their value will be greatly enhanced. "The

objects and the ideals of the museum are very high and ambitious" said Mr. Subramanyam; but no movement is worth the efforts made unless its ideals are sufficiently high to appeal to the sentiments of the people and proves its usefulness.

Reference has been made to the development of small-scale industries in Japan. It is to the East we have to look for inspiration in regard to industrial development as conditions prevailing in eastern countries are more or less similar. The development of the Chinese Industrial Co-operatives, an account of which has already appeared in the Journal, is also a direction in which we may also work in our country especially in developing the movement among the poorer classes of the community. In view of the importance of the development of small-scale industries, we have elsewhere reproduced extracts from the Report of the Indian Trade Commissioner in Japan which affords valuable information and guidance. As far as we are aware this is the only authoritative account on the subject. The report of Mr. Chitra to which reference is made in Government Orders has not yet been published. Nor are we aware of action taken by Government on that report. We wish the Government are more prompt in dealing with subjects which concern vitally the rural population, especially as the population is increasing while there is no corresponding increase in the rural resources. The Committee on Co-operation considered this matter and came to the conclusion that cottage industries have a future, an expanding future and that the co-operative principle has a large part to play in their development. The Committee suggested the formation of a Provincial Industrial Society to organise, administer, and finance the production of cottage industries and marketing the finished products. The decision of the Government is still anxiously awaited. Meanwhile we are gratified to learn the Government have decided to appoint a special officer for the development of cottage industries in the Ceded Districts. This is a step in the right direction.

While commending the decision of Government to appoint an Economic Development Board for the Ceded Districts, Mr. Subramanyam pleaded for similar regional boards. A Central Board to co-ordinate the activities of these regional boards is also necessary. We heartily commend the proposals for the favourable consideration of Government, for we believe economic development of any tract is possible only if planning precedes carrying out of the proposals which

these Boards would formulate after studying the actual conditions prevailing in each tract.

Another Co-operative Venture.

It is gratifying the long-looked for Co-operative Fire and General Insurance Society has become an accomplished fact. We offer our hearty congratulations to the Registrar of Co-operative Societies and to the non-official gentlemen who have succeeded in their persistent and patient efforts in gathering strength to launch out this necessary and useful project. The Directorate consists of gentlemen of great business ability and experience and under their fostering care the institution is bound to grow from strength to strength. Though the objects of the Society include General Insurance we have no doubt it will not entrench on life insurance already carried on successfully by another provincial society. It is the duty of all co-operative institutions to give their utmost moral and material support to the new institution to assure its success. We have every hope such support will be forthcoming in an abundant measure and our Presidency will lead the way in this aspect of co-operation also as it has done in other matters.

Rao Bahadur C. Gopala Menon has kindly sent an informing article on the subject of Insurance. We shall welcome contributions on the subject with special reference to the work of the new Society. If we may venture to offer a suggestion, we would like the Society to concentrate on workmen's compensation, sickness and unemployment insurance specially for the benefit of labourers and thereby contribute, however indirectly, to the uplift of the poor and the needy.

Fact Finding Committee.

We have published in full the exhaustive questionnaire issued by the Fact Finding Committee. Facts required to give correct information on the various points raised will demand thorough and practical knowledge of the handloom industry in all its aspects. Unless the handloom weavers, who are actually engaged in the industry, are induced to offer the information, we doubt very much if such answers as are furnished by 'doctrinaires' will be of much assistance to the Committee. But these workers have to be approached and questioned orally to elicit information. We venture to suggest this method to the Committee which will perhaps necessitate appointment of

itinerant Interpreters who have good knowledge of the languages spoken in various localities. But if correct facts and figures are to be obtained, we feel this method is the only safe and useful one.

Provincial Bank.

We are publishing extracts from the proceedings of the meeting of the Board of Management of the Provincial Co-operative Bank. It is very regrettable that the long connection of the Hon. Mr. Ramadas Pantulu with the Bank should be ended in this manner. The Board has done well to pass a resolution appreciating his past services.

We too must not fail to express our deep sense of admiration and thankfulness to Mr. Ramadas Pantulu for the services he has rendered to the co-operative movement. Though forced by circumstances he has to cease his connection with the Apex Bank, we are happy to be assured by him that he would continue to be with us in the pilgrimage 'in search of the common promised land.' His presence will always be welcome; his advice and guidance in the arduous journey based as they will be on the experience of years in various fields of co-operative activity will, we have no doubt, be sought as it is sure to prove invaluable. We wish him long life, happiness and many more years of useful activity.

The late S. Srinivasa Iyengar.

We deeply regret to record the untimely death of Sri S. Srinivasa Iyengar who, besides his association with other national activities, was also connected with the co-operative movement. He presided over and delivered a thoughtful address at the seventh Madras Provincial Co-operative Conference held in April, 1919. His interest in everything that concerned the poor and the depressed was so great that no movement for their uplift failed to receive his beneficent support. We may recall to our readers that the Madras Co-operative Leather Goods Factory Ltd., started by the late Sri. V. Venkatasubbaiah received a great deal of support from Sri. Srinivasa Iyengar and in fact his generous gift served as the working capital of the factory, and enabled it to start working. The country is poorer by the death of this eminent lawyer, selfless patriot and unostentatious public worker.

Principles of Insurance—Fire & Life.

By RAO BAHADUR C. GOPAL MENON, F.C.I., A.I.B.

The Co-operative Movement came into existence in 1904. The object of the movement is to serve the rural and urban population and therefore two classes of societies—rural and urban, were brought into existence. At present, there are in all in the Madras Presidency 14,170 societies with a membership of 1,165,000. Of these, 11,191 are credit societies: the rest being societies for other purposes. Besides there are 30 Central Banks, 1,168 Urban Banks, and 149 loan and sale societies.

There are a large number of merchants, traders and joint-stock banks serving the urban population more or less well. But the small trader looks to the co-operative system of credit for financial aid to meet his needs. The business of these banks is lending money for short periods. The rural population is served by co-operative credit societies for their short-term credit needs, while long-term credit operations are carried on by Land Mortgage Banks. Besides these, there are 149 loan and sale societies in the province. The function of these institutions is to finance the marketing of the produce of the land from the fields to the provincial marketing centres.

All these institutions not only do regular banking business but advance loans on produce stored in warehouses. The insurance of the produce, buildings etc., has been till now effected with the insurance companies run on joint-stock basis.

Insurance on Co-operative Basis.

Co-operative insurance is a new feature in the movement in the Presidency. A life insurance society on co-operative basis has been working for ten years. But attempts to start a fire and general insurance society on co-operative basis took time to take shape.

It is, however, a matter for gratification to see that a Co-operative Fire and General Insurance Society has been registered by the Registrar of Co-operative Societies on April 12, 1941, with its registered office in Madras. The capital of the Society is rupees ten lakhs made up of 10,000 shares of Rs. 100 each. The membership of the Society is open to the Provincial Banks, Central

Workmen's Compensation Act differs from other branches of insurance in that in the policies under the Workmen's Compensation Act no definite sum is insured against. The insurance company accepts the liability of the employer. Whatever liability the employer has under the Act, the insurance company accepts in full and the Act authorises payment of compensation automatically to injured workmen. What the insurance company does is to underwrite this class of business under a special Tariff schedule of rates which applies to all policies issued. In 1937 the original Act underwent an amendment. According to section 10 of the Act no employee can claim damage after 6 months of the occurrence of the accident of which his employer had knowledge of the accident. The amendment was to remove this bar; it will be enough according to the amendment if the accident occurred comes within the knowledge of any one of the employers or any person directly responsible to the employer.

If the employer persists in not accepting the claim, the Commissioner appointed under the Act has the right to overlook the bar. In other words a claim will not become vitiated because the claim was not submitted within a period of six months. Then there is the question of rates to be paid by the wage earners which, of course, vary according to the nature of the industries in which workmen are employed.

Motor Insurance.

Another class of insurance which is of quite modern origin and which is very popular in all countries is motor insurance. It covers a variety of risks:— (i) accident, injury or fire of car. (ii) accidents of all sorts caused to third parties or their vehicles. (iii) accidents of all sorts caused to occupants of the car. (iv) workmen's compensation for the chauffeur.

Policies limit the total risk to a given sum in any one year and a given sum on any single accident, but fire or workmen's compensation will be paid in full. Motor insurance in common with all casualty insurance policies is also a contract of indemnity—in other words, it agrees to pay the insured the amount by which he would be out-of-pocket. Motor car insurance is becoming popular in India and the Automobile Association of Southern India is trying to popularise this sort of insurance amongst its members in our Presidency. Very soon as aeroplanes multiply, it will become an easy matter to insure your machines and your aviator.

Subsidiary Insurance.

Burglary insurance is another feature of recent origin. It is the National General Insurance Co., of London, the first institution in England to recognise that robbery from the house or from the person, was an insurable risk.

Among subsidiary insurance schemes there is a branch of insurance, known as guarantee insurance or fidelity insurance which is becoming popular among those companies who are unable to obtain cash security from the employees but make them take a personal fidelity guarantee policy and thus obtain a guarantee from employees.

There are also institutions to insure loans known as Mortgage Insurance Companies. The fundamental principle underlying insurance is a wager made between the insurer and the assured.

I have dealt with the principles of the various branches of insurance in this article for the benefit of your readers. Much benefit will accrue for human happiness by the action of co-operative effort in spreading loss from the individual to institutions and we, therefore, look to co-operative insurance operations with keen interest for the increase of the comfort and well-being of our people.

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Supervision of Societies.

BY RAO BAHADUR A. VEDACHALA IYER.

The co-operative movement began under Government auspices and the Registrar had a free hand in organising organisations, supervising them and auditing them and reporting to Government annually about their progress. The Provincial Co-operative Bank came into existence, composed of only individual shareholders, with the object of financing these organisations. It had at first nothing to do with anything other than financing. District Central Banks were at first started only with the individual shareholders and later on they were converted into mixed banking concerns (shareholders composed of individuals and societies). Even then, Central Banks refused to undertake supervision of societies. Local Unions were later started to undertake supervision over the work of rural societies affiliated to them because with the growth of societies, the Government could not cope with the work. Later the Government dropped supervision entirely from their duty and called upon local unions to do supervision work aided by central banks both in point of money and in the personnel of supervision.

The present wave against local union supervision is due as the culminating point of the force originally generated by Government in regard to the abolition of District Federations or District Councils of Supervision so early as 1921 and to the gradual and eventual capture of power by the central banks as regards supervision and finance, solely after the central bank management passed into the hands of the society representatives, making the individuals a negligible factor. The result has been, in my view, disastrous in regard to the financial working of central banks and the primaries financed by them. If local unions are abolished, as is now agitated for, and the sole responsibility for supervision of primaries devolves on the administrative branch of the central bank, a centralised arrangement, the destruction of the co-operative movement in the rural parts will get completed if it has not reached almost the last foot in the ladder.

The inefficient working of the local union system at present is mostly due to the society representatives wielding power both in the central bank and their primaries and to the inefficient working of the central bank either on the financial side or the administrative

side as the result of the executive of the directorate being composed of union or society representatives.

Personally I hold (1) that the supervision by local unions of primaries in rural parts is the best method hitherto thought of or evolved, (2) that the district bank must be remodelled to undertake the supervision and guidance of local supervising unions by providing necessary finance and personnel and (3) that each district must evolve its own arrangement without the cursed uniformity preached and practised by those in authority and without the least interference by others in such a system.

Now to turn to what I did when I was Assistant Registrar of Co-operation, I shall narrate my procedure.

I allowed a local union to be formed when the transactions in the societies totalled up to Rs. 50,000 or 75,000 trying to get $\frac{1}{4}$ per cent from the societies and $\frac{1}{4}$ per cent from the central bank. Societies not affiliated to local unions were under Government supervision or by supervisors appointed by central banks. The local unions were controlled by the Assistant Registrar with the assistance of co-operative Inspectors till the Federation or a District Council of Supervision was established in the district. This council had its funds from the local unions and the district bank. The primaries had each a clerk on Rs. 2 to 15 appointed by the society panchayat to do scriptory work and to attend to collection etc. Each union had a clerk on Rs. 5 to Rs. 15 according to income with a supervisor on Rs. 25 to Rs. 35 according to income and these supervisors were selected by the Assistant Registrar and trained by him with the aid of his Inspectors. As Assistant Registrar I required every applicant to supervisor's post to undergo training for three months in my office and I then sent him to the union for which he is destined asking him to agree to serve the union for a period of two or three years when he may be selected for a Government Inspector's post if he meanwhile qualified himself. My training consisted in the probationer working in my office for one month and two months were spent in his accompanying me on tour when I visited rural primaries. He will join a union and the Government Inspector will go with him for a month or two when he visits villages affiliated to the union. I will review the work of each union and its societies and the work of the staff in July of each year at the union head office where for three days, all the panchayat members of all societies affiliated to each union will be asked to state what they wanted for next year

and explain defects noticed. Such a meeting was usually called a "conference" or Jamabandi when business alone was conducted. Each union and each society had a history sheet prepared by me giving out the gist of all inspection notes by the supervisor, the Government Inspector, the Assistant Registrar and the notes were typed and supplied to each union, the Government Inspector, the central bank and one copy was kept in the Assistant Registrar's office. Similarly a circular file was maintained in the Assistant Registrar's office, central banks, union office and the Government Inspector. Though the Assistant Registrar was practically the guiding factor then, the union and the central bank and the primaries were kept informed of the facts upon which the Assistant Registrar's advice was based. As to how the local unions worked in my days you can form an idea by sending for circulars issued by me as the Assistant Registrar and later as the Registrar all of which were kept in a file till 1920 at Vellore.

The old state of things may be considered as obsolete and impracticable and the old officers, considered as ignorant, conservative and did not understand the dignity of their position. Hence one must wait for the new intelligent, forward marching people suggesting their own ideas of democracy in banking concerns and money lending and supervision.

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Supervising Unions.

BY RAO SAHIB C. S. SRINIVASA MUDALIAR.

The recent Committee on Co-operation has amply shown that there is much difference of opinion among co-operators on the question of supervision. The question has been already thoroughly gone into by the Committee. My own view is that unions are essential and necessary, as they are the most important link between the central bank and the primary societies. No doubt the supervision carried out by the unions is not adequate and efficient. Several suggestions have already been put forward before the Committee to improve the working of the existing unions. I shall confine myself now to a few observations on the lines on which the unions may be worked efficiently.

The supervision should be entrusted to trained supervisors who should have the backing of the members of the governing body and the directors of the central bank. Each supervisor should be given only 12 societies for his supervision and he will be held responsible for their proper working. He should be in close touch with the panchayatdars and the members of rural societies and it should be possible for him to do so with only twelve societies in his charge. A union with 30 rural societies should have three supervisors and a clerk. The question will naturally arise as to how the union can meet the cost of the increased staff. It is the duty of the financing bank to see that the unions are provided with sufficient funds for the purpose. The unions will have a legitimate claim for more funds from the societies and the financing bank as they will have given them better service by intensive supervision which means an ultimate increase in prosperity both to the bank and the societies.

Again proper men should be chosen as representatives of rural societies in the union and the members of the governing body should also be chosen properly. Such persons should be men of integrity and they should be disinterested. Politics of any kind should not be allowed to interfere in the elections and in the working of the unions. If the societies and the union could only realise this important condition in the working of the unions, much of the bad features of the unions will have disappeared ere long.

The Madura-Ramnad Co-operative Wholesale Stores, Madura.

BY DR. E. S. RAMASUBBU,

President, Madura City Co-operative Stores, Ltd.

The idea and necessity of having Wholesale Co-operative Stores in every district and provincial centres had been long in the minds of co-operators in this Presidency. Rao Bahadur R. Narasimha Iyengar of Madura, a veteran co-operator, gave expression to the idea in his message to the Silver Jubilee Commemoration volume of the Provincial Co-operative Union thus:—

"If I can speak at all, I will urge the formation of wholesale societies to bring the producers and consumers together through the medium of the Provincial Co-operative Union and the several co-operative stores and societies or banks.

"I wish that the Co-operative movement will rise up to own a Government of its own with control over all commodities necessary for Indian life."

(Page 119 of its Silver Jubilee Souvenir)

On September 23, 1939 Sri. K. Rangaswamy Naidu, Joint Registrar of Co-operative Societies (then Deputy Registrar of Co-operative Societies, Madura), Rao Bahadur R. Narasimha Iyengar and the members on the Board of Management of the Madura City Co-operative Stores Ltd., discussed the subject at full length and concluded that several additional primary stores both in Madura and mofussil places should be started and that a public meeting should be called to consider the formation and organization of Wholesale Stores. Necessary propaganda was conducted. The inaugural meeting was presided over by Mr. Westlake, I. C. S., Collector of Ramnad and a committee was formed to secure membership of individuals and societies. Necessary share capital amount was collected. The Stores was registered by the Deputy Registrar of Co-operative Societies, Madura.

The wholesale stores, though formally started on its work on December 17, 1939 in the M. R. C. C. Bank buildings, was actually located at 31 Vengalakadai Street, the opening ceremony being performed by Mr. S. A. Venkataraman, I.C.S., Registrar of Co-operative Societies, Madras, on February 17, 1940.

It has completed the first year of its working and the first annual general body meeting was convened on February 23, 1941. At

THE MADURA-RAMNAD CO-OPERATIVE WHOLESALE STORES, MADURA

present there are 70 stores society members besides individuals and other societies. About 45 representatives were present. Messrs K. Rangaswamy Naidu, Joint Registrar, Madras and K. Sarvothama Rao, Deputy Registrar, Madura attended the meeting. The body resolved that—

1. its activities should be expanded by also taking up agency business for commission on consignment basis ;
2. in the Board of Management the societies' representatives shall be not less than 9 and not more than 12 (the Board consists of 15 members) ;
3. the period of tenure of the board be increased to 2 years (from one year);
4. the contributions from member societies be limited to Rs. 1,000 maximum, and Rs. 60 minimum, the latter being compulsory ;
5. the member societies be afforded credit facilities to the extent of three times their invested share capital in the wholesale stores, the interest being charged at 5½% on daily balances ;
6. the wholesale stores should supply articles at their cost price plus commission as decided by the Executive Committee.

Other subjects in the agenda, such as election of directors, expenditure for 1941 were gone through.

On February 26, the Registrar of Co-operative Societies Mr. S. A. Venkataraman, I.C.S., conferred with the representatives of the societies and had a free discussion about the practical difficulties encountered in the working of the stores. The Registrar, after patiently hearing the representatives, finally advocated and stressed on the advisability of member societies,

1. trying to support the C. W. Stores Ltd. even at the risk of incurring loss in some transactions which can be easily compensated by the gain derived from others ;
2. realizing the infant stage of the wholesale stores and build it up by co-operating with it and thus giving solid support ;
3. exhibiting the growing co-operative spirit even among the people in the remotest corner of villages ;
4. setting an example to other districts to copy and thus give an impetus for the formation of such district organisations which would in due course lead on to the necessity of forming Provincial and even All-India institutions.

THE MADRAS JOURNAL OF CO-OPERATION

The Madura-Ramnad Co-operative Wholesale Stores Ltd., is the first of its kind and presents a desirable and unique feature in the growth of the co-operative movement in India.

Here I should acknowledge that this high and enviable position which it occupies at present is undeniably due to the unstinted support and guidance which it receives from the department. The non-credit side of the movement—stores activities—deserves special consideration and treatment. Therefore, I appeal to non-officials working in the movement to avail of the present golden opportunity to exploit the full benefits of co-operation when the department is favourably inclined as it is now.

It is always said that the stores movement in India is a failure. This statement cannot be said to be totally true or wrong. We have not taken enough pains to build up the movement. The several factors which would contribute much to the development of the movement are :—

1. establishment of *Pukka* godowns at the productive centres ;
2. starting of Co-operative Motor Lorry Service in every district for quick transmission and supply of commodities ;
3. agitating for further concessions in railway freight ;
4. slow and gradual attempt to centralize stores activities in the presidency ;
5. attempting to revive the old exchange and barter system among the producers ;
6. standardisation of weights and measures throughout India ;
7. introduction of casual credit accommodation in the primary stores on the basis of invested share capital, though " credit " is said to be the cancer of the stores movement.

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Central Co-operative Marketing Federation, Nellore.

By M. S. NARASIMHA RAO, B.A., B.L.

Director, Nellore Dt. Co-operative Bank.

I am very happy to learn that the Registrar of Co-operative Societies has decided to form central co-operative marketing federations in select centres in the presidency, and has chosen Nellore as one of the centres. The agricultural population of Nellore will always remain grateful to the Registrar for selecting Nellore. A federation at Nellore will be nothing short of a boon to us. The Nellore district has long been noted for its 'molagolukulu' paddy and rice. Even in distant Delhi, sign boards in front of shops are not wanting with inscriptions bearing the words " Best Nellore Rice Sold Here ". The production of this commodity is not merely of local interest in this district. It is recognised that Nellore is an area of concentrated commercial production for this special variety of paddy. A sound central organisation of the type proposed has always been a long-felt need here.

Marketing organisation is undoubtedly a complicated matter. Its success will depend on several factors. The several agencies through which the commodity now passes in its journey from the producer to the consumer, have to be minimised, if not entirely eliminated. Organic co-ordination has to be established between the producers' societies and the consumers' societies. It is absolutely essential that those who have a stake in their private capacities in the business which the federations undertake, should be strictly excluded from membership and the management of the federations. The presence of disinterested expert element in the management has also to be provided for. There are several other factors also, too numerous to mention.

Highly complicated though, the problem is not one baffling solution. Madras is specially fortunate in its Registrar, Mr. S. A. Venkataraman who is an energetic and dynamic personality. He is essentially a man of action. It is well known how he took up the question of consumers' co-operation which was considered to be failing, and converted it into one which must now be considered to be succeeding. Those who are competent to speak on this matter say that Madras now leads other provinces in consumers' co-operation. Marketing co-operation is but another phase of consumers' co-operation. It is not presumptuous to expect that once the federations are formed, the Registrar will take the 'whip', organise sales of the products both within and outside the presidency, persuade the railway and other transport authorities to show special concessions in the matter of freight charges to products of federations and do everything that may be necessary for the successful working of the new institutions.

It is now the duty of the co-operators of the Nellore district to co-operate with the Registrar in hastening the introduction of the federation at Nellore and see that the foundations are sure and solid.

Fishermen Co-operative Societies of South Kanara

(Contributed)

Fishing is an important industry in the sea coast of the South Kanara district. It is the main occupation of the Mogers, Mukkuvas, Kharva Bovis and Pudu Islams—the fisher communities of the district. Though the industry is a lucrative one when the seasons are good, and is perhaps next to agriculture in importance, the economic condition of the fisherfolk engaged in it is generally poor. For, the profit of the industry is reaped by the fish merchants, to whom they are indebted. These merchants lend the boat owner fishermen during the rainy season or a month or two previous to it a few muras of rice for their maintenance and also of their labourers and for purchasing their other domestic and industrial requirements. In return for this, the boat owners will have to give to the merchants almost all their catches of fish during the succeeding season. For the commodities supplied, the merchant will collect about $\frac{1}{4}$ or $\frac{1}{3}$ more than the market rates and for the fish taken by him he will pay about $\frac{1}{4}$ or $\frac{1}{3}$ less than the market rates. These rice loans will be repaid thus in 4 or 5 months time. The merchants will see that the fishermen always remain indebted to them, however favourable the season may be, so that they may always get their supplies of fish.

2. The fishermen are generally thriftless, and have no hesitation for contracting debts. Their indebtedness keeps them socially low.

3. About 30 years back their condition was worse. To pull them up from this mire, co-operative societies on thrift basis were started amongst them and collection of share capital amounts was pursued. Value of a share is generally Rs. 20 in these societies. At present there are 19 such societies in South Kanara. Of these 5 are those, that were started in 1918, 4 in 1919, 3 in 1920, 1 in 1923, 1 in 1937, 3 in 1939 and 1 in 1940. Of these 19 societies the working of 3 societies has been found to be unsatisfactory. Attempts made in the past to pull them up have not proved successful. Perhaps these societies will have to be liquidated if they do not show any perceptible improvement in their working.

4. The state of these societies were as follows on 30-6-1940 :—

1. Total number of members	...	847
2. Total number of shares issued to members	...	1,319
		Rs. A. P.
3. Amount of paid up share capital of members.		13,843-0-0
4. Deposits in societies (a) Fixed	...	623-11-0
(b) Monthly	...	80 -4-0
(c) Anna fund	...	172 -3-0
5. Amount of loans from the South Kanara Central Co-operative Bank Ltd.	...	9,114 -0-0
6. Amount of loans outstanding against members		36,674-10-0

FISHERMEN CO-OPERATIVE SOCIETIES OF SOUTH KANARA

7. Reserve Fund invested in the South Kanara Central Co-operative Bank Ltd.	...	3,881 -6-0
8. Amount invested in the shares of the South Kanara Central Co-operative Bank Ltd.	...	450 -0-0
9. Amounts in Savings Bank Account	...	909 -1-0
10. Fixed deposit in the South Kanara Central Co-operative Bank Ltd.	...	100 -0-0

These societies depend for their funds on the South Kanara Central Co-operative Bank Ltd., which has been generous enough to finance these societies where apart from the honesty of members there is not much to count upon by way of security as very few of the members possess any tangible assets worth the name. 9 out of the 19 societies have no borrowings from the financing bank. They have been working purely on their own capital.

As would be seen from the above, the accumulation of share capital is the main thrift aspect of these societies. Probably much more could have been collected but for the failure of the fishing seasons during the last 12 or 13 years. Collections made during this period of scarcity had to be credited mainly towards the loans of the respective members. During the past 3 years there was a slight improvement in catches, but heavy indebtedness of the members to fish-merchants hindered collections in societies.

5. Many women folk of the fishermen communities have joined these societies. Many members have been enabled to own boats and nets and some to own curing sheds in the fish curing yards.

6. Enabling the fishermen to own boats and nets and providing them with credit in the co-operative societies do not much help their social and economic progress. For, still, they will borrow from the fish merchants and surrender their catches to them in the manner stated above. In a way, these societies enable the fish merchants to obtain the same benefits by investing smaller amounts. So, it was thought that the only arrangements that could be made for the economic and social elevation of these people and for the better working of these societies is to supply them by purchasing wholesale their domestic and industrial requirements through their co-operative societies and also pooling their produce in these institutions and selling them wholesale if necessary by holding up the produce for better markets. This will also make collections of dues from members easier and quicker too. Fishermen are generally accustomed to repay their dues in kind (fish.) These ideas were demonstrated in the Ajjanur Fishermen Co-operative Society this year with success. The history of this society and the work done in it are as follows :—

Till February 1940 most of the fisherfolk boat owners of Ajjanur and Balla villages, the area of operation of this society, had to deliver their

catches to a fish merchant for prices fixed by him, which will generally be $\frac{2}{3}$ of the market prices and also had to pay him a commission of about 2 annas per rupee on the safe proceeds. He, in return used to supply them with their domestic and industrial requirements for prices which will be $\frac{1}{4}$ or $\frac{1}{3}$ higher than the market rates. In a word, they were his slaves. The fisherfolk felt their position intolerable and broke off from him. Immediately a society was organised for these two villages and was started on work on May 5, 1940. Soon after this the South Kanara Central Co-operative Bank Ltd., Mangalore generously issued to this society two loans of the value of Rs. 990. The society also secured a fixed deposit of Rs. 225 from their caste fund. Thus, they were enabled to live on till the beginning of the current fishing season i.e., August or September 1940 without going for loans to fish merchants. Consequently they could sell their catches of this season direct for market rates with the obvious social and economic benefits. Thus, all the members are happy now to have joined the society.

In these two villages, there are 108 houses of fisherfolk with an adult population of about 570. Of the adults, 56 have joined the society so far and have paid Rs. 680-12-7 towards share capital during these 10½ months, which is their savings. In these two villages there are 57 big fishing boats. Of these 49 are owned either by the members of the society or by others of their house-hold. 4 of these boats were purchased from the loans from the society.

During the last rainy season, 161 muras of rice of the value of Rs. 764-12-0 were purchased by the society and distributed to its members as loans. Of this, 125 muras were purchased from the Mangalore Branch of the South Kanara Agriculturists' Co-operative Wholesale Society Ltd. This enabled the members to save about Rs. 201-4-0 and a large amount in the fish transactions. If the members had borrowed these rice muras from fish merchants as usual they would have had to deliver their catches to them for about $\frac{2}{3}$ of the market rates. The members having thus been enabled to sell their catches direct were able to purchase at market rates their domestic and industrial requirements. Some of the members pooled their catches in the society and sold wholesale during this year. Thus 1,81,075 mackerel of the value of Rs. 462-0-9 were sold through the society either fresh or cured. 340¼ kallies of sardines of the value of Rs. 661-15-6 were also sold through the society either afresh or after preparing beach dried or pit manure. The members have obtained better prices in the above sales and are also aware of it. The society acted merely as their agent in these transactions.

For curing mackerel the society had to purchase coir mattings, etc., of the value of Rs. 13-9-5 required for the purpose. Of this amount, Rs. 8-1-2 has already been recouped. Similarly, for storing fish manure prepared by the society and holding it back for better market the society has built a temporary thatched shed at a cost of Rs. 21-5-7. Of this amount too Rs. 20-8-5 has already been recouped.

On account of this non-credit work the society was able to get back its loans from its members before due dates, and repay Rs. 627-0-0 towards principal of Central Bank loans in advance and also to invest Rs. 200 in that Bank as a fixed deposit. The members of the Keekan Tobacco Growers' Co-operative Society, were supplied sardines valued at Rs. 94.8-0 for tobacco cultivation. This society is situated in the neighbourhood of the Ajjanur Fishermen Co-operative Society. At a general body meeting of that

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society held recently at which the Deputy Registrar of Co-operative Societies, Mangalore, was present it has been resolved that society should purchase in future all the fish and fish manure required by its members for tobacco cultivation from the fishermen co-operative societies. This arrangement will benefit both the tobacco growers and the fisher folk as the consumers will get their requirements direct from the producers. This society will require a large quantity of fish and fish manure annually.

Due to dearth of fish at present the society purchased on 25-3-41, 25 muras of paddy of the value of Rs. 60-15-0 for distribution to its members as loans. On 28-3-41 the condition of the society was as follows :—

1. Number of members	...	56
2. Paid up share capital of members (value of a share being Rs. 20)	Rs. A. P.	680-12-7
3. Fixed deposit in the South Kanara Central Co-operative Bank Ltd.	...	200 -0-0
4. Amount invested in the shares of the South Kanara Central Co-op. Bank Ltd.	...	20 -0-0
5. Amount in the Postal Saving Bank account of the society	...	5 -0-0
6. Amount of the loan of the South Kanara Central Co-operative Bank Ltd.	...	363 -0-0
7. Amount of a caste fund deposit	...	225 -0-0
8. Amount of the loans outstanding against the members	...	883 -2-3

7. In the neighbourhood, in the Kannangad Fishermen Co-operative Society the non-credit work of the nature done in the Ajjanur Fishermen Co-operative Society was carried on. The society distributed in June and August 1940 to some of its members 139 muras of rice of the value of Rs. 661-12-0. In the year 1939-40, this society had collected 105 kallies of chemban fish from its members, prepared beach dried manure out of it and sold for Rs. 313-11-0, much above the amount their fish merchants would have given them. During this year 165½ kallies of sardines were collected and were sold for a total value of Rs. 287. This was also a good price. Due to want of men to carry on this work more fish could not be collected. This has affected collections of dues of members in the society.

8. The present model by-laws of fishermen co-operative societies provide facilities for purchasing wholesale the domestic and industrial requirements of the members for distribution to them and for pooling their produce and selling for favourable prices and for issue of advances on the pledge of their produce. If only the fisherfolk take advantage of these, they can pull themselves up socially and economically and ensure for themselves and their children a glorious future.

9. At present all these 19 societies and 15 of North Malabar are in charge of a Co-operative Inspector working under the Sub-Assistant Director of Fisheries, Calicut, with head-quarters at Calicut. The account books of these societies are generally written by the office-bearers themselves. Educated persons with the necessary qualifications to write up the accounts are not generally wanting in these societies. The Co-operative Inspector during his visits checks the accounts and where the accounts are in arrears he writes the accounts himself or gets them written up in addition to normal supervision and collection work.

Importance of Industrial and Commercial Museums.*

Some of you may be aware of the events which led to the bringing into existence of the industrial and commercial museums all over the Province. The formation of the museums is not an isolated phenomenon but is symbolical of a bigger effort towards industrialisation of the country. The recent economic thought has had a profound effect on the industrial progress in India. There are three distinct aspects of such thought.

First, there has been an increasing appreciation of the need for national, economic self-sufficiency in matters of agriculture and industries of varying importance. (It may be stated in parenthesis that the present War has brought this fact more forcefully to the notice of the Government, the business world and the general public and has shown our deficiencies in the industrial effort and production. The dependence of the country on foreign imports of various kinds—from pins to automobiles or air craft—has proved to be very prejudicial to national interests.) Economic self-sufficiency would mean that the country must be self-sufficient not only in respect of food stuffs but also in respect of industries for which raw material is available in the country. Secondly, it is a common place of economics that India is predominantly agricultural, and, apart from the theory of national, economic self-sufficiency, economists, publicists and administrators hardly miss an occasion to emphasize that, in order to mitigate the increasing pressure of population on the soil, there should be a reorganisation of agricultural conditions so as to effect a more rational appropriation as amongst the various agents of production and to integrate agriculture generally with the needs of industry and that there should be a planned development of all types of industries,—large, medium or small-scale, cottage or agricultural. The third aspect of recent economic thought is that the problem of poverty and unemployment or under-employment of a large mass of people in the country can only be solved effectively by the growth of industries and creation of subsidiary occupations. It may be remembered that towards the end of 1938 there was a conference of all Ministers of Industries at New Delhi and the first resolution of that conference is that 'the problems of poverty and unemployment, of national defence and of the economic regeneration in general, cannot be solved without industrialisation', that 'as a step towards such industrialisation, a comprehensive scheme of national planning should be formulated' and that the scheme 'should provide for the development of heavy key industries, medium scale industries and cottage industries'.

* Speech of Sri K. Subrahmanyam, M.A., Deputy Registrar of Co-operative Societies, Bezwada, on the occasion of the opening of the Kistna District Industrial and Commercial Museum.

It is owing to the realisation of these essentially sound economic facts that there is seen in the country considerable industrial activity. Different types of industries have been springing up in all parts of the country, and there is a degree of impatience, not perhaps unreasonable, in many quarters at the slow pace at which the industrial expansion, particularly after the outbreak of the war, has been taking place. The Central and the Provincial Governments have interested themselves in the recent industrial progress of the country by affording protection to many major industries, or by stimulating others or financing them under the State Aid to Industries Acts. While the major or factory industries can afford to make themselves known in the industrial and commercial world by reason of their superior organisation, capital and facilities for publicity and advertisement, it is difficult for the medium or small-scale, cottage or agricultural industries (which suffer from many serious drawbacks) to become known. There is practical unanimity that whatever progress might be made by large-scale or factory industry, small-scale or cottage and rural industries are necessary and should have a place in the national economy just as in Japan. We have it on competent authority that in the latter country, in spite of large factories and industrial units, a considerable proportion of production is carried on in works employing comparatively a small number of operators, so that Japan is in fact largely a country of small-scale industries, handicraft units and family enterprises and the industrial progress in Japan is probably to be found in the form in which the small-scale industries are linked to the large-scale units. It is not, therefore, correct to hold as is done in some quarters that the growth of large-scale industry in India must necessarily be at the expense of small-scale workers and result in increased unemployment among them. It is likely that with the extension of the facilities for the supply of electrical power—cheap power has in fact contributed to the progress of small-scale industrial units in Japan—the medium or minor industries in the country are bound to make steady headway. But the difficulty in the matter of medium or minor or cottage industries is lack of expert technical assistance, lack of organisation and more often, lack of capital or of marketing facilities. The wholesale dealers or buyers do not also extend that degree of help and patronage which these industries deserve. There is on their part a lack of adequate knowledge of the existence of small-scale, cottage or rural industries so that it often happens that the small-scale manufacturers or dealers live in a world of their own and the wholesalers or the buyers live in a separate world of their own. The producers, the wholesale dealers and the consumers are not brought into touch with one another. There is no agency which can act as a store-house of information on matters, industrial and commercial, which can secure or supply information on technical matters to the producers or which can bring the manufacturer and the buyer together.

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This is a vital defect in the industrial and commercial organisation particularly of small-scale or cottage industries of the Province and it is in appreciation of this factor that the Government examined the question of the establishment of industrial and commercial museums, suggested their formation in the districts and asked the local bodies to extend the fullest co-operation in the matter. Industrial and commercial museums constitute an important feature of economic organisation in all progressive countries and the Government have, therefore, done the right thing in giving a fillip to the formation of these museums in the districts and Central Museum at Madras. It is needless to elaborate the objects of these museums. Briefly, their aims are:—

- (1) to educate the public in respect of the industries and crafts in the districts;
- (2) to collect the finished products and works of art manufactured in the districts and exhibit them in the premises of the museum;
- (3) to help to find a market for the products of these industries;
- (4) to afford facilities for the starting of an information bureau;
- (5) to promote the handicrafts and cottage industries in the districts; and
- (6) to promote the introduction of new industries.

It is in pursuance of this declared policy of the Government that industrial and commercial museums have been started in almost all the districts in the Province. We, in Kistna, are probably late in starting the Museum. Steps were taken even as early as June 1940 for the registration of the Kistna District Commercial and Industrial Museum under the Societies Registration Act of 1860. For one reason or another, the opening of the Museum has been delayed. The important factor which contributed to the delay is the lack of premises to locate the Museum. In other districts, the museums have been located in rented buildings or buildings which have been made available free of rent by public-spirited gentlemen. We, in Kistna, are fortunate in having already a building which is at present owned by the District Board and in which mostly historical antiquities were displayed. It was originally proposed that the Kistna District Board should transfer the ownership of the building to the Industrial and Commercial Museum. The matter was the subject of rather prolonged correspondence between the District Board, Government and the Industrial Museum. The question has not yet been settled. The latest phase of the correspondence is that the ownership might continue to vest in the District Board but the building might be permitted to be used by the Industrial and Commercial Museum in the furtherance of its activities. As it has been felt that it might take some time for the Government to pass orders on the proposals, as this might

IMPORTANCE OF INDUSTRIAL AND COMMERCIAL MUSEUMS

occasion further delay in the opening of the Museum and as the Collector (who took a leading part in the formation of the Museum) will also be shortly leaving the district, it is only proper that the opening of the Museum should be hastened and that we should all assemble here to-day to witness the formal opening.

The objects of this Museum are similar to those started in other districts of the Province and to which a general reference has already been made. For the present, the Museum has undertaken only two of its activities—(1) the exhibition of the samples of the industrial, agricultural and mineral products of the district and (2) the publication of a book-let on the major, minor and agricultural industries of the district. The exhibits which you will presently see in the Museum are perhaps limited but we hope to get many more in due course. The exhibits are, however, representative of the particular type of industry to which they relate. They not only indicate the present progress achieved in the industrial pursuits in the district but they also point to the future possibilities.

It is true that the Kistna district, like others in the Province, is essentially agricultural, the major crop being paddy. But it has a diversity of agricultural production and may perhaps supply the raw products necessary for a variety of industrial occupations. It has an extent of about 1,75,000 acres under oil-seeds of which ground-nut alone accounts for 1,63,000 acres (roughly) and gingelly 6,900 acres. Cotton cultivation has to its credit about 5,000 acres. Of the other fibres grown here, sun-hemp occupies over 26,000 acres. Tobacco has made rapid progress in recent years and accounts for 16,000 acres. Sugar-cane, too, has recorded a rapid increase, particularly in the Vuyyur area and in the 1940-41 season. The extent of cane area exceeded 4,600 acres. Recent investigations have shown the existence of minerals of great industrial value, such as lime-stone, chromite, iron ore, graphite, copper etc. The situation of Bezwada, commanding as it does, facilities of railway, canal and road transport helps in the industrial and commercial progress of the district. It is possible that Masulipatam may become an important port in the near future alongside of the industrial progress of the Circars though it has received a temporary set-back on account of the outbreak of the war and the consequent unsettled conditions of trade. The Kistna District has, on the whole, fairly good natural resources, which can be exploited for industrial and commercial development. It is felt that the district has enough capital for investment though perhaps it is fighting shy just at present. It has got men of intelligence and business ability and if all these can be harnessed and properly directed, there seems to be a future for the industrial development of the district.

While on this subject, let me, with your permission, digress a little. A friend of mine put to me an interesting question a short while ago.

He asked me whether the factions and the party-strife which are so common a feature of rural life in Kistna were a major or minor industry and how much money was invested on the promotion of this industry. My reply to him was this. First, it is doubtful whether the factions and party-strife in villages can be classed as an industry or profession. I said that this would admit of argument. Secondly, I suggested that the question should be addressed not to an officer of a Department of Government, who is a bird of passage, but to the people of Kistna for a satisfactory answer. Thirdly, I said that the economics of faction and party-strife in Kistna was a proper subject for study and investigation by students of Economics.

Apart from these, I contented myself with saying that it was probably easier to eradicate untouchability or to promote *Khadi*, but that it required much more than a Gandhian effort to eradicate the evil of faction and party-strife from the countryside in the district.

To resume my report, even the very limited exhibits displayed in the Museum are interesting. The Andhra Scientific Company, the Andhra Engineering Company, the Steel Rolling Mills (Industrial Engineers and Merchants), the Vuyyur Sugar Factory, the Indian Canning Industries, the Pedana weaving industry—not to speak of a number of minor or cottage industries—these reflect great credit upon the people of the district and their business enterprise and hold out hopes for increased industrial effort in the district in the coming years.

The second activity of the Museum is the publication of a Manual which gives a bird's eye-view of the agricultural and economic conditions of the Kistna District and an account of its major, minor and agricultural or cottage industries. In its present form, the Manual is very elementary, but it is hoped that, with the co-operation of manufacturing firms and business houses, it can be considerably improved and made more useful than it has just now been found possible. The Manual is priced at four annas a copy, so that all those interested in industries and the general public may have a copy for a nominal price.

The next stage of development of the Museum will be the establishment, as an adjunct to it, of an emporium to market the industrial products exhibited in the Museum. Alongside of this, it is possible to exhibit the products of industrial, agricultural, forest and mineral products of the other parts of the Province and of India. In some distant future, the Museum may exhibit the samples of imported products which it may be possible to manufacture on a district or inter-district basis.

It is hoped, too, to run a commercial library and free reading room (containing books, reports, etc., on industries and commerce) in order to stimulate study and enquiry on commercial and industrial matters. Furthermore, the Museum proposes to hold annual exhibitions of samples of goods manufactured in this and other Provinces and arrange periodical lectures on topics of industrial and economic interest.

The objects and the ideals of the Museum are very high and ambitious. There are difficulties in carrying them out, but they are not insurmountable. Is it too much to expect the industrial, business and commercial community in the district to extend their moral and material support to the Museum, to make it a live body and to make it subserve the interests for which it has been created in a fuller and more comprehensive manner than it is just now possible?

It is difficult to forecast the direction of the future growth of these museums in the scheme of industrial progress of the Province. All of us are aware that only last month, the Government have constituted an Economic Board for the exploitation and development of the economic resources of the Ceded districts. The Ceded Districts constitute, as it were, a well-defined, regional economic unit. There is no reason why one should not visualise the formation of regional economic boards in the Province for the study, investigation and development of economic and industrial possibilities. The Northern Circars constitute an equally well-defined, regional economic unit. These districts are bound together by geographic, ethnic, economic and cultural ties, and an economic board for the study and co-ordination of industrial enterprise in these districts is well worth having. Industrial effort cannot proceed in isolation; unless there is a programme and plan of action, there will be an over-production of the same articles in the neighbouring districts. In order to avoid, therefore, dissipation of capital or organisation and to ensure a co-ordinated growth of industries on an inter-district or provincial basis, the constitution of regional economic and industrial boards federated into a Provincial body with similar objectives may, perhaps, be one line of development in the future and, in that process of development, the industrial and commercial museums, properly directed and strengthened, may, perhaps, have a very useful role to play.

Whatever the future may have in store for the Museum, it is necessary to carry on its very limited objects for the present and this brings me to a matter of domestic importance. Though the Museum was registered a year ago, our membership continues to be poor. There are on the rolls only 21 individual members and amongst them, there are very few of the class of people whom we would like to get into the General Body of the Museum, that is to say, industrialists, manufacturers, businessmen and merchants. Our financial position, too, is not satisfactory. The Kistna District Board so far made a contribution of Rs. 250 out of its annual grant of Rs. 1,000. The subscriptions of the members up to 31-3-41 amounted to Rs. 80. The contributions by panchayat boards, co-operative societies etc., were Rs. 404. Our total receipts for the period ended 31-3-41 were Rs. 734 and our expenditure was Rs. 604. We had on 31-3-41 a balance of Rs. 130 as against a liability of Rs. 37. This presents a poor financial picture. We have already incurred a lot of expenditure in connection with to-day's opening function. On behalf of the Council of the Museum, I appeal to all the gentlemen who have the welfare of the Museum at heart, to become members in large numbers and to extend their moral and material support to it. Some of them can afford to become life-members by subscribing Rs. 100. Some of the business-houses have been kind enough to put in their advertisements in the Manual and promised contributions to meet the cost of the publication. I request them all to send their contributions as early as they can.

Small-scale Industries in Japan.

Small-scale industries in Japan fall broadly speaking under the following four classes:—

- (1) Producers of semi-finished goods ;
- (2) Producers of component parts ;
- (3) Producers of accessories of heavy and light industries ;
- (4) Cottage industries and handicrafts producing finished goods :—
 - (a) Rural, and
 - (b) Urban.

The classification of the last item under Rural and Urban is a rough indication of the localities in which these industries are generally situated, but the distribution is by no means water-tight. Similarly industries falling under the first three categories are located in the towns as also in nearby villages. In a large majority of cases, industries in Japan are distributed on a regional basis. This is due to the fact that when industrialisation of the country began production was financed by large commercial houses, and these capitalists advanced money, supplied raw materials and direct manufacture in localities which from the point of view of availability of labour and access to raw materials they considered most suitable for production of a commodity. Later on when the control passed out of the hands of the capitalists, the locality originally selected continued as the production-centre as it had meanwhile acquired special knowledge and technical equipment required for the industry.

It would be difficult to furnish a complete list of the industries falling under each of the four categories mentioned above, but the most important ones are shown below :—

- (1) *Producers of semi-finished goods :—*
 - (i) Weaving of textile fabrics ;
 - (ii) Manufacture of rubber goods, except tyres and tubes ;
 - (iii) Porcelain ;
 - (iv) Hat and cap materials.
- (2) *Producers of component parts :—*
 - (i) Bicycle industry ;
 - (ii) Enamelware industry ;
 - (iii) Machine parts ;
 - (iv) Umbrella parts, watch cases, etc.
- (3) *Producers of accessories of heavy and light industries :—*
 - (i) Machine tools ;
 - (ii) Match boxes ;
 - (iii) Embroidery ;
 - (iv) Shoe lace tips and shoe rings ;
 - (v) Packing materials, advertising tape, etc.

(4) *Finished goods :—*

(a) *Rural :—*

- (i) Cocoon raising ;
- (ii) Straw ropes, mats and sacks, baskets, fans, etc.
- (iii) Agricultural instruments ;
- (iv) Bamboo and straw wares ;
- (v) Dairy products ;
- (vi) Carpets.

(b) *Urban :—*

- (1) Objects of art—cloisonne, lacquerware, etc. ;
- (2) Toys of rubber, metal, celluloid, wood, porcelain and paper ;
- (3) Celluloid articles ;
- (4) Hosiery ;
- (5) Laces and ribbons ;
- (6) Twine ;
- (7) Soap (for toilet, for industrial use, for medical use, for laundry use, and soap powder) and toilet accessories ;
- (8) Electric bulbs (torch bulbs, vacuum electric bulbs, gas filled electric bulbs and auto-bulbs) ;
- (9) Buttons (made of shell, ivory nut, bone and glass) ;
- (10) Food products, including fruit juices, confectionery etc. ;
- (11) Musical instruments, including radio sets ;
- (12) Fountain pens and articles of stationery (pencils, pen-nibs, writing ink, etc.)
- (13) Leather and fibre manufactures ;
- (14) Glass and glassware (sheet glass, phials, for table use, for lighting use, shades and bulbs), bangles etc.

Organisation and Finance.—The organisation of the above mentioned industries has undergone rapid changes in recent years, but even now uniformity has not been attained. The textile weaving industry is generally well-organised. The old system under which the wholesalers provided yarn to out-weavers and bought the fabric has been largely superseded. In the cotton industry, for example, production is controlled by powerful associations. One of these, with a large membership of small cotton manufacturers, buys yarn from spinners, maintains its own dye works where the yarn is conveyed in its own fleet of trucks for dyeing, distributes the dyed yarn among its members, collects the fabric when woven and sends it to its own works for calendering, folding, stamping and baling. It also undertake joint purchase of materials including cotton yarn, dyes, and starch. In the rayon industry, the system of out-weaving still largely prevails. In the case of woolen textiles, weaving and dyeing of yarn is carried out in small establishments which are responsible for about 80 per cent of the output. Weavers are generally small capitalists who buy yarn from the wholesalers, and after it is woven, arrange for its finishing by specialists and subsequently sell the fabric to the exporters.

In the case of rubber goods most of the processes are carried out by hand. The small maker has a distinct advantage as, in the case of toys and other rubber goods, forms show great variations and the use of various

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moulds and dyes is a necessity. After moulding and shaping the process of kneading and vulcanising is done by power machinery. Similarly, in the case of porcelain products the moulding and decorating is done in very small family establishments but baking and glazing is done in large factories. In the case of industries producing semi-finished materials, other than textiles, financing is generally done by a wholesaler or large factory-owner. Somewhat similar conditions prevail in other small-scale industries producing component parts, accessories or finished goods. In recent years a large number of Industrial Association have been formed to regulate output and eliminate cut-throat competition. They are supplemented by Export Associations which regulate the quality and quantity of exports to markets abroad. Co-operative Societies for the sale of commodities produced specially by rural communities are also coming into prominence.

Labour.—In the case of small-scale industries, the smallest industrial unit is a family of three members, a great many do not have more than five workers. In the textile industries, a very large majority of workers consist of young girls. They join the industry after completing their primary school courses and become qualified operatives after two or three months' training and skilled workers after a year's practice. A male family worker is quite often both a worker and the owner of a small factory which is a part of his home. Farmers wishing to utilise their surplus or spare time have taken to rayon weaving as a supplementary occupation. As labour costs constitute nearly 60 per cent of the cost of rayon fabrics they are easily able to survive large mill competition. In these industries both time and piece-rate wages are paid in the case of industries, other than textiles, females are employed for jobs requiring deftness in the use of hands and fingers. For more strenuous work as in the bicycle and enamelled ironware industries, the bulk of the workers are males. The rubber goods industry, the electric bulbs industry and generally industries connected with rural communities or concerned with production of auxiliary materials, e.g., advertising tape, match boxes, etc., are carried on on the family basis.

Elements of Strength.—The reasons for the survival and prosperity of small-scale industries in Japan in the face of competition from large-scale producers differ from industry to industry, but the following are indicated as constituting the principal elements of strength of small-scale enterprises:—

- (1) General use of electricity as a motive power to operate a few efficient power looms or other machines installed in home-cum-factory establishments.
- (2) A high degree of rationalisation, division of labour and utilisation of simple but high ingenious and inexpensive tools.
- (3) Abundant supply of highly efficient and industrious labour, especially female labour.
- (4) Better supervision at less cost combined with large savings in overheads.

- (5) Higher adaptability to adjust production to changes in fashions, and demand.
- (6) Natural advantages enjoyed in producing goods of varied patterns in small quantities.
- (7) Standardisation of parts of machines, instruments, etc., which makes it possible to manufacture components in different places.
- (8) Avoidance of over-production and cut-throat competition through the organisation of powerful Industrial Associations.
- (9) General tendency to sell at a small margin of profit ensuring an adequate income through a large turnover.

The most important factors which contribute to the success of small-scale industries in Japan have been very briefly indicated, but it cannot be too strongly emphasised that the pivot of the whole industrial system is the worker. Japanese labour is docile, industrious, efficient and loyal. Relations between the employer and his employees are of a paternal nature, neither wishes to exploit the other, and industrial disputes are rare. Trade Unionism among the small industrialists is practically unknown. If small-scale enterprise in India is to succeed, it is essential that the apathy of the Indian worker should first be conquered. He should take pride in his work, and have sufficient ambition to feel an interest in improving his standard of living. Productive effort should be directed towards the supply of commodities for which there is an actual or potential demand, domestic or foreign, and suitable machinery should be devised to ensure distribution and sale of the entire output. The history of Japanese small-scale industry has demonstrated that the industry is unable to emerge out of the slough of despondency so long as the small producer assumes sole responsibility for marketing his products. A list of books and periodicals dealing with the Japanese industrial development is given in the appendix.

APPENDIX.

Books on Industrial Development of Japan.

- (1) *Made in Japan* by Guenther Stein at 7s. 6d. (Methuen & Co., Ltd., London.)
 - (2) *The Industry and Trade of Japan* by S. Ueyehara at 12s. 6d. (P. S. King & Son, Ltd., London.)
 - (3) *The Small Industries of Japan* by Teijiro Uyeda and Associates at C. \$9.30. (Kelly & Walsh Ltd., Shanghai.)
 - (4) *The Economic Strength of Japan* by Isoshi Asahi at 12s. (The Hokuseido Press, Tokyo.)
 - (5) *The Secret of Japan's Trade Expansion* by the same author. (Isoshi Asahi.)
 - (6) *The Spirit of Japanese Industry* by G. Fujihara at 12s. (The Hokuseido Press, Tokyo.)
 - (7) *Population Pressure and Economic Life in Japan* by Ryoichi Ishii. (P. S. King & Son, Ltd., Westminster.)
 - (8) *Japanese Trade and Industry—Present and future* by Mitsubishi Economic Research Bureau.
 - (9) *Japan the Hungry Guest* by G. C. Allen at 10s. 6d. (George Allen and Unwin.)
- (The Report of the work of the Indian Government Trade Commissioner, Osaka during 1939-40 by R. R. Saksena.)

The British Co-operative Movement in 1940.

The strong position which the Co-operative Movement succeeded in maintaining during the highly abnormal economic conditions of the past year is indicated in a survey published by the Co-operative Union, in which the trend of the main figures relating to the Movement is discussed. Final statistics will not be available for some months.

Membership. Evidence shows that the membership both of the Movement as a whole and of the majority of Societies continued to increase during 1940, and that the final figure will be substantially higher than any previously recorded. That this increase is not a nominal one is proved by the figures relating to co-operative registration in the main rationed food commodities (see No. 11, 1940, of this News Service). These afford a clear illustration of the expansion of co-operative trade.

Capital. While the combined capital of Retail Societies is expected to show an increase, it will be much smaller than in recent years, since during the second half of 1940 withdrawals of capital in some areas, owing to the needs of evacuating members, tended to exceed additions. Another factor which has either led to withdrawals or has slowed up contributions is members' investments in War Funds. It is noteworthy that there has nowhere been any kind of panic or run on co-operative capital, owing, in the main, to sound administration of Co-operative Organisations.

Retail Trade. A retail trading total of between £ 295 and £ 300 million is anticipated for 1940 as against £ 272.3 for 1939, the highest figures then on record. The trading results of Societies differed widely last year owing to a number of factors—including, price control, restriction of supplies, the Purchase Tax, war damage to property and movement of the population. The large monetary increase between 1939 and 1940 may be more than accounted for by increased prices, since the retail food indices rose by about 10 per cent, while prices in the main non-food stuffs departments advanced by about 25 per cent during last year.

Surplus and Dividend. The large increase in expenses during 1940 has absorbed a larger proportion of gross surplus, while the latter, owing to price regulations, has been considerably reduced. Against this, however, is the factor of rising prices which has resulted in the previously mentioned large increase in money turnover. As regards dividend, available information indicates that about one-half of all Societies have found it necessary to reduce their rate of dividend. The average rate for the whole Movement will, therefore, probably be lower than in previous years, but total net surplus may be as much as in 1939.

In spite of all adverse factors, 1940 has not generally been a bad year from the point of view of trade and, considering all the circumstances, the Co-operative Movement has emerged in a strong position.

(Co-operative News Service No. 2, February 17, 1941.)

Co-operative Education in the Punjab.

One of the main obstacles to co-operative development in India is the lack of trained leaders and officials. Many Indian Societies failed or remained stagnant because the business was badly managed by untrained functionaries, and in many localities Societies could not be established at all because there was no one to take charge of their operations. This state of affairs makes co-operative education, and especially the training of co-operative officials and employees, one of the most urgent needs of the Indian Movement. Much is being done to remedy the deficiency, and a recent report by the Educational Assistant Registrar on co-operative education in the Punjab shows that in that Province a great educational effort and much progress has been made by a comparatively small body of co-operative educational workers. The Co-operative Educational Staff of the Province consists of 17 full-time inspectors and assistants most of whom are paid either out of Government of India grants or directly by the Punjab Government, while the Punjab Co-operative Union, Lahore, contributes the salaries of three members of the Staff. The educational work undertaken by this group of devoted co-operative workers is many-sided and is on a very extensive scale.

The main problem is the training of co-operative secretaries; in the year 1938-1939 no less than 111 secretaries' classes were held, 95 of them at different places in the Punjab and Delhi and attended by 1,344 secretaries, and 16 with an attendance of 279 in the North West Frontier Province. The training varies according to local conditions and the standard of education of the students, which in most cases is very low. The main subjects are the organisation and working of Societies, co-operative defects and their remedies, book-keeping, laws and rules, etc. The attendance was very regular and the results were most satisfying, as about 90 per cent. of those who participated have since been able to carry on routine work of their Societies independently. The classes for officials of Primary Societies numbered 195 with an attendance of 6,799, and they also have been a valuable means of supplying the local Societies with the necessary trained personnel, although these classes do not seem to provide so thorough a training as those for secretaries.

There are also special classes for secretaries of Banking Unions, "execution agents" and liquidators, inspectors, sub-inspectors, and etc., while the Educational Staff itself attended refresher courses where the teachers delivered lectures on a wide range of subjects, took part in, and led, debates and etc. Special attention was paid to public schools and colleges, and in this sphere 167 lectures were given, often to very large audiences—sometimes reaching two thousand and often including women. Other lectures were devoted to spreading co-operative knowledge in the military units of the North-West Frontier Province and amongst the reservists. Co-operative education of the members, themselves does not yet play an important part in

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the co-operative educational programme. About a dozen classes for members of Industrial Societies and Women's Societies were arranged, but the attendance was comparatively small.

An interesting feature of co-operative educational activity in the Punjab is the extensive use of the drama, which establishes contact with large masses of the population. The Punjab Co-operative Players, consisting of sub-inspectors of Co-operative Societies under an Educational Inspector, gave 156 shows in 139 places during the year, some of them in the North-West Frontier Province. These plays portrayed, amongst other things, the evil effects of vicious habits and extravagance, and the advantages of Co-operation, and the audience have been estimated about half-a-million men and over 15,000 women. The Players now own a portable stage and a lorry which facilitates their journeyings from place to place. The drama has been praised as "the most effective and impressive method of co-operative propaganda," and it seems from the report that, in a simple form, it has still very great possibilities as a means of co-operative propaganda and education, as it offers a direct approach to the imagination of great masses of people who cannot be approached by other more scientific methods of education. Radio talks, lantern slides, musical entertainments with songs and gramophone records complete the picture of the intensive co-operative propaganda and education work which is being carried on in the Punjab and adjoining districts, the results of which are already noticeable in a general improvement in the working of the Provincial Co-operative Societies.

(Review of International Co-operation—November and December, 1940.)

A High Court Judgment.

Venkataramana Rao, J.
14th March, 1941.

Madelimsetti Ramiah v. The
Liquidator, Bollanka Co-operative
Credit Society, Ltd., Ramachandrapur.
S. A. No. 269 of 1940.

Madras Co-operative Societies Act (VI of 1932), S. 48 and r. 22 (17) (c)
—Property brought to sale by liquidator of co-operative society in execution of a decree obtained by the society—Person failing in his claim petition—Prior leave of Registrar—If necessary for filing a suit to establish his right to the property.

Certain properties having been brought to sale by the liquidator of a co-operative society in execution of a decree obtained by the society, a claim petition in respect of those properties proved unsuccessful. In a suit filed by the claimant for establishing his right to the property sought to be sold it was contended that the suit was not maintainable without the prior leave of the Registrar.

Held, that such a suit having been provided for under r. 22 (17) (c) of the rules framed by the Provincial Government in exercise of its power under S. 65 of the Co-operative Societies Act, which makes such rules part of the statute, the suit must be deemed to have been expressly provided for by the Act itself and therefore maintainable, and that the prohibition under S. 48 affects only suits not expressly provided for.

(The Madras Law Journal, Vol. 80—13.)

Reviews.

Annual Report - Co-operative Societies - Bengal—1938-39.

The Registrar reports that the movement passed through a very severe strain during the year. As many as 15 Districts in the Province suffered from devastating floods. The movement had not recovered from the effects of depression.

Much attention was paid by Government to stabilise the movement. Its help was given in many directions.

The financial position of the banks were so bad that the Government had to make a definite announcement of its policy of support, to retain the public confidence. Out of the 20 lakhs of rupees given as short term credit to societies, Rs. 13½ lakhs came from government.

The department was reorganized and the staff was considerably increased. The number of Assistant Registrars was increased from 5 to 16. Similarly Divisional Auditors were also increased from 5 to 16. The inspectorate and the ordinary Audit establishment were also strengthened. A chartered accountant was specially drafted from outside and he was appointed as Chief Auditor to effect efficiency in audit.

The department paid special attention to the training and education of the official and non-official workers in the movement. As many as seven batches are reported to have been trained.

The Government gave a liberal grant of Rs. 49,000 to the Bengal Co-operative Organization Society, to improve its position and working. The Co-operative Societies Act was being completely revised. The Bill was referred to the Select Committee during the year.

In addition to all these the Minister is reported to have personally attended many conferences to infuse spirit of confidence.

There were one Provincial bank, 5 Land Mortgage Banks, 118 Central Banks, 27,581 Agricultural societies, and 2,988 Non-Agricultural societies, besides some other miscellaneous kinds of societies. The number of societies added during the year was 6,451. Considering the indifferent state of working of societies in the Presidency, the increase must be due only to the special efforts of Government and not to genuine growth.

Working.—The Provincial Bank got Rs. 13½ lakhs from government to finance societies with short-term credit. The Deposits in Central Banks were going down. Compared to the Central Banks of our Presidency these are small institutions. Only 11 out of the 118 Central Banks had more than one lakh of rupees as paid up share capital.

Out of 26,086 Rural credit societies, there were only 37 A class societies and 315 B class societies. This is not creditable. Out of the balance, 12,229 belonged to the C class, 3,367 to D class, and 3,246 to the E class. 89.7 per cent. of the demand remained as overdue. The overdues in the miscellaneous kinds of societies are simply appalling. In many of them practically the whole amount of the loans is shown as overdue in the B & C

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Statements. But the Non-agricultural societies, as is usual everywhere, seemed to have worked better. The house-building societies seem to be a failure. Rs. 55 thousands out of the 56 thousands of outstanding loans remained overdue, in the 7 societies, which seem to have a decent working capital. The total share capital of the remaining 15 house-building societies is given as only Rs. 1,851. From this we can infer their strength and position.

Thus the working of societies in the Presidency is far from satisfactory.

The Anti-malarial societies form a special feature of this Presidency. There were 1,091 societies of this class. There were also 1,001 Irrigation societies working. The other novel kinds of societies are 35 Agricultural associations, 2 Zamindari societies, 547 Rural reconstruction societies, and some societies of producers. Most of them seem to be only in the experimental stage.

The usual lending rate in central banks is from 9 to 10 per cent. In rural societies it is $12\frac{1}{2}$ per cent. In some non-agricultural societies it goes up to even $18\frac{1}{2}$ per cent. The dividend in some societies is $12\frac{1}{2}$ per cent.

The Naogaon Ganja cultivators society continued its welfare activities as in the previous years. It maintained three charitable dispensaries, and 57 schools (Most of them primary and a few higher elementary schools). It spent Rs. 16,597 under this head. It is also maintaining some roads. All this is of course due to the monopoly in the business and the special privileges it enjoys.

It is hoped that the special efforts of Government will be crowned with success.

V. S. R.

Annual Report—Co-operative Societies—Cochin State—1939-40.

There were 331 societies of different kinds, with a membership of 29,929 and a working capital of Rs. 47.23 lakhs at the end of the year. The average number of members in a society is 97.8. All the villages in the State have come within the movement.

Classified according to their work, there were 23 A class societies, 50 B class societies and 58 C class societies. The D and E class societies numbered 81 and 24 respectively. The Central bank is reported to have turned out another year of useful work. The deposits in village societies amounted to Rs. 1.61 lakhs, as against the Central Bank loan of Rs. 2.59 lakhs. This is a very satisfactory sign, that the movement is becoming real. Out of Rs. 4.57 lakhs of outstanding loans Rs. 1.92 lakhs remained over due. The Non-agricultural credit societies also did satisfactory work. These are some of the satisfactory features in the working of societies in the State.

Experiments are being made in different directions. The chief of them are model panchayat societies, industrial societies, poultry societies, Ayurvedic society, and restaurants. It is very doubtful whether voluntary co-operation and compulsory village panchayats can be satisfactorily combined. Similarly, to what extent co-operation can play a part in a society for the preparation and sale of Ayurvedic medicines is another doubtful point.

REVIEWS

Rural development is one of the useful experiments in co-operation. So far 24 societies have been registered under this head. It may not be out of place here to remind in this connection, what an authority in co-operation has remarked about this tendency in Indian co-operation. "But the last thing to be desired is that India should move on from village reconstruction to multi-purpose co-operation as to another craze." (Year book on Agricultural co-operation 1938.—Co-operation in India By C. R. Fay.)

V. S. R.

Annual Report—Co-operative Societies—Coorg—1939-40.

At the end of the year there were 295 societies with 20,724 members and a working capital of Rs. 14,59,230. The season was on the whole not very favourable. The Registrar reports that, during the year, there was a marked improvement in membership, working capital and in the recoveries of loans.

It is gratifying to note that 50 societies out of 295, are classified as A class societies, and 134 as B class. The percentage of collections to demand was 50.64. The Coorg Central Bank is recovering from the shock it received from the failure of the Travancore National and Quilon Bank. The grain banks are reported to be doing some useful work. The co-operative unions are maintaining breeding bulls. Instead of separate societies the unions may perhaps do this service better.

As many as 271 out of 274 villages are reported to be served by co-operative societies. Though Coorg seems to follow Madras, as its ideal in co-operation, still the movement seems to be progressing better there. Being a very small province, the Assistant Commissioner himself is the Registrar. During the year a special post of an Assistant Registrar was created but there was some reduction in the number of Inspectors. It looks as though smaller provinces and States are better suited for the co-operative movement.

V. S. R.

Indian Co-operative Review.

Vol. VI No. 3. July—September 1940.

The July—September 1940 issue of the *Indian Co-operative Review* was out in January 1941. It contains comments by eminent Co-operators all over India, on the Report of the Committee on Co-operation in Madras. It also deals on current topics of interest, such as the Bengal Co-operative Societies Bill, Multi-purpose Societies in C. P., Fruit Production and Sale in N. W. F. P. and certain decisions in Co-operative disputes.

Vol. VI No. 4 October—December 1940.

The last number of the Vol. VI for the year 1940 which was out by the end of April 1941, contains as usual articles of topical interest such as, Land Mortgage Banks, Village Panchayats, Committee on Co-operation, Rural uplift, Re-organisation of sale societies etc. One main feature is the copious extracts from the Administration reports of the Registrars of Co-operative Societies of other Provinces and articles of prominent men from important journals. The journal has been maintaining a very high standard of efficiency.

The Bombay Co-operative Quarterly.

December 1940.

The Bombay Co-operative Quarterly of December 1940 contains various types of articles on Co-operation on the re-organisation of supervision by three different authors and the Articles Madras Co-operative Committee Report by V. G. Kale are specially notable among them.

Handloom Industry.

The questionnaire issued by the Fact Finding Committee (Hand and Mills) is reproduced omitting tables. Copies of the questionnaire be had from the Committee's Office, Camp Ootacamund.

QUESTIONNAIRE

SECTION I.

1. Please give a short account of the handloom weaving industry in your area, mentioning, in particular, the principal centres of the industry, lines of production in each centre, and the peculiarities of technique (if any).
2. In what way has the handloom weaving in your area fared in the last few years? Indicate in general the causes of the advance or decline.
3. Has any survey of the handloom industry in your area been carried out? If so, please explain fully the method of enquiry and indicate the extent of reliability of the data collected.

SECTION II.

4. What is the total number of handlooms in your area? Please give a statement, classifying them as in Table I-A.
5. What proportion of the handlooms are found in the cottages and what proportion in *karkhanas* or small factories? Please give a statement as in Table I-B.
6. What proportion of the handlooms are engaged in weaving cotton, silk, art silk, wool, jute or other fibre and mixtures thereof? Please give a statement as in Table I-C.
7. How many looms in your area are confined to handspun cotton yarn? Are there any indications to show that the number of such handlooms is increasing or likely to increase?
8. What proportion of the looms of each category remain idle (a) the whole year round, (b) for some months of the year (which months)? Give the causes of this idleness and bring out its consequences. Have any of the idle looms been discarded?
9. If there are any powerlooms (other than mills) in your area, please state their number, classify them and enter these figures in Table I-B and Table I-C. How many looms are attended to by each operative?
10. How many of these powerlooms are owned or operated by those who were previously handloom weavers?
11. How has the handloom weaver been affected by the introduction of powerlooms? Has the number of handlooms diminished since?

SECTION III.

12. Give the total number of weavers in your area, classified as in Table II. Specify in the table, the number of (a) weavers who work on their own account, (b) those employed by a master-weaver or *mahajan*, although working in their own homes, (c) those working in *karkhanas* or handloom factories and (d) those attached to a co-operative society.
13. How many or what proportion of the weavers in your area are master-weavers? Please explain the relationship (social and economic) between those and the ordinary weavers.
14. (a) What are the classes or castes in your area that regard handloom weaving as their hereditary occupation?
(b) Have other classes of people taken up handloom weaving recently? If so, how has this influx affected the industry?

15. What proportion of the weavers in your area regard weaving as their part-time occupation? What are the subsidiary occupations followed along with weaving? How far has his weaving a subsidiary occupation to agriculturists?

16. Is there any guild organisation among weavers? If so, give details. What is the influence of the guild on the industry in general?

17. Are the handloom weavers in your area addicted to habits like gambling, drinking, etc.?

18. What is the state of indebtedness among the handloom weavers in your area? Why do they borrow? Explain the nature of the usual transactions.

19. (a) If any weavers of the hereditary weaving castes have abandoned weaving, how many or what proportion of them have done so, and what other occupations have they entered?

(b) To what extent have handloom weavers found employment in the textile mills? Have they any disinclination for working in mills?

SECTION IV.

20. (a) Please give in tabular form, the total production of cloth on handlooms, classified under the various categories, as in Table III-A.

(b) Please classify the same also according to the counts of yarn used, as in Table III-B.

(c) Please give similar details in regard to the production on powerlooms (other than mills), using Table III-A.

21. What is the normal output of a handloom in your area? Please give details, in respect of certain standard cloths, as in Table III-C.

22. How is the total production of handloom cloth in India usually estimated?

Please comment on the following methods of estimating the production of cloth:—

- (a) The assumption that, in handloom production, 1 lb. of yarn will give 4 yards of cloth.
- (b) The assumption that, in mill production, 1 lb. of yarn will give 4.78 yards of cloth.
- (c) The assumption that 100 lbs. of yarn will on the average give 112 lbs. of mill cloth.
- (d) The assumption that on the average 1 lb. of mill cloth will correspond to 4.27 yards.
- (e) The assumption that the quantity of mill yarn used for purposes other than mill and handloom weaving may be offset against the quantity of handspun yarn used in the handlooms.
- (f) The assumption that the mill yarn used for such purposes as hosiery, braid, ropery, nets, lampwicks, bandages, pyjama cords etc. corresponds to 10 per cent. of the total mill yarn produced.
- (g) The assumption that the total production of handspun yarn amounts to 24 million pounds.

Have you any further comments to make regarding the statistical methods employed in such computations?

23. What proportion of the extra mill consumption of yarn in your area is by single-unit powerlooms and small-scale powerloom factories, which do not come under the Factory Acts? What allowance would you make for this in all-India figures?

24. Has there been any change in the lines of production on the handloom in your area? Explain if any shifts have taken place from one group of counts to another, from one kind of cloth to another, or from one type of textile to another. What have been the effects of changes in fashion?
25. Has (a) the *Swadeshi* movement, and (b) the emphasis on hand spinning brought about any changes in the handloom industry?
26. Please enumerate the principal types of cloth woven on handlooms in your area and forward six sets of samples of not less than 12" square each. Please give details about them as in Table III-D.
27. (a) The handloom, it is said, possesses a special field in certain coloured styles of cloth. Is this true? Please enumerate the principal types of such cloth and show why handlooms have an advantage.
(b) Consider also the defects of handloom production.

SECTION V.

28. Please give details of the different preparatory processes as they are going on in your area:—
(a) The form in which the yarn is received.
(b) Winding on the bobbins before warping.
(c) Sizing.
(d) Warping.
(e) Beaming, twisting and drawing in.
(f) The percentage of yarn wasted in the course of preparation.
29. (a) What time is taken at each stage in preparing a warp of normal size and how many persons are engaged? What wages are paid to those who assist the weaver?
(b) Do the weavers wind their weft themselves? If not, what wages are paid to those who help?
(c) Is there any organisation in your area from which prepared warps of a desired length ready for the loom could be obtained? If so, is it working satisfactorily?
(d) Has the method of hand-sizing any superiority over that of slasher-sizing, for example with regard to the "feel" of the cloth? Is there any slasher-sizing machine for sizing the warp in use in your area? If not, do you think an installation of such a machine in your area will be beneficial to the industry?
30. (a) What sources, if any, exist in your area for supplying new designs to the handloom weavers?
(b) If not, how do the weavers manage to keep themselves in touch with up-to-date marketable designs?
31. Are the weavers in your area agreeable to the adoption of improved appliances and accessories? If not, please state the reasons.
32. To what extent do handloom products require finishing? Are there any arrangements in your area for the finishing of handloom fabrics?
33. Would it be economical and practical to instal a finishing plant for a district or a group of districts so as to cater for, say, 1,000 looms and what would be the benefits of such a plant to the handloom industry in general?
34. (a) It is said that owing to competition among handloom weavers, the quality of handloom products has not been uniformly maintained. Has this led to any deterioration in the handloom industry?

- (b) Is there any standardization of handloom cloth in your area? If not, how has this affected the handloom industry?

SECTION VI.

35. What are the various systems of handloom weaving organisation prevalent in your area? Please treat them under the following heads and explain how they work:—

- (i) The independent cottage system (weaver working on his own account).
- (ii) The commission agency system, wherein the weaver works in his own house for master-weavers or *mahajans*, receiving yarn on credit and repaying in the form of money or cloth.
- (iii) The handloom *karkhana* system, in which a master-weaver or *mahajan* employs weavers on a wage basis in handloom establishments (often called factories).
- (iv) The co-operative system wherein the weavers are organised on a co-operative basis for purchase of raw materials, production of cloth and its sale.
- (v) Any other system prevailing in your area.

36. In the case of each of these systems, please explain how the weaver is remunerated, what his daily and monthly earnings are and what his general economic condition is.

37. What are the busy and slack seasons in the handloom industry of your area? In the case of each please give details of the extent and regularity of employment, as in Table IV.

38. What are the functions performed by (a) master-weavers and (b) other middlemen? Bring out the distinctive advantages and disadvantages of each.

39. (a) What are the advantages of a handloom weaving *karkhana*? What is the optimum or most economical size of such an establishment? Mention the approximate capital expenditure. What percentage of the workers in these establishments are weavers by caste?

- (b) Give similar details about the small-scale powerloom factory, if any, in your area.

40. Give a short account of the growth of weavers' co-operative societies in your area, and explain the working of some of them, stressing in particular the financial and marketing aspects. What proportion of the weavers of your area have joined these societies?

SECTION VII.

41. (a) Please enumerate the kinds of yarn used (i) for handlooms of various types and (ii) for powerlooms (other than mills). Use Table V-A for both.

- (b) Mention the sources of supply in the case of each kind of yarn.

42. Please explain how yarn is bought by handloom weavers. Is yarn bought on cash or credit? When yarn is bought on credit, how and when is the payment made? Is it necessary to pledge the cloths against the price of yarn supplied by the dealer? If so, on what terms? Please state the rate of interest ordinarily charged.

43. Does the yarn-dealer charge a higher price for yarn and later give any rebate, if the cloth is sold to him only? It is alleged that the arrear account is never squared up. Is this true? If not, please state the reasons.

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44. If you consider the handloom weavers to be at any disadvantage in respect of the price of yarn, what approximately is its influence on the cost of production?
45. (a) In what form do the handloom weavers in your area purchase their yarn—(bundles, cones, cheeses, ball warps, beams)? Please discuss the advantages and disadvantages of each form, and explain how far it is practicable to supply the yarn to the weaver in a balled warp form.
(b) When the yarns do not require to be dyed or sized, would it be more convenient if the yarn is supplied on cones?
(c) Would weavers consider it more convenient if the weft yarn is supplied on cones or cheeses, rather than in bundles?
46. Please enumerate, with the names and location of the mills, the different tickets or brands of yarn of the counts ordinarily used for the bulk production of handwoven goods in your area, and side by side give the prices prevailing on or about certain given dates in the principal handloom weaving centres, as in Table V-B.
47. What proportion of the total quantity of yarn spun in mills in your area or group is available for consumption by the handloom weavers?
48. What is the existing organisation for the marketing of yarn? Explain the part played by :—
(i) Agents,
(ii) Sub-Agents,
(iii) Yarn merchants,
(iv) Other middlemen, if any.
49. (a) Has any attempt or offer been made to supply yarn to the handloom weavers directly from the mills? Please discuss the feasibility of such a method.
(b) Is there any provision in your area for the supply of yarn from yarn depots maintained by the State? If so, explain how it works.
50. Are yarns required for handlooms bought on any specification with regard to the quality, strength and turns per inch?
51. It is alleged that certain malpractices with regard to length, weight, packing, etc., exist in the yarn trade. Do such practices exist in your area? If so, whom do you hold responsible and what steps would you suggest for their control and mitigation?
52. Having regard to the large quantity of mill-made yarn needed by the handloom weavers, do you think that any special measures are necessary for securing an adequacy of yarn, of required counts and qualities, and at reasonable prices? If so, who should carry out these measures?
53. To what extent do the weavers in your area use dyed or bleached yarn? How do they solve the problem of dyeing and bleaching? Do the weavers buy dyed or bleached yarn or do they buy grey yarn and have it dyed or bleached later? Are there any dyeing factories in your area? If so, mention their terms.
54. What is the difference in price between (i) yarns bought dyed and (ii) yarns bought grey and dyed later?

SECTION VIII.

55. What proportion of the handloom production in your area is :—
(a) For home use,
(b) For sale within the town or district,
(c) For sale outside the district but within India,
(d) For the export market.

HANDLOOM INDUSTRY

56. What proportion of the weavers in your area produce against orders? and what proportion sell their output in the near-by markets? In the case of the latter, please explain the nature of the transaction. Are they at the mercy of the cloth-dealer? Is there any agency in your area to give accommodation while the out-put is waiting to be marketed?

57. Please explain the working of the retail trade in handloom cloth in your area. In the case of some specific pieces of cloth, please state (a) the price at which the weaver sells, (b) the price realised by the middlemen, and (c) the retail price paid by the consumers.

58. It has been stated that the transport of handloom cloth within India is subject to various handicaps. Are there any handicaps in your area? Please deal in particular with the railways.

59. Is any handloom cloth exported to other countries from your area? If so, what kinds of cloth? By whom is the cloth exported and how do the exporters obtain their cloth? Explain fully any difficulties that are encountered in the export markets and suggest measures for expanding the export trade.

60. What changes have taken place in the clothing used by men, women and children in your area during the last two or three decades? In this matter, kindly consult experienced persons in the locality and also the account books of shopkeepers and tailors, if possible. In particular, state whether the use of handloom cloth has increased or diminished during the period.

61. Has the use of knitted goods (vests, sports-shirts, shawls, scarves, mufflers, etc.) increased in your area? If so, how has it affected the demand for woven fabrics in general and handloom fabrics in particular?

62. With reference to the principal shops in your area or town, can you estimate the proportion of the handwoven cloth to the total stock? Has the proportion changed in recent years?

63. Do the prices now realized on handloom cloth in your area represent a fair selling price?

SECTION IX.

64. (a) What are the chief classes of cloth manufactured in the mills of your area (or of your group)? In the case of each class, please state what proportion it bears to the total production.

(b) Please give information as in Question 64 (a), in regard to the products of powerlooms other than mills in your area. (Table III-D may be used.)

65. Please explain the marketing organisation for the sale of cloth produced in the mills.

66. Have you any evidence to show that (a) the mills, (b) single unit powerlooms and powerloom factories have encroached on the styles of goods produced on the handloom, or that handlooms have encroached on the goods produced in the mills and on other powerlooms?

67. Please collect and forward six sets of samples, not less than 12" square, of typical classes of comparable cloths made in (a) mills, (b) powerlooms, and (c) handlooms, which in your opinion compete directly or indirectly with handloom products. In regard to each set of competing cloths, kindly give details as in Table VI.

68. Please classify the types of cloth in which there is competition, either direct or indirect, (a) between handlooms and mills, and (b) between

handlooms and other powerlooms. For convenience, state the nature of competition under the following heads:—

- (i) Class (1)—in which handlooms cannot, for one reason or another, compete with mills and powerlooms at present.
- (ii) Class (2)—in which handlooms, and mills and powerlooms are almost on a par and where the competition is just equal.
- (iii) Class (3)—in which handlooms are superior to mills and powerlooms.

(Comparable qualities of cloth may kindly be supplied in support of your view.)

69. Is there any unfair competition in the cloth trade between the handloom weavers on the one hand, and mills and small-scale powerloom establishments on the other?

70. To what extent has improved transport facilitated the competition of mill cloth with handloom cloth, in your area?

SECTION X.

71. Should the handloom confine itself to the production of certain special textures such as artistic fabrics and other types which cannot be economically produced by the mills? If you do not agree, give reasons.

72. Having regard to the present and prospective market at home and abroad, are there any special lines of production which the handloom weavers can take up with advantage? If so, give full particulars.

73. Explain the nature of the existing organisation for assisting handloom weavers in your Province or State. What improvements in this organisation would you suggest? Consider in particular—

- (i) The supply of raw materials at a reasonable price to the handloom weavers.
- (ii) The supply of designs to weavers.
- (iii) Preparation of yarn, bleaching, dyeing, mercerising and finishing of cloth.
- (iv) Standardization in production.
- (v) Marketing facilities.
- (vi) Technical guidance to weavers, and training of weaving apprentices.
- (vii) Training of technical experts.

74. What, in your opinion, is the place of co-operation in the reorganisation of the handloom weaving industry?

75. Please state how the schemes adopted in the provinces with the grants made by the Government of India for the development of handloom industry are working in your area.

76. Could you suggest any scheme whereby mills might be brought into more direct and intimate relationship with the handloom weavers to the advantage of both parties, in regard to distribution of yarn, finishing of cloth, exploring export markets, etc.?

77. Fully state your views on the proposal contained in the fifth item of the Committee's terms of reference, namely, "an enactment prohibiting the mills from using yarns of low counts".

If any restriction regarding lower counts is in your view desirable, at what counts would you draw the line of demarcation for such restriction? Please discuss fully the merits and demerits of such a restriction.

What would be the effects of such a restriction on (a) the supply of yarn to the weavers and (b) indirect competition by cloth made out of slightly higher counts than those on which the restriction is imposed?

Co-operation in Madras Presidency.

MR. RAMADAS PANTULU EXPLAINS RECENT SPEECH.

Protest Resolution not moved in Bank Board.

A special meeting of the Board of Management of the Madras Provincial Co-operative Bank was held today, with Mr. T. A. Ramalingam Chettiar in the chair.

The meeting was held to consider the following resolution, notice of which had been given by a letter signed by 19 members:—

"The Madras Provincial Co-operative Bank, Ltd., emphatically dissociates itself from the views and sentiments expressed by its President, Mr. V. Ramadas Pantulu at the joint meeting of the Standing Committees of the All-India Co-operative Institutes' Association and Indian Provincial Co-operative Banks' Association held in January, 1941 at Bombay; and considers that, far from there being no future for the co-operative movement in this Province, the future is full of possibilities; and is strongly of opinion that the complaint of undue official interference and domination is not true and that the hearty co-operation of official and unofficials which now exists should be continued for the future progress of the movement.

"The Bank agrees with the principle underlying the amendment to Rule XXVII recently introduced by the Madras Government, prohibiting near relatives of employees from being Directors of Co-operative Societies, and is of the opinion that this rule should be made immediately applicable to existing Directors of the Bank also."

The resolution was not, however, moved, in view of a statement sent to the Chairman by Mr. V. Ramadas Pantulu who could not attend the meeting as he was ill.

Mr. Ramadas Pantulu's Statement.

Mr. Ramadas Pantulu, in his statement, said:—

"The speech was made at an all-India meeting and was intended to refer to conditions in the whole of India, the Provinces as well as the States, and this is clear from the very first sentence which refers to the limits set to the movement "by Co-operative Societies Acts in force in the various provinces and States."

"Secondly, when I said I was oppressed by a feeling that the movement had no genuine 'future' before it, I was thinking as the rest of the passage shows, not of the future in regard to the conduct or administration of co-operative societies but of its future as a factor in the reconstruction of the economic life of the people.

"The nature of that reconstruction was detailed by me. The text of my thesis was Mahatma Gandhi's gospel of the Constructive Programme, the main aim of which is the "complete deliverance of the toiling yet starving millions from the dreadful evil of economic serfdom." I then put myself the question, what is the contribution which co-operation has made for the

propagation of this message or for the attainment of this aim and proceeded to answer the same. Therefore, the future I was referring to was the future of the movement in relation to the present day socio-economic currents of our national life.

"Thirdly, in my address under discussion, I have nowhere referred to "undue official interference and domination" or want of co-operation between officials and non-officials referred to in the resolution. I have carefully read through my address once again and I am unable to find these words or sentiments there. When I have drawn attention to the tendency so to amend the successive Provincial Co-operative Societies Acts as to increase the powers of statutory control, it was again in reference to the further limitations which such tendency will place upon the unfettered development of the co-operative movement so as to make it an effective instrument for nation-building.

"At the meeting which I addressed, there were, besides non-official delegates from many Provinces and States, Registrars of two major British Indian Provinces and four Indian States and other officials. My appeal was to all of them to build the whole structure of the movement anew, which would be possible only by mutual co-operation between themselves. It will be clear from the last paragraph of my address that I was referring to the system under which the movement was working.

"In conclusion, I would like to add that I was addressing the meeting in my individual capacity as a co-operator surveying the movement in India as a whole, and not on behalf of any particular co-operative institution. I certainly did not speak on behalf of the Madras Provincial Co-operative Bank nor did I commit the Bank in any way to the views expressed by me. I need hardly assure you that it was not my intention to wound the susceptibilities of any one, official or non-official, or to criticise the administration of the Registrar of any Province. I have read and re-read my speech, and I do not find even now that such construction can be put on my words. If however, there is anything in the language that I employed which may give rise to that impression, I assure you it was not intentional and I am sincerely sorry for it. I am anxious not to leave any trace of bitterness behind.

"With this statement, I bid good-bye to you but merely as my colleagues in the Board of Management of the Madras Provincial Co-operative Bank and not as comrades in co-operative service. God willing, it may be possible for me still to continue to work with you elsewhere as fellow pilgrims in search of the common, promised land, though it may not always be possible for us to hold the same views or pursue the same ideals."

What Mr. Ramadas said at Bombay.

The following are extracts from the presidential address of Mr. V. Ramadas Pantulu at the Joint Session of the Standing Committees of the Indian Provincial Co-operative Banks' Association and the All-India Co-operative Institutes' Association, held at Bombay in January 1941:—

"I am oppressed by a feeling that the movement has no genuine future before it and that its contribution to our national life will be little if it has to be carried on within the limits set to it by the Co-operative Societies Acts in force in the various Provinces and States and under the daily increasing control of the Departments of Co-operation as at present constituted. The modern conception of Co-operation to which I have already referred and its

potentialities as a factor in the reconstruction of the economic life of the people have not so far penetrated the theory and practice of the co-operation as understood and administered by the State Departments of Co-operation in India.

"Co-operation in India takes little or no notice of these new currents of national life in the spheres of production and distribution and in the field of industry, commerce, trade and finance all over the civilised world. Nor does our State controlled and State-administered Movement take note of the fact that old forms of administrative machinery in all progressive countries are crumbling and are replaced by those which are better suited to the changing conditions of the people's life. Many departments of the State even in India are also being reorganised or remodelled so as to make them serve the people more effectively and in accordance with modern requirements. Nevertheless, the Co-operative Departments in the Provinces and States still remain steeped in old and out of date traditions, and their activities have not kept pace with the developing needs of the people. Officers of the Co-operative Department still hug to their bosom theories and practices of foreign origin, some of which have become obsolete even in the countries of their birth. They have not yet established real contacts with the people and deal more with files and papers than with men and women. They rely more on their statutory powers of control than on the efficacy of their ministrant services."

—Indian Express.

MADRAS PROVINCIAL CO-OPERATIVE BANK.

Mr. K. Sitaramayya Elected President.

At a special meeting of the Board of Management of the Madras Provincial Co-operative Bank, held with Mr. T. A. Ramalingam Chettiar in the chair, Mr. V. Ramadas Pantulu's resignation of the Presidentship of the Bank and membership of the Board of Management was accepted. The following new office-bearers were elected:

President:—Mr. Kavali Sitaramayya Pantulu of Cocanada

Vice-President:—Mr. C. Gopala Menon.

Mr. T. A. Ramalingam Chettiar was elected to the Executive Committee in the place of Mr. Kala Venkata Rao.

PASS ON TO HOUSEWIVES.

When Limes will Keep.

We all know how irritating it is not to have a lime on hand when we need it and many housewives refrain from buying them unless they are going to use them soon for fear of wastage. Well here is a remedy. Take an earthenware pot and dump in plenty of soft sand. Put the limes deep into it but take care that they do not touch each other. Then cover well with sand. There they will remain ready to hand and in perfect condition for quite some time. Incidentally, don't forget if you have a stale hard lime pop it into boiling water before use and it will give more juice. Indeed this is a good plan to adopt with all limes. (The Madras Mail).

News and Notes.

Land Colonisation Scheme.

Pandit Hirdayanath Kunzru, President of the Servants of India Society at a public meeting held at Mayanoor said that the boys of the Sorvindia Agricultural and Industrial School should have the first claim in securing preference in the Land Colonisation Scheme that the Government have proposed and the Government could show their practical interest in improving the standard in the villages. In reviewing the work of the school, he said that they had done all that they could possibly have done with their limited resources. He pleaded for public support and asked the landholders to utilise the services of the boys for the development of the villages. He instanced the case of Japan which has forged ahead in recent years. The appeal of Mr. Kunzru, we trust, will not go in vain.

Vuyyuru Co-operative Society.

The Sub-ordinate Judge, Bezwada, in passing a temporary injunction order on the application of Messrs. K. Venkataratnam and V. Venkata Rao share-holders of the society, restraining the President and Directors of the society to dispose off the assets and liabilities of the society as per resolution of the General Body dated 22nd March 1941 observed that the by-law of the society depriving B class members of the right to vote as also the resolution were *ultra vires*.

Parur Co-operative Conference.

Prof. T. C. Sankara Menon who presided over the Rural Reconstruction Sammelanam, in the course of his address said that if India should rise high in the future it would be only on the firm and constructive progress of the villages and gave suggestions for organising rural uplift work. He appealed to educated young men to set an example to the villagers to realise the importance of healthy living and united effort. The Co-operative Sammelanam was presided over by the Assistant Registrar of Co-operative Societies. Many resolutions urging the furtherance of the activities of the Union were passed.

Mysore Handloom Industry.

On the orders of the Government, a committee consisting of officials and non-officials has been constituted to re-examine the question of resuscitation of handloom industry in the state with special reference to the marketing of goods produced by the weavers. The Registrar of Co-operative Societies will be the Chairman of the Committee. The Committee, it is likely, may consider the measures adopted by British Indian Provinces.

Milk Supply on Co-operative Basis.

In inaugurating the Bezwada Co-operative Milk Supply Union, Mr. S. A. Venkataraman, Registrar of Co-operative Societies deplored the existing conditions of supply of milk in urban areas and said that the normal function of the self-governing institutions such as Municipalities was to ensure pure supply of milk to consumers and since nothing was done by them so far, Co-operative department had stepped in to fill up the gap. He said that if the consuming public and the Municipal authorities extend their support, Co-operative Milk Societies had great future.

Rural Reconstruction.

The Minister of Agriculture and Rural Reconstruction, the Hon'ble Mr. Tamizuddin Khan in opening the Rural Reconstruction Exhibition at the Calcutta University Institute observed what real Bengal lies in rural Bengal and the prosperity and happiness of the province depend primarily on the prosperity of those who live in villages, and it will not be an exaggeration to say that rural reconstruction is the problem that faces the Government of Bengal. The object of the exhibition is to educate the students of the Calcutta colleges in certain aspects of rural reconstruction and to inspire them to introduce a few items in their villages during the long vacation.

Co-operation in Pudukottah.

Mr. S. A. Venkataraman, I.C.S., Registrar of Co-operative Societies who presided over the 7th Pudukottah State Co-operative Conference observed that the progress of the movement was bound to be slow, but it did not matter so long as it was real progress. He remarked that the movement is not as good as it should be under indigenous management. He suggested the institution of controlled credit, and the starting of non-credit societies. He emphasised that the ryot should be given all facilities to market his produce and the problem of marketing was in the hands of the State.

A Land Mortgage Bank for the State, in his opinion, was not suitable because they were entirely dependant on rain and the ryot was not sure of his crop every year.

Agricultural Marketing.

The Agricultural Marketing Adviser's report for 1940, reveals that appreciable progress in trading on the basis of standard methods of grading has been achieved. The number of grading centres rose from 150 to 400 as also the sales from 64 lakhs to 102½ lakhs. People have begun to feel the utility of employing standard units of weight, size and quality. The Ag Mark is becoming a house-hold word now. It seems that groundnut if properly tackled by this method is likely to oust the Chinese Kernels from the United Kingdom. Certain handicaps there are in improving marketing - constitutional position - but this can be overcome if the authorities in power have the will to do so. The agriculturist cannot get the full advantages of the present market facilities unless he is wisely guided and marketing officers should be given all facilities they need for that purpose.

Bezwada Conference—Affiliation question.

At a joint meeting of the representations of the Kistna Central Bank, Masulipatam, the West Godavari Central Bank, Ellore and the Bhimavaram Taluk Co-operative Unions the question of disaffiliation of the Bhimavaram Taluk Co-operative Societies from the Kistna Co-operative Bank and their affiliation to the West Godavari Central Bank was discussed. The Registrar explained the administrative and financial aspects of the matter and pointed out that if the opinion of a clear majority of societies in Bhimavaram Taluk was in favour of disaffiliation from the Kistna Co-operative Bank, the proposal could be proceeded with in which event the West Godavari Central Bank would get a share in the bad debt of the Kistna Bank in proportion to the debts in the societies in Bhimavaram area. It seems according to law, the West Godavari District Bank is not entitled for a share of the Reserve Fund and other funds of the Kistna Bank. This the Registrar explained to the representatives of the West Godavari Bank and said until the existing law was amended, nothing could be done. It was decided that the West Godavari Bank should consult its Board of Management and if they agreed to the suggestion of the Registrar regarding allocation of bad debt Reserve, then the opinion of the societies in Bhimavaram Taluk on the question of disaffiliation might be considered.

Co-operative Societies—War Supply.

Regarding the question of meeting the demands of the Government of India's Supply department for war materials by Co-operative Societies, it was decided at a meeting of Co-operative officers in the United Provinces to furnish the Societies with a list of the latest requirements of the Supply department from time to time. Another notable decision was the introduction of Red Cross work in the Women Societies.

Electricity in Agriculture.

The Chief Engineer for Electricity in a press note says that the Government of Madras encourages the use of electricity in Agriculture by charging only .75 to 1.0 anna per K. W. Hour and that connections are given to all consumers guaranteeing an annual return of 12½ percent to 15 percent on the capital cost, though the tariffs here and in Britain are not on comparable bases and that the rates charged by the department for agricultural purposes are considerably below the economic limit and are sufficiently low to encourage the use of electricity. More than 13,000 H. P. of agricultural load has been connected in the Pykara Hydro Electric system. Besides, loans on the hire purchase system are granted to consumers for buying pump sets, crushers etc.

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Co-operation in Bihar.

The Bihar Government have approved a scheme for the reconstruction of the co-operative movement in the Province. The state of credit societies is so bad, that for purposes of reconstruction they are grouped into 3 divisions. The Government propose to reduce the liabilities of these banks to their creditors by 25 per cent of the gross liabilities, though it may appear as robbing Peter for Paul. But the ultimate gain is to the creditors when the societies are reconstructed. Certain procedure has been formulated for this purpose. The Government have agreed to bear the loss of the Provincial Bank in giving effect to the scheme and to give other assistance where necessary. A sum of Rs. 50 lakhs has been provided for the reconstruction work. The scheme is intended to rescue the movement from a state of paralysis.

Co-operative work among the Depressed Classes.

There has been appreciable expansion in co-operative work among the Depressed classes in the United Provinces during the last two years. Out of the Government grant of Rs. 14,130, this year a number of better living co-operative societies have been set up mainly with a view to wean its members away from bad habits and effect improvements in their industrial pursuits through technical help and guidance and inculcate proper methods of business in them.

Madras District Co-operative Federation.

Mr. S. A. Venkataraman, I.C.S., Registrar of Co-operative Societies, who inaugurated the Madras District Co-operative Federation soon after the opening ceremony of the Madras District Bank in its new premises observed that the rise and fall of federations in this presidency had been spectacular and he was of the opinion that the principle of federation was not a bad idea. It was good to have an efficient organisation to which societies could look up for guidance, help and advice. He mentioned, Coimbatore District as an instance where such guidance and help were found in a satisfactory manner, but deplored that conditions were not satisfactory in certain District Banks which had become autocratic, disregarding public opinion and interfering in elections with a view to get their own men in. The time has come when this thing should be put an end to by the creation of an organisation independent of Central Banks which could exercise a healthy influence on local co-operative workers. It is true, he said, that federations failed before, but with the increased knowledge and proper outlook gained by the people interested in the co-operative movement, this experiment might be tried at Madras once again and if it proved successful it might be extended elsewhere.

Co-operative Egg Production Society.

The Government of Madras have sanctioned a scheme for the formation of a Co-operative Egg Production Society at Krishnagiri in Salem District. The society has to purchase eggs from villages around Krishnagiri and market them in Madras and Bangalore. It will supply the villagers with good egg-laying hens and will also start a model farm in Krishnagiri to raise pure cockerels to be distributed to villagers and for this the Government have sanctioned Rs. 2,000. A similar scheme to improve poultry around Katpadi and market the eggs through co-operative societies at Katpadi with the assistance of the American Mission has also been sanctioned.

Radio Sets for Co-operative Societies.

It is understood that the Government of Madras have approved the recommendations of the Registrar of Co-operative Societies to the effect that Co-operative Societies may purchase radio sets from their Common Good Fund, that Co-operative bodies such as the Madras Provincial Co-operative Union and the "Language Federations" may, in addition to their main function of financing their affiliated societies, devote more attention to propaganda by using their general funds for purchasing radio sets to be kept at important rural centres, where supervising unions or big village credit societies are working, and that Urban banks and big rural credit societies may also purchase and maintain radio sets from their general funds after amending their by-laws suitably.

Reports and Books Received.

- Report of the Working of Co-operative Societies in Coorg for the year ending 30th June 1940.
Administration Report of the Co-operative Department in the Cochin State for the year 1115 (1939-40).
Year Book of Agriculture -1940 (U.S.A. Dept of Agriculture).
Agricultural Statistic-1940. Do.
Annual Report of the Department of Agriculture, Bengal, for the year 1939-40—Parts I and II.
Prices and Returns for Nova Scotia Apples (Publication No. 707 Dominion of Canada—Department of Agriculture).
The Classification of Land (Bulletin No. 421 of the University of Missouri—College of Agriculture).
Report of the Minister of Agriculture for the Dominion of Canada for the year ended March 31 1940.
Annual Report on Public Instruction in Burma for the year 1939-40.
The Indian Society of Agricultural Economics—Proceedings of the First Conference held at Delhi—1940.
Publications of the Board of Economic Inquiry, Punjab :—
Agricultural Statistics of the (British) Punjab 1938-39.
Soldiers' Savings and How They Use Them. (P. No. 68).
An Economic Survey of Launa Village (Pub. No. 69).
Urban Working Class Cost of Living Index Number (1939) in the Punjab. (Pub. No. 70).
Report on the working of Co-operative Societies in Mysore for the year 1939-40

List of Societies Registered in April 1941.

S. No.	Name of Society.	District.
1	The Piligam Co-operative Credit Society	Nellore
2	Byravaram Co-operative Society	"
3	Jayampu Co-operative Society	"
4	Devalapalle Co-operative Society	Chittoor
5	Gudipala Co-operative Credit Society	"
6	Manikonda Sri Mallikarjuna Co-operative Credit Society	Kistna
7	Sree Durga Co-operative Milk Supply Society Ltd.	"
8	Ideal Co-operative Milk Supply Society, Ltd.	"
9	Patamatalanka Co-operative Milk Supply Society Ltd.	"
10	Poranki Co-operative Milk Supply Society Ltd.	"
11	Bezwada Co-operative Milk Supply Union Ltd.	Madras
12	City Co-operative Stores, Ltd.	"
13	Suguna Vilasa Sabha Co-operative Canteen Ltd.	"
14	Simpson's Associated Co-operative Club Ltd.	Tanjore
15	Kumbakonam Co-operative Milk Supply Society Ltd.	Coimbatore
16	P.S.G. and Sons Charities Co-operative Stores Ltd.	"
17	Chennimalai Weavers' Co-operative Sale Society Ltd.	"
18	Kasturi Mills Co-operative Stores	"
19	Balasubramania Mills Co-operative Stores	"
20	Kumaran Mills Co-operative Stores	S. Kanara
21	Moolky Co-operative Stores Ltd.	"

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List of Societies Cancelled during March 1941.

S. No.	Name of Society.	District.	Date of Cancellation.
1	Gudivada Co-op. Milk Supply Society Ltd.	Kistna	1-3-41
2	Ipurupalem Weavers Co-operative Purchase and Sale Society Ltd.	...	do
3	Padappakurichi Pacheri C. S.	Guntur	do
4	Cauvery Delta C. S.S. Ltd.	Tinnevely	do
5	Marbambadi C. S.	Trichinopoly	do
6	Humsemakki C. S.	Madura	do
7	Untakal C. S.	South Kanara...	4-3-41
8	Tirukkandeswaram C. C. S.	Bellary	do
9	Bangaripalem C. S.	South Arcot	do
10	Orathur F. L. C. S.	Chittoor	do
11	Katheri C. S.	South Arcot	8-3-41
12	Masahebpeta C. S.	North Arcot	9-3-41
13	Gadepudi Christian C. S.	Vizagpatam	do
14	Kothapeta Vaddera Tenants C. S.	Kistna	do
15	Angallu Co-operative Thrift Society Ltd.	Guntur	do
16	Nanguneri Perumpacheri C. S.	Chittoor	do
17	Thoranakurichi A. P. C. S.	Tinnevely	do
18	Uthadi Parcheri C. S.	do	do
19	Vananjur Women Cottage Industries C. S. Ltd.	do	do
20	Eraiyur F. L. C. S.	South Arcot	do
21	Kargudal F. L. C. S.	do	do
22	Valathur Thirupaniapuram F. L. C. S.	do	do
23	Vathrayanthathu F. L. C. S.	do	do
24	Thillainayagapuram F. L. C. S.	do	do
25	Alinjamamangalam F. L. C. S.	do	do
26	Nathapattu C. C. S.	do	do
27	Karunguli Dhanalakshimi C. C. S.	do	do
28	Madura North District Police C. S.	do	do
29	Madura South District Police C. S.	Madura	10-3-41
30	Dhodiam Christian C. S.	do	do
31	Pudupet Women's C. S. Ltd.	Cuddapah	25-3-41
32	Harischandrapuram C. S.	Madras	26-3-41
33	Mangalagiri Christian C. S.	Guntur	do
34	Gajjalakonda Christian C. S.	do	do
35	Gollapoolu C. S.	do	do
36	Mallar Raneyar's C. S.	Kurnool	do
37	Karambai C. S.	E. Godavari Dt.	do
38	Uthamasolapuram Nadar C. S.	South Kanara...	do
39	Chikkepalli C. S.	Tinnevely	31-3-41
		Salem	do
		Anantapur	do

The Twenty-fourth U. P. Co-operative Conference.

PRESIDENTIAL ADDRESS

BY SRI T. A. RAMALINGAM CHETTIYAR, B.A., B.L., M.L.C.

Mr. Registrar and Brother Co-operators:—I thank you very much for the great honour you have done me in asking me to preside over this Conference. From Coimbatore in the South West corner of India to Gorakhpur in the North East is a far cry. The conditions in our province where most of the lands are rainfed depending on the monsoons for their cultivation are very different from those in the Gangetic plains. The language and habits of the people also vary and along with this to a certain extent the mental outlook also. So I hesitated not a little to accept the kind invitation of the U. P. Provincial Co-operative Union to preside over this conference; but your kindness last year and this year in pressing it made it impossible for me to decline. I also thought that we have been practically working under the same legislation throughout India and we are making similar experiments all over the country to utilise the movement for the economic betterment of the country and the economic conditions of the agriculturists were more or less the same throughout the country. I thought that our experience in the South may be of use to you here and I felt that my coming here and learning from you your experience may be of use in the working of the movement in our province. So I am here to day. I hope the conference will mutually help. There is advantage in people of different experience coming together to avoid waste in fruitless efforts and to rectify the mistakes made in initial stages elsewhere. It will also be helpful to bring about inter-provincial arrangements by way of combining for common purposes. I wish there will be more inter-provincial contact in our movement.

In a world of conflict where different interests claim domination in the same country and where different countries try to dominate each other, it is only in the movement of co-operation that the various conflicts can be adjusted and an equitable distribution of wealth can be obtained. Capitalism which was no doubt responsible for the economic progress of this century and the last, but which on account of the inherent difficulties in it which gave advantage to the capitalist and entrepreneur to the detriment of others and state socialism which seeks to regimentalise the whole people even though it may give the same treatment for all sans individual initiative and sans individual freedom, there is but the voluntary effort of co-operation as a sort of mid-way house to keep and cherish the virtues of individual liberty and effort which have been the guiding principles of progress and civilisation. At the present time all values attached to institutions are being reconsidered and efforts are being made to build up a new world. It is up to us to prove the worth of our movement and advance its claims for adoption on a large scale to solve the problems of the world. But before we do so, we have to satisfy ourselves that the movement can be worked on sound lines to achieve the ideals which it has put before itself for securing an equal share

in production and distribution for all. To secure the interests of all, there is to be a combination of all, with the principle of, each for all and all for each. It is for us to examine whether in the movement the principle actually works or whether, as it so often happens, it is observed more in the breach than in the observance.

Co-operation is a method of life and the fruits it is capable of giving are based on the conditions material and moral of the people. It is a voluntary movement in which those who realise the advantages of combining do so. In the present state of our people the majority of whom are not able to have even a full meal a day and the ordinary cultivator cannot invest even a few rupees for improved implements or good seeds and his ignorance is appalling, it cannot be said that co-operation is altogether a voluntary organisation in our country as it obtains in other countries. In most cases people are drawn into the movement by the lure of getting loans at cheap rates of interest and they understand very little about the work or the principles of the movement. This gives advantage to those in charge of the societies as they become virtually the dictators and the ordinary member knows nothing of how the work goes on. It depends entirely on those and they are very few in number, who actually run the societies. In large societies like the District and Provincial institutions the ordinary member takes very little interest and there also those in charge of the institutions have got every thing their own way. In this state of affairs there is a very great responsibility resting on those who run the institutions and the success or the failure of the movement in any district or province depends entirely on the character of these men and the watchfulness of some sort of public opinion or supervising authority. Unfortunately, we have been slow to develop public opinion which will be effective. Hence there is necessity for devising some method of supervision of small as well as big institutions. How this can be devised is a matter for consideration as there are disadvantages and advantages in every proposal that may be made and opinion is very much divided with reference to the different schemes that are proposed. But I am positive that some sort of genuine supervision is necessary and power of rectification should be vested in some authority to deal with cases then and there. To speak of the experience of other countries where the members know their interests and are able to understand the working of societies and keep a watchful eye on their doings without giving due weight to the conditions of the members of co-operative societies here and expatiating on the evils of government interference or the interference of other institutions is not really the way to deal with the question. In other countries each society manages its own affairs, finds its own capital and where necessary for limited purposes combines with other societies for doing common service. Here we have a different condition of affairs and history. Co-operative movement is itself an extraneous movement imposed from above by government action. We have an hierarchy of institutions one above the other and so also an hierarchy of officials who start and control the societies. In my humble opinion the theory of *Laissez Faire* has no place in the organisation and working of co-operative societies in this country. The power of correction, setting right things and in extreme cases of liquidation of societies and rendering justice to all have to be vested in some authority and at present

there is no authority except the co-operative officials in whom it can be vested. There have been complaints that some officials have been interfering in individual cases. This cannot be avoided in any human agency, but for the purpose of checking the evils of bureaucratic ideas and ideals, I would suggest the association of non-official workers with officials in cases of importance. How this should be devised is a matter for consideration and adjustment in each province, taking into consideration the institutions and individuals available for such co-operation in each province.

The method of co-operation can be applied to all walks of life to secure for the individual advantages which combination can secure and it makes it possible for a large number of poor and weak elements to get all the facilities which the strong and the rich possess. For what purposes it can be used and how it ought to be worked are matters to be carefully settled with reference to the conditions of the people concerned, and the conditions of the business to which the method has to be applied.

Taking the condition of our people we have to deal first with the appalling poverty and the more appalling ignorance of the people which stand in the way of all advance in all their activities, moral, material and political and retard the progress of the country. To assist them, elementary education extending over a period of at least six years and well planned should be made compulsory as early as possible. Even with reference to literacy our country lags very far behind and only 8 per cent. of the people are even literate. Literacy is not education. What is wanted is a well thought out course which would be self-contained and which will enable those who undergo an education to enter into some occupation and take an intelligent interest in all matters. This is the most important item in any national programme without which there can be no abiding progress.

The poverty of our people does not require much expatiation. The average income of the people has been variously estimated but the highest valuation does not go beyond about Rs. 70 per year per head. There are reasons to think that even this estimate is too high. Even taking this as the correct estimate, it is impossible with this income for people to live a clean, sanitary life and have a minimum amount of dress and a habitation. Unless the average income is increased, *a priori* reasoning shows that it is not possible for the people to have any decent life, much less to have a cheerful life and take intelligent interest in the country's life.

The poverty of our people and their indebtedness attracted the notice of everybody who came to India and it was evident everywhere. It was with a view to save the agriculturist from the burden of his indebtedness that the co-operative movement was first started in India. The first Co-operative Societies' Act was framed for this purpose and the first societies started were for credit purposes. It was soon found that if an agriculturist's old debts were paid it was not enough; he has to be financed for his business of agriculture as in other businesses. When ideas of banking began to be applied to co-operative societies, the first object with which the co-operative societies were formed was forgotten and it was said that the co-operative societies should lend only for cultivation purposes for short term. It was soon clear that whatever abstract ideas and abstract principles

may be, the agriculturist whose income is from his agriculture alone cannot keep himself in water-tight compartments and be a good business man in relation to his cultivation loan while he has other demands to meet. The agriculturist had to go to the moneylender for his other needs and very often to a trader and agree with him to supply him the next crop at very low price after getting an advance for his immediate needs. The trader or the money-lender who was on the spot was able to collect his dues by taking hold of the crop as soon as it was harvested. The poor agriculturist has not got enough left to meet his dues to the co-operative society; nor has he enough to meet his other needs. The result has been the mounting up of his debts and when the depression came, it practically broke the back of the camel and the debts of the co-operative societies became frozen. The agriculturist became bankrupt and there was no way of saving him unless there was a substantial reduction in his debts to enable him to start life again. This was the history of the co-operative movement up to only a few years ago.

Now we have realised that we cannot deal with the needs of the agriculturist in water-tight compartments. If we have to help him, we have to meet all his economic needs together. We ought to be prepared to help him with loans for all his legitimate needs, whether they be productive or unproductive. We have to adjust the loan, the repayment and the instalment in which payment should be made in such a way that he will be able to discharge all his debts within a convenient time from his income. Otherwise, we will not be doing him any service. I am very glad that the Reserve Bank of India, which first recommended the confining of co-operative loans to cultivation expenses has now come round to the proper view. How the agriculturist is to be financed and how the repayments should be secured are matters to be carefully considered.

Co-operation was first started in every country to meet the needs as they existed and it developed on the lines which were necessary. Great Britain specialised in consumers' co-operation while Denmark specialised in agricultural marketing—other countries developed on their own lines. So far as India is concerned, I have referred to the object with which the first Act was framed. In a country like India where people are so poor, the scope for co-operation is very large. It can embrace practically the whole economic life of the people. During the last 10 years we are trying to adopt the co-operative method in various ways to suit the requirements of the agriculturists and others. So far as the agriculturist is concerned, it is now about 15 years since we started the idea that we should supply his needs and advance money for his cultivation expenses on the understanding that all crops should be brought to a co-operative society for sale and the proceeds alone be paid to him. This system is now called the Controlled Credit. But when we started, we called the loans cultivation loans and the primary societies lent money after taking an agreement from the ryot that he will send his produce to the nearest loan and sale society for sale. I ought to say that even in the first attempts, we made a large number of those who took loans did not send their produce to the loan and sale societies but very often they sold them in the village itself and repaid their dues. Any way by adopting

this system, the problem of overdues was reduced to a very considerable extent. In this scheme no arrangement was made for long-term loans. The agriculturist has got only one source of income and all his needs have to be met from that source. Even if his economic wants are met by different societies as it is necessary, there should be co-ordination in the working of the different societies so that the income of the agriculturist may be properly utilised to his best advantage.

The problem of long-term credit is a complicated one and it has been tackled so far only in a few provinces and even there not in an adequate manner. Madras can probably claim precedence in this matter. It has so far lent about Rs. 2½ crores to agriculturists. There are land mortgage banks in all the districts. They cannot be said to have been successful in helping the people equally in all districts. There are now 120 banks working. There has been no overdues to the Central Bank from the Primary Banks. The overdues from members to the Primary Banks have not attained the proportion of a problem. The Primary Banks do not raise any capital locally. All the funds necessary are secured by the Central Bank by issuing debentures in the open market on the guarantee very generously given by the Government to the debenture-holders for the repayment of both the principal and interest in case of default by the Bank. The Central Bank gets money in the open market at 3½ per cent. interest and lends to the Primary Banks at 5½ per cent. who lend to the members at 6½ per cent. On the advice of the Reserve Bank of India, the Government of Madras insisted on a high margin of 3 per cent. between the borrowing and lending rates and so the Central Bank had to raise its rate of interest to the Primary Bank to 5½ per cent. The Central Bank considers that this margin of 3 per cent. between borrowing and lending rates is too high and the agriculturist in most cases does not get for his investment in cultivation and in the purchase of land anything like the interest he has to pay. It is also felt that the margin of 2 per cent. which the Central Bank is taking for itself is not necessary but the Government thinks that for the purpose of building up of a strong reserve fund and for providing all contingencies the margin is necessary and the Bank had to yield. I find that the province of Bombay has made some progress in this field but there is no separate Central Bank there. The Central Bank in Madras undertakes in addition to the supply of finance, some amount of supervision of the primary banks affiliated to it and also scrutinises their work. The loan applications are first presented to the Primary Banks. The Bank's panchayat and its supervisor first scrutinise the applications and examine the documents. One or two directors are deputed for the valuation of the hypotheca. If the lands were found satisfactory, the Legal Adviser of the Bank scrutinises the title. His report and the valuation are checked and reported upon by a Government Assistant Registrar. With this report, the panchayat of the primary bank considers the application and sanctions it. Records are in most cases sent directly to the Central Bank, if the amount of loan is less than Rs. 500 and in other cases records are sent to the Central Bank through the Deputy Registrar who scrutinises all the reports and forwards the application with his remarks to the Central Bank. The Central Bank again scrutinises the title in its office with a set of trained law graduates who are employed for this

purpose and by the Secretary or Assistant Secretary and then the applications come up before the Executive Committee of the Central Bank for sanction. The procedure is no doubt a little cumbersome and it takes some time, but in view of the complicated nature of titles and tenures this has been found necessary. On an average an application takes 3 to 6 months for getting sanctioned.

There are now 3 Deputy Registrars and about 20 Sub-Assistant Registrars working for land mortgage banks. The cost of the Deputy Registrars are borne by the Central Bank. The Government have been saying that the cost of the Sub-Assistant Registrars should be contributed by primary banks whose work they are doing. There is now a Sub-Assistant Registrar in charge of the work of three or four banks. The same Deputy Registrars and Assistant Registrars are also inspecting the banks and sending their reports to the Registrar as well as to the Central Land Mortgage Bank.

I see that you have started long-term loaning and it is necessary that long-term loaning should be undertaken by the co-operative movement if the needs of the agriculturists have to be met. The question as to what are the purposes for which long-term loan should be advanced is still to be solved. We have been mostly giving loans for the discharge of prior debts or the purchase of lands to round up holdings. It will be necessary to give loans for permanent improvements of land. The difficulty in such cases is to look to the proper application of the loans for the improvements and also the regular repayment of instalments from the very beginning. There have been some applications for raising fruit trees. The value of the trees will depend on the care with which they are tended. This is an uncertain element that is introduced. The agriculturist cannot make repayment until the trees begin to yield. It may be anything between 4 and 10 years. These difficulties have deterred us from granting these applications. In some cases like the growing of Mulberi trees, the tree dies after a period of about 10 years. If loans are to be given for growing Mulberi trees, the period of repayment should be short. We are now issuing debentures for 20 years and in turn we are lending money for the same period of 20 years. It seems necessary to raise debentures for different periods according to the requirements of the borrowers and the period for which they may be required. We have not yet tackled this question.

It will not be safe to finance long-term loans from the deposits received for short term by district banks and societies. On the whole it seems to me, the system we are following in Madras is safe and I will commend it for adoption by other Provinces.

The working of the land mortgage bank is not now linked to that of the rural or urban societies and the loan and sale societies. It is necessary to have a co-ordinated working of these three agencies if financial arrangements are to be completed for the help of the agriculturists. While for the proper working of the movement this co-ordination is necessary, the marketing of agricultural produce has become an increasingly important problem even in other ways. In olden days the agriculturist sold his goods in the nearest market or *shandy* as it is called in our parts to the small trader or commission agent, who visited the market. The richer ryots sometimes took their produce to the town

nearby and they had their dealings with the traders there. In all these cases the ryots did not get the full value of their goods and it was also said that owing to the short measurement and weight, they lost even more. They did not get the benefit of the price ruling in the big markets. Depression brought this question of marketing to the forefront both for the purpose of liquidating the heavy overdues in the societies and for finding sale for the produce for which there were no markets locally. The Government of India also appointed officers to make enquiries with reference to the marketing of all sorts of produce but unfortunately nothing very much has come out of these investigations but reports, and the war has brought still further difficulties in the marketing of the produce. For such of the produce as was exported to the European continent, the ryots have lost their market and the market for other exported goods has also been very much contracted. With these difficulties the ryots and the Government are now looking forward to the co-operative movement to organise the marketing of the agricultural and other produce. There is also the question of dealing with the surplus goods both perishable and otherwise which are found in seasons in rural areas for which there is no organisation for marketing. Some produce was practically wasted. I will, for instance, mention the case of the Nagpur oranges which during the season are sold at prices which do not even cover carriage and freight. All these reasons have given a push to the starting of marketing societies and organising their work on a larger and bigger scale. In the Madras Province we have been familiar with the loan and sale societies for nearly two decades, and we dealt mainly in goods like cotton and paddy. These societies were sought to be linked with the rural primary societies. The produce raised with the loans given by the rural society were to be brought to these loan and sale societies. In a few cases in which the loan and sale societies tried to finance cultivation directly, they failed. So the loan and sale societies do not advance loans for cultivation expenses, but lend money on the produce actually brought to their godowns. Within the last year or two there is a large push given for the starting of these loan and sale societies especially on account of the difficulty in finding sale for produce like ground-nuts.

The other line of effort regarding marketing is with reference to perishables and other surplus produce of a minor character grown in rural parts. Five years back the Madras Government gave a subsidy for the starting of a Provincial Marketing Society at Madras to deal with the matter. The Provincial Society ordinarily deals with primary producing societies formed in the mofussil for gathering the produce of the members. There are also individual ryots sending their produce to the Provincial Society for sale. The Provincial Society has several godowns in Madras. It arranges for the sale of the produce to the best advantage of the producer. The Provincial Society has so far dealt with the following articles:—rice (milled, hand-pounded and boiled), butter, ghee, fruits, eggs, dhall and honey.

It helped the Potato-growers of the Nilgiris to form a society. Their goods were sold by the Provincial Society for a time. The Potato-growers are now finding that it is more profitable to them to sell their produce in other markets including Bombay and Calcutta

and so business in potatoes has been closed down in the Provincial Society. The main difficulty felt by the Provincial Society is that of finding sale for the goods to the best advantage of the producers. The society has to undertake a regular supply of goods to institutions and the Primary Societies are not very regular or punctual in sending the goods, with the result that the Provincial Society is let down at times. The consumers' societies have also found fault with the Provincial Society that they are under-selling in the market as the consumers' societies are selling at what they consider as the market price. Attempts made to make the Triplicane Co-operative Stores the agency for retail sale have failed and the Provincial Society cannot dispose off the articles it received for sale unless retail sale is also undertaken by the Provincial Society. These are the problems that will have to be solved.

You will be glad to know that the Provincial Society has been able to sell oranges produced in one small revenue *firka* to the extent of nearly Rs. 91,000. To achieve the object with which the Provincial Society was started, the organisation and proper working of primary societies are necessary.

In the loan and sale societies until recently the main work was only the granting of loans on the pledge of goods. In many cases the members who obtained loans were traders who had purchased the goods from the producers and who kept them for a good market. But within recent times there has been greater need for real marketing of the produce for which there is no local market and both official and non-official opinion is in favour of developing this side of the societies.

In view of the contraction of foreign markets and the organisation of local markets to cover wider areas, the question of processing has become important. There is wide demand in some areas for co-operative factories for the manufacture or mixing of manure, for ground-nut decorticating, sugar manufacturing etc.

The chief co-operative agency and the basis of the co-operative movement throughout India is the rural credit society. It is the rural credit society that advances loans to the agriculturist and is in touch with him. The first Co-operative Act dealt with the constitution of these societies. These societies were formed everywhere on the Raiffeisen model for a village ordinarily with unlimited liability of members for the liabilities of the societies. It was considered that these societies should be capable of being managed by the villagers themselves and that they should meet the simple needs of the villages. Provision was made in addition to the loans given for cultivation and other purposes, for joint purchase of goods required by the members like manure, seeds and foodstuffs, for the joint sale of the produce and for combination among the members for agricultural improvements etc. On account of the ignorance of the members and the fact that financing was by far the most important of the needs the rural societies concerned themselves with giving loans only. It is to the credit of the Punjab Province that there many societies which undertook other functions and that too successfully. In other provinces until recently the undertaking of other functions was not encouraged and even when the societies undertook joint purchase as during the last war, they were not very successful. With reference to the purchase of manure and seeds, there has been

some progress in some areas. Otherwise, these functions of the societies remained dormant.

When the last depression came in and the members of societies found that they could not repay their debts, action was taken in some areas to liquidate societies and enforce the unlimited liability so that in some cases loans had to be repaid by those who did not borrow. This created a sort of fear in some areas.

The Reserve Bank of India in its first bulletin, started propaganda for the purpose of organising village societies for a group of villages as multi-purpose societies on limited liability basis. This was unfortunate as even though the Reserve Bank of India has gone back on its original recommendation and is now in favour of having only small societies for single villages on the unlimited liability basis. Somehow a push has been given for a move in the other direction and the Reserve Bank of India when it first issued its bulletin forgot for the moment the other functions (than credit) which the societies can perform under their constitution and stressed the need for the same society undertaking the meeting of all the essential needs of the village by the formation of multi-purpose societies.

There are no doubt some people of substantial character who fight shy of joining an unlimited liability society. A large number of substantial people who join are not generally so much afraid nor has experience of the past justified the fear in cases where societies have been properly managed. If on account of the misdeeds or apathy of the managing members the societies loose, then naturally, the question of who is to make good the loss arises. In some cases it has been found that the substantial man who has to meet it has either taken loans *benami*, received the dues from members and did not bring them into account or in some other way made himself liable to pay the money. The cases where he was made to pay for indifferent management are rare.

The question resolves itself to this, *viz.*, whether for the purpose of admitting a very small number of substantial people who honestly feel that there is danger in joining an unlimited liability society, we ought to think of changing the whole basis of the constitution of the movement. The advantages claimed for the change are:—(i) the admission of substantial people who otherwise would not join (ii) widening the functions of the society which will be organised as a multi-purpose society; and (iii) enlarging the jurisdiction of the society with a view to increase the transactions so that from the profits made, a technically trained agency can be employed to perform the various functions.

As regards the substantial people, in addition to what I have said above, I will sound a note of warning *viz.*, that the admission of such people is not always an unmixed blessing. In many cases the rich men transfer their bad debts to the societies and then withdraw. In other cases they enter the society for the purpose of power and influence it may give them for other purposes like elections to the local bodies and the legislatures. Even otherwise, the admission of such substantial people turns what ought to be the democratic body into an autocratic or oligarchic body. The mere fact that the society is extended to three or four villages from one village is not going to bring in a different class of people to manage these societies.

There are few functions which may at present be vested in a society formed for a group of villages which cannot be entrusted to a society formed for a single village. The transactions from a group of villages are not likely to be very large to justify the hope that the profits will enable the societies to entertain trained agents. On the other hand, widening the area of a society will eliminate the personal touch which exists at present and the members are not likely to know the condition of each other and exercise a wholesome influence on the life and expenditure of the other members. The functions which can now be performed by the old societies under their constitution are sufficiently wide to cover all the cases that can be entrusted even to these multi-purpose societies. With the disappearance of unlimited liability, loans can be advanced only on the pledge of visible security, like agricultural produce, jewels and immovable property. Taking movable property as security raises several questions regarding godown accommodation, insurance, valuation, safe custody etc., which will require costly establishment and careful supervision. Whether the multi-purpose societies that are proposed to be organised will be in a position to provide for these is a matter to be considered. When there is no responsibility thrown on the office-bearers by the imposition of unlimited liability it cannot be expected that the same care will be taken in sanctioning and disbursing loans and in getting repayment. It is not always possible to allege criminal misappropriation or criminal apathy and much less to prove them. The Central Banks which supply the finance for these rural societies cannot possibly sanction the loans with the same easy conscience as they do at present, and they will have to scrutinise to an almost offensive extent the loan applications sent by rural societies. Under these circumstances, whether the transactions will actually show any improvement is a matter of great doubt. Even taking the purposes to be added, it is not every where that there is a market where the agricultural produce can be sold. The markets are becoming more and more concentrated for areas as well as for particular types of goods. For instance, the market for a particular type of cotton or ground-nut will be located in places to serve a district or even a wider area. The multi-purpose society can do nothing more than an ordinary village society in marketing the produce of its members. All that they can do is to join the marketing society that is to be formed for the whole area and collect and send the produce to the marketing society for sale. This sort of work is being done in some rural societies even now.

Over and above all these considerations is the reaction the change from the unlimited liability to the limited liability in the rural societies will have on the district banks. The district banks are able to get large deposits and in many cases they are able to finance the societies affiliated to them without outside help. Once the change is made whether people will be prepared to put their money in a district bank which depends for its solvency not on its good management but on the good management of the limited liability multi-purpose societies affiliated to it is a matter which requires serious consideration. I for one, do not think that it will be possible for the district banks to command the same confidence they do at present and expect the same amount of patronage from the public which they receive at present. Once the position of the district banks

is weakened, I fear the main bulwark of the movement would disappear.

I see from the proceedings of the last conference of your province and the report of the Registrar of Co-operative Societies, that you have decided to encourage the formation of multi-purpose societies on limited liability basis and have already converted some unlimited liability societies into limited liability societies and that you are organising new societies on the same basis. As you know, unlimited liability, mutual knowledge of each other and mutual supervision of each other are the fundamentals of a Raiffeisen Society. It is for you to consider whether our experience has shown that these fundamental principles should be changed and, we should start afresh. Some countries which have got multi-purpose societies still retain unlimited liability and some which went out of unlimited liability have after some experience come back to the orthodox position.

I am convinced that our safety lies in our continuing in the fundamental principles of Raiffeisen co-operation and having small societies for small areas like villages for discharging credit and such other simple functions as they can undertake under their present constitution. For functions like marketing, processing and other purposes, societies for much larger areas will have to be formed on limited liability basis to which rural societies can get affiliated. We are trying this method in the potato-growers' society, cotton marketing society, sugar-cane growers' society and other institutions. The cost of trained men that will be required for marketing, processing and other purposes will be heavy and unless the area commanded by a society is very large, it cannot be met. Even urban societies having transactions extending to some lakhs of rupees are not able to provide satisfactory godown accommodation or facilities for appraising and for the safe custody of jewels. I have spoken at this length about this matter, as it seems to me the vital point in the co-operative movement and the progress of the movement will depend on the way in which we deal with it.

One of the questions which was agitating our province and probably other provinces as well was the period for which rural societies can lend money. Until the land mortgage banks were started, co-operators wanted to make provision for giving loans upto 10 years through rural societies. The difficulty was to find the funds necessary, because the district banks which were getting deposits either current or for only two to three years cannot afford to lend money for long periods. We have agreed in our province that short-term loans (upto 18 months) and the intermediate loans upto 5 years may be given through the rural credit societies and loans for longer periods may be left to be supplied by land mortgage banks.

I was very glad to find from your report that your societies were working very well and the question of overdues is not a serious problem in your province. Let me congratulate you on the satisfactory working of your societies and the first rank you hold in the matter of proper and punctual business methods you have adopted to secure repayments without default. It reflects great credit on those who are responsible for working the societies and the officials and non-officials who guide and supervise them. The finances necessary for rural societies are generally supplied by the district banks. Here again

your banks have been doing very good work but it is not every district bank that can afford to get all the money that is necessary to finance rural societies affiliated to it. Further the needs of the co-operative movement are increasing for financing the rural societies which are going to be encouraged to extend their activities in all directions, for the marketing societies, for the stores and other societies that will be organised to perform various functions. Even in our province many of the district banks depend for their finance on the Provincial Bank which is able to get all the money the district banks require and supply the same where necessary. Some of the district banks have got surpluses and these are being utilised for the needs of other banks which require money through the offices of the Provincial Bank. Again under the Reserve Bank of India Act, the Reserve Bank will lend money for marketing and other purposes only on the counter signature of the Provincial Bank. Even though at present the Reserve Bank is not directly lending much to the co-operative institutions, the help required of the Reserve Bank will go on increasing. For the movement of money from place to place, the services of a Provincial Bank are useful. It is a matter of great surprise and disappointment that no Provincial Bank has yet been started for the U. P. which is the biggest Province in the whole of India. I am sure, with a Provincial Bank at the top prepared to finance for all the requirements of the movement, your province would have made much greater progress than it has done at present. I would appeal to all concerned and the Government of the United Provinces to take immediate steps to start a Provincial Bank for this Province and fill the gap. The war need not delay the formation of the Bank as it will not retard the war effort and it will not throw any great financial responsibility on Provincial Government.

While societies were few and tried men with patriotic motives were available for co-operative work the societies were working well. When a push was given for the organisation of societies and the societies began to multiply even ten fold in some areas, the difficulty of finding proper men for working societies arose. At the beginning, some people joined for name and power but very soon they became silent members and the societies began to deteriorate. The fall in the price of agricultural produce and the depression brought out the weakness with the result that in most provinces many societies failed. Liquidation in large numbers, phenomenal rise in overdues and frozen debts became the rule. The position of the district banks and that even of the Provincial Bank were affected in some provinces. I am glad that it has not affected your Province much or even if it had affected, you were able to get over the effects soon. This state of affairs has brought the question of proper management of societies to the forefront. It is found increasingly difficult to find young men prepared to do steady work on a voluntary basis. Co-operative work has not got the same attraction as politics and there are very few prepared to devote themselves for co-operative work. While the simple village societies should ordinarily manage themselves, there ought to be paid trained staff for the management of bigger societies. In addition to it, proper and closer supervision of societies is a necessity. It has been one of my dreams that for four or five villages a properly trained guide and adviser should be appointed to look after the co-operative societies, village panchayats,

village sanitation, village education and supervision who should be supervised by the officers of the various departments.

Co-operation like the sister departments of agriculture and veterinary is intended for the amelioration of the people and to help and guide them in their work. The ideas and ideals of the department cannot possibly differ from those of the non-officials who are working in the movement. If they differ we will have to find the reason. It is not an administrative department and there should be complete understanding and co-operation between the officials and non-officials. It may be that in a few cases the official thinks that he is a government officer and wants to ride rough shod over the feelings of the actual workers in the field. It may also be that in some cases the non-official takes offence where it may not be meant and he is over-sensitive. There are some powers which have to be exercised for the proper management of the societies, to safeguard the interests of members, to avoid exploitation by those in charge of societies and to render justice among the members or between the society and the public when the society gets into hot waters. It is inevitable that power with reference to these matters should be vested in the officials. While the exercise of these powers depends to some extent on individual idiosyncrasy and some officials may give offence unintentionally or otherwise, it is better to avoid giving room for ill-feeling by the association of non-officials, either by requiring the concurrence of or by allowing an appeal to a body consisting of officials and non-officials. It is also to be realised that non-officials who have done commendable service to the movement think that they should not be questioned on any matter and when occasions arise where their conduct has to be explained they resent official enquiry and official interference, on the basis of their past services. Human nature being what it is, exploitation of different sorts are resorted to by some of the workers in the field and when these are pointed out, they take offence. An atmosphere of distrust is created and complaints, not always justifiable, are heard against officials. I will strongly urge for the co-operation and proper understanding among officials and non-officials. I would suggest the creation of a standing committee of officials and non-officials to be in constant touch with each other. I have been suggesting the creation of provincial and district committees of the heads of the ameliorative departments like Co-operation, Agriculture, Veterinary and Public Health, Local Bodies and the non-officials working for Rural Reconstruction and co-operation for the purpose of jointly planning the work to be done and helping each other in carrying out the plans laid down. Without the co-operation of the several departments the work of the co-operative societies has been hampered and the results are not what was expected. If the departmental officials and non-officials work together for common ends, it will facilitate the work and secure the greatest advantage possible.

Let me congratulate you on the splendid work you have been doing for social uplift by the formation of better-living societies. It is one distinct line of work which everybody appreciates and wants to follow, but without success. In these societies you have secured the co-operation of different elements working for social

uplift and the very difficult work of introducing an atmosphere of cheerful optimism in the villages and have succeeded in introducing better hygienic living and better housing, improved methods of agriculture and preservation of manure. It is a great feat you have achieved in so many villages in which you have started these societies. This is a commendable field of work and the other provinces, are sure to follow your foot steps. We in our province wanted to imitate your societies but I am sorry to say, we have not succeeded very much. Only in a few cases, we have been able to have agricultural improvements introduced as a special feature.

It is very refreshing to find, that you have tried to extend the co-operative movement in all directions and I admire much more the steadiness with which you have been pursuing the lines of work you undertook, whether it be, in the case of ghee societies, sugar-cane societies, or milk supply unions. Whatever you took up, you did with all your heart for all their worth, with the result they are flourishing institutions. Your efforts regarding milk supply unions and women societies are bound to succeed as much as the other societies. In the women's societies, there is a field of work which requires closer study and more earnest application than we have been able to spare so far. The organisation of cottage industries and of home work for women, finance and supervision of these and the provision of marketing for the produce of these societies are fruitful sources of activity which will be of great benefit to create and sustain an independent and honourable womanhood in the country. It is one of those lines in which social service and co operative work coalesce and humanity and business management should combine.

The district Banks in our Province are much bigger institutions than those in the United Provinces. There are no doubt some whose turn-over was only a couple of lakhs, but there are also banks whose turn-over came to nearly Rs 50 lakhs. It was due to the interest taken by leading men in the districts that these banks were nurtured and developed. We were also fortunate in having a number of non-official gentlemen and retired officials to work in the co-operative movement. There was thus a strong body of influential and assertive non-official opinion in the province. During the time of political agitation when power was concentrated in a foreign bureaucracy, non-officials thought that the official should be avoided in all the movements. Our province represents the extreme of having in our institutions no officials nor persons nominated by officials either in the general bodies or in the executive committees except in the case of the Central Land Mortgage Bank and other institutions which are getting special help from the Government. I was myself one of those who thought in the earlier years that the non-officials should be allowed to manage the co-operative movement themselves without official interference. Men of the same calibre among non-officials are not forthcoming to the same extent as before. I have after 15 years of intimate connection with all sorts of societies come to the conclusion that the exploiting non-official has to be as much protected against as the over-bearing and dictatorial official. You have been working the movement in this province in a spirit of co-operation between officials and non-officials. The officials have been the initiators and supporters of

the movement to a much larger extent in this province than in other provinces. The Provincial Union in our Province has got a budget of about Rs. 12,000 whereas I find, thanks to the confidence reposed in your Union by the Government and the method of getting most work of organisation, supervision etc., done through the Union, you have budgeted for an expenditure of nearly Rs. 2½ lakhs. Our Union is only publishing a Journal and holding conferences and Panchayatdar training classes whereas your activities are very wide and you practically lead, initiate and supervise the institutions in this province. It may be that one of the reasons for the confidence that is vested in you is the close association of the Registrar and his subordinates and his nominees with the Union. Going through the constitution of your Union, it struck me that you have been going to the other extreme of having everything done by official agency though there is an admixture of non official co-operators. I have come to the conclusion that we in Madras and you in the United Provinces will probably do better, if we readjust matters. While I welcome the association of Registrar and the other officials, I would much rather give the non-official agency a larger voice in taking the initiative and shaping things. The official is no longer mere agent of a bureaucratic government, but is the eyes and arms of a popular government. The non official is part of the popular government. There need be no antagonism between the two. A free association of the two elements will contribute a great deal to limit the vagaries and high-handedness of officials, where they exist. It will also produce a corrective to the touch-not attitude assumed by non-officials. There is danger in non-officials, who are not paid, becoming exploiters and claiming that because they are honorary they should not be interfered with. Co-operation is business and has to be carried on in a business-like manner. There should be no room for softness on the score of past services or so-called sacrifices made. It seems to me that in places like the Provincial Union a limited element of nominees may be introduced and the Registrar may be made an *ex-officio* member. But the President should be an elected non-official who has done service and proved his mettle. Even he should not be allowed to occupy the place for a long number of years, if the co-operative movement is to thrive. The Provincial Unions of both the Madras and the United Provinces may well be examined to secure the best of these two institutions. Even in official matters, as I have already stated, the association of non-officials is likely to be of great benefit and it will also be helpful to the officials, who are sometimes badly misunderstood.

Co-operators of United Provinces, you have achieved great success in several fields of co-operation. It has been your good fortune that you have had a series of Registrars who took great interest in the people and thought only of bettering their conditions. It now remains for the non-officials of capacity and character to come in large numbers and meet the need of the growing activities of the movement. I am sure that working on the same lines you have followed, you will be in the forefront of co-operation in India.

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